



RETIREE HEALTH BENEFIT ELIGIBILITY POLICY

1. INTRODUCTION

This policy establishes the eligibility criteria and procedures for retiree health benefits based on provisions established within Connecticut General State statutes and applicable State Employees Bargaining Agent Coalition (SEBAC) agreements. The purpose is to ensure all State of Connecticut active employees, deferred vested past employees, and employing agencies have a clear understanding of employee eligibility for retiree health benefits. Employing agency HR and Benefit contacts are expected to use the information within this policy to initially determine an employee's retiree health benefit eligibility when counseling new prospective retirees. Should an agency representative have additional questions regarding a particular employee's circumstances they should reach out to the Office of the State Comptroller's Retiree Health Unit on behalf of their employee.

SEBAC agreements may introduce changes to eligibility, including increasing years of service or adjusting premium cost-sharing for future retirees. Current employees nearing retirement should review the most recent SEBAC agreements to understand how modifications impact their eligibility and cost post-retirement.

The terms of this policy apply to all new retirees following August 1, 2022.

2. DEFINITIONS

For the purposes of this policy, the following definitions apply:

- a. Actual State Service – Calculated service months during which an employee is eligible for state-paid health benefits and has participated in a State of Connecticut retirement plan. For ARP participants this also includes the duration of their disability in which they are receiving employer provided long-term disability benefits.
- b. OPEB Retiree Health Fund – Established in the 2009 SEBAC agreement, this payroll deduction of 3% contribution of employee salaries helps to fund employees' retiree health benefits.
- c. Retirement System – A system that provides retirement, disability, and survivor financial benefits to past State of Connecticut employees.

- i. ARP – Alternate Retirement Program
- ii. Judges – State Judges Retirement System
- iii. PJRS – Probate Judges & Employees Retirement System
- iv. SERS – State Employees Retirement System
- v. States Attorneys Retirement System
- vi. TRS – Teachers Retirement Services

d. Retirement Type –

- i. Normal – The retirement of an employee having met the necessary years of actual state service and who retires on or after attaining their normal retirement age.
- ii. Early – The retirement of an employee having met the necessary years of actual state service and who retires before attaining their normal retirement age.
- iii. Hazardous Duty – The retirement of an employee of SERS who has completed the required years of service within one or more Hazardous Duty positions, regardless of age.
- iv. Deferred Vested – The retirement of a former employee who completed the necessary years of actual state service prior to their separation of employment but did not transition directly into retirement.
- v. Disability – The retirement of an employee who has become permanently unable to perform the job in which he or she was employed by the state. For ARP participants this requires the receipt of long-term disability benefits under their college or university provided disability policy.
- vi. Pre-Retirement Death – The retirement benefit payable to the qualified dependent survivors of an active employee that dies prior to retirement and either having 25 or more years of service or having completed the service and age requirements to have received a retirement benefit.

e. Rule of 75 – The sum of a member’s age and Actual State Service equals 75 or more.

3. ELIGIBILITY REQUIREMENTS

Eligibility requirements for Retiree Health eligibility differ based upon the retirement plan, date of hire, years of actual state service, retirement type, age, employment status, and other factors as noted.

a. Retirement Status

Employees must meet the age and service requirements applicable to their retirement plan for monthly pension or annuity benefits. An individual must be retired and receiving a benefit from their retirement plan to be considered for retiree health eligibility.

b. Retirement Plan and Date of Hire

While retiree health benefits eligibility follows the same schedule of service and age requirements for SERS, ARP, and TRS participants, miscellaneous benefit systems provide for their own eligibility requirements.

i. SERS, ARP, TRS

The following table provides a simplified view of general eligibility. Apart from SERS Tier I and SERS Tier II retiree health eligibility is determined using an employee's first date of hire in which they are eligible to earn Actual State Service, not their retirement tier. All actual state service is calculated using the same methodology, regardless of current plan enrollment. Service between SERS, ARP, and TRS may be combined for actual state service calculation purposes.

| Retirement Plan or Date of Hire | Actual State Service Requirements | Deferred Vested Actual State Service | OPEB Retiree Health Fund Contributions* |
|---|---|--|---|
| SERS Tier I, SERS Tier II or Hired before 7/1/1997 | N/A - Must Receive a Monthly Pension or Annuity Benefit and Have Been Eligible for Active Health Benefits | | 10 Years |
| Hired between 7/1/1997 and 6/30/2011 | 10 Years | 10 Years as of 7/1/2009 -or- If not having reached 10 years by 7/1/2009 then also Rule of 75 | 10 Years |
| Hired between 7/1/2011 and 6/29/2017 | 15 Years | 15 Years & Rule of 75 | 10 Years |
| Hired on or after 6/30/2017 | 15 Years | 15 Years & Rule of 75 | 15 Years |

