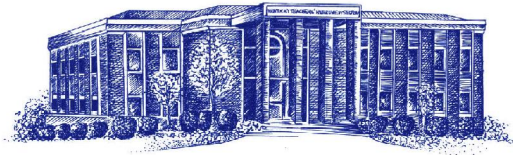


# KENTUCKY

## TEACHERS' RETIREMENT SYSTEM

SPECIAL RETIRED  
MEMBER EDITION



OCTOBER  
2012

***“MEHP” refers to the Medicare Eligible Health Plan.  
“KEHP” refers to the Kentucky Employees’ Health Plan.***

### **Medicare Eligible Health Plan ~ Age 65 & Over or Medicare Disabled ~ OPEN ENROLLMENT**

**LAST OPPORTUNITY TO ENROLL A MEDICARE ELIGIBLE SPOUSE  
DURING OPEN ENROLLMENT FOR THE 2013 CALENDAR YEAR  
~ OPEN ENROLLMENT begins October 15 and ENDS December 7, 2012 ~**

- ◆ If you and/or your spouse are currently enrolled in the KTRS MEHP, you do not need to do anything to continue coverage for 2013.
- ◆ If you are a Medicare eligible spouse of a KTRS retiree and not currently enrolled, this is your last opportunity to enroll in the KTRS MEHP during open enrollment.
- ◆ If you are the spouse of a retiree and wish to enroll after January 1, 2013, you must experience a valid KTRS qualifying event.

This is to inform eligible retirees and spouses, age 65 or older or Medicare disabled and not already enrolled in the **KTRS Medicare Eligible Health Plan (MEHP)**, that **OPEN ENROLLMENT begins October 15 and ENDS December 7, 2012**. If you and/or your spouse are currently enrolled in the KTRS MEHP, you do not need to do anything to continue your coverage into 2013. However, if you and/or your spouse are Medicare eligible and are not currently enrolled in the MEHP and wish to have coverage effective January 1, 2013, you may download an MEHP application at

[www.ktrs.ky.gov](http://www.ktrs.ky.gov) or you may contact KTRS at 1-800-618-1687 for an enrollment form and return the completed form with a copy of your Medicare card to this office by December 7, 2012. If you and/or your spouse are currently covered by KTRS insurance and are turning 65 between now and 2013, you will receive a KTRS informational packet regarding enrollment in the MEHP. Retirees have the option to enroll in future Open Enrollment periods or can enroll outside of Open Enrollment by showing evidence of a qualifying event within 30 days of the qualifying event date and by being enrolled in, at least, Part B of Medicare. But, if you are the spouse of a KTRS retiree you must have Parts A & B of Medicare and this is your last opportunity to enroll during Open Enrollment. Spouses who do not enroll during this Open Enrollment will only be eligible to enroll in the future if they experience a valid KTRS qualifying event such as the loss of other Employer/Retirement System sponsored coverage, expiration of COBRA, or death of the retired teacher. The spouse must show evidence of the valid KTRS

***continued on page 2 ... MEHP Open Enrollment***

qualifying event within 30 days of the qualifying event, must be enrolled in Medicare Parts A & B, must provide proof of marriage, a Medicare card and a completed MEHP application. See the MEHP Spousal Qualifying Events list enclosed.

For the calendar year 2013, the monthly cost for the KTRS MEHP is \$290 per person. Currently, KTRS pays all or a portion of the premium for retirees based on their KTRS entry date and years of service at retirement. Spouses of KTRS retirees pay full premium cost for their coverage, which will be \$290 for 2013.

In the KTRS MEHP, you must be careful to avoid any pitfall in which your KTRS MEHP would automatically be terminated. Enrolling in another Medicare Advantage plan or another Medicare Part D prescription drug plan other than the KTRS MEHP will **automatically** terminate your KTRS MEHP. This includes the plans through the Kentucky Retirement Systems. Medicare rules will not allow you to be enrolled in two Medicare Advantage plans and/or two Medicare Part D prescription drug plans at the same time. Your coverage will also be terminated in the event your Medicare Part B lapses or you do not sign up for Medicare Part B in a timely fashion. The standard Medicare Part B monthly premium for 2012 is \$99.90 to be paid directly to Social Security. The 2013 Part B premium is expected to be released by the Centers for Medicare and Medicaid Services in October 2012. Medicare charges a penalty for those who do not sign up for Medicare Part B or Part D when first eligible and some people with higher incomes pay higher premiums directly to Social Security (KTRS is not a part of this determination). However, if in the future you ever want to cancel your KTRS MEHP, you must submit your request to KTRS in writing. Do not contact Humana, Express Scripts, or Medicare to cancel your KTRS MEHP coverage.

