

# Enrolling in Health Benefits Coverage When You Retire

State Health Benefits Program and School Employees' Health Benefits Program

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## ELIGIBILITY

The following full-time employees, who are eligible for health insurance coverage **until their retirement date**, will be offered State Health Benefits Program (SHBP) or School Employees' Health Benefits Program (SEHBP) coverage for themselves and their eligible dependents when they retire:

- State employees, employees of State universities/colleges and autonomous State agencies and commissions, as well as local government employees who were covered by, or eligible for, the State Health Benefits Program (SHBP).
- Members of the Teachers' Pension and Annuity Fund (TPAF) and school board or county college employees enrolled in the Public Employees' Retirement System (PERS) who retire with 25 years or more of service credit in the retirement system\* or who retire on a disability retirement, even if their employer did not cover its employees under the School Employees' Health Benefits Program (SEHBP). This also includes those who elect to defer retirement with 25 or more years of service credit in the retirement system.
- Members of the TPAF and PERS who **retired** from a participating board of education, vocational/technical school, or special services commission, with less than 25 years of service credit, as long as the employer continues to participate with the SEHBP.
- Upon turning age 65, members of the TPAF and PERS who retired from a non-participating board of education, vocational/technical school, or special services commission, with less than 25 years of service credit, if they have continuously participated in the health benefits plan of their former employer since their retirement and are enrolled in Medicare Parts A and B.
- Participants in the Alternate Benefit Program (ABP) who retire with at least 25 years of credited ABP service\* or those who are on a long-term disability.
- Certain local policemen or firemen with 25 years or more of service credit in the retirement system\* or retiring on a disability retirement if the employer does not provide any payment or compensation toward the cost of the retiree's health benefits in accordance with Chapter 330, P.L. 1997. A qualified retiree may enroll at the time of retirement or when eligible for Medicare.

## ENROLLMENT

Generally, your employer will continue to cover you in the active employee group for one month beyond your termination of employment. **Eligible members whose employer does not participate in the SHBP or SEHBP will be enrolled as of their retirement date.**

Continuation of your health benefits into retirement is **not automatic**. When the Division of Pensions and Benefits receives your *Application for Retirement Allowance*, notification is sent to the Health Benefits Bureau. If you file your application at least three months before your retirement date, you will be sent a letter offering you enrollment in the retired group of either the SHBP or SEHBP about two months before your retirement date. You must complete and return the *Retired Coverage Enrollment Application* to be enrolled. If you are waiving cover-

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\* See "Combining Service Credit from More than One Retirement System" on page 5.

age because of other coverage, an application must be submitted at the time of retirement in order to be eligible for enrollment if you lose the other coverage. If you do not submit an application within 60 days of your retirement date, you will not be permitted to enroll at a later date. If you are not eligible for employer-paid coverage, the premium will be deducted from your monthly retirement check, or you will be billed on a monthly basis if the amount of your retirement check is not enough to cover your premium.

**Prescription drug coverage is included with all retiree medical plans.**

If you are eligible for health care coverage at retirement, you are eligible to take **dental care coverage** through the Retiree Dental Plans (see Fact Sheet #73, *Retiree Dental Plans*).

**Multiple Coverage is Prohibited**

State law prohibits two members who are each enrolled in SHBP/SEHBP plans from covering each other. Therefore, an eligible individual may enroll in the SHBP/SEHBP as an employee or retiree, or be covered as a dependent, but cannot be both.

Eligible children may only be covered by one participating subscriber.

**For example:** A husband and wife both have coverage based on their employment. One may choose Family coverage, covering the spouse and children as dependents and, therefore, ineligible for any other SHBP/SEHBP coverage; or one may choose Single coverage and the spouse may choose Parent and Child(ren) coverage.

**Note:** If you are eligible for SHBP/SEHBP retired group coverage but have other coverage through your spouse/partner, **you must complete a *Retired Coverage Enrollment Application* and indicate your selection to waive your SHBP/SEHBP coverage.** Waving your coverage will insure that if you lose the other coverage, you may rejoin the SHBP/SEHBP at a later date (see page 6). Otherwise you will be considered “terminated” from the SHBP/SEHBP and you will not be permitted to reenter the program.

**Medicare Coverage is Required if Eligible**

If you or any of your dependents are eligible for Medicare you must submit proof of enrollment in **both Part A and Part B of Medicare** to continue participation in the SHBP or SEHBP. Attach a photocopy of your and/or your dependent’s Medicare ID card to the health benefits application, or attach a letter of confirmation from Social Security stating the effective dates of Medicare enrollment.

