

Enhanced Retirement

Description:

Employees eligible for the Workforce Transition Act may be eligible for the Enhanced Retirement option in lieu of the cash severance benefit and employer-paid health care and life insurance premiums.

Health Benefits Impact:

Eligible employees who elect the Enhanced Retirement option may enroll in the State Retiree Health Benefits Program by submitting an enrollment form within 31 days of their retirement date.

Allowable Changes to Membership Level or Plan:

Employees electing enhanced retirement may change plans, reduce membership or enroll in single coverage from waive status at the time of retirement. However, increasing membership based on the retirement event is now allowed. Retirees eligible for premium assistance (see “American Recovery and Reinvestment Act” below) may not elect a higher-cost plan than they had prior to termination of employment unless a plan change would otherwise be allowed due to a qualifying midyear event or open enrollment.

Extended Coverage/COBRA:

Like all terminating employees, retiring employees who had health plan coverage at the time their active coverage ended due to a qualifying event must, by law, be offered Extended Coverage/COBRA. This is in addition to any retiree coverage for which they may be eligible. Most eligible retirees will choose retiree coverage instead of Extended Coverage/COBRA since Extended Coverage/COBRA requires payment of an additional administrative fee and is for a finite period of time (generally, 18 additional months). If retiree coverage is not elected, other qualified beneficiaries (those covered on the day before active coverage is lost) may elect Extended Coverage/COBRA.

If retiree coverage is elected in lieu of Extended Coverage/COBRA and then terminated (e.g., for non-payment) before the end of the maximum Extended Coverage/COBRA period, any remaining Extended Coverage/COBRA rights may be utilized if elected within the 60-day period beginning at the end of retiree coverage.

The American Recovery and Reinvestment Act of 2009 (ARRA):

ARRA reduces the Extended Coverage/COBRA premium in some cases. This can apply to employees who retire in lieu of involuntarily termination of employment. Information regarding ARRA will be provided at the time of retirement if the retiring employee had health plan coverage in the active state program prior to the termination of employment and would be, therefore, eligible for Extended Coverage/COBRA. If the termination of employment was involuntary and both the termination and eligibility for Extended Coverage/COBRA occur between September 1, 2008, and December 31, 2009, a reduction in the retiree premium, including eligible dependents, may be

available. The beneficiary may not be eligible for other group health plan coverage or Medicare and be eligible for premium assistance. However, eligibility for State Retiree Health Benefits Program coverage that is the same coverage offered to active employees may not preclude eligibility for premium assistance. Retirees who wish to apply for premium assistance must complete the "Request for Treatment as an Assistance Eligible Individual" and submit it per the instructions in their Extended Coverage/COBRA Election Notice.

Health Insurance Portability and Accountability Act (HIPAA):

Employees should be issued a HIPAA Certificate of Creditable Coverage at the end of their coverage due to active employment. If retiree coverage is elected and later terminated, another HIPAA certificate will be issued to document the retiree coverage period (except for Medicare supplement plans, which are not required to issue HIPAA certificates).

Voluntary Long Term Care Insurance:

When long-term care plan premiums are no longer deducted from employee payments, participants should contact Aetna at 1-877-894-2471 if they wish to continue their long-term care coverage.

Questions regarding the VSDP Long Term Care Program should be directed to the Virginia Retirement System at 1-888-827-3847.