

Department of Employee Trust Funds
STATE AGENCY HEALTH INSURANCE ADMINISTRATION MANUAL

**CHAPTER 7 — RETIREMENT, DISABILITY OR
LONG-TERM DISABILITY INSURANCE**

- 701 Coverage – Requirements to Continue**
- 702 Coverage for Former State Employees Whose Coverage Has Lapsed**
- 703 Medicare Enrollment**
- 704 Premium Payment**

701 Coverage – Requirements to Continue

Coverage under the State Employee Group Health Insurance program may be continued when an employee is eligible for a retirement benefit or applies for a WRS disability or Long-Term Disability Insurance (LTDI) benefit upon termination of employment. In addition, subscribers and their insured dependents continuing coverage must enroll in Medicare Parts A and B when first eligible if they are not eligible at the time of retirement. (Refer to Subchapter 703.)

Note: Active employees (non-annuitants) reported on monthly remittance reports are not required to enroll in Medicare when first eligible and do not receive the Medicare reduced premium rate in the event they do enroll in Medicare.

- Retirement Benefit

Group health insurance coverage can be continued if the employee retires on an “immediate annuity.” An “immediate annuity” is defined as a benefit that begins within 30 days after the employee terminates employment. This benefit can be a monthly benefit or a lump sum annuity. (Also see Chapter 8 regarding Accumulated Sick Leave Conversion Credit program.)

Employees on an unpaid leave of absence immediately prior to retirement whose coverage lapsed due to non-payment of premiums can reinstate coverage if an immediate WRS annuity is taken and a health insurance application is filed with ETF within 30 days of notice that health insurance coverage can be reinstated.

- Disability or LTDI Benefit

Insured employees applying for a WRS disability or LTDI benefits must pre-pay premiums through their employers until their WRS disability or LTDI benefit is approved by ETF, or coverage will lapse. Employees on an unpaid leave of absence immediately prior to termination whose coverage lapses due to non-payment of premiums, can reinstate coverage if an immediate WRS disability or LTDI benefit is taken and a health insurance application is received by ETF within 30 days of the date of ETF’s letter offering coverage reinstatement. ETF will notify the employer when a disability or LTDI benefit is approved. The employer will then need to delete

the employee from active coverage. (Refer to Chapter 5.)

- Termination With 20 Years of WRS Service, Not Taking Immediate Annuity

Group coverage can be continued when terminating after age 55 (50 for protective category employees) and the employee has at least 20 years of creditable WRS service, even if an immediate retirement annuity is not taken. The employee completes and submits, to ETF, a *Continuation – Conversion Notice* (ET-2311) at the time of the employee’s termination. (Refer to Subchapter 608 for instructions regarding this form.)

- Termination Before Minimum Retirement Age With 20 Years of Service

Insured State employees leaving State service before reaching minimum retirement age (therefore, not eligible for an immediate annuity) with at least 20 years of creditable WRS service who do not close their WRS account, may continue coverage under the State group plan indefinitely. These employees are required to pay the full premiums. They cannot use sick leave credits to pay premiums or apply to escrow their sick leave credits until they later apply for their retirement annuity. They must complete a *Continuation-Conversion Notice* and a *Group Health Insurance Application* (ET-2301).

For additional information, see *Group Health Insurance for Retired State Employees, State Employees with 20 Years of Service Who Terminate Employment, and Surviving Spouses and Dependents of Insured Employees* (ET-4112).

702 Coverage for Former State Employees Whose Coverage Has Lapsed

Former State employees whose coverage has lapsed may be eligible to apply for coverage under the State Employee Group Health Insurance program if they meet one of the following conditions:

- Receiving a monthly annuity or received a lump sum from the WRS.
- Terminated State employment before reaching their minimum retirement age of 55 (50 for protective category employees) with at least 20 years of creditable service.

For additional information, see *Group Health Insurance for Retired State Employees, State Employees with 20 Years of Service Who Terminate Employment, and Surviving Spouses and Dependents of Insured Employees* (ET-4112).

703 Medicare Enrollment

Annuitants and insured dependents eligible for coverage under the Federal Medicare program must enroll in Parts A and B when first eligible due to age or disability per Wis. Stats. § 40.51(7) and 40.52(2). Annuitants and insured dependents failing to enroll in Medicare will be held responsible for the portion of claims that Medicare would have covered, had they been enrolled in Medicare, and must enroll in Medicare at the next available opportunity.