If you and/or your dependent is age 65 or have a Social Security Disability at retirement and have not enrolled in both Parts A and B of Medicare, you should contact Social Security to apply for Parts A and B Medicare coverage 90 days prior to your retirement date.

If you or any of your dependents become eligible for Medicare due to turning age 65 or 24 months after approval of Social Security Disability after you retire, you and/or your dependent must enroll in both Part A and Part B of Medicare and submit proof of enrollment to the Health Benefits Bureau. If you and/or your dependents do not enroll in both parts of Medicare when eligible, your SHBP/SEHBP coverage will terminate.

If you are paying the full cost of your SHBP/SEHBP coverage, that cost generally decreases when you and/or your dependent enroll in Medicare Parts A and B because most medical plans charge lower premiums for Medicare eligible members.

**Medicare Part D**

Retired members of the State Health Benefits Program (SHBP) or School Employees’ Health Benefits Program (SEHBP) who are enrolled in Medicare are automatically enrolled in Express Scripts’ Medicare Part D prescription drug coverage, the Express Scripts Medicare Prescription Plan.

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If you enroll in another Medicare Part D plan, you will lose your prescription drug benefits provided by the SEHBP/SHBP. However, your medical benefits will continue.

You may waive the Express Scripts Medicare™ (PDP) plan **only** if you are enrolled in another Medicare Part D plan. To request that your coverage be waived, you must submit a *Retired Change of Status Application* waiving your prescription drug coverage.

If you have previously waived your prescription drug coverage for another Medicare Part D plan, and you wish to re-enroll in the Express Scripts Medicare PDP, you must send proof of your termination from the other Medicare Part D plan. Acceptable proof is a letter confirming the date upon which you are disenrolled from the other Medicare Part D plan. We must receive this proof within 60 days of the termination from the other Medicare Part D plan.

### **PAYMENT OF COVERAGE COSTS**

The State and certain employers have negotiated to pay all, or some, of the cost of SHBP/SEHBP coverage for retirees who meet specific service credit or retirement criteria — outlined in the following sections.

SHBP or SEHBP eligible retirees who do not qualify for State-paid or employer-paid coverage **pay the full cost** of their health benefits coverage. Premiums are deducted from the monthly pension checks. If the monthly retirement allowance is not sufficient to cover the premium, you will be billed monthly.

**Note:** For PERS and TPAF members, purchases of U.S. Government Civilian Service or Out-of-State Service made after November 1, 2008 cannot be used to qualify for State-paid or employer-paid post-retirement health benefits.

#### **State Employees and Employees of State Universities/Colleges**

If you had 25 or more years of service credited in one pension system before July 1, 1997 (the effective date of Chapter 8, P.L. 1996), the State of New Jersey agreed to pay the full health benefit cost in retirement.

If you attained 25 or more years of service credit after July 1, 1997 and before June 28, 2011 (the effective date of Chapter 78, P.L. 2011) or had an approved disability retirement, you are governed by the terms applicable on the date you attained 25 years of service credit or your disability retirement becomes effective.

If you attain 25 years of service credit on or after June 28, 2011, or retire on an approved disability retirement you will become eligible for employer-paid post-retirement benefits; however, you will pay a contribution toward post-retirement medical coverage based on the applicable percentage of premium as determined by the annual retirement allowance. A minimum contribution of 1.5 percent of the monthly retirement allowance is required.

**Note:** Under Chapter 78, P.L. 2011, if you had 20 or more years of service credit before June 28, 2011, you pay the 1.5 percent of the retirement allowance contribution requirement, but must still attain 25 years of service credit prior to retirement to qualify for State contributions toward post-retirement medical coverage.

**Medicare Part B Reimbursement** — If you had 25 or more years of service credited in one pension system before July 1, 1997, the State of New Jersey agreed to reimburse you at retirement for the standard cost of any Medicare Part B premiums paid by you and/or your spouse, civil union partner, or eligible same-sex domestic partner. If you attained 25 years of service credit after July 1, 1997, any reimbursement of Medicare Part B premiums paid by you and/or your spouse, civil union partner, or eligible domestic partner may be limited by the terms of the bargaining unit agreement in place at the time of your retirement or by legislation (Chapter 8, P.L. 1996). State employees who began employment after July 1, 1995 will not be eligible for Medicare Part B reimbursement.