**As noted in Section 3.c. below, OPEB Retiree Health Fund contributions are not a measurement of retiree health benefit eligibility. Contribution periods are simply noted in this chart as a helpful reminder of maximum contribution requirements.*

1. SERS Tier I or SERS Tier II or Hired before July 1, 1997

Normal, Disability, Early, or Hazardous Duty Retirees – Participants receiving a monthly pension or annuity benefit and transitioning directly from active employment to retirement are eligible.

2. Hired between July 1, 1997 and June 30, 2009

Normal or Early Retirees – Participants transitioning directly from active employment to retirement must have 10 years of Actual State Service.

Deferred Vested – A member who terminates employment in deferred vested status with at least 10 years of Actual State Service as of July 1, 2009, will be entitled to retiree health benefits upon commencement of Normal or Early Retirement benefits.

Members who terminate employment in deferred vested status with 10 years of Actual State Service completed after July 1, 2009, will not be entitled to retiree health benefits unless and until they meet the Rule of 75.

Disability or Hazardous Duty Retirees – Participants receiving a monthly pension or annuity benefit are eligible.

Grandfathered Benefit – A member who transitions directly from employment to receiving a Normal Retirement benefit at age 62 or older will be eligible for retiree health benefits with either 5 years of Actual State Service or 10 years of vesting service, but only if he or she was actively employed by the state on April 21, 2009, and was age 52 or older as of July 1, 2009.

3. Hired between July 1, 2009 and June 30, 2011

Normal or Early Retirees – Participants transitioning directly from active employment to retirement must have 10 years of Actual State Service.

Deferred Vested – Members who terminate employment in deferred vested status with 10 years of Actual State Service will not be entitled to retiree health benefits unless and until they meet the Rule of 75.

Disability or Hazardous Duty Retirees – Participants receiving a monthly pension or annuity benefit are eligible.

4. Hired on or after July 1, 2011

Normal or Early Retirees – Participants transitioning directly from active employment to retirement must have 15 years of Actual State Service.

Deferred Vested – Members who terminate employment in deferred vested status with 15 years of Actual State Service will not be entitled to retiree health benefits unless and until they meet the Rule of 75.

Disability or Hazardous Duty Retirees – Participants receiving a monthly pension or annuity benefit are eligible.

5. Special Considerations

ARP Retirees or Hybrid Cash-Out Lump-Sum Recipients – Members will not be entitled to coverage during retirement unless they use plan funds to purchase a lifetime (or joint lifetime) annuity in the minimum amount of \$10,000 from their State of CT defined contribution plan.

Laid Off Employees – Employees who leave state service because there is not a fair assurance of continued employment will be treated as if they transitioned directly to retirement for purposes of retiree health eligibility. The Rule of 75 will not apply.

Legislators – Legislators who leave state service as a result of losing an election or declining to run for re-election will be considered “employees who leave state service because there is not a fair assurance of continued employment” and will not be subject to the Rule of 75. Note - If such legislator subsequently returns to state service in an unelected position, this provision will no longer apply.

Part Time Adjunct Professors – Members will only receive credit for Actual State Service for semesters in which they worked a total of nine (9) or more credit hours across all state institutions or are 0.5 FTE as is applicable per collective bargaining agreement. One semester is equivalent to six (6) months of Actual State Service.

6. Application of Actual State Service

- a. Actual State Service includes purchased military service but excludes any other purchased service time.
- b. For ARP members, Actual State Service may include a combination of participation in ARP and SERS.
- c. Participants who work less than a 12-month calendar year but receive a full year of retirement credit for their retirement system will also receive 12 months of actual state service for said periods. For example, for higher education employees each academic year during which an employee was eligible for state-paid health benefits will count as one year of Actual State Service. A semester during which an employee was eligible for state-paid health benefits will count as six (6) months of Actual State Service.

ii. Judges

Participants receiving a pension benefit are eligible for Retiree Health benefits.

Senior Judge or Trial Referees – Participants receiving a retirement benefit while continuing to serve as an appointed Senior Judge or Trial Referee will have the payroll deduction contributions withheld from their semi-monthly pension check. They will continue participation on their active employee benefit plans.

