

# Retiree Health Insurance

<https://www.shpnc.org/2024-retiree-benefits>



*North Carolina*  
**State Health Plan**  
FOR TEACHERS AND STATE EMPLOYEES

A Division of the North Carolina State Treasurer **Dale R. Folwell, CPA**



# Overview

- State Health Plan Options
- Basics of Medicare
- Vesting in Retiree Health Insurance
- Enrollment
- Plan Comparisons

# State Health Plan Webinars

## Understanding Your Medical Plan Options When You Become Medicare-Eligible

- > Live Webinars: Nov. 13th & Dec 10th  
<https://www.shpnc.org/upcoming-events>
- > Watch pre-recorded version at  
<https://www.shpnc.org/presentation-archive>

# Plan Options for *Non-Medicare* Members

The State Health Plan offers 2 Preferred Provider Organization (PPO) plans for Non-Medicare members:

## Enhanced PPO Plan (80/20)

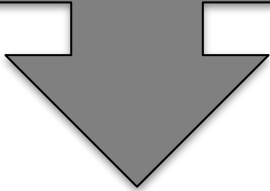
Pays 80% for most in-network services.

## Base PPO Plan (70/30)

Pays 70% for most in-network services.

# Plan Options for *Non-Medicare* Members

The State Health Plan uses a third party administrator (TPA) that is responsible for the provider network and processing your medical claims. **The TPA for the plan is transitioning from Blue Cross and Blue Shield of NC to Aetna on January 1, 2025.**



The Plan also utilizes a pharmacy benefit manager (PBM) that is responsible for providing a pharmacy network and processing your pharmacy claims. Our current BPM is CVS Caremark which is remaining in 2025.

# Plan Options for *Medicare* Primary Members

## Humana Group Medicare Advantage (PPO)

### **Base Plan (90/10)\***

Premium Free for Medicare Primary qualified retiree;  
Monthly Premium for Medicare-eligible spouse and/or dependents.

### **Enhanced Plan (90/10)\***

Monthly Premium for Medicare Primary qualified retiree and  
Medicare-eligible spouse and/or dependents.

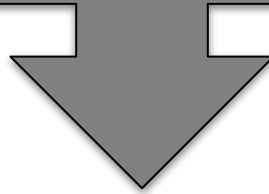
## Base PPO Plan (70/30)

- Currently administered by BCBS NC. Transitioning to Aetna, Jan 1, 2025.
- Premium free for Medicare Primary qualified retiree; monthly premium for Medicare-eligible spouses and/or dependents.

*\*The Humana Group Medicare Advantage Plans have a benefit value equivalent to a 90/10 plan.*

# Plan Options for *Medicare* Primary Members

Humana is a Medicare Advantage Organization that contracts with the Centers for Medicare and Medicaid Services (CMS) to administer Medicare Parts A and B benefits on their behalf.



The Plan contracts with Humana to provide Group Medicare Advantage plan options to Medicare Primary Members which includes payment of claims.

# Medicare Advantage Plans

## Step 1

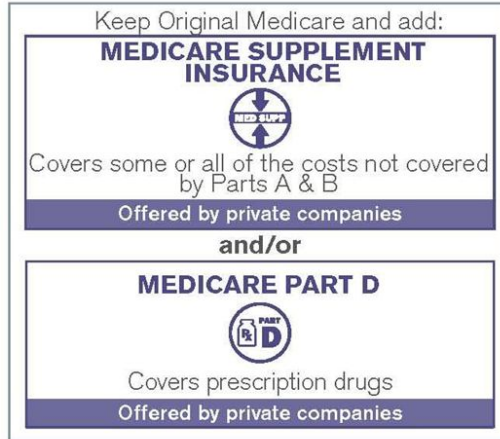
Enroll in Original Medicare when eligible.



