

FOR MORE INFORMATION

Tennessee Consolidated Retirement System (TCRS) Insurance Section

1.877.681.0155
www.treasury.state.tn.us/tcrs/

Benefits Administration

615.741.3590 or 1.800.253.9981
www.state.tn.us/finance/ins/

This document is intended to provide a summary of eligibility requirements for the continuation of insurance coverage at retirement. For detailed information, please consult your agency benefits coordinator.

If you require this publication in an alternative format, please contact the Communications Office at 615.741.8669.



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CONTINUING INSURANCE AT RETIREMENT

Local Government Plan

Tennessee Consolidated Retirement System (TCRS) Participants

CONTINUING INSURANCE AT RETIREMENT — LOCAL GOVERNMENT TCRS

Continuing Coverage at Retirement

All covered local government employees who meet the qualifications may continue medical insurance at retirement for themselves and covered eligible dependents (spouse and/or children). Retired employees may continue coverage until they become eligible for Medicare. Covered dependents will also be allowed to continue coverage until they become eligible for Medicare or no longer qualify as eligible dependents. Participants who are eligible for Medicare may enroll in Medicare supplement coverage. For individuals to continue insurance benefits, the agency from which they retire must continue to participate in the local government plan.

A retiree whose spouse is also an eligible covered employee participating in one of the state sponsored plans may continue coverage as a dependent on the active spouse's contract instead of electing retiree coverage. When the spouse terminates employment, the retiree may resume coverage under their own eligibility if not yet eligible for Medicare.

Individuals who choose a lump-sum retirement benefit are not eligible to continue insurance at retirement.

Individuals Not Eligible for Medicare

Service Requirements

Eligible retirees must have at least ten years of creditable service to continue insurance coverage. For the purpose of continuation of insurance, local government service means service with the agency from which the employee is retiring. Accumulated unused sick leave may be counted. Military service that did not interrupt employment, educational leave, leave of absence, employment with an agency participating in the state or local education plans, or

service with another local government agency cannot be counted. The eligibility guidelines are:

- Ten years of creditable service **with the agency from which they retire**, must be age 55 and at least three full years of coverage under the plan immediately prior to retirement. Coverage must begin immediately upon retirement, unless the retiree goes to work for another agency participating in a state sponsored plan.
- Twenty years of creditable service **with the agency from which they retire**, must be age 55 and at least one full year of coverage on the plan immediately prior to retirement. Coverage must begin immediately upon retirement, unless the retiree goes to work for another agency participating in a state sponsored plan.
- At least 30 years of creditable service **with the agency from which they retire**, may be any age, and be covered at least one full year on the plan immediately prior to retirement.

The one-year and three-year participation requirement will be waived if the local government agency has not participated in the plan for that length of time.

Application

Eligible employees who wish to continue insurance coverage after retirement should submit an Application for Continuation of Insurance with their retirement application to the Tennessee Consolidated Retirement System (TCRS). The application must be submitted within a full calendar month from the effective date of retirement.

If eligible retirees do not enroll within a full calendar month from the effective date of retirement, they may only re-enroll if they were on the medical insurance at the time they retired and were eligible to continue that coverage by their age, length of

service, length of participation in the plan and meet **one** of the following late applicant requirements.

- Be approved by medical underwriting.
- Meet a special enrollment provision under the guidelines of the Health Insurance Portability and Accountability Act (HIPAA). Qualifying events include loss of other group coverage due to death of spouse, divorce, termination of spouse's employment, legal separation, loss of eligibility, loss of TennCare, spouse's employer ceases total contribution toward health insurance, spouse's number of work hours required for insurance eligibility are reduced or they acquire a new dependent through marriage, birth or adoption. Application must be made within 60 days of the loss of coverage or acquisition of the new dependent. Appropriate documentation must also be submitted.

Retiring employees must continue in the same health insurance option they were enrolled in immediately prior to retirement with the exception of HMO and POS participants who live out of the service area. These individuals will be allowed to transfer to the PPO. Any retiree who is enrolled in either a HMO or POS option by virtue of working in the service area but not living in the service area will be allowed to continue in that option even though they no longer meet the live or work requirement. However, other than emergency care, HMO participants are required to see a participating network provider for benefits to be paid. While POS participants may seek care out-of-network, out-of-pocket costs will be significantly higher.

Premiums

Premiums are deducted from the monthly retirement benefit of retirees who receive a TCRS benefit. If the premium is greater than the retirement

benefit, the retiree will be billed directly by Benefits Administration each month or they can elect to pay by bank draft. If the retiree's former employer elects to pay all or a portion of the premium, the agency will be billed for the full amount and the retiree must make arrangements with the agency to pay their portion.

Claims

Retirees who continue health coverage will use the same insurance identification card that was used while they were actively employed. Any questions regarding payment of claims should be directed to the insurance company.

Dependent Coverage

Retirees may continue insurance coverage for a spouse and/or dependent child if the individuals were covered at retirement and are not Medicare eligible. Dependents may continue coverage as long as they meet plan eligibility requirements. Newly acquired dependents must be added within 60 days.

Upon the death of a retiree, a covered spouse or dependent will receive six months of free insurance coverage. Dependents of a deceased retiree may continue coverage only if they were covered by the plan upon the retiree's death **and** are not eligible for Medicare.

Disability Participants

Employees who qualify for disability retirement through TCRS may continue coverage if they participated in the local government plan at the time the injury or illness which resulted in the disability occurred and have at least five years of service with the agency from which they are retiring.

Proof of total disability must be shown by submitting an Award Letter from the Social Security Admin-

istration or approval by TCRS based on physician review of medical records documenting the disability. The required proof must show total disability existed at the time of termination of employment.

Coverage will terminate once the retiree becomes eligible for Medicare Part A.

Dental Insurance

Employees who wish to continue dental benefits at retirement may continue through COBRA. Information is automatically sent upon cancellation of active coverage.

Individuals Eligible For Medicare

Medicare Supplement Coverage

Retirees and their dependents who are eligible for Medicare Part A cannot continue in standard health coverage, but may apply for Medicare supplement coverage. Individuals who qualify and enroll within 60 days of the date when initially eligible cannot be turned down for coverage due to age or health.

Application

Employees who are eligible for Medicare at retirement (or who have Medicare eligible dependents) should submit an application for Medicare supplement coverage with their retirement application to TCRS within 60 days of the effective date of retirement.

Retirees and their dependents who become eligible for Medicare after retirement will be sent an application approximately three months before the date of their Medicare eligibility. The application must be submitted within 60 days of Medicare eligibility.

Once approved, the retiree will receive a card showing the subscriber's name, identification number and effective date.

Premiums

Premiums are deducted from the monthly TCRS benefit. Retirees whose premium is greater than their monthly benefit will be billed directly or they can elect to pay by bank draft.

Dependent Coverage

Upon the death of a retiree, the spouse or dependents may continue Medicare supplement coverage if covered at the time of the retiree's death. Premiums will be deducted from any continuing monthly retirement benefits; otherwise, individuals will be billed directly.

End-Stage Renal Disease

Retirees eligible for Medicare as a result of end-stage renal disease should contact TCRS immediately.

Returning To Work

Group Health Insurance

Returning to full-time employment with an agency covered by TCRS may result in the termination of retiree group insurance coverage and the suspension of retirement benefits. TCRS should be contacted immediately when returning to active service.

Medicare Supplement

Retirees who return to full-time employment with a TCRS covered agency may continue insurance coverage on a direct-pay basis as long as they are not enrolled in the employer's group plan. TCRS should be contacted immediately when returning to active service.