



# Health WATCH

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**"Change is  
the law of life.**

**And those who look only  
to the past or present  
are certain to miss  
the future."**

—John Fitzgerald Kennedy

# New Laws Bring Many Options

**G**overnor Bob Riley's package of bills, designed to reduce State employee health insurance costs, passed in last year's special legislative session. This issue of *Health Watch* is dedicated to informing all active and retired State employees of the new options available and what your participation in these new programs could mean to you and your family. Look inside for further details on:

- Electing supplemental coverage in lieu of the State Employees' Health Insurance Plan (SEHIP)
- Opting out of SEHIP and electing optional policies
- Future retirees required to take other coverage
- Sliding scale premiums for retirees
- Premiums for tobacco users
- Discounts on premiums based on the Federal Poverty Level
- Health insurance plan for children of low income State employees
- TRICARE supplemental coverage for subscribers who are retired military employees

## Your New Health Insurance Card Coming Soon!

**A**s you know, there is an ever-increasing concern over identity theft and misuse of personal information such as your Social Security number. Because of these concerns, the State Employees' Insurance Board and Blue Cross Blue Shield of Alabama will soon begin assigning each subscriber a new contract number. This new number will be different from your Social Security number. The new ID cards will be mailed to your home address and will become effective immediately upon their receipt. Remember to show your new ID card to your provider on your next visit.

# SEIB Offers State Employees Alternatives



**Effective June 1, State employees may decline (opt out) coverage in the SEHIP and...**

**Change: Obtain supplemental coverage.**

## **What This Means To You**

You can now opt out of the SEHIP as your primary coverage and elect supplemental coverage through the SEIB, at no charge. This could save you money. For instance, if you are eligible for coverage through another employer group plan, and you are enrolled in that plan, you can obtain supplemental coverage through the SEIB (provided by Blue Cross Blue Shield) that will cover virtually all of your out-of-pocket expenses. This supplemental coverage is in lieu of SEHIP.

## **Important Details**

The supplemental coverage plan will be administered by Blue Cross Blue Shield of Alabama.

All full-time active employees and non-Medicare retirees will be eligible for the SEIB Supplemental Coverage Plan. There will be no premium.

Employees who choose supplemental coverage may re-enroll in the SEHIP at any time, subject to the rules and procedures established by the SEIB.

An employee of the State of Alabama may not be covered as a dependent under the SEHIP.

**Change: Obtain optional policies.**

## **What This Means To You**

You can now opt out of the SEHIP as your primary coverage and elect coverage through an optional policy that includes: dental, cancer, hospital indemnity and vision. This optional policy will be offered at **no cost to you**. Participants may elect individual or family coverage.

## **Important Details**

Once you enroll in the optional policy plan, you may not re-enroll in the SEHIP for at least one year. Special enrollment is available for employees who lose their other group coverage.

The cancer and hospital indemnity plans provide fixed benefits regardless of any other coverage you may have. If you are hospitalized or treated for cancer diseases, payments are made directly to you based on eligibility and scheduled rates. The dental and vision plans provide benefits in coordination with any other coverages you may have. These benefits are paid directly to you unless you specify otherwise.

**N**ever before have State employees had so many options for health care coverage. 2005 will bring significant changes and a multitude of choices for enriching your health insurance plan. The new changes for active and retired employees and what these changes can mean to you are summarized here. Further information regarding the new programs detailed in this newsletter will be mailed directly to your home.

# Effective October 1, 2005

## Change: Requires that employees who retire after September 30, 2005 take other-employer health insurance.

### What This Means To You

If you retire after September 30 and go to work for another employer, you may be required to enroll in the other employer's health insurance plan. If you are eligible for coverage in your new employer's health insurance plan and your new employer contributes 50% or more of the individual premium, you will be required to drop the SEHIP as your primary coverage and enroll in the new health plan. The SEIB will offer you supplemental coverage and optional policies to cover most of your out-of-pocket expenses.

### Important Details

New law requires that all employees who:

- retire after September 30, 2005, and
- become employed by another employer and
- the other employer provides employees at least 50% of the cost of single health insurance coverage and
- are eligible to receive the other employer group health insurance coverage through that employer, are required to use the other employer's health benefit plan for primary coverage.

Another employer that provides its employees and their spouses with other employer group health insurance coverage may not exclude a retiree, or their spouse from coverage unless the reason for exclusion applies to other retirees and/or their spouses.

