



05/01/2013

Dear Retiree, Annuitant or Survivor:

Public Act 97-0695 signed by the Governor on June 21, 2012, authorized the Director of Central Management Services to establish the amount that retirees, annuitants and survivors will pay for their health insurance provided under the State Employees Group Insurance Act of 1971 as amended. Pending finalization of the contract between the State and AFSCME but no sooner than July 1, 2013, current retirees, annuitants and survivors will be charged a percentage of their combined state retirement and survivor annuities from all five State retirement systems (SERS, SURS, TRS, JRS and GARS) for their health insurance coverage, taking into account the number of years of creditable state service as well as their Medicare status.

- Medicare eligible annuitants
  - a. Beginning July 1, 2013, annuitants who are eligible for Medicare will contribute 1% of their combined annual annuity towards the cost of the basic program of group health benefits.
  - b. Effective July 1, 2014, this amount will increase by 1%, for a total contribution of 2% of their combined annual annuity towards the cost of the basic program of group health benefits.
- Non-Medicare eligible annuitants
  - a. Beginning July 1, 2013, annuitants who are not eligible for Medicare will contribute 2% of their combined annual annuity towards the cost of the basic program of group health benefits.
  - b. Effective July 1, 2014, this amount will increase by 2%, for a total contribution of 4% of their combined annual annuity towards the cost of the basic program of group health benefits.
- In addition to the percentage of annuity, survivors and annuitants under SERS, SURS and State-TRS who retired or became a survivor on or after January 1, 1998 and have less than 20 years of creditable State service, will continue to contribute the additional 5% per month towards the cost of member health coverage for each year of creditable service less than 20 years. This does not apply to SURS annuitants who made an election under Public Act 91-0395.
- Retirees, annuitants and survivors will pay the same amount for dependent health coverage as actively employed members.
- Premiums will be deducted from your annuity on a monthly basis.

Member Health Plan Contribution Table  
Effective July 1, 2013 - June 30, 2014

**The Health Plan Contribution premium is in addition to any premiums owed by individuals with less than 20 years of service**

(For illustrative purposes only)

**Medicare Primary (1%)**

<u>If your monthly combined annuity value range is:</u>	<u>Your health plan contribution range is:</u>
\$0 - \$1,000	\$0-\$10
\$1,000-\$2,000	\$10-\$20
\$2,000-\$3,000	\$20-\$30
\$3,000-\$4,000	\$30-\$40
\$4,000-\$5,000	\$40-\$50
\$5,000-\$6,000	\$50-\$60
\$6,000-\$7,000	\$60-\$70
\$7,000-\$8,000	\$70-\$80
\$8,000-\$9,000	\$80-\$90
\$9,000-\$10,000	\$90-\$100
\$10,000+	\$100+

**Non-Medicare (2%)**

<u>If your monthly combined annuity value range is:</u>	<u>Your health plan contribution range is:</u>
\$0 - \$1,000	\$0-\$20
\$1,000-\$2,000	\$20-\$40
\$2,000-\$3,000	\$40-\$60
\$3,000-\$4,000	\$60-\$80
\$4,000-\$5,000	\$80-\$100
\$5,000-\$6,000	\$100-\$120
\$6,000-\$7,000	\$120-\$140
\$7,000-\$8,000	\$140-\$160
\$8,000-\$9,000	\$160-\$180
\$9,000-\$10,000	\$180-\$200
\$10,000+	\$200+

**To calculate your monthly health plan contribution, divide your total annual annuity by 12 and take it times the applicable percentage (Medicare primary 1% or Non-Medicare 2%)**

## Frequently Asked Questions

**Q1: How is the amount of my annuity determined?**

A1: Each of the five state retirement systems have provided data to CMS regarding the amount of annuity or annuities being paid. The amount you pay for basic health coverage will be based on a percentage of the combined annuity amounts from all five retirement systems.

**Q2: I receive an annuity check from more than one retirement system. From which check will premiums be taken?**

A2: Although you receive multiple checks, you are enrolled in the group insurance program under only one retirement system. The annuity check you receive from the retirement system in which you are enrolled for group insurance will be the check from which the premium will be taken. Your group insurance representative can assist you with any questions.

