

Benefiting You

A reference booklet prepared by the
Indiana State Personnel Benefits Division
regarding benefits available
upon retirement or resignation



Indiana State Personnel Department
Benefits Division
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The Benefits Division of the State Personnel Department contracts for services to provide health, dental, vision and life insurance coverage for employees. As an employee of the state of Indiana you have the option of choosing to participate in one or more of those programs.

As an employee resigning or retiring from state service, there are certain benefit options available to you. Qualified retiring employees may choose to participate in the Early Retiree Insurance Program. COBRA, a federal law, allows resigning/retiring employees and qualified dependents to continue coverage for a specified time by paying 102% of the required premium. The state of Indiana also offers to qualified retirees the Retiree Flexible Spending Program and the Medicare Complementary Program.

The following will explain what happens to the benefits you have in place when you leave state service either by resignation or retirement.

Topics:

- I. Early Retiree Insurance Program**
- II. Consolidated Omnibus Reconciliation Act of 1985 (COBRA)**
- III. Medicare Complementary Program**
- IV. Life Insurance**
- V. Retiree Flexible Spending Account**
- VI. Information on how to apply for these programs**
- VII. Additional coverage**

I. EARLY RETIREE INSURANCE PROGRAM, IC 5-10-8-8

The Early Retiree Insurance Program is available to retiring employees meeting all the requirements outlined below. A qualified retiring employee can choose to participate in this group plan by submitting an application provided by the State Personnel Department within 90 days after the date of his/her retirement. Qualified retirees may continue on this program until Medicare eligibility by paying 100% of the premiums for this coverage.

IC 5-10-8-8 states, in pertinent parts:

- “(a) This section applies only to the state and employees who are not covered by a plan established under section 6 of this chapter.
- (b) After June 30, 1986, the state shall provide a group health insurance plan to each retired employee:
- (1) whose retirement date is:
 - (A) after June 29, 1986, for a retired employee who was a member of the field examiners’ retirement fund;
 - (B) after May 31, 1986, for a retired employee who was a member of the Indiana state teachers’ retirement fund; or
 - (C) after June 30, 1986, for a retired employee not covered by clause (A) or (B);
 - (2) who will have reached fifty-five (55) years of age on or before the employee’s retirement date but who will not be eligible on that date for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq; and
 - (3) who
 - (A) for an employee who retires before January 2, 2007, will have completed
 - (i) twenty (20) years of creditable employment with a public employer on or before the employee’s retirement date, ten (10) years of which shall have been completed immediately preceding the retirement; and
 - (ii) at least fifteen (15) years of participation in the retirement plan of which the employee is a member on or before the employee’s retirement date; or
 - (B) for an employee who retires after December 31, 2006, will have completed fifteen (15) years of creditable employment with a public employer on or before the employee’s retirement date, ten (10) years of which shall have been completed immediately preceding retirement.
- (f) The group health insurance program required under subsections (b) through (e) and subsection (k) must be equal to that offered active employees. The retired employee may participate in the group health insurance program if the retired employee pays an amount equal to the employer’s and the employee’s premium for the group health insurance for an active employee and if the retired employee within ninety (90) days after the employee’s retirement date files a written request for insurance coverage with the employer.”
- (k) The state shall provide a group health insurance program to each retired employee:
- (1) who was employed as a teacher in a state institution under:
 - (A) IC 11-10-F;
 - (B) IC 12-24-3;
 - (C) IC 16-33-3;

- (D) IC 16-33-4;
- (E) IC 20-21-2-1; or
- (F) IC 20-22-2-1;
- (2) who is at least fifty-five (55) years of age on or before the employee's retirement date;
- (3) who is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and
- (4) who:
 - (A) has at least fifteen (15) years of service credit as a participant in the retirement fund of which the employee is a member on or before the employee's retirement date; or
 - (B) completes at least ten (10) years of service credit as a participant in the retirement fund of which the employee is a member immediately before the employee's retirement.

Coverage: A retiree who is eligible for this insurance program may continue the same coverage enrolled in at the time of retirement. The eligible retiree who is enrolled in a family plan may choose to continue coverage for the retiree's eligible spouse/dependents **or** change levels from family to single; however, coverage levels **cannot** be increased from single to family until open enrollment. Early Retiree Insurance participants have the same open enrollment rights as active employees.

Early Retiree Insurance participants may choose to continue health, dental and/or vision coverage. There is a separate premium set for each plan (see rate sheet). It is important to note that if a retiree chooses not to continue one or more of the plans in place at the time of retirement (i.e., health, dental or vision), the coverage **will not be available to the retiree again**, not even during open enrollment periods. Life insurance coverage is not part of the Early Retiree Insurance program (see Part IV).

