



State of Alabama
STATE EMPLOYEES' INSURANCE BOARD
State Employees' Health Insurance Plan
Joe N. Dickson, Chairman
William L. Ashmore, CPA, Chief Executive Officer

February 24, 2010

MEMORANDUM

TO: Agency Personnel/Payroll Officers
FROM: Gary A. Matthews *GAM*
State Employees' Insurance Board
SUBJECT: Re-employed State Retirees

Congress recently passed the Medicare, Medicaid and SCHIP Expansion Act that established mandatory reporting requirements for group health insurance plans and included significant fines for employers that do not comply. To comply with these requirements, the State Employees' Insurance Board (SEIB) has to show that it is the primary payer for all employees covered by the State Employees' Health Insurance Plan (SEHIP), including re-employed Medicare retirees.

To assist re-employed Medicare retirees with the premiums for their primary coverage, the SEIB voted at its meeting on February 10th to establish a new employer premium to be paid by State agencies for re-employed Medicare retirees. The base premium for re-employed State Medicare retirees will be the non-Medicare retiree premium, which is currently \$181 per month, plus or minus the sliding scale adjustment, if applicable.

The SEIB will start billing State agencies for the employer premiums for re-employed Medicare retirees in the SEIB's monthly supplemental billings starting April 1, 2010. (Dependent premiums for re-employed State Medicare retirees will still be paid by the retirees through the monthly deduction from their retirement checks.)

To ensure that Medicare is not paying primary when the SEHIP should be the primary health insurance coverage for these employees and their dependents, we have designed a new health insurance form to be completed by all re-employed State retirees. (A copy of this form is attached.) Please have all re-employed State retirees complete one of these forms and submit them to us. Once we receive the completed forms, we will check to make sure that the SEHIP is not paying secondary to Medicare. If Medicare is the primary payer and the SEHIP is secondary, we will change the coverage and premiums so that the SEHIP is primary.

Also, it is very important that you let us know immediately when a re-employed State retiree is no longer employed so that we can change the coverage back to Medicare, when applicable. This will help Blue Cross Blue Shield and Medicare process the claims correctly and help health care providers and retirees avoid the hassles of reprocessing claims that were paid incorrectly.

Please remember that Medicare now has the authority to impose fines of \$1,000 per employee per day for failing to report information that causes them to incorrectly pay primary when another group health insurance plan like ours should rightfully be the primary payer. Therefore, it is imperative that we identify the individuals where Medicare should not be paying primary and ensure that the SEHIP is providing the primary coverage.

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