

# TCAA WINTER 2018 NEWSLETTER

## TRITON COLLEGE ANNUITANTS ASSOCIATION

### Calendar of Events:

Spring Luncheon  
4/17/18 11:30 AM  
Triton College

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708-442-0265

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Tom Bondi  
"De" DeGrado  
Ken Piowar

Carol Bibly  
Membership Chair  
[cbibly2002@yahoo.com](mailto:cbibly2002@yahoo.com)

Bob Anthony, Editor

### Web Sites

[www.triton.edu/tcaa](http://www.triton.edu/tcaa)  
[www.suaa.org](http://www.suaa.org)

### 1. Editor Comments – Bob Anthony

The purpose for a winter newsletter is to keep our TCAA membership up-to-date on legislative initiatives and to provide them with appropriate information on their health insurance. Thanks to Bob Witherspoon and De DeGrado for their work on our legislative article.

Bob Witherspoon, with input from Eleonor Weber, contributed to the article on health insurance. Our next newsletter will be sent prior to our Spring Luncheon in April.

### 2. Legislative Update – De DeGrado & Bob Witherspoon

Welcome to 2018. Last year, legislative action in the state of Illinois was somewhat lackluster, as there was no progress; however, the fun once again will be gaining traction for legislation and for legislators retiring, choosing not to run for office, and for new members to take their place. There are about 35 legislators in this category. Your continued support now and in the future years is essential to protect our pensions and health insurance. The fiscal problem of the State is greater than ever before. The concerns are how to repay the pension money to the five state systems. The five state system pensions will take more of the state budget than the taxpayers can afford.

The Illinois house returned on January 23, 2018 and the Senate returned on January 20, 2018. Primary election day is March 20<sup>th</sup>. If you are not registered to vote, please do this as soon as possible, or if you plan to be out of town, please get an absentee ballot or vote early in the selected locations.

**SUAA** takes an active role in solving the pension deficit and will continue to work with the legislators in the development of methods to address our concerns and the pension deficit.

In 2017 SUAA, along with its fifty chapters throughout the state of Illinois, has accomplished the following: (These are just a few.)

- Provided testimony against the pension fixes
- Sent our legislative alerts to members to attempt to defeat bills which would not benefit us as SURS members
- Moved pension obligation bonds to the forefront
- Has had constant interaction with the legislators
- Co-hosted a Legislative reception with SURS in Springfield
- Held information sessions to help overturn Senate Bill 1 (Public Act 98-0599)
- Tracked bills which were focused on pensions, healthcare and higher education

- Provided representation at the College Insurance Program (CIP) and State health insurance stakeholders meeting

- Continues to work to make beneficial changes to Tier II
- Continues to work to defeat a Tier III

### **House and Senate:**

At this moment there are about 35 legislators who are not running for office in 2018. There will also be a reduced number of days during which the House and Senate will be in session. We encourage you to attend all opportunities to meet the newbies running for office in your district.

Beginning in January, SUAA will have a complete rundown of who is running for office throughout the state. Please consider sending information on the candidates you have knowledge of. This will be helpful in providing a balanced opinion of those who will be representing SUAA member districts.

### **Purpose of SUAA**

-Is to protect retirement security of all the past, present and future employees of Illinois public universities, community colleges and their survivors. SUAA will review and evaluate all proposed pension and retirement benefit initiatives and legislation to determine their compatibility with the association's goals, and where appropriate, publicly support or oppose such legislation, either with respect to specific components or in its entirety.

### **Bills being reviewed: (selected only two which could impact us):**

-SUAA is following SB 779 Tier III-house amendment 2-currently this bill has been re-referred to rules committee.

- HB 4143 Higher Education Centers Excellence (SB 2234)-currently this bill has been referred to Assignments.

### **Tiers 1,2 and 3**

Two major changes were included in the FY2018 budget. **First**, the impact of reducing the investment return actuaries assumed for the pension system assets, which significantly increased pension contributions. This will be phased in over five years.

