Health insurance after you retire

Maintaining your health insurance coverage after retirement is an important part of providing economic security during your retirement. A group health insurance policy gives you access to both a large network of participating providers and to lower group costs for insurance. When you retire, if you have been a member of the Educators Health Alliance (EHA), the Blue Cross plan that insures most of the school employees in Nebraska, you can keep EHA coverage as a retiree until you turn 65. On your 65th birthday, you will need to enroll in Medicare, and consider purchasing a Medicare Supplemental Policy as well as Medicare Prescription Drug Coverage.

Pre-65 retiree coverage

If you have been covered by EHA Blue Cross health insurance for at least five years prior to your retirement, and the District in which you worked maintains EHA coverage for active employees, you are eligible to purchase retiree coverage through EHA until you reach age 65. If you are married and your spouse is insured through EHA, your spouse is eligible for EHA retiree coverage too. Retirees who are married have the option of selecting two single policies when they retire, or they may choose any one of the four coverage options [*employee only, employee and spouse, employee and child(ren), employee and spouse and child(ren)*]**.** Current premiums for EHA retiree coverage can be found on the EHA web site, ***www.ehaplan.org***. There are three simple steps to obtaining retiree coverage through EHA prior to age 65.

1. Blue Cross will mail you a packet of materials relating to post-retirement health insurance about 45 days before the end of your contract year in the year you retire. Your regular EHA coverage will last through the end of the contract year (August 31), so you don't need to worry about securing retiree coverage until your regular coverage ends. Your school district will let Blue Cross know that you are retiring from their employment, so this mailing will automatically come from Blue Cross – you don't need to request it. You will receive a letter and a form to complete to apply for NSEA Special Services membership. Follow the instructions on the form, and complete the section dealing with NSEA membership. You should select **EHA Retiree Coverage**. EHA Retiree Coverage will last until you turn 65. The alternative is COBRA coverage, which lasts 18 months, after which you will need to get health insurance coverage through a different carrier. If you are close to 65 and choose COBRA, you should start Medicare when you reach age 65 to avoid late enrollment penalties for Medicare. The third option will be to leave EHA coverage completely and find insurance coverage on your own. If you don't return the forms on time, Blue Cross will assume that you are leaving the EHA plan and will not contact you further. If you leave EHA, you cannot return.
2. If you select EHA Retiree Coverage, you will need to become a Special Services Member of NSEA to maintain EHA Retiree Coverage. Return the completed form to NSEA, along with your NSEA Special Services membership fee, prior to August 31. The amount of your NSEA Special Services fee will depend upon your NSEA membership status at the time you retire, and may include dues for NSEA-Retired

and NEA-Retired if you are not already a life-time member of those organizations. The NSEA Special Services fees will be detailed on the form you receive.

3. Your insurance membership card for EHA Retiree Coverage will be mailed to you within 90 days of completing and returning the forms to NSEA. Standard EHA Retiree Coverage includes a $900 deductible amount. If you had a lower deductible amount as an active employee, you will need to satisfy the balance of the difference between your current deductible and $900 before the EHA Retiree Coverage will begin to make co-payments on your claims. If you need to see a physician or obtain other medical services before your new insurance card arrives from Blue Cross, you can continue to use your current EHA insurance card until the new card arrives. The retiree benefits are the same as those for an active employee – the only difference may be the deductible amount.

   You will automatically be enrolled in the $900 deductible Retiree Coverage plan when you begin retiree coverage. You may change to a higher deductible plan to save premium dollars. There are four insurance options for retirees: (a) a $900 deductible plan; (b) a $2,000 deductible plan; (c) a $3,500 deductible plan (also known as a High Deductible Health Plan, or HDHP) that is eligible for a Health Savings Account; and (d) a $4,000 deductible plan that is eligible for an HSA. A Health Savings Account is an account that you fund on a pre-tax basis to pay for qualified medical expenses. Additional information on Health Savings Accounts is available on the NSEA-Retired web page, ***www.nsea.org /retired***. You can change policies to be effective either Sept. 1 or January 1, depending on when you want to start your new deductible amount. Since there is no deductible carry-over from your current plan to the HDHP, you may wish to start the HDHP on January 1, when deductible amounts for all plans start over. The chart below compares the medical expenses for the three main health insurance options available to retirees. Dental benefits are the same for all three plans; single PPO dental premiums are included in the rates listed below.

	$900 deducible PPO plan (current plan)	**$2,000 deductible PPO plan**	**$3,500 deductible HDHP, Health Savings Account (HSA) eligible**
Monthly premium for retiree (includes single PPO dental)	$645.79	$549.03	$549.03
Individual Deductible	$900	$2,000	$3,500
Co-insurance	80/20	70/30	None
Max. co-insurance	$3,750*	$4,850*	n/a
Max. out-of-pocket including deductible	$4,650* * Includes copays for medical and pharmacy claims	$6,850*	$3,500
Office visit co-pays	$30, $50, $75	$45, $65, $90	Included in ded.
Rx coverage Generic Formulary brand Non-formulary brand	 25% ($5 min/$25 max) 25% ($40 min/$80 max) 50% ($70 min/$110 max)	 30% ($7 min/$30 max) 30% ($45 min/$90 max) 50% ($70 min/$110 max)	Included in ded.
Routine care	Benefits for covered services are paid at 100%, subject to age, gender and frequency limits		

Since retirees must pay both premiums and all out-of-pocket expenses themselves, you may benefit from switching to a higher deductible plan. In order to make a decision about which plan to choose, you should consider how much you paid during the most recent calendar year for:

- Office visit co-pay
- Deductible for medical care
- Co-pay for medical care
- Co-pay for prescriptions

Be sure to consider any savings in premium associated with making a change.