A *Medicare Eligibility Statement* (ET-4307) and a copy of the Medicare card is used to inform ETF of the Medicare effective dates. ETF will mail the *Medicare Eligibility Statement* to the retiree for completion. A sample of the *Medicare Eligibility Statement* appears at the end of this subchapter. Please provide ETF with a copy of the retiree's Medicare card, when available.

Medicare Eligibility Statement (ET-4307)

Department of Employee Trust Funds
 P.O. Box 7931
 Madison, WI 53707-7931

MEDICARE ELIGIBILITY STATEMENT

Wis. Stat. §§ 40.51 (7) and 40.52 (2)

Return form to the Department of Employee Trust Funds.

SUBSCRIBER NAME – Policy Holder (Last, First, Middle, Maiden)		SEX <input type="checkbox"/> Female <input type="checkbox"/> Male	Social Security Number
ADDRESS (Street, City, State, Zip Code)			Insurance Plan Name
			Group Number

TO CONTINUE COVERAGE THIS FORM MUST BE FILLED OUT COMPLETELY

- In order to continue to be insured under the group health insurance program, you and/or your insured family members must be enrolled for both portions of Medicare (Hospital Part A and Medical Part B), when Medicare is first available as the primary insurer. Contact the Social Security Administration for information on how to enroll.
Exception: You and your dependents are not required to be enrolled in Medicare until the subscriber terminates employment or health insurance coverage as an active employee ceases.
You must inform ETF immediately if you or your spouse's Medicare Part B is dropped for any reason.

- Indicate the reason Medicare is available:
 - a. Attainment of age 65 and over.
 - b. Receipt of Social Security disability payments for 24 months.
 - c. Permanent kidney failure.

- List below all persons insured under your group health insurance policy. List Medicare effective dates as they appear on each person's Medicare I.D. card OR contact the Social Security Administration for effective dates. If not eligible for MEDICARE, enter "NOT ELIG." in Effective Dates columns.
- Attach a photocopy of your Medicare Health Insurance Card or documentation from Medicare clearly stating your Medicare claim numbers and effective dates.

HEALTH INSURANCE	
1-800-MEDICARE (1-800-633-4227)	
NAME OF BENEFICIARY JOHN Q PUBLIC	
CLAIM NUMBER 000-00-0000-0	SEX MALE
IS ENTITLED TO HOSPITAL MEDICAL	EFFECTIVE DATE
(PART A)	00-00-00
(PART B)	00-00-00
SIGN HERE →	<i>John Q Public</i>

This number goes here →

This date goes here

This date goes here

NAMES	Birthdate (MM/DD/CCYY)	Claim Number	MEDICARE EFFECTIVE DATES as shown on card	
			Hospital (PART A)	Medical (PART B)
Subscriber				
Spouse				
Dependents				

Those who fail to enroll in federal MEDICARE must attach a written explanation to this form.

I authorize the Department of Employee Trust Funds to verify information from the Social Security Administration, if need be, regarding eligibility for effective dates of coverage under both Medicare Parts "A" and "B."

Date (MM/DD/CCYY)	Signature	Daytime Telephone Number
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FOR ETF USE

Enrollment Type	Employee Type	Coverage Code	Carrier Suffix	Payroll Representative Signature	Telephone
Name of Employer				Employer Number 69-036-	Group Number

704 Premium Payments

Annuitant premium payments are made through one of the following methods:

- A. Sick leave credits—From sick leave credits until exhausted, Wis. Stats. § 40.05(4)(b). Sick leave credits may be escrowed up to ten years at the time of retirement if the employee is covered under comparable non-state health coverage. The employee should contact ETF for information and a *Sick Leave Escrow Application* (ET-4305);
- B. Annuity Deduction—Premiums are paid from a monthly retirement or disability annuity if the annuity is sufficient to cover the entire premium;
- C. Direct Pay—When the annuity is not sufficient to cover the entire premium, the health plan will directly bill the annuitant and the annuitant will pay premiums directly to the health plan.
- D. Group Life Insurance Conversion—This program, governed by Wis. Stat. § 40.72(4r) and Wis. Admin. Code § ETF 60.60, allows eligible employees to convert their group life insurance to pay health insurance premiums. For more information, see the *Converting Your Group Life Insurance to Pay Health or Long-Term Care Insurance Premiums* brochure (ET-2325).