Continued eligibility: A retiree participating in the Early Retiree Insurance Program may continue insurance coverage under this program until:

- The date the retiree becomes eligible for Medicare coverage as prescribed by 42 USC 1395 et seq.

The spouse of an Early Retiree Insurance participant may continue insurance coverage under this program until:

- The date the retiree or the spouse becomes eligible for Medicare coverage (COBRA will be offered to the spouse/dependent(s) if applicable);
- Two years following the date of the retiree's death; **or**
- The date the spouse of the deceased retiree remarries.

Required premium: 100% of the combined employer's and employee's premium for an active employee with single or family coverage. **This premium is subject to change during open enrollment periods.**

II. COBRA

The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) requires the state of Indiana to offer covered employees and eligible family members the opportunity for a temporary extension of health coverage at group rates when coverage under the health plan would otherwise end. You and your eligible dependents will receive a COBRA continuation offer for the health, dental and/or vision plans you are enrolled in at the time of resignation/retirement.

18-month eligibility: You may choose continuation coverage for yourself and your eligible dependents for up to 18 months if:

- Your employment is terminated, including retirement, or
- Your work hours are reduced, resulting in a loss of coverage.
- Your dependent(s) may be eligible for an extension (up to 36 months from the original COBRA effective date) if a second qualifying event (death, divorce, etc.) occurs during the initial 18-month period. Contact your Agency's Benefits Coordinator for more information.

Extension: You or your eligible dependents may choose to extend the continuation coverage period for an additional 11 months for a total of 29 months if:

- Social security determines you or your qualified dependent is disabled; and,
- you notify the carrier within 60 days of the determination date; and,
- if Social Security determines you or your qualified dependent were disabled at the time of the qualifying event; or,
- anytime during the first 60 days of COBRA continuation.

36-month eligibility: Your spouse and eligible dependents may choose continuation of coverage for up to 36 months following:

- Your death,
- Divorce (you must provide notification),
- Your eligibility for Medicare while maintaining the COBRA continuation coverage,
- Ceasing to be an eligible dependent child.

Coverage may be discontinued prior to the maximum periods in the following circumstances:

- Premiums are not paid timely;
- You, your spouse or your dependents become covered under another group health plan including Medicare (unless the group health plan contains an exclusion or limitation with respect to any pre-existing condition.).
- The spouse of the deceased former employee remarries or becomes covered under another group health plan.
- You cease to be disabled. You must notify the carrier within 30 days of Social Security's determination that the disability no longer exists. Coverage will terminate 30 days after the Social Security determination date.

Premiums: 102% of the combined employer and employee premium for active employees. Premiums could be raised to 150% of the combined employer/employee premiums upon the extension of 11 months of COBRA (see above: Extension).

III. MEDICARE COMPLEMENTARY PROGRAM

The state of Indiana extends the availability of the state of Indiana Medicare Complementary program to its retirees. To be eligible to participate in this program you must be at least age 65, receive Public Employees' Retirement Fund or Teachers' Retirement Fund pension benefits, be enrolled in Medicare Parts A and B and not be covered through another similar insurance program. You may also be eligible to participate if you are receiving pension benefits and are enrolled in Medicare Parts A and B as a result of a disability.

Spouses of retired state of Indiana employees who are enrolled in Medicare Parts A and B may also be eligible for coverage.

Retirees may apply for this health coverage within 30 days of the date they retire or within 30 days from the date they become eligible for Medicare. You must make written application to Anthem within 30 days of the event making you eligible.

The Medicare Complementary Program offers two choices: Option 1, which includes coverage for prescription drugs, and Option 2, which does not include prescription drug coverage.

Questions on the Medicare Complementary Program should be directed to Anthem at 1-877-814-9709.

IV. LIFE INSURANCE

Information is provided by American United Life Insurance Co., a OneAmerica company. For more information, call 1-800-673-3216.

Forms included:

- Information for state of Indiana employees eligible for AUL's Group Term Life Insurance Conversion and Transfer of Coverage Options
- State of Indiana Application for Conversion Policy
- State of Indiana (Supplemental Life Only) Election to Transfer Coverage After Termination

V. RETIREE FLEXIBLE SPENDING PROGRAM

The Retiree Flexible Spending Program (RFSP) extends compensation to include accrued but unused and uncompensated vacation leave in excess of the 225 vacation hours as well as sick and/or personal leave upon retirement. Calculation of benefits under this program will be based on leave hours available after the employee's final paycheck has been calculated. The program permits eligible employees to receive a portion of accrued but unused and uncompensated leave.

RFSP allows compensation of accrued but unused vacation in excess of 225 hours plus sick and personal leave up to a maximum of \$5,000.00, if the established criteria are met. The procedure and required criteria are outlined in this material. Please refer to 31 IAC 4 for clarification and as the controlling authority.

