PEBA
SC Retirement Systems and State Health Plan

South Carolina Public Employee Benefit Authority
Serving those who serve South Carolina

To: Individuals eligible for retirement

From: S.C. Public Employee Benefit Authority

RE: Retiree insurance benefits for employee and their eligible dependents

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Before you retire, you need to consider how retirement may affect one of your most important assets, your insurance coverage. Eligibility for retirement is not the same as eligibility for retiree insurance coverage. If you retire from a participating employer (state agency, public school district, higher education institution or optional employer), you may be eligible to:

- Continue or enroll in health insurance with prescription drug coverage. If you or your dependent are eligible for Medicare, you should enroll in the Medicare Supplemental Plan.
- Continue or enroll in dental insurance.
- Continue or enroll in the State Vision Plan.
- Convert your $3,000 Basic Life insurance policy to an individual policy.
- Continue your Optional Life insurance or convert it to an individual policy.
- Convert any Dependent Life insurance you have to an individual policy.
- Continue Supplemental Long Term Disability Insurance (in certain instances).

This packet contains the following information to help you make informed decisions about your insurance when you do retire:

- An *Employment Verification Record* form to confirm your eligibility for state retirement insurance benefits;
- *Retiree Insurance Eligibility, Funding* flyers (one for state agency, public school district, and higher education institution employees and the other for employees of optional employers); and
- Information on your prescription drug coverage when you enroll as a retiree.

Applying for coverage

Retiree insurance coverage is not automatic. To enroll in retiree insurance, you will first need to confirm your eligibility for retiree group insurance by completing and submitting an *Employment Verification Record* to PEBA. This may be done up to six months prior to your anticipated retirement date. Determining retiree insurance eligibility is complicated and only PEBA can make that determination. It is very important to contact PEBA before making final arrangements for retirement.

If PEBA determines that you are eligible for retiree insurance coverage, you must complete and submit the *Retiree Notice of Election* and any other applicable forms within 31 days of your retirement date. The *Retiree Notice of Election* form is available on PEBA's website at peba.sc.gov/forms. These completed forms should be submitted to PEBA if you work for a state agency, public school district or

higher education institution. These forms may be submitted to your employer's benefits office if you work for an optional employer.

At retirement, MetLife will mail you a conversion/continuation packet. The packet will include instructions for your options. Call MetLife at 888.507.3767 if you do not receive their packet.

Please refer to the Retiree group insurance chapter of the *Insurance Benefits Guide* for a detailed description of benefits for retirees. If you are eligible for Medicare, please refer to the *Insurance Coverage for the Medicare-eligible Member* guide. Both of these publications are available on PEBA's website at peba.sc.gov/publications.

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Retiree Insurance Eligibility, Funding

For members who work for a state agency, state institution of higher education or public school district

Eligibility for retiree group insurance is not the same as eligibility for retirement. Determining retiree insurance eligibility is complicated, and only PEBA can make that determination. It is very important to contact PEBA before making final arrangements for retirement.

As an active employee, your employer pays part of the cost of your health and dental insurance. When you retire, several factors determine if you pay all or part of your insurance premiums. These factors include your years of earned service credit, the type of agency from which you retire and the date you were hired into an insurance-eligible position.

The charts on the back of this page illustrate eligibility and funding guidelines for retiree group insurance.

When reviewing the charts, keep these things in mind:

- For any retiree coverage, your last five years of employment must have been served consecutively in a full-time, insurance-eligible permanent position with an employer that participates in the State Health Plan.
- Changing jobs could effect your eligibility for funding. The information on Page 2 applies only if your last employer prior to retirement is a state agency, state institution of higher education, public school district or other employer that participates in the state's Retiree Health Insurance Trust Fund. Contact your employer if you are unsure whether it participates in the Retiree Health Insurance Trust Fund.
- To receive state funding toward your premiums, your last five years of employment must have been in service with a state agency, state institution of higher education, public school district or other employer that participates in the state's Retiree Health Insurance Trust Fund. Early retirement from the South Carolina Retirement System under the 55/25 provision will delay your eligibility for funding.
- If the charter school for which you work does not participate in a PEBA-administered retirement plan, and you meet the eligibility requirements for retiree group insurance, employer funding, if any, is at the discretion of your charter school.
- Earned service credit is time earned and established in one of the defined benefit pension plans PEBA administers; time worked while participating in the State Optional Retirement Program (State ORP); or time worked for an employer that participates in the State Health Plan, but not the retirement plans PEBA administers. Earned service credit does not include any purchased service credit not considered earned service in the retirement plans (e.g., non-qualified service.)
- For State ORP participants and members whose employer does not participate in a PEBA-administered retirement plan, eligibility is determined as if the participant were a member of the South Carolina Retirement System.