*NOTE: Upon cancellation, spouses of retired teachers may not re-enroll in the KTRS MEHP without a valid KTRS qualifying event. Retired teachers, upon cancellation, may re-enroll during the KTRS MEHP annual Open Enrollment or with a valid KTRS qualifying event. All qualifying events must be reported within 30 days of the qualifying event date.*

Call KTRS at 1-800-618-1687 if you have further questions on the KTRS MEHP.

~ MEHP ~

## Vaccines and Immunizations

There are several types of immunizations recommended for the Medicare population. And, depending on Medicare rules, some claims for immunizations should be processed through your medical plan (Humana) and some should be processed through your prescription drug plan (Express Scripts).



The Zostavax (Shingles) vaccine can be given at any retail pharmacy or doctor's office and you must meet your \$150 retail prescription deductible and your applicable retail prescription coinsurance payment. Per Medicare rules, this claim must always be submitted to your Medicare Part D prescription drug plan, Express Scripts, since it is considered a Medicare Part D claim. If given in the doctor's office you must file a paper claim with Express Scripts yourself. The doctor cannot do that for you. However, to avoid the \$150 retail prescription deductible and pay only a flat co-payment, you can work with a KY Rx Coalition pharmacist, **in advance**, to have the shingles vaccine shipped to your doctor's office (providing your physician is willing) from Express Scripts Mail

*continued on page 3 ... Vaccines and Immunizations*

Order Pharmacy and administered by your doctor during your office visit. An administrative fee or office visit deductible/coinsurance might apply. Contact the KY Rx Coalition at 1-855-218-5979 for more information.

Unlike the Shingles vaccine, as described above, the flu and pneumonia vaccine claims should be submitted to your medical plan, Humana. This is because Medicare considers these vaccines to be

Medicare Part B claims. So, when getting the flu or pneumonia vaccines at the retail pharmacy, remember to give the pharmacist your Humana ID card, not your Express Scripts ID card. Important numbers the pharmacy will need to use from your Humana ID card are the BIN=610649 and PCN=03200004. There should be no cost to you if no other services are rendered. If you receive these immunizations at the doctor's office, the doctor will file the claim with Humana for you.

---

## ~ MEHP ~ **Spousal Eligibility Verification Program**

As part of our commitment to control health care costs and follow insurance industry best practices, Kentucky Teachers' Retirement System (KTRS) is taking steps to ensure that only eligible spouses are covered under the Medicare Eligible Health Plan (MEHP). To accomplish this, KTRS will be conducting a spousal eligibility verification program. This program is intended to ensure that each spouse enrolled in the MEHP is eligible for coverage.

The initial phase of the program is an Amnesty Phase which will take place during the MEHP Open Enrollment (October 15, 2012 through December 7, 2012). This phase allows each retiree the opportunity to remove an ineligible person who is not a legal spouse from the MEHP and provides adequate time to find other coverage for 2013 with no penalty to the retiree. The definition of a legal spouse is: A person of the opposite sex to whom you are legally married (Kentucky does not recognize Common Law Marriage).

To remove an ineligible person from the MEHP, simply write to KTRS requesting that the person be removed from coverage (all terminations are

effective the last day of a given month) and sign and date the request.

After the Amnesty Phase, KTRS will begin the Verification Phase for all spouses who are covered on the MEHP. The Verification Phase will begin on May 1, 2013 and KTRS may require a redacted copy (with SSN & monetary information stricken) of your 2012 federal tax return (Form 1040) showing the retiree and spouse as "Married Filing Jointly" or "Married Filing Separately" to verify that you are currently legally married to your covered spouse. If you file your taxes early and wish to verify your spouse prior to May 1, 2013, you may submit your redacted federal tax return to KTRS when it has been completed. Those who have not verified their covered spouse prior to May 1, 2013 may receive a verification letter requesting verification documents. Lack of response to KTRS's request

for verification of a spouse may result in loss of coverage for the unverified spouse. If you do not have to file federal or state taxes, KTRS may request another form of proof.



