

# Enrolling in Health Benefits Coverage When You Retire

State Health Benefits Program and School Employees' Health Benefits Program

## ELIGIBILITY

The following full-time employees, who are eligible for employer-paid health insurance coverage **until their retirement date**, will be offered State Health Benefits Program (SHBP) or School Employees' Health Benefits Program (SEHBP) coverage for themselves and their eligible dependents when they retire:

- State employees, employees of State universities/colleges and autonomous State agencies and commissions, as well as local government employees who were covered by the State Health Benefits Program (SHBP).
- Members of the Teachers' Pension and Annuity Fund (TPAF) and school board or county college employees enrolled in the Public Employees' Retirement System (PERS) who retire with 25 years or more of service credit in the pension fund\* or who retire on a disability retirement, even if their employer did not cover its employees under the School Employees' Health Benefits Program (SEHBP). This also includes those who elect to defer retirement with 25 or more years of service credit in the pension fund.
- Members of the TPAF and PERS who **retired** from a board of education, vocational/technical school, or special services commission, with less than 25 years of service credit if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B.
- Participants in the Alternate Benefit Program (ABP) who retire with at least 25 years of credited ABP service\* or those who are on a long-term disability.
- Certain local policemen or firemen with 25 years or more of service credit in the pension

fund\* or retiring on a disability retirement if the employer does not provide any payment or compensation toward the cost of the retiree's health benefits in accordance with Chapter 330, P.L. 1997. A qualified retiree may enroll at the time of retirement or when eligible for Medicare.

## ENROLLMENT

Generally, your employer will continue to cover you in the active employee group for one month beyond your termination of employment. **Eligible members whose employer does not participate in the SHBP or SEHBP will be enrolled as of their retirement date.**

Continuation of your health benefits into retirement is **not automatic**. When the Division of Pensions and Benefits receives your *Application for Retirement Allowance*, notification is sent to the Health Benefits Bureau. If you file your application at least three months before your retirement date, you will be sent a letter offering you enrollment in the retired group of either the SHBP or SEHBP about two months before your retirement date. If applicable, the letter will include a rate chart showing the cost of coverage. You must complete and return the *Retired Coverage Enrollment Application* to be enrolled. If you are waiving coverage because of other coverage, an application must be submitted at the time of retirement in order to be eligible for enrollment if you lose the other coverage. If you do not submit an application within 60 days of your retirement date, you will not be permitted to enroll at a later date. If you are not eligible for employer-paid coverage, the premium will be deducted from your monthly retirement check, or you will be billed on a monthly basis if the amount of your retirement check is not enough to cover your premium.

**Note: Dual HMO enrollment is prohibited.** State statute specifically prohibits two members who are married to each other or who are civil union or domestic partners (see page 5) and who are **both**

\*See "Combining Service Credit from More than One Retirement System" on page 3.

enrolled in the SHBP or SEHBP from enrolling under two HMO plans. A member may belong to an HMO as a retiree or as a dependent but not as both.

**Prescription drug coverage is included in all retiree medical plans.** If you had dental care coverage through your employer you may be eligible to continue coverage through the Retiree Dental Expense Plan (see Fact Sheet #73, *Retiree Dental Expense Plan*, for more information).

### MEDICARE COVERAGE IS REQUIRED

***Retired group members and their dependents eligible for Medicare must enroll in Parts A and B of Medicare.*** Attach a photocopy of your and/or your dependent's Medicare ID card, or a letter of confirmation from Social Security stating the effective dates of Medicare enrollment, to the application for health benefits coverage. If you and/or your dependent is age 65 or have a Social Security Disability at retirement and have not enrolled in both Parts A and B of Medicare, you should contact Social Security to apply for Parts A and B Medicare coverage 90 days prior to your retirement date.

If you and/or your eligible dependents become eligible for Medicare due to turning age 65 or 24 months after approval of Social Security Disability after you retire, you and/or your dependents must enroll in Medicare Parts A and B. If you and/or your dependents do not enroll in both parts of Medicare when eligible, your health benefits coverage will terminate.

### Medicare Part D

The SHBP and SEHBP prescription drug benefits are equal to or better than the standard Medicare Part D plan, **most Medicare eligible retirees and/or their Medicare eligible dependents need not enroll in Medicare Part D.** If you or any of your eligible dependents enroll in a Medicare Part D plan, your medical plan benefits will continue, but your SHBP or SEHBP retiree prescription drug benefits will be terminated for you and all of your dependents. However, some retired members who qualify for limited income subsidy programs may find it beneficial to enroll in Medicare Part D.