## Step 2

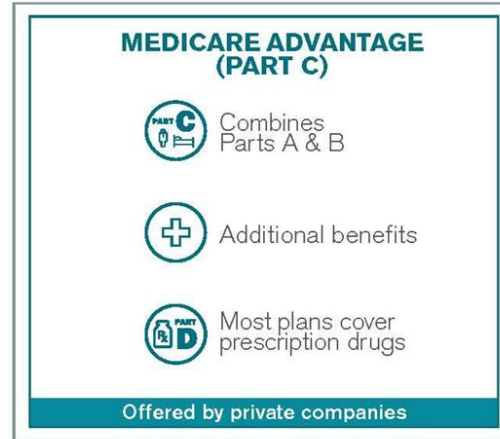
If more coverage is needed, there are additional options.

### Option 1



or

### Option 2





# Medicare Parts A & B

Medicare Part A and Part B must be in effect to be enrolled into a Medicare Advantage Plan.

- Part A is typically premium free.
- Part B has a monthly premium. The 2024 standard Part B premium will be \$174.70 per month for new Medicare Part B enrollees but depending on income, may be as high as \$594 per month.

If retiree has the Base PPO Plan (70/30) and they do not elect Part B, the State Health Plan **will process claims as if they have it** and members will incur greater out-of-pocket costs.

# Income-Related Monthly Adjustment Amount (IRMAA)

Members with higher income levels are required to pay an adjusted Medicare Part B premium plus an additional amount when enrolled in Medicare Part D prescription drug coverage.

- Income level based on modified adjusted gross income, which is the total of your adjusted gross income and tax-exempt interest income.
- IRMAA is mandated by federal law and each amount is deducted from your monthly Social Security payments (or direct billed if delayed Social Security).
- IRMAA will apply if individual income **is over \$103,000** or if married (filing joint tax return) income **is over \$206,000**.
- Contact Social Security or visit [SSA.gov](https://www.ssa.gov) for more information.

# Retiree Health Eligibility

## Began contributing to TSERS/ORP prior to October 1, 2006

- > Vested in retiree health insurance after 5 years of participation
- > You pay 0% premium for Employee Only Base PPO Plan (70/30 or Humana Base)

## Began contributing to the TSERS/ORP after October 1, 2006

- > Vested in retiree health insurance after 20 years of participation
- > 50% Vested in retiree health insurance after 10 yrs of participation
- > May enroll at full cost after 5 years

## IMPORTANT

**If you are eligible for coverage as a retiree, you will be auto enrolled into a plan regardless of your contribution status. You must opt-out during the retirement process.**

*First hired on/after January 1, 2021 - Not Eligible for Retiree Health Insurance*

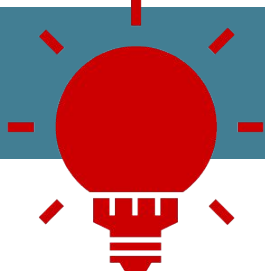
# Effective Date of Retiree Health Insurance



**Retiree Health Insurance is effective the 1st of the month following your retirement effective date.**

Example: If you retire July 1, your retiree health insurance begins August 1st.

You remain covered under NC State the first month of your retirement. If Medicare eligible, **you must have** Parts A & B in place as of your retirement date.



You **MUST** have Medicare Parts A & B in place  
as of your Retirement Date.

The State Health Plan will process all claims as if Medicare Part B is in place. You will be responsible for what Medicare would have paid were it properly in place.

# Enrollment - Under Age 65 & Retiring

## Meet with Benefits

- Meet w/ Benefits Team to begin retirement process 120-90 days in advance.

## Retirement Process Completed

- Once your TSERS or ORP Process is completed, the State Retirement System will notify the health plan's eligibility & enrollment center.

## Auto-Enrolled

- You will be auto-enrolled in the same plan you had as an active employee along with any dependents.
- If you were not enrolled as an active employee, you will be auto enrolled in the Base PPO (70/30) Plan.

