

Guidance on State Health Plan Changes Effective October 1, 2006, for Teachers' and State Employees' Retirement System Members

When you retire under the Teachers' and State Employees' Retirement System (TSERS), you are eligible for coverage under the State Health Plan (SHP) if you have at least five years of TSERS membership service earned as a teacher or State employee. (Credit for unused sick leave or credit transferred from the Local Governmental Employees' Retirement System does not count toward this five-year requirement.) As a retiree, your cost, if any, for your individual State Health Plan coverage under the retiree group depends upon:

- when you were “first hired,” and
- the type of coverage you select.

All of the conditions described below are based upon current law.

Definitions of “Membership Service,” “Creditable Service,” and “First Hired”

In this guidance, the following definitions apply:

- “Membership Service” is service credit earned in the Teachers' and State Employees' Retirement System while working as an active teacher or State employee.
- “Creditable Service” is any type of retirement service credit that is creditable in the Teachers' and State Employees' Retirement System.
- “First Hired” is defined as your first employment as a permanent full-time or permanent part-time regular State employee (designated half-time or more) with an eligible State employing unit. If all of your State service prior to October 1, 2006, was in a contract or temporary capacity, you are not considered to be “first hired” prior to October 1, 2006.

SHP Coverage at Retirement for Members “First Hired” Prior to October 1, 2006

If you were “first hired” prior to October 1, 2006, and retire with five or more years of TSERS membership service, the State will pay all of your cost for your individual coverage under the Preferred Provider Organization (PPO) 70/30 Plan or the PPO 80/20 Plan as a retiree. If you choose the PPO 90/10 Plan, you will have to pay a portion of the cost for your individual coverage as a retiree. In all cases, the full cost of dependent coverage, if elected, must be paid by you.

SHP Coverage at Retirement for Members Hired On or After October 1, 2006

If you were “first hired” on or after October 1, 2006, your cost for individual coverage under the PPO 70/30 Plan or PPO 80/20 Plan at retirement is based upon the following retirement service credit requirements:

- You must retire with 20 or more years of creditable service to receive individual coverage at no charge.
- If you retire with 10 years, but less than 20 years, of creditable service, you will have to pay 50% of the cost for your coverage.
- If you retire with five years of membership service, but less than 10 years of creditable service, you will have to pay the full cost for your coverage.

If you choose the PPO 90/10 Plan, you will have to pay an additional portion of the cost for your individual coverage as a retiree. In all cases, the full cost of dependent coverage, if elected, must be paid by you.

If you were “first hired” by the State on or after October 1, 2006, the required 20 years of creditable service needed to receive the State Health Plan individual coverage at no charge must include at least five years of TSERS membership service. The remaining years of creditable service may include any combination of the following types of service credit in the TSERS:

- Membership
- Prior
- Noncontributory
- Eligible unused sick leave
- Purchased

State Service Prior to October 1, 2006 That Has Been Withdrawn

If you retire from the TSERS with at least five years of TSERS membership service and you had State service prior to October 1, 2006 that has been withdrawn from the TSERS, you do not have to purchase the withdrawn service in order to be eligible for the SHP individual coverage at no cost as a retiree.

(Rev. 6/4/08)