



## Medicare and the State Health Plan for Teachers and State Employees in North Carolina - 2017

### How does Medicare work with the State Health Plan when **YOU ARE NO LONGER EMPLOYED?**

- You **must enroll** in Original Medicare Part A and Part B upon eligibility.
- The State Health Plan offers several health plan options. **Your type of coverage depends on the health plan you choose.** The plan options are the Traditional 70/30 PPO Plan or a Group Medicare Advantage Base Plan or a Group Medicare Advantage Enhanced Plan.
  - The Traditional 70/30 PPO plan is administered by Blue Cross and Blue Shield of North Carolina.
  - The Group Medicare Advantage Plans are offered through UnitedHealthcare (UHC).
- **If you select a Traditional 70/30 PPO plan option, Medicare will be your primary insurance, and the Traditional 70/30 PPO plan will become your secondary health plan.**
- **If you select a UHC Group Medicare Advantage plan option,** the Group Medicare Advantage plan will be your complete insurance coverage and provide your Medicare Part A and Part B coverage plus Medicare Part D prescription drug coverage with additional benefits/services not found in Original Medicare or the Traditional 70/30 PPO plan.
- **Under the Traditional 70/30 PPO plan:** In-network physician office services require only a copayment (no deductible or coinsurance). Most other services are subject to the yearly deductible, coinsurance and in some instances the difference between the allowed amount and the actual charge. Out-of-network services physician office services are covered at a higher out-of-pocket amount.
- Medicare and the Traditional 70/30 PPO both have deductibles. The Medicare deductible for Part A in 2017 is \$1,316.00. For services that are subject to the deductible under the Traditional 70/30, the 2017 deductible is \$1,080.00 (Individual/in-network). As a member of both plans, you will pay the lesser of the two deductibles. The Traditional 70/30 PPO plan yearly deductible period is based on a calendar year.
- The Traditional 70/30 PPO will pay coinsurance on the remaining covered charges after Medicare has paid the Medicare covered charges and you have met the 70/30 PPO plan deductible. You will be responsible for the lesser of the remaining 20% from Medicare or the Traditional 70/30 PPO copayment/coinsurance for the service you received.
- There is an **out-of-pocket (coinsurance) maximum**, with the Traditional 70/30 PPO plan. After the out-of-pocket maximum has been reached, the Traditional 70/30 PPO plan will pay any coinsurance owed on the remaining Medicare approved charges at 100%.
- **Copayments/deductibles do not count** toward the yearly deductible or coinsurance out-of-pocket maximum.
- For questions regarding the Traditional 70/30 Plan call **1-888-234-2416** for questions.
- **Under the UHC Group Medicare Advantage Base or Enhanced plans:** physician office services require only a copayment (copayment can be the same whether seeing an in or out-of-network provider). Copayment amount may depend upon plan option selected (Base or Enhanced).
  - There are **no deductibles** under the Group Medicare Advantage Base or Enhanced plans.
  - Provider **must participate in Medicare and be willing to accept your plan of coverage.**
  - Predictable copays for all covered services.

<sup>1</sup>PPO Options: In-network hospital owned or operated practices may be subject to deductible and coinsurance. Please call your physician or see the Provider Directory to see if your physician's practice is hospital owned or operated.

- Added benefits/services such as **SilverSneakers**, disease and case management, nurse help lines, etc.
- There is a **maximum out-of-pocket amount** and **both medical copayments and coinsurance do count** toward reaching this amount. After the medical maximum out-of-pocket amount is met, the Group Medicare Advantage plan is responsible for 100% of covered medical services for remainder of plan year.

## **Will you have prescription drug coverage when YOU ARE ON MEDICARE AND NO LONGER EMPLOYED?**

Yes, Medicare-eligible members who elect the Traditional 70/30 PPO plan will have the same prescription coverage as you did while actively employed. Part of that coverage includes the Traditional State Health Plan Prescription benefits, administered through CVS Caremark.

If you choose to enroll into one of the UHC Group Medicare Advantage Plans, they include **Medicare Part D** prescription drug coverage. **It is important to note there is no donut hole or coverage gap as found under an individual/stand-alone Medicare Part D plans.** The Medicare Part D coverage built into the State Health Plan's UHC Group Medicare Advantage Plans include coverage of medications not typically found in standard individual Medicare Part D plans plus the ability to obtain 90 day fills at many local retail pharmacies for the same low mail order copay amount.

**The UHC Group Medicare Advantage plan options under the State Health Plan have a prescription out-of-pocket maximum of \$2,500. The Traditional 70/30 has a prescription out-of-pocket maximum of \$3,360.** Your prescription copays apply toward meeting the maximum out-of-pocket amount and once met your covered prescriptions will be covered at 100% under your chosen plan.