### HOW MEDICARE AFFECTS THE COST OF RETIRED GROUP COVERAGE

If you are paying the full cost of your coverage, the cost generally decreases when you and/or your dependent enrolls in Medicare Parts A and B since most medical plans charge lower premiums for Medicare eligible members.

### COVERAGE COSTS

**State Employees and Employees of State Universities/Colleges:** If you had 25 or more years of service credited in one pension system **before** July 1, 1997, the State of New Jersey agreed to pay the full health benefit cost in retirement. In addition, you will be reimbursed for the standard cost of any Medicare Part B premiums paid by you and/or your spouse, civil union partner, or eligible same-sex domestic partner (see definitions on page 4).

If you attain 25 years of service **after** July 1, 1997 or retire on a disability retirement you may share in the health insurance costs according to the terms specified in the appropriate bargaining unit agreements in effect at the time you reached your 25 years credited in the retirement system or retired with a disability retirement. Any reimbursement of Medicare Part B premiums paid by you and/or your spouse, civil union partner, or eligible domestic partner may also be limited by the terms of the bargaining unit agreement.

If you are a State employee enrolled in the TPAF and you retire with 25 or more years of service in the retirement system or on a disability retirement, the State will pay for your health benefits coverage in retirement and you will be reimbursed for the standard cost of Medicare Part B premiums paid by you and/or your spouse, civil union partner, or eligible same-sex domestic partner.

State employees and employees of State universities/colleges who do not retire on a disability retirement or do not have 25 or more years of service credited in the retirement system at the time of retirement **pay the full cost** of health benefits coverage. Premiums are usually deducted from the monthly pension checks. If the monthly retirement allowance is not sufficient to cover the premium, you will be billed monthly.

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**School Board and County College Employees:**

The State of New Jersey, by law, pays for the health benefit cost for school board and county college employees who retire with 25 or more years of service credit in the retirement system and for those approved for disability retirement. In addition, the State will reimburse you for the standard Medicare Part B premiums paid by you and/or your spouse, civil union partner, or eligible same-sex domestic partner.

**Other Local Employees:** Chapter 48, P.L. 1999, gives local employers who participate in the SHBP the option of paying for the cost of health premiums and/or Medicare Part B premiums for their retirees, as negotiated with the various bargaining agents for their employees. Employers may pay for the following groups of retiring employees:

- Employees who retire on a disability retirement;
- Employees with 25 years of service in the retirement system. The employer may further require a certain number of years of service with that employer or that the employee be at least age 65 at the time of retirement;
- Employees who are at least age 62 with 15 or more years of service with the employer.

If the employer does not pay for retiree health benefit premiums or only pays for a portion of them, the retirees have deductions taken from their monthly pension checks. If the monthly check is not sufficient to cover the premium, the retiree is billed monthly.

**Some local employers** agreed before the enactment of Chapter 48, to pay under the provisions of Chapter 88, P.L. 1974, for the health benefits for employees who retired with 25 or more years of service credited in one retirement system and for those approved for disability retirement. These employers also agreed to reimburse those employees for the Medicare Part B premiums paid by the member and/or their spouse, civil union partner, (and in some cases an eligible same-sex domestic partner under Chapter 246, P.L. 2003 - see page 4). Check with your employer to determine if they adopted the provisions of these laws.

### COMBINING SERVICE CREDIT FROM MORE THAN ONE RETIREMENT SYSTEM

If you meet the eligibility requirements for enrollment in the SHBP or SEHBP at retirement, you may combine nonconcurrent service credit from more than one State or locally administered retirement system to meet the 25-year minimum for State- or employer-paid coverage.

To qualify for coverage based on combined service in more than one retirement system, you must:

- Retire and be receiving a retirement benefit **from each retirement system membership;**
- Have 25 or more years of nonconcurrent pension service credit in total;
- Retire from the last retirement system after August 15, 2001;
- Be eligible for SHBP or SEHBP coverage from your last employer; and
- Notify the Health Benefits Bureau that you have an aggregate of 25 or more years of nonconcurrent service in more than one public retirement system in New Jersey (see below).

Upon notification, the Health Benefits Bureau of the Division of Pensions and Benefits must verify your service with the different retirement systems before the concurrent service credit can be applied to meet the 25-year minimum for State or employer-paid coverage.

A retiree from the State, or from a participating local employer who has agreed by resolution to pay for the coverage of their retirees, must be eligible for employer-paid SHBP coverage immediately prior to retirement from the last contributing employer in the retirement system.

A school board or county college retiree must be eligible for employer-paid SEHBP coverage immediately prior to retirement or separation from the school board or county college. The school board or county college must have been your last contributing employer.