## Spousal Shared Risk Insurance Waiver Beginning in 2013 to Eliminate Adverse Selection

My house is on fire, may I buy fire insurance from you please? An eligible retiree may insure their Medicare eligible spouse in the retirement system's Medicare Eligible Health Plan (MEHP) by paying the full premium for coverage. Thereafter, the Medicare eligible spouse may decide to leave the KTRS MEHP plan to join a lower cost plan. Of course, the lower cost plan could be inferior insurance with high deductibles, coverage gaps, donut holes, and limited provider networks. The inferior insurance is not an issue when the spouse is healthy and using few prescription drugs; however, when the spouse becomes sick he or she tends to want to return to the higher quality KTRS MEHP plan during annual open enrollment. This is known as "adverse selection" against the KTRS MEHP plan, which ultimately can have a negative effect on the KTRS Medical Insurance Trust Fund. Adverse selection defeats the purpose of an insurance risk pool, whereby participants pay monthly premiums when they are healthy as well as sick.

Additionally, KTRS's contractual arrangements with Humana and Express Scripts Medicare plans provide for higher premiums if plan participation falls below 85% of existing participation. Because retirees' eligible spouses currently make up about 17% of the MEHP insured population, KTRS must act prudently on behalf of all the membership by tightening the qualifying event rules (see below) that currently permit a spouse who previously waived KTRS MEHP coverage to later reenroll in the KTRS MEHP plan.

**October 15 through December 7, 2012 is the last open enrollment opportunity for Medicare eligible spouses.** If you are a Medicare eligible spouse of a KTRS retiree and not currently enrolled in the MEHP, this is your last opportunity to enroll in the KTRS MEHP during open enrollment. If

you are a Medicare eligible spouse and wish to enroll after January 1, 2013, you must experience a valid KTRS qualifying event. Furthermore, if you are a Medicare eligible spouse and currently enrolled in the MEHP but terminate coverage in the future, you must have a valid KTRS qualifying event and Medicare Parts A and B to re-enroll in the MEHP. Also, if you are a Medicare eligible spouse of a retiree who did not enroll in KTRS insurance upon gaining Medicare, you must have a valid KTRS qualifying event to enroll in the future and you will only be eligible to enroll in the MEHP. **See the list below for MEHP Spousal Qualifying Events.** These reasonable and necessary steps will help insure the continuation of affordable MEHP medical insurance for all participants, both retirees and their spouses.

◆ **Marriage**

- New Spouses have 30 days from the date of marriage to enroll.

◆ **Spouse Losing other Employer/Retirement System Sponsored Coverage**

- Spouse must provide proof from employer/retirement system providing insurance termination date and reason for termination.
- Cannot be self-terminated.

◆ **Spouse's COBRA Expires**

- Spouse must provide a COBRA termination letter showing the date COBRA expires.
- Cannot be self-terminated.

◆ **Tag-along with Retiree**

- Spouse can be enrolled when Retiree enrolls because Spouse was unable to be covered due to Retiree not having KTRS coverage.

*continued on page 5...*  
**Spousal Shared Risk Insurance Waiver**

◆ **Death of Retiree**

- Spouses have 30 days from the Retiree's death to elect coverage or decline coverage. If coverage is declined or waived, it is a permanent election - no Qualifying Event will allow the surviving spouse to re-enroll.

◆ **Spouse Turning Age 65**

- Spouse must enroll in Medicare Parts A and B and enroll in the KTRS MEHP within 30 days of their 65th birthday.

\* **KTRS must receive all forms within thirty days of the qualifying event date.**

---

## **MEHP & KEHP 2013 Insurance Changes**

In 2013, there will be several significant changes for retirees with less than 20 KTRS years (or 27 KTRS years for entry after 2002). These changes will require these retirees to thoroughly review upcoming open enrollment options for the Under Age 65 (and not Medicare eligible) Kentucky

Employees' Health Plan (KEHP) and/or the KTRS Medicare Eligible Health Plan (MEHP). Retirees in this situation will now be responsible for an additional portion of their premium.



Retirees with retirement service in multiple Kentucky (state) retirement systems benefit from a reciprocal agreement that allows the retiree to choose insurance coverage with any of the systems in which he/she retired. The retirement system carrying the coverage then bills the other retirement system(s) for their portion of the retiree's premium. This reciprocity billing has been invisible to retirees.

### **Medicare Eligible Health Plan (MEHP)**

In 2013, the Kentucky Retirement Systems' (KRS) Medicare eligible premium is expected to be less than the Kentucky Teachers' Retirement

System's (KTRS) MEHP premium. KRS will only allow a bill for a portion of the lower KRS premium. Because of this discrepancy in premiums for 2013, reciprocity retirees with less than 20 years of KTRS service (or less than 27 KTRS years for retirees who entered after 2002) will be responsible for the balance of the premium in addition to any other portion of the premium for which he/she is responsible (Years of Service).