**Second**, all employees hired since 2011 will be eligible for a new type of pension benefits called Tier 3. Unlike the existing Tier 1 and Tier 2 pension systems which provide employees a "defined benefit" package that guarantees a certain dollar value of retirement annuities over their lifetimes, Tier 3 employees will receive a much smaller "defined benefit" pension that will be supplemented with a "defined contribution" plan, the ultimate value of which will be determined by investment returns. Within this program, the state will shift the responsibility for the "employer contribution" to the pension systems from state government to local public-sector employers, like universities, community colleges and school districts. (The state will still maintain responsibilities for Tier 1 and Tier 2.)

### **Tier 1**

All remains the same, currently, for those who have retired prior to January 2011. Please remember the changes the state wanted to implement went to the State Supreme court, where SUAA was an instrumental member in having the changes found unconstitutional and thus vacated. As you may recall, Public Act 98-0599 which was passed on December 3, 2013, went to the Illinois Supreme court and was found unconstitutional. Thus, the act as it currently stands is gone, at least for now. Tier 1 does now have maximum pensionable earnings of \$270,000.

## **Tier 2**

In April and December 2010, Legislation was enacted which would create a two-tier benefit. This program would lower benefits for employees hired on or after January 1, 2011. Major benefit changes are:

- Increase full retirement age from 60 to 67.
- Early retirement from 55 – 62
- Reduction of final average salary from the highest four-year average to the highest eight-year average.
- A \$106,800 cap on pensionable earnings. (For 2018 and 2019 this will increase to \$112,408.42.)
- Reduction of the automatic cost of living adjustment from 3% compounded to the lesser of 3% or one half of the increase of the cost of the increase in Consumer Price Index, not compounded.
- Ten years of service
- If the traditional retirement benefit is selected the automatic annual increase applies.
- Retirees must choose their plan six months prior to retiring.
- Current employees pay 0.5% of earnings to help pay for the College Insurance Fund (CIP).

However, Public Act 96-0889 did not guarantee the future solvency of the affected funds. It was found that Tier 2 employees pay more than the full cost of their benefits, effectively subsidizing the state by helping to pay down the unfunded liability.

## **Tier 3**

SB 779 Tier 3-House amendment 2. This bill has been re-referred to the rules committee.

The Center for Tax and Budget Accountability found concerns from the SURS analysis of Tier 3 which could have a negative impact.

- If the employee's contributions don't cover all the costs associated with their benefits, local employers-and not the state -will be responsible for making up the difference.
- SURS also found the amount of money the system would need to invest each year to pay for the benefits its employees earn will become larger than the employees' contributions in FY 2020, with the gap widening over the next decade. (By 2027 employee contributions will cover just 80 percent of Tier 3 normal costs. Local colleges and universities will have to make up the difference.)
- Employees will pay a significantly higher proportion of their salary towards pensions than current employees. The concern is the percentage paying into this program will only continue to increase. These employees could find they will be paying 10.2 percent of their wages.

## **Pension benefits:**

- Most pension benefits are now covered by contract or property rights theories that generally protect previously accrued benefits.
- Illinois has one of the most stringent pension protections which bar benefit reductions.
- The Illinois Constitution of 1970 (Article XIII, Section 5) states  
"Membership in any pension or retirement system of the State, any unit

of local government or school district, or any agency of instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired”.

### **Summary:**

If you would like to review or see a comparison of Tier 1 and Tier 2 please go to SURS.ORG. Once there, find the tab (on the top row) and click on retirement plans. This tab will bring you to information on Traditional Plans, Portable Plans, and Self-Managed Plans. To make it easier, scroll down to the bottom of the list, (Traditional or Portable), and you will see a chart which shows you side-by-side the differences between Tier 1 and Tier 2.

As you can see, the fight is not over and all of us must remain vigilant and explain the consequences of lack of action, or thinking someone else will take care of it and all will be fine. This is not the case, so please remain a member and/or speak to an associate about becoming a member in SUAA and TCAA.

\*Information for this Article was found in SUAA mini-briefing November 10, 2017; SUAA release discussing the Legislative platform; SUAA Mini-briefing December 10, 2017; the Center of Tax and Budget Accountability; Civic -Federation Organization and SURS.