Definition and applicability: To qualify for this program, the individual must meet the criteria established for "eligible retiree:"

- has at least 10 years of creditable service with state agencies;
- has accrued but unused and uncompensated vacation, sick or personal leave after the employee's final paycheck has been calculated.

"**Retire**" means terminate state employment at a time when the eligible retiree is *entitled to begin receiving pension benefits from a public pension plan as a consequence of the retiree's state service.

*Please refer to the current handbook on retirement benefits published by the Public Employees' Retirement Fund or the Teachers' Retirement Fund.

"**State agency**" means an authority, board, branch, commission, committee, department, division or other instrumentality of state government, but does not include:

- a state educational institution (as defined in IC 20-12-0.5-1);
- a state elected official's office; and
- the legislative and judicial branches of state government.

The eligible retiree must retire from a state agency as established by 31 IAC 4. The state will issue the payout within 60 days following the last pay date for the eligible retiree, if the necessary requirements are met. The payout will be calculated by converting unused balances in the order of sick, personal, and then vacation. It is important to note that all monies due to the retiree as a benefit of this program are taxable.

Calculation formula: To determine the amount of benefit for an eligible retiree, the State Personnel Department will utilize the leave valuation established by 31 IAC 4. Keep in mind that the amount of benefit is only for leave amounts in excess of the 225 hours of vacation leave that may be paid to employees on their final regular pay check.

The value varies dependent upon the years of creditable service. For leave balances remaining after the 225 hours of vacation leave outlined above, calculations are performed as follows:

1. The retiree's regular biweekly salary divided by 75.
2. Multiply the quotient from #1 by the number of hours of remaining sick, personal and vacation leave.
3. Multiply the quotient from #2 by:
 - 20% for an eligible retiree with at least 10 years but less than 15 years of creditable service.
 - 35% for an eligible retiree with at least 15 years but less than 20 years of creditable service.
 - 50% for an eligible retiree with at least 20 years of creditable service.

The maximum amount of benefit allowed by 31 IAC 4-4-2 is \$5,000.00. The determined benefit, up to the maximum allowed (\$5,000.00), will be issued to the retiree.

Death benefits: If an employee dies while employed by a participating state agency, then the benefit will be calculated under this article as if the employee had retired effective the day the employee died.

VI. HOW DO I APPLY FOR THESE PROGRAMS?

* **COBRA:** The State Personnel Department generates COBRA offers for employees and/or dependents. Questions on COBRA offers should be directed to the Benefits Hot line at 317-232-1167 within the 317 area code or toll free at 877-248-0007 outside the 317 area code.

* **Early Retiree Insurance:** Packets are generated by the State Personnel Department after the final check has been issued. Terminating employees meeting the qualifications of the Early Retiree Insurance Program are forwarded an application, which must be returned to the State Personnel Department no later than 90 days from the date of retirement. If the packet is not received within two weeks after the final check, please call the Benefits Hot line at 317-232-1167 within the 317 area code or toll free at 877-248-0007 outside the 317 area code.

* **Conversion/Election to Transfer Life Insurance Coverage:** Forms are provided by the State Personnel Department and are also located at www.employeebenefits.aul.com.

Important Note: It is the employee's responsibility to complete and return the necessary application and forms to AUL within the required timeframe before any request for coverage can be reviewed or approved. Insured dependents may be eligible to apply for conversion and these forms are also located at www.employeebenefits.aul.com.

VII. ADDITIONAL COVERAGE:

The following information may assist in your search for benefit programs following COBRA or when Medicare eligibility ends your Early Retiree Insurance Program participation:

Indiana Comprehensive Health Insurance Association (ICHIA): For information call 1-800-552-7921.

Coverage with a Health Maintenance Organization (HMO): Employees and dependents under age 65 may have the option to convert their coverage to a non-group policy following the maximum period allowed under COBRA. You must contact the HMO directly to request this coverage and obtain the applicable rates.

Some of the HMOs do not offer coverage to individuals over age 65. You should contact your HMO well in advance of retirement in the event you need to change carriers during an open enrollment prior to retirement to a plan that offers an over age 65 plan.

Retired Indiana Public Employees Association (RIPEA): Members may obtain under age 65 coverage and Medicare supplements. These plans are available for either retiree or spouse if they are members of RIPEA. Premiums for these plans may be deducted from your PERF check. Information may be obtained by calling 1-800-345-9214 or (317) 789-0244.

American Association of Retired Persons (AARP): For information on indemnity plans or Hospital Advantage plans, call 1-888-687-2277. Plans are available for individuals age 50 and over.

Social Security Administration/Medicare: For assistance call 1-800-772-1213.

Should you have questions you may contact the Employee Benefit Division at:

State Personnel Department
Benefits Division
Phone: (317) 232-1167
Toll Free: (877) 248-0007
Fax: (317) 232-3011
Benefits website: www.in.gov/spd/benefits