

## Medical Subsidy

**This program is closed to Group I (Employee and Teacher) members as of July 1, 2009**

NHRS provides a medical insurance subsidy to qualified retired members. The Medical Subsidy is a payment made by NHRS to the retired member's former employer toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the Medical Subsidy.

Different provisions for the Medical Subsidy apply to Group I and Group II members.

### Medical Subsidy Rates

The monthly Medical Subsidy rates\* are:

1 Person – \$375.56

2 Person – \$751.12

1 Person Medicare Supplement – \$236.84

2 Person Medicare Supplement – \$473.68

\* Different rates apply for Group II Violent Accidental Disability retirees (see below).

### Medical Subsidy Payments

- NHRS makes Medical Subsidy payments directly to the retiree's former employer or to the former employer's insurer or health care administrator, applied toward the cost of health insurance. Medical Subsidy payments are not paid directly to the retiree.
- If the health insurance premium amount is less than the Medical Subsidy amount, then only the health insurance premium amount will be paid.
- If the health insurance premium amount exceeds the Medical Subsidy amount, then the retiree or other qualified person will be responsible for paying any portion that the employer does not pay. Premium amounts may be deducted from a retiree's or other qualified person's pension and remitted by NHRS to the employer or health care administrator.
- NHRS and the former employer must be notified of a retired member's divorce, qualified spouse's or beneficiary's death, and a qualified surviving spouse's remarriage or death. NHRS reserves the right to recover Medical Subsidy overpayments made on behalf of individuals who are no longer eligible.

## Eligibility

### Medical Subsidy for Group I (Employee and Teacher) Members

RSA 100-A:52-a provides a medical insurance subsidy to qualified retired teacher members and political subdivision employee members (employees of cities, counties, school districts, towns, and other units of local government). Pursuant to current law, the Medical Subsidy is not payable on behalf of Group I state employees who retire after July 1, 2004. State employees may contact the Department of Administrative Services, Division of Personnel at (603) 271-1432 to determine eligibility for health insurance after retirement.

Qualified Group I retirees, qualified spouses, and certifiably dependent children with a disability may be eligible for the Medical Subsidy under the following requirements:

- Members with at least 20 years of Group I creditable service retiring as a teacher or political subdivision employee who are eligible to retire on Service, Early Service, or Ordinary Disability Retirement on or before July 1, 2008 and who retire on or before July 1, 2009, will be eligible at age 60.
- Members with at least 30 years of Group I creditable service retiring as a Group I teacher or political subdivision employee who are eligible to retire on Service, Early Service, or Ordinary Disability Retirement on or before July 1, 2008 and who retire on or before July 1, 2009, will be eligible at ages 55 through 59.
- Members with at least 20 years of Group I creditable service who also have Group II service as a firefighter or police officer and who retire as a teacher or political subdivision employee on or before July 1, 2009, are encouraged to contact NHRS to determine eligibility for the subsidy.
- Each year of teacher job-sharing is counted as one-half of a year toward eligibility for the Medical Subsidy.
- Vested Deferred members must have retired on or before July 1, 2008 to qualify for the Medical Subsidy.
- Accidental Disability retirees must have retired on or before July 1, 2004 to qualify for the Medical Subsidy.

### Medical Subsidy for Group II (Police and Fire) Members

RSA 100-A:52 provides a medical insurance subsidy to qualified retired Group II (Police and Fire) members, qualified spouses, and certifiably dependent children with a disability.

To be qualified, Group II members must have been **active (actively contributing) or retired as of June 30, 2000**; and must be:

- An active Group II member at the time of retirement (members retired under Vested Deferred Retirement are ineligible for the Medical Subsidy); and
- Retired under one of the following provisions:
  - (1) A Service Retirement with a minimum of 20 years of Group II creditable service; or
  - (2) A Service Retirement at age 60 with no minimum service required; or
  - (3) An Ordinary Disability Retirement (non-duty-related)

In addition, members who meet either of the following criteria also qualify for the subsidy:

- Members who were active Group II members before July 1, 2005, and retire on Accidental Disability Retirement.
- Members who retire on Group II Violent Accidental Disability Retirement. **Note:** For these retirees only, the monthly subsidy is \$1,000 per person prior to Medicare Eligibility and \$630.36 per person following Medicare eligibility.