### **School Board and County College Employees**

If you attained 25 or more years of service credit before June 28, 2011 (the effective date of Chapter 78, P.L. 2011), the State of New Jersey, by law, pays the health benefit costs for school board and county college employees at retirement. For those with an approved disability retirement, health benefits costs will be State-paid.

If you attain 25 years of service credit on or after June 28, 2011, you will pay a contribution toward post-retirement medical coverage based on the applicable percentage of premium as determined by the annual retirement allowance.

**Note:** Under Chapter 78, P.L. 2011, if you are a school board or county college employee with 20 or more years of service credit before June 28, 2011, upon obtaining 25 years of service credit, your health benefits costs will be State-paid.

**Medicare Part B Reimbursement** — The standard cost of Medicare Part B premiums will be reimbursed and paid by you and/or your spouse, civil union partner, or eligible same-sex domestic partner.

### **Local Government Employees**

**Some local employers** agreed under the provisions of Chapter 48, P.L. 1999, or Chapter 88, P.L. 1974, to pay for all or some of the cost of health benefits for retirees under certain conditions. *Check with your employer to determine whether or not your employer adopted the provisions of these laws.*

If you attain 25 years of service credit on or after June 28, 2011 (the effective date of Chapter 78, P.L. 2011), you will pay a percentage of the premium based on your annual pension allowance provided your employer had adopted Chapter 88 and/or Chapter 48.

**Note:** Local employees who retire on an approved disability retirement, or who had 20 or more years of service credit at June 28, 2011 and later retire with 25 or more years of service credit, are not subject to the contribution provisions of Chapter 78. If the local employer has adopted Chapter 88 and/or Chapter 48, the healthcare contribution in retirement for these retirees is governed by the resolution filed by the local employer with the Division of Pensions and Benefits pursuant to N.J.S.A. 52:14-17.38. For employees hired after May 21, 2010, who retire on an approved disability retirement, the minimum contribution towards health benefits in retirement is 1.5%.

**Medicare Part B Reimbursement** — Employers that adopted Chapter 88, P.L. 1974 also agreed to reimburse those employees for the Medicare Part B premiums paid by the member and/or their spouse, civil union partner, (and in some cases an eligible same-sex domestic partner under Chapter 246, P.L. 2003, see page 5). Some employers that adopted Chapter 48, P.L. 1999 also agreed to reimburse Medicare Part B premiums. Check with your employer to determine eligibility for Medicare B reimbursement.

### **Chapter 330, P.L. 1997**

To qualify for Chapter 330 coverage, you must have retired from a law enforcement or firefighter position with 25 or more years of pension service credit, or on a disability retirement, from an employer who does not provide any payment towards retiree health coverage or reimbursement of Medicare Part B premiums. You need not be covered by the SHBP while employed to qualify for enrollment. Those eligible for coverage under Chapter 330 may pay a percentage of a premium (the State will pay a flat amount equal to 80 percent of the lowest cost plan and the retiree will pay the difference) or 1.5 percent of his/her annual pension, whichever is larger. For more information see Fact Sheet #47, *Health Benefits Retired Coverage Under Chapter 330*.

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**COMBINING SERVICE CREDIT FROM MORE THAN ONE RETIREMENT SYSTEM**

If you meet the eligibility requirements for enrollment in the SHBP or SEHBP at retirement, you may combine non-concurrent service credit from more than one State or locally administered retirement system to meet the 25-year minimum for State- or employer-paid coverage.

To qualify for coverage based on combined service in more than one retirement system, you must:

- Retire and be receiving a retirement benefit **from each retirement system membership**;
- Have 25 or more years of nonconcurrent pension service credit in total;
- Retire from the last retirement system after August 15, 2001;
- Be eligible for SHBP or SEHBP coverage from your last employer; and
- Notify the Health Benefits Bureau that you have an aggregate of 25 or more years of nonconcurrent service in more than one public retirement system in New Jersey (see below).

Upon notification, the Health Benefits Bureau must verify your service with the different retirement systems before the concurrent service credit can be applied to meet the 25-year minimum for State or employer-paid coverage.

A retiree from the State, or from a participating local employer who has agreed by resolution to pay for the coverage of their retirees, must be eligible for SHBP coverage immediately prior to retirement from the last contributing employer in the retirement system.