**Q3. What if my annuity check is insufficient to cover the cost of my premium?**

A3. If your annuity check is insufficient to cover the cost of your premium, you will be direct billed for the premium due.

**Q4: Will my premiums change when I become eligible for Medicare?**

A4: Yes. The percentage for a Medicare eligible annuitant is 1% of the annual annuity as opposed to 2% for a Non-Medicare annuitant. The premium change based on the lower Medicare-eligible percentage would be effective the same date that your Medicare coverage becomes effective. Note: Beginning July 1, 2014, the Medicare and Non-Medicare percentages will increase by one percent and two percent, respectively.

**Q5: Will my health premium change if I change my health plan?**

A5: It depends. Premiums under P.A. 97-0695 are based upon the amount of your annuity and your Medicare status. Changing health plans will not impact this calculation. However, individuals with less than 20 years of service are responsible for additional costs which are calculated based upon the cost of the selected coverage. As a result, if you change health plans, you may see a change in your premium.

**Q6: I am an SURS annuitant who retired under Public Act 91-0395. Do I have to start paying a premium?**

A6. Yes. Public Act 91-0395 allows individuals to avoid the application of Public Act 90-65 (the 5% rule). This avoidance is still in place as individuals with less than 20 years of state service who retire under 91-0395 will still be exempted from paying 5% of the cost per year for each year of creditable service less than 20. However, these individuals will be required to pay the annuity percentage as outlined in this document beginning July 1, 2013.

**Q7: I have other health coverage. Since I now have to start paying for my State coverage, can I opt out of the State plan?**

A7: Yes. You must have proof of other coverage from a source other than the Department of Central Management Services to opt-out. You will lose all coverage except basic life insurance. Non-Medicare retirees may be eligible for a financial incentive to opt-out of the State plan. Contact your retirement system to determine if you are eligible for such an incentive. Once opted-out, you may reenroll only during an annual Benefit Choice Period or within 60 days of experiencing a qualifying change in status.

**Q8: I am ineligible for Medicare as I was not permitted to contribute to Medicare while actively working. Do I still have to pay the higher non-Medicare percentage?**

A8. No, your premiums under this program will be calculated at the lower Medicare percentage.

**Q9. I am a survivor under the University of Illinois Cooperative Extension Service. How will my annuity be determined?**

A9. Your annuity will be determined based upon data from the five state retirement systems as well as from the federal Office of Personnel Management. In the future, you will be required to provide information regarding any change to your annuity amount to this office in order to retain group insurance coverage. You will receive correspondence from the Department on an annual basis requesting this information. If you have any questions regarding your annuity amount or the reporting of changes to your annuity amount, please contact Vicki L Jones, 217-244-1049, [vljones@uillinois.edu](mailto:vljones@uillinois.edu).

**Q10. I separated from state service under one of the State's Alternative Retirement Cancellation Payment (ARCP) initiatives. How will my annuity be determined?**

A10. Your annuity will be calculated by the State Employees' Retirement System based upon the amount you would have received had you actually retired.

**Q11. Are premiums for dental affected by PA 97-0695?**

A11. No. The premiums for the dental plan are separate and distinct from the premiums associated with the basic program of group health benefits.

For more information regarding premium calculations, visit the Benefits website at [www.benefitschoice.il.gov](http://www.benefitschoice.il.gov) or contact an insurance representative at your retirement system.

## **RETIREMENT SYSTEM CONTACT INFORMATION**

<b>State Employees' Retirement System</b>	<b>(217) 524-0389</b>	<b>TDD: (217) 785-7218</b>
<b>State Universities Retirement System</b>	<b>(800) 275-7877</b>	<b>TDD: (800) 526-0844</b>
<b>Teachers' Retirement System</b>	<b>(800) 877-7896</b>	<b>TDD: (866) 326-0087</b>
<b>Judges' Retirement System</b>	<b>(217) 782-8500</b>	<b>TDD: (217) 785-7218</b>
<b>General Assembly Retirement System</b>	<b>(217) 782-8500</b>	<b>TDD: (217) 785-7218</b>