Give careful consideration to your costs before deciding to change plans. If you move to a higher deductible plan, you must maintain that plan for a minimum of three years (or until you reach age 65, whichever comes first) before you can change back to a lower deductible amount. The chart below gives a simple comparison of the three plans using three sets of hypothetical costs:

Hypothetical out-of-pocket expense	**$900 PPO**	**$2,000 PPO**	**$3,500 HDHP**
$900 in covered charges	You pay entire amount $900	You pay entire amount $900	You pay entire amount $900
$2,000 in covered charges	$900 applied to deductible; $1,100 paid at 80/20%; You pay $1,120	You pay entire amount $2,000	You pay entire amount $2,000
$25,000 in covered charges	$900 applied to deductible; max. co-insurance at $3,750*; you pay $4,650 *Co-insurance max. for medical and pharmacy	$2,000 applied to deductible; max. co-insurance at $4,850*; you pay $6,850 *Co-insurance max. for medical and pharmacy	$3,500 applied to deductible; 100% coverage after ded.; you pay $3,500

Medicare Coverage

If you have already reached your 65th birthday when you retire, you will want to enroll in Medicare, to become effective September 1 of the year you retire. If you are not yet 65 when you retire, then you will sign up for Medicare when you actually turn 65. There is a seven-month window to enroll in Medicare, starting 3 months before your 65th birthday month, including your birthday month, and ending 3 months after your birthday month. Medicare suggests that you sign up 1-3 months before you turn 65 to be sure that you do not miss out on important Medicare coverage. Medicare coverage begins the 1st of the month during which you turn 65, if you enroll on time.

If you are receiving Social Security retirement payments or Social Security disability payments prior to turning 65, Medicare will automatically send you enrollment forms for Medicare. There are several "parts" to Medicare that you can choose. **Medicare Part A** covers inpatient hospital, inpatient skilled nursing, home health care, and hospice care. There is no premium for Medicare Part A coverage if you paid into Social Security while you worked. **Medicare Part B** covers doctor services, durable medical equipment, home health care, X-ray and lab services, and out-patient services. Medicare Part B is optional and has a premium. Unless you have coverage from a different source, it is in your best interest to sign up for Medicare Part B – the premium can be paid by deduction from your Social Security check if you wish. Medicare Parts A and B provide basic coverage through "traditional Medicare," but there are deductible and co-payments for which you are responsible. You can purchase a **Medicare Supplement** to pay for the deductible and co-payments. Information regarding Medicare supplements is contained in step 2 below.

Medicare Part D provides prescription drug coverage. There are three easy steps to follow in moving from EHA Retiree Coverage to Medicare at age 65.

1. Sign up for Medicare about 1-3 months before you turn 65. If you receive the automatic enrollment information (because you are receiving Social Security payments prior to age 65), you will automatically be enrolled in Medicare Part A and Medicare Part B unless you notify Medicare that you do not want to enroll. If you will not get the automatic enrollment information, you can get enrollment information on the Medicare web site, ***www.medicare.gov***, or call Medicare at 1-800-MEDICARE (1-800-633-4227). Social Security can help you with signing up for Medicare Part B. You can reach Social Security at 1-800-772-1213.
2. If you currently have EHA retiree coverage, about 60 to 90 days before you turn 65 you will receive a mailing from Blue Cross regarding **NSEA-Retired BlueSenior Classic**. If you are not covered by EHA insurance when you turn 65, and you are a member of NSEA-Retired, you can enroll in NSEA-Retired BlueSenior Classic by calling Blue Cross at 402-458-4810 or 800-562-6394 to request information and enrollment forms. NSEA-Retired BlueSenior Classic is a Medicare Supplement underwritten by Blue Cross of Nebraska which is endorsed by NSEA-Retired. Be sure to specify that you want information about **NSEA-Retired BlueSenior Classic** when you call. NSEA-Retired BlueSenior Classic will pay your deductible and co-payment amounts while you are on Medicare.

   You will be given the option to enroll in our dental coverage when you make your initial enrollment in NSEA-Retired BlueSenior Classic. The dental coverage is the same dental coverage provided by EHA for PPO Dental Parts A, B, and C that you had as both an active employee and as a retiree prior to age 65. If you decline the dental coverage when you begin your initial enrollment, you will not be allowed to enroll in the dental coverage at a later time. NSEA-Retired recommends that you enroll in the dental plan when you sign up for the Medicare Supplement.

   You can sign up for your Medicare supplement during a six-month period, starting when you are age 65 or older and are covered by Medicare Part B. If you sign up for the Medicare supplement during this “window,” there are no waiting periods for preexisting conditions. After this window of eligibility ends, no insurance company is required to sell you a Medicare supplement. NSEA-Retired recommends that you sign up for your Medicare supplement when you receive the enrollment information for NSEA-Retired BlueSenior Classic in order to avoid any gaps in coverage. Current premiums for NSEA-Retired BlueSenior Classic can be found on the NSEA-Retired web page, ***www.nsea.org /retired***.
3. When you sign up for Medicare and your Medicare supplement, you should also sign up for Medicare Part D, the prescription drug coverage. NSEA-Retired does not endorse any provider for Medicare Part D, and suggests that members consult the Medicare web site, ***www.medicare.gov***, to find a provider that will cover the drugs that you actually use.

Additional information and help with enrollment in Medicare can be obtained by calling the Nebraska Senior Health Insurance Information Program, SHIIP, at 1-800-234-7119.