

**Department of Employee Trust Funds  
State Agency Health Insurance Administration Manual**

---

## **Chapter 10 — Retirement, Disability or Long-term Disability Insurance**

### **1001 Coverage – Requirements to Continue**

### **1002 Coverage for Former State Employees Whose Coverage Lapsed**

### **1003 Premium Payment**

## **1001 Coverage – Requirements to Continue**

Coverage under the State Group Health Insurance Program may be continued when an employee is eligible for a retirement benefit or applies for a Wisconsin Retirement System disability or Long-Term Disability Insurance (LTDI) benefit upon termination of employment. In addition, subscribers and their insured dependents who are continuing coverage must enroll in Medicare Parts A and B when first eligible. This is required by state statute, as the State Group Health Insurance Program is designed to integrate with, rather than duplicate, Medicare benefits. The group health insurance coverage will be converted to a plan that is integrated with Medicare effective on the first of the month in which the member is required to be enrolled in Medicare. The amount of the monthly premium will be reduced accordingly. Retrospective adjustments to premiums are limited to the shortest retroactive enrollment limit set by Medicare (90 days), in accordance with the Group Health Insurance Program contract.

**Note:** Active employees (non-annuitants) reported on the monthly invoices are not required to enroll in Medicare when first eligible and do not receive the Medicare reduced premium rate in the event they do enroll in Medicare.

### **Retirement Benefit**

Group health insurance coverage will automatically be continued if the employee retires on an *immediate annuity*. An immediate annuity is defined as a benefit that begins within 30 days after the employee terminates employment. This benefit can be a monthly benefit or a lump sum annuity. (Refer to Chapter 12 regarding the Accumulated Sick Leave Conversion Credit program.)

Health insurance coverage automatically continues for state employees upon retirement. If the retiring employee does not wish to continue health insurance coverage after retirement and wants to cancel coverage, ***ETF must receive that notification in writing with the member's signature PRIOR to their active employee coverage ending.*** If the retiring employee wishes to escrow/bank their unused sick leave credits upon retirement, they must contact ETF for information and a *Sick Leave Escrow Application* (ET-4305).

### **Disability or LTDI Benefit**

Insured employees applying for a WRS disability or LTDI benefits must pre-pay premiums through their employers until their WRS disability or LTDI benefit is approved by ETF, or else coverage will lapse.

Employees who are on an unpaid leave of absence immediately prior to termination, and whose coverage has lapsed due to non-payment of premiums, can reinstate coverage if an immediate WRS disability or LTDI benefit is taken. Once the WRS disability or LTDI benefit is approved, ETF will send the employee a letter and a *Group Health Insurance Application* (ET-2301) offering lifetime coverage under the State Group Health Insurance Program. The *Group Health Insurance Application* must be received by the deadline provided in the letter (30 days from the date of the letter). ETF will notify the employer when a disability or LTDI benefit is approved. The employer will then need to terminate the employee from active coverage. (Refer to Chapter 8.)

### **Termination with 20 Years of WRS Service; Not Taking Immediate Annuity**

Group coverage can be continued when terminating after age 55 (50 for protective category employees) when the employee has at least 20 years of WRS creditable service, even if an immediate retirement annuity is not taken. The employee completes and submits a *Continuation – Conversion Notice* (ET-2311) to ETF at the time of the employee's termination. (Refer to Chapter 9.)

### **Termination before Minimum Retirement Age with 20 Years of Service**

Insured state employees leaving state service before reaching minimum retirement age (therefore, not eligible for an immediate annuity) with at least 20 years of WRS creditable service who do not close their WRS account may continue coverage under the State Group Health Insurance Plan indefinitely. These employees are required to pay the full premiums. They cannot use sick leave credits to pay premiums or apply to escrow their sick leave credits until they later apply for their retirement annuity. At the time of termination the employer certifies the retiring employee's sick leave, but it is "suspended" or held until it is escrowed upon application for retirement (refer to Chapter 12). The employee must complete a *Continuation-Conversion Notice* and a *Group Health Insurance Application* if they wish to continue coverage until they formally retire.

For additional information, see the *Group Health Insurance* (ET-4112) booklet for retired state employees with 20 years of service who terminate employment and surviving spouses and dependents of insured employees.

## **1002 Coverage for Former State Employees Whose Coverage Lapsed**

Former state employees whose coverage has lapsed may be eligible to apply for coverage under the State Group Health Insurance Program if they meet one of the following conditions:

- Currently receiving a monthly annuity or took a lump sum annuity payment from the WRS.
- Terminated state employment before reaching their minimum retirement age of 55 (50 for protective category employees) with at least 20 years of WRS creditable service.

For additional information, see the *Group Health Insurance* (ET-4112) booklet for retired state employees, state employees with 20 years of service who terminate employment, and surviving spouses and dependents of insured employees.

## 1003 Premium Payment

Annuitant premium payments are made through one of the following methods:

- **Sick leave credits** - From sick leave credits until exhausted, Wis. Stat. § 40.05 (4) (b). Sick leave credits may be escrowed at the time of retirement if the employee is covered under comparable non-state health coverage. The employee should contact ETF for information and a *Sick Leave Escrow Application* (ET-4305).
- **Annuity Deduction** - Premiums are paid from a monthly retirement or disability annuity if the annuity is sufficient to cover the entire premium.
- **Direct Pay** - When the annuity is not sufficient to cover the entire premium, the health plan will directly bill the annuitant, and the annuitant will pay premiums directly to the health plan.
- **Group Life Insurance Conversion** - This program, governed by Wis. Stat. § 40.72 (4r) and Wis. Admin. Code ETF 60.60, allows eligible employees to convert their group life insurance to pay health insurance premiums. For more information, refer to the *Converting Your Group Life Insurance to Pay Health or Long-Term Care Insurance Premiums* brochure (ET-2325).