## **Will I need additional health insurance?**

Most Medicare beneficiaries purchase a **Medigap** (Medicare Supplement) plan, because they **do not** have access to a Retiree Employer Group Health Plan such as the North Carolina State Health Plan. An additional Medigap plan is generally not needed when you have the State Health Plan Traditional 70/30 as secondary coverage to Medicare. If you have high medical expenses with high out-of-pocket costs, a Medigap plan may be an option to consider.

Here are a few items to consider when thinking about purchasing a Medigap plan:

- Evaluate Cost – Will the additional premium cost outweigh the State Health Plan coverage and out-of-pocket expenses?
- Pre-existing Conditions – Will the company impose a pre-existing condition waiting period or increase premium due to past health history?
- Guarantee Issue Right – Are you eligible for a Medigap plan under a Guarantee Issue basis?
- Networks – There are no networks involved under a Medigap plan.
- Medigap plans **ONLY** work with **Original Medicare**. They **will not work** with Medicare Advantage plans.

## **What does Medicare pay? What does the State Health Plan Traditional 70/30 PPO pay?**

It is important to remember that the State Health Plan's Traditional 70/30 PPO plan is a secondary plan of coverage to Medicare and not supplemental coverage. North Carolina law requires State Health Plan benefits to coordinate with Medicare benefits. This means that charges left unpaid by Medicare are paid by the State Health Plan after the yearly deductible or coinsurance are applied, up to the total allowed charge for the procedure or after the copayment is paid for those services on the PPO plans that require only a copayment.

## What about a Medicare-eligible spouse of a State retiree?

You will want to evaluate all potential options for the **Medicare-eligible spouse**. What is the cost of the monthly premium for a Medicare-eligible spouse to be covered under the State Health Plan Traditional 70/30 PPO versus the UHC Group Medicare Advantage Plan options versus having the Medicare-eligible spouse dropped from the State Health Plan and obtaining a Medigap (Medicare Supplement) plan along with a Medicare Prescription Drug plan or an Individual Medicare Advantage Plan? The UHC Group Medicare Advantage Plan options offer an affordable option for covering a Medicare-eligible spouse under the State Health Plan.

Currently the State Health Plan policy is that if a retiree's Medicare-eligible spouse is dropped, they can be added back to the State Health Plan during any State Health Plan's Annual Enrollment period as long as the State retiree is living and still covered by the State Health Plan. However, there may be an exception to add a spouse if a qualifying life event occurs outside of an annual enrollment period.

## **How does Medicare work with the State Health Plan when you are STILL ACTIVELY WORKING AND EMPLOYED BY THE STATE?**

- Upon eligibility for Medicare, **it is recommend you enroll in Medicare Part A** as it is typically premium-free.
- You can **delay enrollment in Medicare Part B** as the State Health Plan **will remain primary for actively employed workers**.
- **You must remember to enroll in Medicare Part B when you decide to retire/stop actively working. Medicare Part B should become effective as of your retirement date. To enroll in Medicare Part B, you and your employer will need to each fill out a form that should be obtained from Social Security Administration.**

## Still actively working but considering retirement?

- First and foremost, speak with your Health Benefit Representative/Personnel Office for your agency. Your State Health Plan options when you retire can be affected based on retirement processing date.
- **Eligible retiring employees who are under 65 and not Medicare eligible** will be automatically enrolled in the health plan they were enrolled in as an active employee along with any covered dependents.
- **Eligible retiring employees and/or dependents that are Medicare-eligible whose retirement is submitted and approved 60 days or greater from the benefit effective date** will be automatically enrolled into the UnitedHealthcare Group Medicare Advantage Base Plan, which is premium-free for a qualified retiree-only coverage. Retirees will have up to 30 days **BEFORE** to their benefit effective date to change plans.
  - If no action is taken, retirees will remain in the UHC Group Medicare Advantage Base Plan they were assigned. Changes to plan elections can be made during the next State Health Plan's Annual Enrollment period. If the retiree has dependents that are non-Medicare Primary, they will be automatically enrolled into the health plan they were enrolled in as an active dependent.
- **Eligible retiring employees that ARE Medicare-eligible and whose retirement is submitted and approved less than 60 days prior to the benefit effective date** will be automatically enrolled in the Traditional 70/30 plan. Changes to plan elections can be made up until the day before the benefit effective date. If retirees have dependents that are non-Medicare Primary, they will be automatically enrolled into the health plan they were enrolled in as an active dependent.