This document does not constitute a comprehensive or binding representation regarding the employee benefits offered by PEBA. The terms and conditions of insurance plans offered by PEBA are set out in the applicable plan documents and are subject to change. The language on this flyer does not create any contractual rights or entitlements for any person. PEBA complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. ATENCIÓN: si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 1.888.260.9430. 注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電 1.888.260.9430

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Employees hired into an insurance-eligible position before May 2, 2008

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying premiums
Left employment after reaching service or disability retirement eligibility *Learn more about retirement eligibility at* www.peba.sc.gov.	Five years, but less than 10 years	You pay the full premium (employee and employer share).
	10 or more years	You pay only the employee share of the premium.
Left employment before reaching retirement eligibility	Less than 20 years	You are not eligible for retiree insurance coverage.
	20 or more years	You pay only the employee share of the premium at retirement.

Employees hired into an insurance-eligible position on or after May 2, 2008

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying premiums
Left employment after reaching service or disability retirement eligibility *Learn more about retirement eligibility at* www.peba.sc.gov.	Five years, but less than 15 years	You pay the full premium (employee and employer share).
	15 years, but less than 25 years	You pay the employee share of the premium and 50% of the employer share of the premium.
	25 or more years	You pay only the employee share of the premium.
Left employment before reaching retirement eligibility	Less than 20 years	You are not eligible for retiree insurance coverage.
	20 years, but less than 25 years	You pay the employee share of the premium and 50% of the employer share of the premium at retirement.
	25 or more years	You pay only the employee share of the premium at retirement.

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Retiree Insurance Eligibility, Funding

For members who work for optional employers, such as county governments and municipalities

Eligibility for retiree group insurance is not the same as eligibility for retirement. Determining retiree insurance eligibility is complicated, and only PEBA can make that determination. It is very important to contact PEBA before making final arrangements for retirement.

As an active employee, your employer pays part of the cost of your health and dental insurance. As a retiree who meets the eligibility requirements for retiree group insurance, your employer determines if you pay all or part of your insurance premiums. Premiums for optional employers may vary. To verify your rates, contact your employer.

The chart on the back of this page illustrates eligibility and funding guidelines for retiree group insurance.

When reviewing the chart, keep these things in mind:

- Your last five years of employment must have been served consecutively in a full-time, insurance-eligible permanent position with an employer that participates in the State Health Plan.
- Changing jobs could affect your eligibility for funding. The information on Page 2 applies only if your last employer prior to retirement is an optional employer or other employer that does not participate in the state's Retiree Health Insurance Trust Fund. Contact your employer if you are unsure whether it participates in the Retiree Health Insurance Trust Fund.
- Earned service credit is time earned and established in one of the defined benefit pension plans PEBA administers; time worked while participating in the State Optional Retirement Program (State ORP); or time worked for an employer that participates in the State Health Plan, but not the retirement plans PEBA administers. Earned service credit does not include any purchased service credit not considered earned service in the retirement plans (e.g., non-qualified service).
- If your employer does not participate in a PEBA-administered retirement plan, your eligibility is determined as if you were a member of the South Carolina Retirement System.

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Employees hired into an insurance-eligible position

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying for premiums
Left employment after reaching service or disability retirement eligibility *Learn more about retirement eligibility at* www.peba.sc.gov.	At least five years	Your portion of the premium, up to the full amount of the employee and employer share, is at your employer's discretion.
Left employment before reaching retirement eligibility	Less than 20 years	You are not eligible for retiree insurance coverage.
	20 or more years	Your portion of the premium, up to the full amount of the employee and employer share, is at your employer's discretion.

