State of Rhode Island

Changes to Retiree Medical Subsidies
Frequently Asked Questions

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I. State Employees who Retire on or after October 1, 2008:

1. New Rules for Retiree Medical Coverage

What are the newly legislated changes for retiree medical coverage that impact state employees who retire on or after October 1, 2008?

State employees who retire on or after October 1, 2008, will be subject to the following new rules for retiree medical coverage.

a) Minimum years of service: A retiree will be required to have a minimum of 20 years of service in order to qualify for state-subsidized medical coverage.

b) Age: Retirees must be at least age 59 in order to qualify for state subsidized medical coverage. (Employees may still retire at a younger age if eligible under retirement rules, however, there will be no state subsidy for medical coverage until the retiree reaches age 59).

c) Subsidy: For those retirees with at least 20 years of service and a minimum age of 59, the state will subsidize 80% of the cost of the retiree medical plan and the retiree will pay the remaining 20%.

d) "Pre-65" Plan: The 80% state subsidy will be based on the actual cost of the pre-65 retiree medical plan, not the cost of the active employee plan.

   In addition to the current pre-65 plan, the Department of Administration will also offer a less expensive pre-65 plan with reduced benefits. This plan is currently being developed and will be available for enrollment October 1, 2008.

2. New Retirees with less than 20 Years of Service

What if I retire on or after October 1, 2008, and I have less than 20 years of service? How will the new rules affect me?

You will not be eligible now or at any time in the future for any state subsidized medical coverage if you retire with less than 20 years of service. You will, however, be eligible to purchase medical coverage through the State at the full plan cost.

3. New Retirees under age 59

What if I retire on or after October 1, 2008, with 28 years or more of service, and I am under age 59? How will the new rules affect me?

If you retire before you reach age 59, you can purchase retiree medical coverage and pay the full cost of the plan with no state subsidy until you reach age 59. When you reach age 59, you will begin to receive the 80% state subsidy, and you will pay the remaining 20% of the plan cost. Please see the *Comparison Chart of Retiree Contributions* on the last page.

At age 65, you will move to a Medicare supplemental plan and pay 20% of the cost of that plan.

4. New Retirees ages 59-64 with 28+ Years of Service

What if I retire on or after October 1, 2008, at age 59-64 with 28 years or more of service?

You will receive an 80% state subsidy and will pay 20% of the full cost of the pre-65 plan until you reach age 65. Please see the *Comparison Chart of Retiree Contributions* on the last page of this handout.

At age 65, you will move to a Medicare supplemental plan and pay 20% of the cost of that plan.

5. New Retirees ages 60-64 with 20-27 years of Service

What if I retire on or after October 1, 2008, at age 60-64 with 20 years or more of service (and less than 28 years of service)?

You will receive an 80% state subsidy and will pay 20% of the full cost of the pre-65 plan until you reach age 65. Please see the *Comparison Chart of Retiree Contributions* on the last page of this handout.

At age 65, you will move to a Medicare supplemental plan and pay 20% of the cost of that plan.

6. New Retirees Age 65 and Older

I am 65 years old (or over age 65) and will retire on or after October 1, 2008. How will this change impact me?

The same Medicare Supplemental plans will be available to you as before the recent change in the law. All state retirees over age 65 will continue to be required to elect a Medicare Supplemental Plan when they are 65 years old. We offer two Medicare Supplement options: Plan 65 and Secure Horizons HMO. More detailed information on the plans can be found at www.ersri.org (select the tab on the left titled "Health Care Info").

Employees who retire on or after October 1, 2008 with 20 years or more of service will receive an 80% state subsidy and will pay 20% of the cost of their coverage. Please see the *Comparison Chart of Retiree Contributions* on the last page for the rates and retiree contributions.

7. New Retirees: Spouses and Dependent Children

Will my spouse and dependent children be eligible for medical coverage if I retire on or after October 1, 2008?

Spouses and dependent children will continue to be eligible for retiree medical coverage after you retire. No state subsidies will be available for spouse or dependent coverage. You will need to pay the full cost of their coverage.

8. New Retirees: Plan Options for Retirees Under Age 65

What plan options do employees have that retire on or after October 1, 2008 if the employee is under age 65 at the time of retirement?

Retirees under age 65 will have two plans options.

We will continue to offer the current pre-65 plan with the current benefit level (also called the "Early Retiree" plan). Effective July 1, 2008, the cost of this plan is $790/month. Eligible retirees will receive an 80% state subsidy and the retiree will pay 20% of the cost of the plan.

The Department of Administration will also offer a less expensive plan with reduced benefits. The plan may include deductibles, higher co-pays, and limitations on services/coverage. DOA is currently developing the plan and it will be available for enrollment October 1, 2008.

II. Currently Retired State Employees, and State Employees who Retire Before October 1, 2008:

1. Impact to Current Retirees

If I am currently retired, will any of the newly enacted legislation impact me?

Only if you retired with 28 - 34 years of service and were under age 60 on May 1, 2008. (The new law was enacted on May 1, 2008). Those retirees will continue to receive the current 90% state subsidy until age 65, and will continue to be responsible for payment of 10% of the active-employee rate until age 65. The subsidy will NOT increase to 100% at age 60 because the subsidy is based on "Age at Retirement." At age 65, those retirees will receive a 100% subsidy on the post-65 Medicare Supplemental plan.

2. Impact to Employees that Retire Before October 1, 2008

If I retire before October 1, 2008, is my subsidy different if I am under or over age 60 at the time of my retirement?

Only if you are retiring with 28 - 34 years of service.