### **MEHP & KEHP Retirees Who Elected Actuarial Refund as an Option at KRS**

If you are a reciprocity retiree who elected an actuarial refund as your retirement option at KRS (forfeiting your right to health insurance) and you have less than 20 years KTRS service (or less than 27 KTRS years for retirees who entered after 2002), you will be responsible for that portion of your premium in addition to any other portion of the premium for which you are responsible (Plan Cost, Shared Responsibility, Years of Service, Smoker on KEHP, or Years of Service on MEHP).

### **Kentucky Employees' Health Plan (KEHP) Under Age 65 and Not Medicare Eligible**

As you may have heard, the Kentucky Retirement Systems will NOT be funding the non-single (Parent Plus, Couple, or Family) subsidies (ranging from \$36.24 - \$391.18 per month) in 2013.

*continued on page 6...*  
**MEHP & KEHP 2013 Insurance Changes**

If you are a reciprocity retiree with KRS service and elect KEHP coverage through KTRS in 2013, have less than 20 years of KTRS service (or less than 27 for retirees who entered after 2002), and select Parent Plus, Couple, Family, or Family Cross-Reference, you may receive only a portion of the family subsidy for that coverage. You will be responsible for the balance in addition to any other portion of the premium for which you are responsible (Plan Cost, Shared Responsibility, Years of Service, Smoker).

### **SUMMARY**

Retirees with less than 20 KTRS years (or less than 27 KTRS years for retirees who entered after 2002) will now be responsible for an additional portion of their premium in 2013. Please review your options carefully during Open Enrollment before making your decision regarding health insurance.

~ MEHP ~  
**New Humana  
Medicare ID Cards  
for 2013**

If you are currently on the KTRS Medicare Eligible Health Plan (MEHP), you should expect to receive new Humana ID cards sometime in December for the 2013 plan year. This is required by Medicare due to a change in group numbers for Humana.

At this time we do **NOT** expect to mail new Express Scripts Medicare ID cards for 2013. Please continue to use your current Express Scripts ID card. If you do not have an Express Scripts Medicare ID card, contact them at 1-877-866-5834.



**Medicare Eligible Health Plan  
MEHP OPEN ENROLLMENT**

**Last Opportunity to Enroll a  
MEDICARE ELIGIBLE SPOUSE  
DURING OPEN ENROLLMENT 2013**

**OPEN ENROLLMENT for 2013  
begins October 15 and ENDS December 7, 2012**

---

~ KEHP ~

## Enrollees Who Are Eligible for Medicare

In the past, KTRS has allowed under age 65 retirees and/or dependents who are eligible for Medicare to choose to continue to be covered on the under 65 Kentucky Employees' Health Plan (KEHP) or move to the KTRS Medicare Eligible Health Plan (MEHP). The cost to KTRS to cover a Medicare-eligible member on the KEHP with only secondary coverage is more than double the cost of the MEHP.

Effective January 1, 2013, anyone wishing to enroll in insurance through KTRS (including spouses) who is under age 65 and eligible for Medicare Parts A and B will only be allowed to enroll in the MEHP and not the KEHP. Those without Medicare Part B must enroll in Medicare Part B and move to the MEHP no later than July 1, 2013. (Medicare Part B enrollment is January through March for a July 1 effective date. Contact Social Security at 1-800-772-1213 to enroll in Medicare Part B.) **Anyone not obtaining Medicare Part B, will not be eligible for the KEHP or MEHP effective July 1, 2013.** All

spouses must obtain both Medicare Part A and Medicare Part B to be able to enroll in the MEHP. Also, if you are a Medicare eligible spouse of a retiree who did not enroll in KTRS insurance upon gaining Medicare, you must have a valid KTRS qualifying event after this MEHP open enrollment to enroll in the future and you will only be eligible to enroll in the MEHP. See the "Spousal Shared Risk Insurance Waiver Beginning in 2013 to Eliminate Adverse Selection" article on page 4 of this newsletter.

If you or any of your covered dependents are under age 65, enrolled in the KEHP, and have Medicare, please contact the KTRS office regarding your options for January 2013. An MEHP application, obtained by calling KTRS or from the KTRS website, must be completed and returned to KTRS to enroll in the MEHP.

These reasonable and necessary steps will help insure the continuation of affordable medical insurance for all KTRS participants.

### Kentucky Employees' Health Plan **KEHP OPEN ENROLLMENT**

Under Age 65 Retirees who are  
**NOT Eligible for Medicare**

**OPEN ENROLLMENT for 2013  
begins October 1 and ENDS October 31, 2012**