### **3. Health Insurance Update (CIP) - Eleonore Weber and Bob Witherspoon**

The intent of this article is to give you information about your options for health insurance. This is sometimes a very difficult process to work through, and it takes time to discover your options. There is no intent to give specific dates or prices beyond what we currently have been posted in the CIP website for 2018.

The article will help you find a program or decide on what you should consider.

Such as:

- I do not have Medicare.
- I will be retiring early and do not have Medicare. (We are working on the premise your educational institution is not providing health insurance after you retire)
- I will be retiring early and after I turn 65 I will have Medicare.
- I will be 65 and on Medicare; what are my options?

Before we begin discussing this let's be sure we are all on the same page.

Understanding what is meant by SURS, CMS, Social Security, Medicare, and Medicare Advantage.

### **SURS**

The State Universities Retirement System is responsible for establishing our members' insurance eligibility with the Department of Central Management Services (CMS) and the MyBenefits Service Center [www.MyBenefits.illinois.gov](http://www.MyBenefits.illinois.gov). SURS collects insurance premiums from monthly benefit payments and forwards the premium deduction to CMS. SURS abides by and acts in accordance with the rules set forth by the Department of Central Management Services, and applicable State of Illinois and Federal laws.

### **CMS**

The Department of Central Management Services is responsible for applying provisions of the State Group Insurance Act, and other applicable State and Federal laws to the administration of the College Insurance Plan, by establishing rules and provisions for the plan in accordance with the law, and setting premium rates for each plan year. They are also responsible for the contracting and monitoring of insurance carriers that provide benefit services to plan participants. As such, they act as an ombudsman between participants and carriers in the settlement of claims disputes as well as all benefit coverage issues. They also act as an oversight agency, in their capacity as the plan administrator, to make sure participating agencies are complying by the rules they have set forth for administration of the plan. CMS is also responsible for the design, maintenance, and support of the various Group Insurance Division computer systems.

### **Social Security**

Social Security is the federal government organization which we must enroll in when we turn 65, (if you were born between 1943 and 1954 the age is 66. After 1955 two months are added to each birth year until you turn 67. After 1960 the age is 67). You are eligible to sign up for reduced benefits when you are at least 61 and 9 months of age. You should apply at least three months prior to the time you would like your benefits to start. The easiest way to sign up is on your computer. If you are still working, you still need to sign up for Social Security, but you do not have to start receiving benefits. Once you start receiving benefits, at age 65, 66 or 67, you are automatically enrolled in Medicare. Please remember there is no way to opt out of Medicare. You are automatically enrolled in Medicare when you reach the appropriate age. Once you start to receive benefits, you are automatically enrolled in Parts A and B. Part A is free, but you will have to pay a given amount for Part B. Part D is prescription and is separate from Part A and B. Typically the payment is taken out of your social security earnings.

### **Medicare**

Even if you are not ready to retire you should still sign up for Medicare before your 65<sup>th</sup> birthday. You do not have to start Medicare if you are still working, and when you retire you have seven months to sign up for Medicare without facing any penalties for late enrollment.

**Transitioning to Medicare** - By Ken Piwowar (The complete articles may be found on the [Triton.edu/tcaa](http://Triton.edu/tcaa) website)

- You must be 65 years old
- Have 40 credits (formerly called "quarters") from your Medicare earnings over the years. (You can earn up to 4 credits per year while you are working and paying into Medicare via payroll deductions.)
- If you do not have 40 credits, you could also qualify for Medicare under your spouse, provided your spouse has 40 credits and is at least 62 when you turn 65. If this doesn't apply, you can still get Medicare with less than 40 credits, but you will have to pay higher premiums.
- Apply up to 3 months before the month of your 65<sup>th</sup> birthday. By doing this, Medicare becomes effective the first of the month you turn 65.
- The best way to apply for Medicare is online through the Medicare web site at [www.medicare.gov](http://www.medicare.gov). (If you are still employed you will be asked a few questions about your current employment). However, if you are uncomfortable with this, or do not have a computer you may call

Social Security at 1-800-772-1213.