Your prescription drug coverage when you enroll in the State Health Plan as a retiree

1. It is important to send your *Retiree Notice of Election* form to PEBA at least 31 days before your retirement date. Once the *Retiree Notice of Election* form is processed by PEBA, it may take up to 10 business days to activate your prescription benefits as a retiree.

2. PEBA automatically enrolls Medicare-eligible retirees and their Medicare-eligible dependents in Express Scripts Medicare. This drug program is a Medicare Part D prescription drug program. PEBA does not charge an additional premium for prescription drug coverage.

3. New prescription ID cards will be sent to each Express Scripts Medicare participant. If you (or your dependent) are not eligible for Medicare, you will not receive a new prescription ID card.

4. If you (or your dependent) are eligible for Medicare, you will receive a letter from Express Scripts, the State Health Plan's pharmacy benefits manager, when your prescription drug coverage is activated. If you do not want to remain enrolled in Express Scripts Medicare, you may opt out by calling Express Scripts by the deadline in the letter. Typically, a member has 21 days to opt out. If a member opts out, he will automatically be enrolled in the non-Medicare prescription drug program offered by PEBA.

5. If you enroll in prescription drug coverage with another Medicare Part D plan (not the State Health Plan), you will lose all prescription drug benefits with the State Health Plan. Your monthly health premiums will remain the same.

6. For most members, Express Scripts Medicare is more advantageous than the non-Medicare drug program offered to active employees.

Advantages of Express Scripts Medicare

Express Scripts Medicare offers additional benefits to members. Some of the additional benefits are:

- **Lower drug costs:** The formulary, the list of drugs covered, and the tier ratings for the non-Medicare plan are determined by PEBA; while the formulary and tier ratings for the Medicare Part D plan are determined by the Centers for Medicare and Medicaid Services (CMS). In some cases, CMS tier ratings for some drugs may be lower.
- **Prorated copayments:** Copayments for the non-Medicare plan are based on a 30-day supply of the drug. Copayments for Express Scripts Medicare are prorated based on the number of days the prescription will cover. For example, if a member is prescribed a Tier 2 medication and the doctor writes the prescription for 10 tablets to be taken for 10 days, the copayment is reduced to reflect a 10-day supply ($14) instead of a 30-day supply ($42).
- **Larger formulary:** Members enrolled in the Medicare Part D plan have access to all drugs available on the non-Medicare plan plus any additional drugs covered by CMS. Members are not losing access to any drugs by enrolling in the Medicare Part D plan.
- **Dispense as Written protection:** If a generic equivalent is available, but the member's physician wants the member to take the brand name, the member enrolled in Express Scripts Medicare is not required to pay-the-difference in most cases as he would if he were enrolled in the non-Medicare prescription drug plan. The member will pay the brand copay. For example, Diovan HCT has a generic equivalent. As of May 26, 2017, the brand-name Vytorin is a Tier 3 ($70) drug on Express Scripts Medicare formulary. A member who is not enrolled in Express Scripts Medicare would pay the difference, and the drug would cost the member more.
- **Low-income subsidies:** Some people with limited resources and income may be able to get extra help to pay for the costs—monthly premiums, annual deductibles and prescription copayments—related to a Medicare prescription drug plan. The member's resources must be limited to $14,390 for an individual or $28,720 for a married couple living together. If you would like to find out if you are eligible for extra help, contact the Social Security Administration.

Reasons a member might consider opting out of the Medicare Part D plan

- **Manufacturer discount cards/programs:** Under CMS regulations, manufacturer coupons cannot be used with a Medicare Part D prescription drug plan. If you use coupons or discount cards to obtain prescriptions, you should determine if the additional benefits of Express Scripts Medicare offset the savings of any coupons or discount cards.
- **TRICARE members:** Prescription benefits offered through TRICARE and TRICARE for Life do not coordinate with Medicare Part D plans. Express Scripts Medicare is a Part D plan. If you would like to use both prescription drug plans, you must opt out of Express Scripts Medicare. You will then be enrolled in PEBA's non-Medicare prescription drug program.
- **IRMAA (Income Related Monthly Adjustment Amounts):** High-income earners enrolled in a Medicare Part D plan may pay a monthly fee to the Social Security Administration. Check with Social Security for information about income thresholds and monthly adjustments (www.socialsecurity.gov/online/ssa-44.pdf). If you will pay an IRMAA fee, you should determine if the additional benefits of the Medicare Part D plan outweigh the monthly adjustment.