## Opt-Out

- If you do not want retiree health insurance coverage, you must opt-out by your retirement date. (Call 855-859-0966 to opt-out)

# Enrollment - Age 65+ & Retiring

Meet w/ Benefits &  
File for Medicare B

- Meet w/ Benefits Team to begin retirement process 120-90 days in advance. File for Medicare. Part B which must be in place **by your retirement date**. *Benefits provides the employer form.*

Retirement Process  
Completed

- Once your TSERS or ORP Process is completed, the State Retirement System will notify the health plan's eligibility & enrollment center.

Auto-Enrolled

- Eligible employees will be auto-enrolled in a plan regardless of if they are enrolled as an active employee.
- Non-Medicare dependents will be auto enrolled in the plan they were enrolled in as an active dependent.

Opt-Out

- If you do not want retiree health insurance coverage, you must opt-out by your retirement date. (Call 855-859-0966 to opt-out)

# Auto-Enrollment - Age 65 & Retiring (Timely Approval)

Retirement approved at least 60 days prior to effective date of retiree *health coverage*. (One month in advance of retirement date)

Active  
Employee 65  
or older

Retirement  
Papers must  
be approved  
60 + days prior  
to the SHP  
benefit  
effective date\*

Member notified  
auto-enrollment  
into Humana  
Medicare  
Advantage  
Base (90/10)  
Plan

May elect any  
of the  
Medicare  
Primary  
options up until  
30 days before  
benefit  
effective date\*

If no election,  
auto-enrollmen  
t completed 30  
days before  
benefit  
effective date\*



# Auto Enrollment - Age 65 & Retiring (Late Approval)

Active Employees 65+

Retirement papers processed and approved 59 days or less prior to retiree health coverage date (less than 1 month prior to retirement date).

Defaulted to Base PPO

You will be auto enrolled in the Base PPO 70/30 plan.

Take Action

If you wish to enroll in one of the Humana Medicare Advantage Plans, you must take action. You are able to change your enrollment up to your benefit effective date.

# Auto Enrollment- Age 65 & Retiring (Very Late)

**If your Retirement Process is not completed until AFTER your Retiree Coverage Effective Date:**

- Once approved, you will be retroactively enrolled in the Base PPO (70/30 Plan) & Unable to change plans until Open Enrollment

**If your (or your eligible dependents) Parts A or B of Medicare is not in place by your retiree health coverage effective date:**

- You will be defaulted into the Base PPO (70/30 Plan) & Unable to change plans until Open Enrollment.

## Age 65 & Still Working

If you are turning Age 65 and plan to continue working:

- You may remain enrolled in the State Health Plan as an active employee.
- The Plan will mail you a Medicare Eligibility Letter:
  - Recommended to enroll in Part A
  - Recommended to delay enrollment in Part B while you are still working. You will enroll during a Special Enrollment Period at retirement.
- The Plan will remain Primary and Medicare will be secondary as long as you remain actively working.

## Dependents Becoming Medicare Eligible

If you are **actively working** and a spouse or dependent on your plan becomes eligible for Medicare:

- They may remain enrolled in your state health plan.
- You may choose to remove them from your active employee coverage through a Qualified Life Event (Now Eligible for Medicare) within 30 days of eligibility
  - They will need to enroll in Medicare Parts A & B and purchase a supplemental plan including Part D externally.
- They can rejoin your coverage at the time of your retirement.

# 2024 Plan Comparison

Benefit	Humana Base (90/10)**	Humana Enhanced (90/10)**	BCBSNC Base PPO Plan (70/30)*
Network Providers	You can use in and out-of-network providers but must accept in Medicare and your insurance plan.		You pay less when you use BCBSNC provider network
Annual Medical Out-of-Pocket Maximum	\$4,000 (In and Out-of-Network)	\$3,300 (In and Out-of-Network)	\$5,900 In-network (Individual) \$16,300 Out-of-network (Family) (Combined Medical & Pharmacy)
Annual Deductible	\$0	\$0	\$1,500 In-network (Individual) \$4,500 In-network (Family) (Combined Medical & Pharmacy)
Primary Care Provider (PCP) – Office Visit	\$20 copay	\$10 copay	\$0 for CPP PCP on ID Card \$30 for non-CPP PCP on ID card \$45 for any other PCP
Specialist Office Visit	\$40 copay	\$35 copay	\$47 for CPP Specialist \$94 for other Specialists
Urgent Care	\$50 copay	\$40 copay	\$100 copay
Inpatient Hospitalization	Days 1-10: \$160/Day Days 11+: \$0/Day	Days 1-10: \$125/Day Days 11+: \$0/Day	In-network: \$337 copay plus 30% coinsurance after deductible
Outpatient Surgery	\$250 copay	\$250 copay	In-network: 30% coinsurance after deductible