- What does Medicare cover? Part A – Hospital and nursing home. Part A is free, although there are deductibles. Part B – Doctors, outpatient, lab tests, x-rays, and other medical services. The Part B premium is changes year to year. (The premium may be higher for individuals who may earn more than a specific amount, this once again changes from year to year.) There is an annual deductible for Part B. Part D: Prescription Drug coverage. Usually there is a monthly cost for this. Also remember Medicare does NOT cover dental or vision care.
- Do I need a supplemental plan? Yes, as Medicare does not cover everything. Supplemental insurance plans would help to fill in the gaps from Medicare. When you sign up for Medicare you may also review insurance policies which they recommend assisting you in filling in the gaps. Or you can talk to a broker and decide what you would like to do.

**Medicare Advantage under the College Insurance Program (CIP)** - This is a program offered by the State of Illinois for members who are retired and would like to have a central source for all their health insurance needs.

- This does not eliminate the need for you to pay Medicare from your Social Security. You still must do this. However, the Federal Government sends the money for your part of Medicare to the State for your health care needs. (Once enrolled in this program you will not use the red card given by Social Security. A Blue card is issued which you use for all your insurance needs.

- The State of Illinois is now responsible for your Health insurance needs. (Please review [Mybenefits.illinois.gov](http://Mybenefits.illinois.gov) or call 844-251-1777 for more information)

- This program covers health, dental and vision.

- The State of Illinois then determines year to year what your cost will be to maintain this program.

- When you sign up for this program it is almost forever, as if you decide to drop out of the program (currently) you cannot re-enroll.

### **Decision questions**

1. I do not have Medicare.
2. I will be retiring early and do not have Medicare.
3. I will be retiring early, and when I reach the age 65 I will have Medicare.
4. I will be 65 and on Medicare what are my choices?

### **I do not have Medicare?**

- If you do not have Medicare's required quarters (or credits) for eligibility to receive social security benefits, you may want to consider a part-time job to help build up your quarters (or credits) You will need a total of 40 quarters (or credits).
- If you still want Medicare, and would like to have it and not work the extra time to gain more quarters, you may pay a monthly fee from Medicare in which Social Security will bill you on a quarterly basis.

- At age 65, if the Social Security Administration (SSA) determines that a benefit recipient is not eligible for premium-free Medicare Part A based on his/her own work history, or the work history of a spouse at least 62 years of age (when applicable), the benefit recipient must request a written statement of the Medicare ineligibility from the SSA. Upon receipt, the written statement must be forwarded to the State of Illinois Medicare COB Unit to avoid a financial penalty. Benefit recipients who are ineligible for premium-free Medicare Part A benefits, as determined by the SSA, are not required to enroll into Medicare.
- At that time, you may be able to sign up for the College Choice Health Plan
- Once again it is important to review [Mybenefits.illinois.gov](http://Mybenefits.illinois.gov) or call 844-251-1777 for more information.

**I will be retiring early and do not have Medicare?**

- Prior to retiring, work with your Human Resources department to determine what your options are if your insurance within the school will terminate when you retire.
- One option you should have is to enroll in the College Choice Health plan through the State of Illinois. (Please review [Mybenefits.illinois.gov](http://Mybenefits.illinois.gov) or call 844-251-1777)
- You may apply for the College Choice Health Plan through the State of Illinois. Currently (January 1, 2018) the **benefit recipient** is paying the following:

**Managed care Plan (Open Access Plans (OAP) and Health Maintenance Organizations (HMO)**

Not Medicare Primary <u>Under Age 26</u>	Not Medicare Primary <u>Ages 26 – 64</u>	Not Medicare Primary <u>Age 65 and above</u>	Medicare Primary <u>All ages</u>
\$126.68	\$316.71	\$438.60	\$132.27
<b>Dependent Beneficiary:</b>			
\$506.74	\$1,266.84	\$1,754.40	\$529.10
<b>College Choice Health Plan:</b>			
\$139.25	\$348.11	\$408.87	\$113.28
<b>Dependent Beneficiary:</b>			
\$556.98	\$1,392.45	\$1,635.48	\$453.11

- Another option would be to work with someone (preferably a broker) who is familiar with the insurance industry and determine if there is a health insurance alternative for you.