Failure by a retiree to enroll in the other employer's group health plan under the terms of the Act will result in the termination of coverage in the State Employees' Health Insurance Plan and possible recall of claims back to the date the retiree was eligible for the other employer's group health plan.

NOTE: Special Enrollment will be available for retirees who lose their other employer's group health plan coverage subject to the rules and procedures established by the State Employees' Insurance Board.

## Change: Employees retiring after September 30 will be subject to a sliding scale premium, based on years of service.

### What This Means To You

If you retire after September 30, you will be subject to a sliding scale premium structure based on your years of service. For employees retiring with 25 years of service, the State would pay 100% of the State share premium. Each year less than 25, the State share would be reduced by 2% and the retiree share will be increased accordingly. Each year over 25, the State share would be increased by 2% and the retiree share reduced accordingly. NOTE: this 2% applies to the State share only.

### Important Details

The number of years and months of creditable service by an employee prior to retirement will be determined by the Retirement Systems of Alabama. This includes any periods of full time permanent employment subsequent to retirement up to a maximum of five years.

Employees who enter the Drop Program after September 30, 2005 and employees who enter the Drop Program before October 1, 2005, but have not yet left state service, will be subject to the sliding scale premium and will be given credit for years of service while in the Drop Program.

**SEIB Offers State Employees Alternatives (Continued on next page)**

## This table illustrates how the sliding scale will be applied for the current individual retiree premium.

Note: Figures in tables are based on current 2005 rates. Rates are subject to change. The Board will approve 2006 rates in August.

### Sliding Scale – MEDICARE INDIVIDUAL PREMIUM

Years of Service	Percentage of State Share	State Share	Retiree Share	Years of Service	Percentage of State Share	State Share	Retiree Share
40	30%	\$308.00	-	24	-2%	\$301.84	\$6.16
39	28%	\$308.00	-	23	-4%	\$295.68	\$12.32
38	26%	\$308.00	-	22	-6%	\$289.52	\$18.48
37	24%	\$308.00	-	21	-8%	\$283.36	\$24.64
36	22%	\$308.00	-	20	-10%	\$277.20	\$30.80
35	20%	\$308.00	-	19	-12%	\$271.04	\$36.96
34	18%	\$308.00	-	18	-14%	\$264.88	\$43.12
33	16%	\$308.00	-	17	-16%	\$258.72	\$49.28
32	14%	\$308.00	-	16	-18%	\$252.56	\$55.44
31	12%	\$308.00	-	15	-20%	\$246.40	\$61.60
30	10%	\$308.00	-	14	-22%	\$240.24	\$67.76
29	8%	\$308.00	-	13	-24%	\$234.08	\$73.92
28	6%	\$308.00	-	12	-26%	\$227.92	\$80.08
27	4%	\$308.00	-	11	-28%	\$221.76	\$86.24
26	2%	\$308.00	-	10	-30%	\$215.60	\$92.40
25	0	\$308.00	-				

### Sliding Scale – NON-MEDICARE INDIVIDUAL PREMIUM

Years of Service	Percentage of State Share	State Share	Retiree Share	Years of Service	Percentage of State Share	State Share	Retiree Share
40	30%	\$625.00	-	24	-2%	\$ 477.26	\$147.74
39	28%	\$623.36	\$ 1.64	23	-4%	\$467.52	\$157.48
38	26%	\$613.62	\$11.38	22	-6%	\$457.78	\$167.22
37	24%	\$603.88	\$21.12	21	-8%	\$448.04	\$176.96
36	22%	\$594.14	\$30.86	20	-10%	\$438.30	\$186.70
35	20%	\$584.40	\$40.60	19	-12%	\$428.56	\$196.44
34	18%	\$574.66	\$50.34	18	-14%	\$418.82	\$206.18
33	16%	\$564.92	\$60.08	17	-16%	\$409.08	\$215.92
32	14%	\$555.18	\$69.82	16	-18%	\$399.34	\$225.66
31	12%	\$545.44	\$79.56	15	-20%	\$389.60	\$235.40
30	10%	\$535.70	\$89.30	14	-22%	\$379.86	\$245.14
29	8%	\$525.96	\$99.04	13	-24%	\$370.12	\$254.88
28	6%	\$516.22	\$108.78	12	-26%	\$360.38	\$264.62
27	4%	\$506.48	\$118.52	11	-28%	\$350.64	\$274.36
26	2%	\$496.74	\$128.26	10	-30%	\$340.90	\$284.10
25	0	\$487.00	\$138.00				

## Change: SEIB can adjust premiums for avoidable risk factors such as smoking.

### What This Means To You

If you, or your covered spouse, use tobacco products your premium will increase \$20 per month. We will notify all active and retired employees of the non-tobacco user discount program certification process by direct mail.