#### **Notification if You Qualify Due to Service in Two or More Retirement Systems**

If you retire from a position with the State or an employer who participates in the SHBP or SEHBP,

you will receive a health benefits offering letter for retired group coverage. When you respond to the offering letter, you should tell us that you have over 25 years of service in two or more New Jersey public retirement systems. You should identify the retirement systems so we can verify your service credit.

If you retire from a position with a school board or county college that does not participate in the SEHBP, the Health Benefits Bureau will not know to send you an offering letter. You must contact the Health Benefits Bureau of the Division of Pensions and Benefits and tell us you have over 25 years of service in two or more New Jersey public retirement systems. You should also identify the retirement systems so we can verify your service credit.

### ELIGIBLE DEPENDENTS

Your eligible dependents are your spouse, civil union partner, or an eligible same-sex domestic partner (see definitions below), and your unmarried children under age 23 who live with you in a regular parent-child relationship. Children may only be covered by one parent if both are eligible for SHBP or SEHBP coverage.

#### Definition

**Spouse** — This is a person of the opposite sex to whom you are legally married. A photocopy of the *Marriage Certificate* is required for enrollment.

**Civil Union Partner** — This is a person of the same sex with whom you have entered into a civil union. A photocopy of the New Jersey *Civil Union Certificate* or a valid certification from another jurisdiction that recognizes same-sex civil unions is required for enrollment. The cost of a civil union partner's coverage may be subject to federal tax (see your employer or Fact Sheet #75, *Civil Unions*, for details).

**Domestic Partner** — This is a same-sex domestic partner, as defined under Chapter 246, P.L. 2003, the Domestic Partnership Act, of any State employee, State retiree, or an eligible employee or retiree of a participating local public entity if the local governing body adopts a resolution to provide Chapter 246 health benefits. A photocopy of the New Jersey *Certificate of Domestic Partnership* dated prior to February 19, 2007 or a valid certification from another jurisdiction that recognizes same-sex domestic

partners is required for enrollment. The cost of same-sex domestic partner coverage may be subject to federal tax (see your employer or Fact Sheet #71, *Benefits Under the Domestic Partnership Act*, for details).

**Children** — This includes your unmarried children under age 23 who live with you in a regular parent-child relationship, your children who are away at school, as well as divorced children living at home provided that they are dependent upon you for support and maintenance.

If you are a single parent, divorced, or legally separated, your children who do not live with you are eligible if you can prove that you are legally required to support the children.

Stepchildren, foster children, and legal wards who are living with you may be included provided you can prove they are substantially dependent upon you for support and maintenance. An *Affidavit of Dependency* is required and is available from the Health Benefits Bureau.

Coverage for a dependent child ends on December 31 of the year in which the child turns 23 or at the end of the month in which they marry, enter a civil union, or become independent. An enrolled child over the age of 23 who is incapable of self-support due to mental or physical incapacity may remain covered if you file for continuance of coverage with the Health Benefits Bureau and the request is approved. **You must file your request for a continuance of coverage within 31 days of the dependent's termination date.**

#### Coverage for Over Age Children to Age 31

Chapter 375, P.L. 2005, provides for medical and/or prescription drug coverage for an over age child by blood or law who is under the age of 31; is unmarried; has no dependent(s) of his or her own; is a resident of New Jersey or is a full-time student at an accredited public or private institution of higher education; and is not provided coverage as a subscriber, insured, enrollee, or covered person under a group or individual health benefits plan, church plan, or entitled to benefits under Medicare.

Under Chapter 375, an over age child does not have any choice in the selection of benefits but is enrolled for coverage in exactly the same plan or plans (med-

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ical and/or prescription drug) as the covered parent has selected. The covered parent is responsible for the entire cost of coverage. There is no provision for eligibility for dental or vision benefits. For more information, see Fact Sheet #74, *Health Benefits Coverage of Children to Age 31*.

### **ADDING OR REMOVING A DEPENDENT FROM COVERAGE**

***It is your responsibility to notify the Health Benefits Bureau of any change in family status.*** If family members are not properly enrolled, claims will not be paid. You may file an application to add dependents within 60 days of a change in family status. Examples of family status changes include marriage, civil union, domestic partnership, birth, adoption of a child, or a change in your spouse's/partner's employment that significantly affects the health benefits coverage provided by your spouse's/partner's employer. The family member will be enrolled retroactively to the date of eligibility.

If the application to add a dependent is not received within 60 days of the status change the dependent coverage effective date will be the first of the month following 60 days of the Health Benefits Bureau's receipt of the application. For example, if you are married on January 5 but do not submit an application adding your spouse to health benefits coverage until March 15, the coverage effective date for your spouse will be June 1.

