

## **Health Insurance Changes Resulting from Biennial Budget**

### **Cap on health insurance spending**

The cost of the state employee health plan is capped for the biennium (FY2012/2013) at FY2011 levels. The cap on plan spending affects active employees and retirees enrolled in the state employee group health plan.

In order to achieve flat funding at the FY2011 level the State Employee Health Commission has approved benefit design changes to the Point of Service (POS) plan, most of which are effective August 1, 2011.

### **Vesting period for retiree health benefits increased to 10 years**

For state employees first hired after July 1, 2011 10 years of participation in the group health plan is required in order to be eligible for state contribution to retiree health insurance premium. The graduated level of state contribution for employees first hired after July 1, 2011 is as follows:

- An individual with at least 10 years but less than 15 years will receive 50% of the individual premium
- An individual with at least 15 years but less than 20 years will receive 75% of the individual premium
- An individual with 20 or more years will receive 100% of the individual premium

### **Health insurance contribution for employees who retire early**

State employees who retire after January 1, 2012 will not be eligible for the state contribution to retiree health insurance premium until the employee reaches normal retirement age. This requirement does not apply to individual receiving disability retirement benefits.

### **Retiree contributions to health insurance premiums**

The proposal for retirees to contribute a portion of their health insurance premiums was rejected. Current retiree health premium contributions will remain in effect for current retiree and active employees who subsequently become eligible for retiree health benefits.