### Important Details

#### ■ How Do I Apply For The Discount?

Initial certification forms will be sent by direct mail to all employees and retirees no later than May 1, 2005. In order to qualify for the discount effective October 1, 2005, acceptable certification forms must be received by the SEIB no later than August 1, 2005, or online by September 10, 2005. Certifications received after these dates will be effective on the first day of the second month following approval by the SEIB.

*Refunds will not be allowed for failure to submit a certification form.*

Following the initial certification, employees, retirees and their covered spouses who have not used tobacco products in the last twelve months may apply for the discount any time during the year. The discount will go into effect on the first day of the second month following approval of the certification by the SEIB.

In order for new employees and retirees enrolling in the SEHIP to qualify for the discount, a certification form must be submitted with their enrollment form. Certification forms must also be included when spouses are added to coverage in order to qualify for the discount.

#### ■ Conditions

It is the responsibility of participants in the Non-Tobacco User Discount Program to notify the SEIB immediately when there is a change in their tobacco usage status.

## Change: Employees and retirees are eligible for a discount on premiums based on the Federal Poverty Level.

### What This Means To You

If your total family income is 200% or less of the federal poverty level, your premium may be reduced. You will be notified of the application process.

### Important Details

In order for employees and retirees paying a premium for coverage in the SEHIP to qualify for the discount, acceptable proof of current total family income must be submitted to the SEIB. The most recent year's federal **and state income** tax return must be submitted to the SEIB. The discount will not apply to the tobacco user premium. The premium discount will be applied based on the family size and income levels as follows:

Family Size	Discount on Employee Paid Insurance Premiums				
	50%	40%	30%	20%	10%
1	\$ 9,570.00	\$11,962.50	\$14,355.00	\$16,747.50	\$19,140.00
2	\$12,830.00	\$16,037.50	\$19,245.00	\$22,452.50	\$25,660.00
3	\$16,090.00	\$20,112.50	\$24,135.00	\$28,157.50	\$32,180.00
4	\$19,350.00	\$24,187.50	\$29,025.00	\$33,862.50	\$38,700.00
5	\$22,610.00	\$28,262.50	\$33,915.00	\$39,567.50	\$45,220.00
6	\$25,870.00	\$32,337.50	\$38,805.00	\$45,272.50	\$51,740.00
7	\$29,130.00	\$36,412.50	\$43,695.00	\$50,977.50	\$58,260.00
8*	\$32,390.00	\$40,487.50	\$48,585.00	\$56,682.50	\$64,780.00

\* If your family is larger than 8, please contact the SEIB for further information.

## How the Federal Poverty Level discount is applied:

For example, a State employee with a family size of four (spouse and two children) who earns \$25,000 a year would qualify for a 30% discount on employee-paid insurance premiums.

Another State employee with a family size of two (employee and spouse) with a combined family income of \$24,000 would qualify for a 10% discount on employee-paid insurance premiums.

The discount will go into effect starting October 1 and will be effective for twelve months. Employees and retirees will need to apply for the discount each year during the enrollment period established by the SEIB.

## **Change: Children of low income State employees may be eligible for coverage under the new State Employees' Children's Health Insurance Plan (SECHIP). This is no premium low copay coverage for children ages newborn through 18 years of age.**

### What This Means To You

Enrollment in SECHIP will provide your children under age 19 quality medical care including preventive, dental and eye care.

### Important Details

A child is eligible for coverage under SECHIP if the child is:

- Eligible for coverage as a dependent under the SEHIP through age 18;
- In a family with an income from 100% to 200% of the federal poverty level; (examples of income are: wages, commissions, salaries, Social Security benefits, child support, unemployment compensation benefits, and cash contributions from friends or relatives.)
- Ineligible for Medicaid;
- Not covered by another health insurance plan (excluding SEHIP and supplemental coverages);
- Not in an institution.

Coverage shall terminate on the last day of the month in which any of the following events occur:

- Covered child is no longer eligible as a dependent under SEHIP;
- Death of the covered child;
- Nineteenth birthday of the covered child;
- Notification to the SEIB that covered child becomes covered by other health insurance.

If an individual becomes pregnant during her term of eligibility, her eligibility will extend to 60 days post-partum regardless of financial reason. Under no circumstances, however, will coverage be extended beyond the age of 19.