**I will be retiring early, and when I reach the age of 65 I will have Medicare.**

- It is still very important to work with your Human Resources department to determine what your options are.
- You may also work with a broker within the insurance industry.
- You will still need to have some sort of insurance as Medicare will not start until the age of 65.
- An option is to sign up for the College Choice Health Plan through the State of Illinois. (See the rates above)
- At age 65 you can decide if you want to sign up for the Medicare Advantage College Insurance Program from SURS.
- For more information review the website [Mybenefits.illinois.gov](http://Mybenefits.illinois.gov) or call 844-251-1777.

### **I will be 65 and on Medicare, what are my choices**

- Medicare Part A (Hospital) is automatic when you turn 65 and there is no cost
- Medicare Part B (Doctor and outpatient) This part you must register for and there is a fee which usually comes from your social security check.
- Medicare Part D -Prescription. This is an extra step and there is a cost.
- Supplemental Insurance policy. (Medicare supplement insurance can be either a Medigap plan (labeled A through N plans) or retiree insurance from a former employer.
- The Federal Annual Medicare enrollment is usually from October 15 through December 7 of each year.
- If you choose this option it would be beneficial to work with a health insurance broker.

### **Medicare Advantage College Insurance Program which is referred to as Total Retiree Advantage Illinois and Trail-Medicare Advantage Prescription Drug (MAPD program)**

- The State of Illinois usually offers informational seminars throughout the state. Please review the website [Mybenefits.illinois.gov](http://Mybenefits.illinois.gov) or call 844-251-1777
- College Insurance Program (CIP) Medicare Requirements: (The presentations are usually taped for review for those individuals who are unable to make any of the seminars.)
- Each benefit recipient must contact the Social Security Administration (SSA) and apply for Medicare benefits upon turning the age of 65.
- If the SSA determines that a benefit recipient is eligible for Medicare Part A at a premium-free rate, CIP requires that the benefit recipient enroll in Medicare Parts A and B. Once enrolled, the benefit recipient is required to send a front side copy of the Medicare identification card to the State of Illinois Medicare COB Unit.
- This program provides medical, prescription, vision and dental insurance benefits for an annuitant receiving a monthly benefit or annuity from the State Universities Retirement System (SURS), and who was, prior to retiring, an employee of an Illinois community college.
- The Department of Central Management Services (CMS) has awarded contracts to the winning vendors of the following Medicare Advantage plan options for members of the College Insurance Program (CIP):
  - o Coventry Advantra (An Aetna Company) - a Medicare Advantage HMO Plan;
  - o Health Alliance MAPD - a Medicare Advantage HMO Plan;
  - o Humana HMO - a Medicare Advantage HMO Plan;
  - o UnitedHealthcare - a nationwide Medicare Advantage PPO Plan

**The enrollment period for the Total Retiree Advantage Illinois (Trail) (State Retiree Medicare College Insurance Advantage Plan). Selection of plans is usually between October 16 and November 16. The effective date of the new plan will be January 1, of the current year.**



To be included in the group who will be offered one of the Medicare Advantage College Insurance program plans, members must meet **BOTH** of the following criteria;

1. The member must be **enrolled** in Medicare Parts A and B, **AND**
2. If the member has dependents on his/her coverage, **ALL** the covered dependents must also be enrolled in both Medicare Parts A and B.

### **Additional information for the Total Retiree Advantage Illinois (Trail) (State Retiree Medicare Advantage Plan)**

- The cut-off date for the enrollment period this fall is set for members who are enrolled in Medicare on or before September 30, 201X. Members who turned 65 years of age on October 1, 201X, were included in the enrollment period this fall since their Medicare became effective prior to September 30, 201X. Members who turn 65 October 2, 201X, or after, are not eligible for TRAIL enrollment this year. They will remain in their current health plan through December 2018 and invited to enroll in TRAIL in the fall of 2018.

- TRAIL MAPD is a retiree healthcare program sponsored by the College Insurance Program (CIP).