# 2024 Plan Comparison

Benefit	Humana Base (90/10)**	Humana Enhanced (90/10)**	BCBSNC Base PPO Plan (70/30)*
Emergency Room	\$65 copay (Worldwide)	\$65 copay (Worldwide)	Individual: \$337 copay plus 30% coinsurance after deductible
Ambulance	\$75 copay	\$75 copay	30% coinsurance after deductible
Lab Services	\$40 copay	\$10 copay	If performed during PCP or Specialist office visit, no additional fee if in-network lab used.
Diagnostic radiology services (such as MRIs, CT Scans)	\$100 copay	\$100 copay	In-network: 30% coinsurance after deductible
Therapeutic Radiology Services (such as radiation treatment for cancer)	\$40 copay	\$40 copay	In-network: 30% coinsurance after deductible
Durable Medical Equipment (such as oxygen)	20% coinsurance	20% coinsurance	In-network: 30% coinsurance after deductible

# 2024 Plan Comparison

Benefit	Humana Base (90/10)**	Humana Enhanced (90/10)**	Base PPO Plan (70/30)
Pharmacy Maximum	\$2,500 Individual	\$2,500 Individual	\$5,900 In-network (Individual) \$16,300 Out-of-network (Family) (Combined Medical & Pharmacy)
Deductible	\$0	\$0	\$1,500 In-network (Individual) \$4,500 In-network (Family) (Combined Medical & Pharmacy)
<b>Retail Purchase from an In-Network Provider</b>			
Tier 1	\$10 copay per 30-day supply		\$16 copay per 30-day supply
Tier 2	\$40 copay per 30-day supply		\$47 copay per 30-day supply
Tier 3	\$64 copay per 30-day supply	\$50 copay per 30-day supply	Ded/Coinsurance
Tier 4	25% coinsurance up to \$100 per 30-day supply		\$200
Tier 5	N/A		\$350
Tier 6	N/A		Ded/Coinsurance
Insulin	\$35 copay – Preferred Brand (Novolog/Novolin) (30-day supply)		\$0 (30-day supply) Preferred or Non-Preferred

# Important Information

- **IMPORTANT**: You or a covered Medicare-eligible dependent **may not** be enrolled in multiple Medicare Health plans while being enrolled in one of our Humana Group Medicare Advantage Plan options.
- When enrolled in a Humana Group plan, if you enroll in another Medicare Health Plan (Medicare Advantage or Medicare Prescription Drug coverage), you **will be** disenrolled from Humana and **AUTOMATICALLY** placed on our Base PPO (70/30) plan. Could have financial impact on you.
- *Anti-Fraud Tip*: Do not give out or confirm your personal information over phone. May end up enrolled in a plan you do not want and lose Humana coverage.
- If in other retiree health plan, you must read all Open Enrollment material. Coverage options may change from year to year.





A new **TPA**  
is on the way.

- The State Health Plan is transitioning its Third-Party Administrator (TPA) from Blue Cross NC to Aetna beginning Jan. 1, 2025.
- This TPA transition affects members on the Base PPO Plan (70/30), Enhanced PPO Plan (80/20) and the High Deductible Health Plan including Medicare members on the Base PPO Plan (70/30).
- **This change will not impact Humana Medicare Advantage Plan members.**
- Additional information will be sent to members closer to Open Enrollment, which begins September 30th.

**Questions?**