A school board or county college retiree must be eligible for SEHBP coverage immediately prior to retirement or separation from the school board or county college. The school board or county college must have been your last contributing employer.

**Notification if You Qualify Due to Service in Two or More Retirement Systems**

If you retire from a position with the State or an employer who participates in the SHBP or SEHBP, you will receive a health benefits offering letter for retired group coverage. When you respond to the offering letter, you should tell us that you have over 25 years of service in two or more New Jersey public retirement systems and identify the retirement systems so we can verify your service credit.

If you retire from a position with a school board or county college that does not participate in the SEHBP, the Health Benefits Bureau will not know to send you an offering letter. You must contact the Health Benefits Bureau to tell us you have over 25 years of service in two or more New Jersey public retirement systems. Be sure to identify the retirement systems so we can verify your service credit.

**ELIGIBLE DEPENDENTS**

Your eligible dependents are your spouse, civil union partner, or an eligible same-sex domestic partner (see definitions below), and your children who are under age 26.

Documented proof of eligibility for dependent coverage is required at the time of enrollment.

**Definition**

**Spouse** — This is a person to whom you are legally married. A photocopy of the *Marriage Certificate* and additional supporting documentation are required for enrollment.

**Civil Union Partner** — This is a person of the same sex with whom you have entered into a civil union. A photocopy of the New Jersey *Civil Union Certificate* or a valid certification from another jurisdiction that recognizes same-sex civil unions and additional supporting documentation are required for enrollment. The cost of a civil union partner's coverage may be subject to federal tax (see your employer or Fact Sheet #75, *Civil Unions*, for details).

**Domestic Partner** — This is a same-sex domestic partner, as defined under Chapter 246, P.L. 2003, the Domestic Partnership Act, of any State employee, State retiree, or an eligible employee or retiree of a participating local public entity if the local governing body adopts a resolution to provide Chapter 246 health benefits. A photocopy of the New Jersey *Certificate of Domestic Partnership* dated prior to February 19, 2007, or a valid certification from another jurisdiction that recognizes same-sex domestic partners, and additional supporting documentation are required for enrollment. The cost of same-sex domestic partner coverage may be subject to federal tax (see your employer or Fact Sheet #71, *Benefits Under the Domestic Partnership Act*, for details).

**Children** — This is your child age 26 or under, regardless of the child's marital, student, or financial dependency status — even if the child no longer lives with his or her parents.

This includes a stepchild, foster child, and legally adopted child, or any child in a guardian-ward relationship upon submitting required supporting documentation.

**Note:** Eligible children may only be covered by one SHBP/SEHBP participating subscriber. (see page 2).

Coverage for a dependent child ends on December 31 of the year in which the child turns 26. An enrolled child over the age of 26 who is incapable of self-support due to mental or physical incapacity may remain covered if you file for continuance of coverage with the Health Benefits Bureau and the request is approved. **You must file your request for a continuance of coverage within 31 days of the dependent's termination date.** See Fact Sheet #51, *Continuing Health Benefits Coverage for Overage Children with Disabilities*, for details.

### **Coverage for Over Age Children to Age 31**

Chapter 375, P.L. 2005, provides for medical and/or prescription drug coverage for an over age child by blood or law who is under the age of 31; is unmarried; has no dependent(s) of his or her own; is a resident of New Jersey or is a full-time student at an accredited public or private institution of higher education; and is not provided coverage as a subscriber, insured, enrollee, or covered person under a group or individual health benefits plan, church plan, or entitled to benefits under Medicare.

Under Chapter 375, an over age child does not have any choice in the selection of benefits but is enrolled for coverage in exactly the same plan or plans (medical and/or prescription drug) as the covered parent has selected. The covered parent is responsible for the entire cost of coverage. There is no provision for eligibility for dental or vision benefits. For more information, see Fact Sheet #74, *Health Benefits Coverage of Children until Age 31*.

## **CHANGES TO DEPENDENT COVERAGE**

***It is your responsibility to notify the Health Benefits Bureau of any change in family status.*** If family members are not properly enrolled, claims will not be paid. You may file an application to add dependents within 60 days of a change in family status. Examples of status change “qualifying event” include marriage, civil union, domestic partnership, birth, adoption of a child, or a change in your spouse's/partner's employment that significantly affects the health benefits coverage provided by your spouse's/partner's employer. When the application is received by the Health Benefits Bureau within the 60-day window, the family member will be enrolled retroactively to the date of eligibility.

