Retirees: You could lose your health coverage if you go back to work for the state

Due to changes mandated by the General Assembly to save state funds, retirees returning to work as temporary state employees could lose their retiree health insurance benefits – if they work more than 30 hours a week.

According to the changes, if retirees are reasonably expected to work more than 30 hours a week when rehired as temporary state employees, or find themselves actually averaging more than 30 hours a week, they will be forced into a new State Health Plan option titled the High Deductible Health Plan (HDHP), which was created to meet the Affordable Care Act (ACA) requirement that employers provide health insurance to fulltime temporary employees.

The High Deductible Health Plan is the equivalent of the lowest level health insurance benefits under the ACA (Bronze Plan) and has extremely high deductibles, copays and coinsurance.

Under this plan, deductibles are $5,000 per individual and $10,000 per family, with co-insurance ranging from 50 percent in-network to 60 percent out-of-network. Annual out-of-pocket maximums range from $6,450 per person in-network to $12,900 per person out-of-network, while family maximums range from $12,900 in-network to $25,800 out-of-network.

SEANC is urging retirees to think carefully before they jeopardize their earned retiree health insurance benefits and financial security by returning to state employment in a manner that forces them onto the HDHP.

As amended, G.S. 135-48-41(j) states that "If a retiree has been hired by an employing unit and is eligible for coverage under the [ACA High Deductible Health Plan], then the rehired retiree shall not, during the time of employment, be eligible for the retiree coverage."

Under this definition, those rehire retirees are deemed ACA Full-Time Employees if they are hired with the reasonable expectation of working 30 or more hours per week or if they average working 30 or more hours per week during a one year measurement period.

For those retirees who are currently back working for the state as temporary employees, the measurement period is November 1, 2013, to October 31, 2014. Those retirees should immediately compute their average weekly hours worked and if the average is over 30, consider stop working for the rest of this month in an attempt to bring their average below 30 hours per week for the past 12 months. If a retiree should determine that it is not possible to bring their average below 30 hours, then the only way to continue to keep their SHP retiree coverage will be to resign from their temporary job with the state at the end of 2014. Then, after an appropriate break in service *(see below)* they can try to return to work with the agreement that they will work less than 30 hours part week.

For those retirees with a break in service who are currently planning to return to work for the state as temporary employees, there is a way for a rehire retiree can be considered an ACA Non-Full-Time Employee, and as such can maintain their retiree coverage: the break in service must be 13 weeks or more (26 or more for educational organizations) and the rehire retiree must not be reasonably expected to work at least 30 hours a week.

However, even when rehired under such an expectation, the retiree must make certain they do not actually average more than 30 hours per week, because if they do over a year's time they will be put into the HDHP.

If you have any questions, contact SEANC's General Counsel Tom Harris or State Health Plan specialist Chuck Stone.