Walk-Away Judges – Participants receiving a semi-monthly pension benefit and no longer serving as an appointed Judge, Senior Judge, or Trail Referee will transition from active employee benefit plans to retiree benefit plan coverage the first of the month following the termination of their appointment.

iii. PJRS and States Attorneys

Participants receiving a pension benefit are eligible for Retiree Health benefits.

c. OPEB Retiree Health Fund Considerations

- i. Employees pay a total contribution for either 10 years (120 months of deductions) or 15 years (180 months of deductions) or until such time they are eligible to retire, whichever comes first. It should be noted that satisfying Retiree Health Fund contributions is not an adequate measurement of retiree health benefit eligibility. See above for specific requirement details.
- ii. A rehired employee whose Retiree Health Fund contributions were refunded upon separation from service will not receive Actual State Service credit for prior service during which such contributions were made unless they repaid, or entered an arrangement to repay, the refunded amount within 60 days of returning to state service. Failure to repay Retiree Health Fund contributions is the only time in which a break in service will affect retiree health benefit eligibility.
- iii. Adjunct professors exempt from contributing to the OPEB Retiree Health Fund while actively employed must pay, or enter an arrangement to pay, 3% of their applicable 10 years or 15 years of contributions upon retirement.

4. SPOUSE AND DEPENDENT ELIGIBILITY

Upon receipt of validating documentation, retirees' spouses and qualified dependents are eligible for enrollment under their retiree health care benefits. They may be covered under the retiree's health plan for the duration of the retiree's retirement benefit, so long as they continue their relationship as a qualified dependent of the retiree. Surviving annuitants may continue coverage providing they continue to receive a monthly pension benefit and they remain to be a qualified dependent of the deceased retiree.

Qualified dependents include:

- Spouse
- Party to a Civil Union
- Dependent Child Under Age 26 (including legal wards, adoptive children, and stepchildren)
- Disabled Dependent Child Over Age 26 – Certified by medical benefit carrier.

PJRS Retirees – A retired member of PJERS who is receiving a pension benefit may elect to enroll their spouse on their retiree health benefit. They are limited to enrollment of only their spouse, they may not enroll dependent children.

5. CONTINUATION OF BENEFITS FOR SURVIVING SPOUSES AND DEPENDENTS

To continue retiree health benefits after the death of a retiree, spouses must be married at the time of death and have been elected annuitant or survivor of pension or annuity benefit at the time of retirement.

The surviving spouse and eligible dependents of a deceased retiree may continue receiving health care benefits, for the term in which they continue to receive a monthly pension or annuity benefit and they remain to be a qualified dependent of the deceased retiree. Should the pension benefit cease, their continued retiree health benefit eligibility will also cease.

In the event of a pre-retirement death, retiree health benefits will continue to the surviving spouse and/or dependent children so long as they are eligible for a continued monthly pension or annuity benefit, and they remain a qualified dependent.

Under no circumstances may an annuitant add new dependents to their health benefits after the death of the retiree/employee unless that dependent was also a qualified dependent of the deceased member.

Continued participation of an eligible annuitant is contingent on their continued relationship as a qualified dependent of the deceased. This means, should the surviving spouse remarry, they will no longer be a qualified dependent of the deceased retiree/employee. As such, should they continue their enrollment on state-sponsored retiree health benefits they will be responsible for the taxes on the imputed income of the fair market value of coverage. This value can be upwards of \$16,500 per year.

Should a surviving dependent fail to qualify for continued coverage they will have the right to purchase non-Medicare medical, prescription, and dental coverage from the state pursuant to the continuation of coverage provisions of the Public Health Service Act, commonly referred to as “COBRA”.

Applicable opportunities for continued annuitant status differ by retirement system, tier, and type.

a. SERS

- i. At the time of retirement, a SERS member must select a benefit payment option. If an annuitant is selected at the time of retirement, that annuitant may continue retiree health benefits so long as they remain a qualified dependent of the retiree at and following the time of the retiree/employee’s death.
- ii. Tier 1 Retired State Police Officers – Coverage may continue to the current spouse of the retiree at the time of their death so long as they continue to receive a State Police Survivors fund benefit and remain a qualified dependent of the deceased retiree.

b. ARP or Hybrid Cash-Out/Lump-Sum Recipients

At the time of retirement, ARP members, or Hybrid members having elected a cash-out or lump-sum payment, must purchase a joint life annuity of a minimum of \$10,000, naming their dependent as co-annuitant, from their state retirement plan funds to continue coverage to their qualified dependent following their death.

c. Judges

The surviving spouse at the time of death of a judge will be eligible for a continued pension benefit and thus continued retiree health benefits so long as they remain a qualified dependent of the deceased judge.