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If the application to add a dependent is not received within 60 days of the qualifying event, the effective date of coverage will be the first of the month following 60 days from the Health Benefits Bureau's receipt of the application. For example, if you are married on January 5 but do not submit an application adding your spouse to health benefits coverage until March 15, the coverage effective date for your spouse will be June 1.

You may remove family members from coverage at any time (but not retroactively). Decreases in coverage are processed on a timely basis.

**Divorce or Dissolution of a Civil Union or Domestic Partnership**

Coverage for your spouse ends at the end of the month in which you divorce. If you dissolve a civil union or domestic partnership, coverage for your partner ends at the end of the month in which the partnership terminates.

**CHANGING PLANS**

You must complete a *Retired Coverage Enrollment Application* to enroll for health benefits as a new retiree, even if you are selecting the same plan you had as an active employee.

Thereafter, you may submit a *Retired Change of Status Application* to change your plan when the rate increases, or at any time provided that you have been with that same health plan for at least 12 months.

**WAIVING COVERAGE IF COVERED BY ANOTHER HEALTH PLAN**

You may waive retired group health benefits coverage and retain your right to enroll at a later date if you are covered as an employee through other employment or as a dependent of your spouse, civil union partner, or eligible same-sex domestic partner in another group health plan.

If you lose your other coverage, you may enroll/reenroll for health benefits coverage **within 60 days** of your loss of the other coverage. Proof of loss of the other coverage is required. Contact the Division of Pensions and Benefits to request enrollment.

**Chapter 330**

If you are a member of the Police and Firemen's Retirement System (PFRS) and will be enrolling under the provisions of Chapter 330, P.L. 1997, you **must** waive any other coverage you have through active employment. See Fact Sheet #47, *Retired Health Benefits Coverage Under Chapter 330*.

**WHEN HEALTH BENEFITS COVERAGE ENDS**

Coverage under retired group health benefits will terminate if:

- you formally request the termination in writing, or you complete a *Retired Change of Status Application* and select termination of coverage (***reinstatement is generally not permitted***);
- your premiums are not paid;
- your plan discontinues services in your area and you do not submit an application to the Health Benefits Bureau to change to another plan;
- your employer withdraws from the SHBP or SEHBP (**does not apply** to retirees who qualified for State-paid coverage; i.e. former employees of local school districts or county colleges, and municipal policemen and firemen who qualify under the provisions of Chapter 330, P.L.1997);

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- you or your dependents fail to enroll when eligible in Part A **and** Part B of Medicare;
- you cease to receive retirement benefits; or
- you die (see below).

**SURVIVING SPOUSE/PARTNER COVERAGE**

Coverage of your spouse/partner terminates at the end of the month in which you die. However, your spouse or partner will be sent a letter offering continuation of coverage in the plan of their choice at their own cost. If your spouse or partner elects to continue SHBP/SEHBP coverage, they will be reenrolled, without a break in coverage, upon the timely receipt of the completed and signed application. If your spouse or partner will receive a monthly pension check large enough to cover the premium, the premium is deducted from the pension payment. If your spouse or partner will not receive a pension check or if the pension check is not large enough to cover the cost, your spouse or partner is billed monthly for the premiums.

Some local employers have agreed to pay for the coverage of spouses or partners of deceased retirees; check with your employer to see if they provide this benefit. The State does not pay for the coverage of spouses, civil union partners, or domestic partners of deceased retirees.

**ADDITIONAL INFORMATION**

Obtain personalized information about your health benefits coverage through the **Member Benefits Online System (MBOS)**. Register for MBOS or log on at: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)

Obtain general health benefits information by calling the Division of Pensions and Benefits' Automated Information System at (609) 292-7524.

For questions about SHBP/SEHBP enrollment, plan changes, premium costs, or adding or deleting dependents contact the Division of Pensions and Benefits' Office of Client Services at (609) 292-7524; or by e-mail at: [pensions.nj@treas.nj.gov](mailto:pensions.nj@treas.nj.gov)

For questions about participating providers, coverage of specific procedures, claims, or for replacement ID cards contact your medical plan.

**Horizon/NJ DIRECT** 1-800-414-SHBP (7427);

**Aetna Plans** 1-877-STATE NJ (1-877-782-8365)

**Aetna Medicare Plan** 1-866-234-3129

**Express Scripts** 1-866-220-6512

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