- Medicare Advantage plans include prescription drug coverage. These plans are typically called "MAPD" plans.

- As a CIP member who is newly-eligible for enrollment in a TRAIL MAPD plan, you must make a choice during this TRAIL MAPD Open Enrollment Period to enroll in one of the plans offered. If you do not want TRAIL MAPD coverage, you can cancel which will terminate your medical and prescription drug coverage, as well as dental and vision coverage. Opting-out does not allow you to stay in your current CIP health plan.

- TRAIL MAPD plans are offered by private companies approved by Medicare. Medicare pays a fixed amount for your care each month to these companies.

- When you enroll in a Medicare Advantage Prescription Drug (MAPD) plan, you are no longer in Medicare, but still have the same basic required benefits services (plus) mandated as Medicare. The TRAIL MAPD plans provide all your Part A (hospital insurance) and Part B (medical insurance) benefits, including emergency and urgent care, and Medicare Part D (prescription drug) coverage.

- Is Medicare Advantage a Medicare Supplement or Medigap? No. Medicare supplement insurance fills gaps in Original Medicare coverage by helping to pay the portion of healthcare expenses that Original Medicare does not pay, such as deductibles and coinsurances.

- As a Medicare retiree enrolled in CIP, the health plan you had prior to being enrolled in the TRAIL MAPD Program paid your claims 'second' after Medicare. That means any medical claims you incurred were sent first to Original Medicare for payment and the remaining balance was sent to your CIP insurance plan.

- If I enroll in the CIP TRAILMAPD plan, will I still have Medicare? Yes, but you can only use your red, white and blue Medicare card for hospice care. All other

claims for your healthcare services (including prescription drugs) should be sent to your MAPD plan administrator for processing and benefit determinations.

[MyBenefits.illinois.gov](http://MyBenefits.illinois.gov)

- Do I need to continue to pay my Medicare premiums? Yes! To maintain your TRAIL MAPD plan health coverage, you must continue to pay your Medicare premiums.
- Can I stay enrolled in my current health plan? No. Medicare-eligible CIP members who want to continue medical, prescription drug, dental and vision coverage through the CIP are required to enroll in one of the TRAIL MAPD plans if they and their covered dependents are all enrolled in Medicare Parts A and B.
- Remaining in your current health plan is not an option. If you do not complete the online enrollment or call the MyBenefits Service Center to enroll by the November 16th deadline, we will assume you do not want the TRAIL MAPD coverage and your medical, prescription drug, vision and dental coverage will terminate effective January 1, 201X. If your CIP medical and prescription drug coverage is terminated, you will have Original Medicare only for your medical coverage and will need to enroll in a Part D prescription plan for prescription coverage.
- The Benefit Choice Period is usually May 1 – 31 of the current year. (It is important you review this at [MyBenefits.illinois.gov](http://MyBenefits.illinois.gov).)
- PPO networks are a nation-wide option for all members if chosen. Where as HMO are for the State of Illinois. It is important to review the programs, so you are sure the network is available within the area you live in.

**Current cost of Medicare Advantage College Insurance program within SURS**

**CIP MEDICARE ADVANTAGE PRESCRIPTION DRUG (MAPD) PLAN MONTHLY RATES FOR 2018**

	HMO'S	PPO
Member Rates	\$54.41	\$71.47
Dependent Rates	\$217.65	\$285.88

**Summary:**

We cannot emphasize enough that you do the research, talk with a insurance broker, your Human Resources Department or an individual from the State of Illinois ([Mybenefits.Illinois.gov](http://Mybenefits.Illinois.gov)) to get more information so you may make an informed decision on what your options are.

Eleonore Weber has worked with members in the TCAA chapter for over 5 years helping to make wise decisions which could impact their long-term health needs. What is great about her is she is local and loves to work with members of TCAA. Eleonore is an independent Insurance sales broker with Your Life Security. 312-953-1706 or [Eleonore.weber@yourlifesecurity.com](mailto:Eleonore.weber@yourlifesecurity.com) or [www.YourLifeSecurity.com](http://www.YourLifeSecurity.com))