If there is no surviving spouse, a continued pension benefit and retiree health benefits will be available to their surviving children until age 18.

d. PJRS

The surviving spouse at the time of death of a PJRS member will be eligible for a continued pension benefit and thus continued retiree health benefits so long as they remain a qualified dependent of the deceased member.

e. Teachers

Just as with SERS, at the time of retirement, a TRS member must select a benefit payment option. If an annuitant is selected at the time of retirement, that annuitant may continue retiree health benefits so long as they remain a qualified dependent of the retiree at and following the time of the retiree/employee’s death.

6. COST OF COVERAGE

Retiree health benefit premium cost shares are determined based on a retiree’s plan type, and benefit plan and family size elected. All premium shares are deducted from a retiree’s state issued pension check. In the event a retiree is not receiving a pension check, they will be billed monthly for all appropriate premium cost shares. Applicable retiree premium costs share values are updated annually and posted to the Office of the State Comptroller’s (OSC) Care Compass site: <https://carecompass.ct.gov/benefits-enrollment/retirees>

All New Retirees

i. Dental

Retiree pays 80% of the total premium for benefit plan and family size elected.

b. Judges

i. Senior Judge/Trial Referee Medical and Dental: Retirees pay the same rate as an active employee for the benefit plan and family size elected.

ii. Walk Away Judge Non-Medicare Medical: Retirees pay the same rate as listed in §6.a.d. below.

c. PJERS

i. Non-Medicare Medical: There is no premium cost share for the retiree and their spouse.

d. SERS, ARP, States Attorneys, and TRS

i. Hazardous Duty Non-Medicare Medical

Retirees pay 3% of the total premium.

ii. Normal, Normal Deferred Vested, Disability, and Pre-Retirement Death Non-Medicare Medical

Retirees pay 5% of the total premium.

iii. Early and Early Deferred Vested Non-Medicare Medical

Established in the SEBAC 2011 Revised Agreement, early retirees are required to pay a percent of total premium based upon their years and months of service, years and months retiring early, pension value, and benefit plan and family size elected. Retirees pay this Early Retirement Premium value until age 65 or their normal retirement age, whichever comes first. At no time will the premium value exceed 25% of the retiree's monthly pension value. Early retiree premium cost shares remain in effect until the retiree reaches normal retirement age.

It should be noted that for those initially hired prior to July 1, 2011, normal retirement age as identified in the 2011 SEBAC agreement is age 60 with 25 or more years of service, or age 62 with fewer than 25 years. Normal retirement age for early retiree healthcare premium values has not been modified in succeeding SEBAC agreements. For those initially hired on or after 7/1/2011, normal retirement age is defined as age 63 with 25 or more years of service, or age 65 with fewer than 25 years.

The percent of total medical and pharmacy premium is calculated using the monthly pro-rated values as outlined in the SEBAC 2011 Revised Agreement. The yearly values provided in this agreement are as follows.

| Years of Service | Years Early | 5 | 4 | 3 | 2 | 1 |
|------------------|-------------|--------|--------|--------|--------|-------|
| | 15 | 40.00% | 32.00% | 24.00% | 16.00% | 8.00% |
| | 16 | 37.00% | 29.60% | 22.20% | 14.80% | 7.40% |
| | 17 | 34.00% | 27.20% | 20.40% | 13.60% | 6.80% |
| | 18 | 31.00% | 24.80% | 18.60% | 12.40% | 6.20% |
| | 19 | 28.00% | 22.40% | 16.80% | 11.20% | 5.60% |
| | 20 | 25.00% | 20.00% | 15.00% | 10.00% | 5.00% |
| | 21 | 22.00% | 17.60% | 13.20% | 8.80% | 4.40% |
| | 22 | 19.00% | 15.20% | 11.40% | 7.60% | 3.80% |
| | 23 | 16.00% | 12.80% | 9.60% | 6.40% | 3.20% |
| | 24 | 13.00% | 10.40% | 7.80% | 5.20% | 2.60% |
| | 25 | 10.00% | 8.00% | 6.00% | 4.00% | 2.00% |

Actual Health care premium percentages are prorated by months. If fewer than 15 years of service, use 15. If over 25, use 25. If more than 5 years early, use 5.