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Employment Verification Record

If you are within six months of your anticipated retirement date, please complete this form as thoroughly as possible. The information will be used to assist us in determining your insurance eligibility at retirement. Please sign and date this form before returning it to PEBA.

1. BIN or last four digits of SSN	2. Last name	3. First name	
4. Current address (Street, City, State, ZIP)		Use this address for: ☐ Both insurance and retirement ☐ Insurance only ☐ Retirement only	
5. Date of birth	6. Telephone number	7. Email address	
8. Actual or anticipated date of retirement	9. Have you applied, or do you intend to apply, for disability retirement? ☐ Yes ☐ No		
10. System enrolled (check all that apply) ☐ SCRS ☐ PORS ☐ JSRS ☐ GARS ☐ State ORP ☐ None ☐ Other retirement plan			
11. Name of current employer	Dates of employment (example March 2001 to January 2009)	Status ☐ Permanent ☐ Temporary	Hours per week

Benefits administrator signature: _____ **Date:** _____
Required for State ORP participants and employees on non-PEBA retirement benefit employers

12. List previous employment with employers participating in one of the retirement systems administered by PEBA and/or with an optional employer participating in PEBA's insurance benefits.			
Name of employer	Dates of employment (example March 2001 to January 2009)	Status	Hours per week
		☐ Permanent ☐ Temporary	
		☐ Permanent ☐ Temporary	
		☐ Permanent ☐ Temporary	
		☐ Permanent ☐ Temporary	
		☐ Permanent ☐ Temporary	
13. Have you purchased, or do you intend to purchase, service credit?		☐Yes (list time) ☐No	
Please explain any breaks in the last five years. **Employee signature:** _____ **Date:** _____ *Required if updating your address*			

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Certification Regarding Tobacco or E-cigarette Use

Check the appropriate box, sign and return to S.C. PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Subscriber name:_____ Subscriber BIN/SSN: _____

Non-tobacco or e-cigarette user

☐ I certify that I am eligible for the non-tobacco-use premium by checking this box and returning this form to PEBA. By checking this box, I certify truth and understanding of the following:

- I certify that all persons covered on my health insurance coverage through PEBA (including myself and any dependents) are not currently using, and have not used, any tobacco products or electronic cigarettes in any form (cigarettes, cigars, pipe, oral tobacco products, etc.) within the last six months.
- I certify that if this information changes at any time in the future, while I have health insurance coverage through PEBA, I will notify PEBA of such change within 31 days through completion and resubmission of this form.
- I certify that this information is true and correct to the best of my knowledge.
- I understand that if it is determined that I (or any of my covered dependents) have used tobacco products or electronic cigarettes within the last six months or if I (or any of my covered dependents) start using tobacco products or electronic cigarettes subsequent to the date of this certification without notifying PEBA, I will be subject to penalties including, but not limited to, payment of premium difference since last certification plus a 10 percent penalty and elimination of the user's out-of-pocket maximum for current year and subsequent year.
- I understand that this change in premiums will be prospective (apply only to premiums I pay in the future). I will not be refunded any part of the tobacco-use premium I have already paid.

☐ I certify that I am eligible for the non-tobacco-use premium by checking this box and returning this form to PEBA. By checking this box, I certify truth and understanding of the following:

- I certify that all covered individuals who use tobacco or electronic cigarettes have completed the Quit for Life® smoking cessation program.
- I certify that this information is true and correct to the best of my knowledge.
- I understand that this change in premiums will be prospective (apply only to premiums I pay in the future). I will not be refunded any part of the tobacco-use premium I have already paid.

Tobacco or e-cigarette user

☐ I acknowledge that I will pay the tobacco-use premium by checking this box. I declare that one or more persons covered on my health insurance coverage through PEBA uses tobacco products or electronic cigarettes in some form or that I choose not to disclose my status as it relates to tobacco or e-cigarette use. I understand that by not making an election I am choosing to pay the tobacco-use premium. Please do not send me this certification again unless upon request.

Subscriber signature: _____ Date: _____

Benefits administrator signature:_____ Date: _____

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