#### **Additional Details – Group I and Group II**

- Members may not use most service credit purchases made after 8/10/03, nor any prior military service, for the purpose of qualifying for the Medical Subsidy. Note: Any out-of-state service purchased under the now-repealed statute is also not counted toward Medical Subsidy eligibility.
- Qualified retirees, or other qualified persons, must participate in the health insurance plan of the retiree's former NHRS participating employer in order to receive the Medical Subsidy benefit. The qualified retiree must be the policyholder of the healthcare coverage.
- Qualified retirees who decline the Medical Subsidy because the health insurance coverage under the former employer's plan is duplicative of coverage available through another employer-sponsored plan will be permitted to return to the former employer's plan in order to receive the Medical Subsidy when the retiree is no longer eligible for the other employer-sponsored health insurance coverage. Qualified retirees who decline the subsidy at the time of retirement or who later discontinue coverage under the former employer's plan for any other reason will not be eligible for the Medical Subsidy if the retiree subsequently returns to coverage under the former employer's plan.

#### **Medical Subsidy for Beneficiaries**

Member's Death Prior to Retirement:

**Ordinary Death:** The surviving spouse of a member who dies while in service as the result of a non-job-related death qualifies for the Medical Subsidy until death or remarriage, provided that the surviving spouse is entitled to receive a monthly pension as a result of the member's death and was covered in the member's employer-sponsored plan before the member's death. A member's certifiably dependent children with a disability who are living in the household and being cared for by the member's qualified surviving spouse may be eligible for the Medical Subsidy regardless of age. Please contact NHRS for more information.

**Accidental Death:** The surviving spouse and the dependent children of a member who dies while in service as the result of a job-related-death qualifies for the Medical Subsidy, provided that the surviving spouse and children are not receiving and are not eligible to receive medical benefits from any other employer-sponsored plan. The subsidy is payable for children until age 18, or until age 23 if attending school full-time, and for the spouse until remarriage or death. A member's certifiably dependent children with a disability who are living in the household and being cared for by the member's qualified surviving spouse may be eligible for the Medical Subsidy regardless of age. Please contact NHRS for more information.

**Member's Death after Retirement:** The surviving spouse would qualify for the Medical Subsidy, provided the retiree qualified for the subsidy and the surviving spouse is eligible to receive a monthly pension. The subsidy ceases upon remarriage of the surviving spouse.

#### **Medical Subsidy for Qualified Spouses**

A qualified spouse will become ineligible for the Medical Subsidy if the following occurs:

- The retiree divorces the qualified spouse.
- A surviving spouse, who is receiving a pension, remarries.

### **Medicare Eligibility and the Medical Subsidy**

At age 65, or earlier if receiving Social Security Disability, the Medical Subsidy will be reduced to the Medicare Supplemental rate on the first of the month in which the member or spouse becomes Medicare eligible. If a retiree or spouse is not age 65, he/she will continue on the employer's group health insurance plan until attaining age 65. Medicare is not an NHRS benefit. Members must contact Social Security directly to confirm eligibility for Medicare.

Retirees are encouraged to contact Medicare regarding Part A and Part B, and the coverage each provides. To ensure continuation of coverage with a health insurance carrier, retirees are required to obtain Medicare Part B. Retirees must notify the former employer and NHRS of Medicare eligibility.

**IMPORTANT:** NHRS reserves the right to recover Medical Subsidy overpayments made on behalf of individuals who are Medicare eligible earlier than age 65.

#### **Medicare Eligibility – Group II**

- Individuals who became Group II members on or after April 1, 1986 pay the Medicare portion of Social Security and may be eligible for Medicare at age 65.
- Individuals who became Group II members prior to April 1, 1986 may become eligible for Medicare through a spouse's record, through an ex-spouse's record (if married for 10 or more years), or by purchasing Medicare coverage.
- Group II members must contact Social Security directly regarding eligibility for Medicare.

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