You may remove family members from coverage at any time but not retroactively. Decreases in coverage will be processed on a timely basis.

### **Divorce or Dissolution of a Civil Union or Domestic Partnership**

Coverage for your spouse ends at the end of the month in which you divorce. If you dissolve a civil union or domestic partnership, coverage for your partner ends at the end of the month in which the partnership terminates.

### **CHANGING PLANS**

You must complete a *Retired Coverage Enrollment Application* to enroll for health benefits as a new retiree, even if you are selecting the same plan (NJ

DIRECT, Aetna HMO, or CIGNA HealthCare HMO) you had as an active employee.

Thereafter, you may submit a *Retired Change of Status Application* to change your plan when the rate increases, or at any time provided that you have been with that same health plan for at least 12 months.

### **WAIVING COVERAGE IF COVERED BY ANOTHER HEALTH PLAN**

You may waive retired group health benefits coverage and retain your right to enroll at a later date if you are covered as an employee through other employment or as a dependent of your spouse, civil union partner, or eligible same-sex domestic partner in another group health plan.

If you lose your other coverage, you may enroll for health benefits coverage **within 60 days** of your loss of the other coverage. Proof of loss of the other coverage is required. Contact the Division of Pensions and Benefits to request enrollment.

### **Chapter 330**

If you are a member of the Police and Firemen's Retirement System (PFRS) and will be enrolling under the provisions of Chapter 330, P.L. 1997, you **must** waive your coverage if you have coverage through an *active employer*. See Fact Sheet #47, *SHBP Retired Coverage Under Chapter 330*, for more information.

### **WHEN HEALTH BENEFITS COVERAGE ENDS**

Coverage under retired group health benefits will terminate if:

- you formally request the termination in writing, or you complete a *Retired Change of Status Application* and select termination of coverage (***reinstatement will generally not be permitted***);
- your premiums are not paid;
- your plan discontinues services in your area and you do not submit an application to the Health Benefits Bureau to change to another plan;

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- your employer withdraws from the SHBP or SEHBP (**does not apply** to retirees who qualified for State-paid coverage; i.e. former employees of local school districts or county colleges, and municipal policemen and firemen who qualify under the provisions of Chapter 330, P.L.1997);
- you or your dependents fail to enroll in Parts A and B of Medicare when eligible;
- you cease to receive retirement benefits; or
- you die (see below).

**SPOUSE, CIVIL UNION PARTNER,  
OR DOMESTIC PARTNER COVERAGE  
WHEN THE MEMBER DIES**

Your spouse's/partner's coverage under your plan will terminate at the end of the month in which you die. However, your spouse or partner will be sent a letter and application offering continuation of coverage in the plan of their choice at their own cost. If your spouse or partner elects to continue health benefits coverage, they will be reenrolled for coverage, without a break in coverage, upon the timely receipt of the completed and signed application. If your spouse or partner will be receiving a monthly pension check large enough to cover the premium, the premium will be deducted from the payment. If your spouse or partner will not receive a pension check or if the pension check is not large enough to cover the cost, your spouse or partner will be billed monthly for the premiums.

Some local employers have agreed to pay for the coverage of spouses or partners of deceased

retirees; check with your employer to see if they provide this benefit. The State does not pay for the coverage of spouses, civil union partners, or domestic partners of deceased retirees.

**ADDITIONAL INFORMATION**

Information about your current health benefits plan, level of coverage, and dependent information can be obtained 24 hours a day, 7 days a week, by calling the Division of Pensions and Benefits' Automated Information System at (609) 777-1777.

Questions about enrolling in the SHBP or SEHBP, changing plans, adding or deleting coverage for family members, or the monthly premiums should be directed to the Division of Pensions and Benefits' Office of Client Services by calling (609) 292-7524; by e-mail at: [pensions.nj@treas.state.nj.us](mailto:pensions.nj@treas.state.nj.us) or by mail at the address shown at the bottom of this page.

Questions about whether a specific procedure is covered, the issuance of ID cards, or claim problems should be directed to the medical plan you selected. The plan telephone numbers are as follows:

**NJ DIRECT** 1-800-414-SHBP (7427);

**Aetna HMO** 1-877-STATE NJ (1-877-782-8365)

**CIGNA HealthCare HMO** 1-800-564-7642

**Forms and Fact Sheets**

All of the forms and fact sheets mentioned in this publication can be found on our Web site at:

[www.state.nj.us/treasury/pensions/pubslis.htm](http://www.state.nj.us/treasury/pensions/pubslis.htm)

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