If you are under age 60 when you retire with 28 - 34 years of service, you will receive a 90% state subsidy until you reach age 65, and then you will receive a 100% subsidy at age 65 on your Medicare Supplemental plan.

If you are age 60 or older at the time of your retirement and you have 28 years of service or more, you will receive a 100% subsidy on both your pre-65 coverage and at age 65 for your Medicare Supplemental plan.

3. Impact on Spouse's Coverage

If I am retired now, or retire before October 1, 2008, will any of the newly enacted legislation impact my spouse's or children's medical coverage or costs?

No, your spouse and dependent children will continue to receive coverage under the previous rules.

4. Current Retirees not Enrolled in a State Plan

I am currently retired from the State and not enrolled in a state-sponsored retiree medical plan. Which rules apply to me if I elect coverage in the future?

You retain your eligibility for the same coverage and subsidies that you would have been eligible for if you enrolled in retiree medical coverage before the October 1, 2008 changes.

5. New Plan Option for Under-65 Current Retirees

I am currently enrolled in the "Early Retiree" plan (pre-65 plan) but have heard there will be a new plan option for retirees under age 65 in addition to the current pre-65 plan. Can I enroll in it?

The Department of Administration will offer a less expensive plan with reduced benefits, in addition to the current pre-65 plan. DOA is currently developing the plan and it will be available for enrollment October 1, 2008. In order to reduce the cost of the plan, the plan will likely include deductibles, higher co-pays, and limitations on services/coverage.

If you are retired now or retire before October 1, 2008, you and your dependents receive the current "pre-65" plan, at the cost of the active employee plan. This is possible because the State currently subsidizes the difference between the actual cost of your retiree plan and the cost of the active employee plan: a $3,000/year difference. Thus, it would not be to your advantage to elect the reduced benefit plan.

III. Additional Information

1. Leaving State Service without Retiring

I am under 60 years old and have fewer than 28 years of service. Therefore, I am not eligible to retire now. If I leave state service now, will I be grandfathered into the old rules relating to state subsidized medical coverage when I am eligible to retire at age 60?

No. State law provides retiree medical coverage only if you were employed by the state IMMEDIATELY prior to your retirement. If you leave state service when you are not eligible to retire, you WILL NOT be eligible for any state sponsored retiree medical coverage now or at any time in the future.

2. State Retirees on Disability Pensions

I am a state retiree on a disability pension. Do any of these changes impact me?

Some of the rules relating to medical coverage and subsidies for retirees on disability pensions have changed. Please call 222-3160 for more information.

3. Public School Teachers

I am a public school teacher. Do any of these changes impact me?

If you are retired now, or retire before October 1, 2008, these changes will not impact you. The changes will only impact you if you retire on or after October 1, 2008, and you receive your retiree medical coverage through the State of Rhode Island.

Teachers who are not eligible for Medicare (generally those teachers under age 65) and who retire on or after October 1, 2008 and elect medical coverage through the State of Rhode Island will pay the full cost of their medical coverage. The cost of the "pre-65" plan is now $790/month. Additionally, there will be a less expensive plan option available with reduced benefits. The plan may include deductibles, higher co-pays, and limitations on service/coverage. The Department of Administration is developing the new plan option for enrollment October 1, 2008.

Teachers who are age 65 or older (and Medicare eligible) currently pay the full rate on the post-65 Medicare Supplemental plans and will continue to do so.

Please note that the above rates will increase on July 1, 2008. The new rates will be posted on the ERSRI website (www.ersri.org) by June 1.

4. Retirement Decision

Should I retire now?

A decision on the right time to retire is a highly personal decision that only YOU can make. The state subsidy on retiree medical coverage is an important factor for you to consider but you should also take a look at your pension and the impact of retiring now. You may go on-line to www.ersri.org and check your service credit and perform an estimate to help you decide.

Alternatively, counseling sessions are made by appointment only. However, due to the increased counseling activity as a result of the healthcare changes, individual sessions are currently being scheduled for August. If you would like to visit ERSRI sooner, group sessions are recommended and are currently being offered. These sessions will provide a benefits overview and individual benefit estimate. Group sessions are scheduled for 8-10 members. Please call ERSRI at 457-3900 for details.

5. Where to Go for More Information

Where can I get more information?

For more information on plan details, please go to www. ersri.org, and select the tab on the left entitled "Health Care Info."

You may also call 222-3160 for assistance with questions on retiree medical coverage and subsidies.

Please call ERSRI directly at 457-3900 for questions related to your pension.

COMPARISON CHART
OF STATE RETIREE CONTRIBUTIONS
FOR MEDICAL COVERAGE

Under Age 65: Current "Pre-65" Medical Plan

Cost Comparison - Based on Current Monthly Pre-65 Retiree Rate of $790

Years Of Service	Retirement Before Oct 1, 2008		Retirement On/After Oct 1, 2008
	Age at Retirement	Retiree Cost	Retiree Cost – Must be age 59 or older to receive subsidy
10-15	60	$249	$790
16 -19	60	$149	$790
20-22	60	$149	$158
23-27	60	$100	$158
28-34	<60	$50	$158
28-34	60	$0	$158
35+	any	$0	$158

At Age 65: Medicare Supplemental Plans

Plan 65 - Monthly Cost $201

Years Of Service	Retirement Before 10/01/08 Retiree Cost	Retirement On/After 10/01/08 Retiree Cost
10-15	$101	$201
16-19	$60	$201
20-27	$20	$40
28+	$0	$40

Secure Horizons - Monthly Cost $107

Years Of Service	Retirement Before 10/01/08 Retiree Cost	Retirement On/After 10/01/08 Retiree Cost
10-15	$54	$107
16-19	$32	$107
20-27	$11	$21
28+	$0	$21