The premium for any given employee will be capped at 25% of the person's actual pension benefit, except that the person's actual benefit will be pro-rated for employees who are less than full-time. For ARP participants, a premium equivalent is calculated assuming the employee were to have participated in SERS at the start of their employment.

7. COORDINATION WITH MEDICARE

a. Medicare Enrollment Requirement

Retirees and their enrolled dependents must enroll in Medicare Parts A and B when they become eligible, typically at age 65. Failure to enroll in Medicare timely may result in a loss of retiree health care benefits.

The OSC Retiree Health Unit will automatically transition eligible members to the state's Medicare Advantage plan (MAPD). It is imperative that members do not enroll in any other Medicare Advantage or Part D plans as that will automatically terminate their coverage with the state. This may result in a lapse in coverage and potential loss of coverage for enrolled dependents.

b. Non-Medicare Enrolled Family Members

If in any enrolled family one or more individuals is not eligible for Medicare, they will remain enrolled in the commercial non-Medicare medical and prescription benefits.

c. Medicare Advantage Cost and Coverage

i. Cost

There is no retiree premium cost share for the state's Medicare coordinated benefit coverage. The state's plan is provided by a custom Medicare Advantage Plan (MAPD).

ii. Premium Reimbursement

The State reimburses 100% of the standard premium for Medicare Part B, 100% of any income related Part D premium, and 50% of any additional income related Part B premium.

The Center for Medicare Services (CMS) will charge a monthly premium directly to enrolled members for Part B, and Part D if applicable. There is no premium for Part A. This premium will either be deducted from a member's monthly Social Security check or billed directly to them quarterly.

After submitting proof of Medicare A and B enrollment and premium value charged to the member by CMS, enrollees may be reimbursed 100% of the full monthly standard rate of coverage. Enrollees providing proof of an Income Related Monthly Adjustment Amount (IRMAA) as deemed by CMS will be reimbursed the full value of Part D and 50% of the Part B additional surcharge.

Reimbursement for the retiree and enrolled dependents will be included in their state issued pension check. In the event a retiree does not normally receive a pension check, the OSC Retiree Payroll Division will issue a check equal to the member's family's total Medicare reimbursement value less any applicable non-Medicare and/or dental premium cost shares.

Proof of Medicare B (and D if applicable) premium value must be submitted within 60 days of retirement or Medicare Part B enrollment, whichever comes first. Additionally, those being charged an IRMAA surcharge must submit proof of this premium value annually before February 28th. Failure to timely submit proof of enrollment and premium value will result in reimbursement prospective from the date of receipt by the OSC Retiree Health Unit.

iii. Coverage

The MAPD plan is a custom plan developed to match the covered services and copays available in the non-Medicare Expanded Access plan.

Requirements of the Health Enhancement Program are suspended for those enrolled in the Medicare Advantage plan. Enrolled MAPD members will continue to receive the financial advantages of the Health Enhancement Program including reduced prescription costs and reimbursed copays for office visits specific to the care of identified chronic conditions.

8. ENROLLMENT AND DOCUMENTATION

a. Timely Enrollment

Retirees must submit their retiree health benefit elections immediately upon retirement to ensure there is not a lapse in coverage following retirement. If coverage is not elected at the time of retirement, retirees may opt to enroll in, or update, retiree health benefits during the annual open enrollment period, or within 31 days of a qualifying event. Open Enrollment for non-Medicare medical coverage and dental coverage is typically in May of each year for coverage beginning in July. Open Enrollment for Medicare medical coverage is typically in October for coverage beginning in January.

Qualifying events include loss of other coverage, marriage, divorce, legal separation, birth or adoption of a child, death of an enrolled dependent, and voluntary drop of coverage with proof of other coverage. Qualifying events must be reported to the OSC Retiree Health Unit within 31 days of the initiating event. Failure to notify of an applicable qualifying event will result in pending the update to coverage until the next open enrollment period.

b. Documentation Requirements

Retirees are responsible for providing all required documentation to establish eligibility for themselves, their spouses, and dependents. This includes birth certificates, marriage licenses, proof of legal guardianship, and proof of Medicare enrollment and premium.

9. AMENDMENTS TO POLICY

Employees are encouraged to stay informed about SEBAC negotiations, as changes may affect future retiree health care eligibility, premium contributions, and benefits. This policy is subject to changes resulting from future SEBAC contracts or amendments to Connecticut General State Statutes.