Exception: Employees may enroll for the dependent's benefits within 60 days of acquiring a new dependent and the effective date of coverage will be the date of birth or adoption. If the SEIB is notified of a new dependent after the 60-day grace period, the effective date of coverage will be the first day of the month following the receipt of the application.

Children are not eligible for coverage in SECHIP if they are covered under another health plan. Coverage for all SECHIP enrollees will be continuous for one year unless the child becomes ineligible as listed above.

Children must have their eligibility redetermined every 12 months.

# Change: All TRICARE/CHAMPUS eligible employees, non-Medicare retirees and dependents are eligible for enrollment in the TRICARE Supplement Program at no premium cost.

## What This Means To You

The TRICARE Supplement Program is being offered on a voluntary basis to provide enhanced benefits to members eligible for TRICARE, in lieu of coverage in SEHIP. For eligible TRICARE participants, this supplement program is designed to coordinate with TRICARE. Generally, between TRICARE and the supplement, close to 100% of eligible charges are covered, and **there is no premium.**

## Important Details

The TRICARE Supplement Program is offered by the Hartford Life Insurance Company and administered by the Association & Society Insurance Corporation (ASI). (TRICARE is the health insurance program provided to the military community by the Department of Defense.)

The TRICARE Supplement Program is also available to TRICARE Prime enrollees as a transitional benefit. Under TRICARE Prime, the plan will reimburse all co-payments. If the Point of Service (POS) option under TRICARE Prime is used, the plan will reimburse half of the TRICARE deductible of \$300 (individual) and \$600 (family) plus the 50% POS cost share after TRICARE pays 50% and 100% of eligible excess charges.

As part of the TRICARE Supplement Program option, dental benefits will be provided through Blue Cross Blue Shield of Alabama. These dental benefits are the same coverage provided to members in the SEHIP. Although Medicare retirees and Medicare dependents with TRICARE are not eligible for the supplement program, they can opt-out of the SEHIP and elect to enroll for dental coverage only.

### ■ Advantages of the TRICARE Supplement Program:

- Available to all TRICARE participants regardless of rank, service or duty status
- No cost for coverage.
- No medical examination required for enrollment
- No pre-existing condition clause
- No supplement plan deductibles or out-of-pocket expenses
- Full reimbursement of \$150 (individual) and \$300 (family) TRICARE deductible
- Full reimbursement of the TRICARE 20% / 25% Standard/Extra cost share
- Full reimbursement of the excess charge benefit (difference between the TRICARE allowed amount and the provider's billed charge) when a non-participating provider is utilized
- Full portability if your enrollment with the State of Alabama ends.

TRICARE Supplement Program brochures and Summary Plan Description may be obtained from the State Employees' Insurance Board (SEIB) or from the SEIB website, [www.seib.state.al.us](http://www.seib.state.al.us). Copies of these materials have been forwarded to Agency/Department Payroll/Personnel Officers.

ASI also has a toll-free Customer Service number (800) 638-2610, ext. 255, for questions about the TRICARE Supplement Program or you can visit their website, [www.corporatetricaresupp.com](http://www.corporatetricaresupp.com).

Opt-out option: If a subscriber, who enrolls in the TRICARE Supplement Program, is not satisfied that the program is providing benefits as anticipated, he or she may opt out of the program within 90 days of enrollment and will be re-enrolled in the SEHIP.



## RECAP

- You should be aware that certain penalties apply for inaccurate and incomplete information pertaining to your enrollment in the SEHIP. In addition to any disciplinary action already in place, any employee or retiree knowingly and willfully submitting false information to the SEIB will be required to repay all discounts as well as all claims and other expenses incurred by the SEHIP related to the false or misleading information, plus interest and possible termination of health insurance coverage.
- To view detailed policies for each of these options, please visit our web site at [www.seib.state.al.us](http://www.seib.state.al.us)
- Remember to verify your current mailing address to ensure that you receive all the latest information from the SEIB.

We're on the Web!

***www.seib.state.al.us***

Do you want to receive your new health insurance card? Information on current and upcoming changes to your health insurance? Check Your Address!

You will not have the latest information if your mail is returned to us by the Postal Service. Please take a minute to: either go online ([www.seib.state.al.us/2K2/seip/sf.asp](http://www.seib.state.al.us/2K2/seip/sf.asp)) and submit a change of address electronically, print a copy of the IB3 Change Form for mailing, or pick up the form from your payroll officer. Remember, changing your address with your agency personnel or the Retirement Systems does not automatically update this information with the SEIB.

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