

Approved January 24, 1985
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS & BENEFITS

The meeting was called to order by REPRESENTATIVE DAVID F. LOUIS, CHAIRMAN at
Chairperson

9:00 a.m. Thursday, January 24, 1985 in room 527-S of the Capitol.
a.m./p.m. on _____, 19__ in room _____ of the Capitol.

All members were present except:

Rep. Bruce Mayfield-Excused Rep. Bob Ott-Excused
Rep. Ken Francisco-Excused

Committee staff present:

Alan Conroy
Mike Heim
Ben Barrett
Rosalie Black

Conferees appearing before the committee:

Ben Barrett, Kansas Legislative Research Department
Mike Heim, Kansas Legislative Research Department.

The meeting was called to order by Representative Louis, Chairman, who introduced Ben Barrett and Mike Heim to present interim committee reports.

Ben Barrett discussed school district and community college early retirement incentive programs from the House Standing Committee on Pensions, Investments and Benefits. See Attachment 1.

Mike Heim presented the report on health insurance for retirants', Interim Proposal #39, House Standing Committee on Pensions, Investments and Benefits. See Attachment 2. Also, Mr. Heim explained the 1985 Plan 65, Outline of Medicare Supplement Coverage offered by Blue Cross and Blue Shield of Kansas. See Attachment 3.

Meeting adjourned at 10:00 a.m.

Attachment I
Ben Barrett

MEMORANDUM

January 22, 1985

TO: House Standing Committee on Pensions, Investments and Benefits
FROM: Kansas Legislative Research Department
RE: School District and Community College Early Retirement Incentive Programs

Introduction

One of the recommendations of the House Committee on Pensions, Investments and Benefits pursuant in its consideration during the 1984 interim of Proposal No. 30 — Retirement Date for Teachers was that school districts and community colleges be surveyed to determine the extent to which early retirement incentive plans have been established and to identify the types of plans being used. Accordingly, the State Department of Education, in cooperation with the Legislative Research Department, has conducted such a survey. This memorandum reports the survey results.

Background

K.S.A. 72-5395 is a 1980 enactment which authorizes school district boards of education to establish early retirement incentive programs for the benefit of school employees. K.S.A. 1984 Supp. 71-212 contains a similar provision, enacted in 1981, which is applicable to community colleges. The purpose of such programs, according to these laws, is to reduce in whole or in part the penalty under Social Security or KPERs, or both, for opting for early retirement.

Findings

Some 22 of the 304 school districts (7.2 percent) currently have in place some type of early retirement incentive program. In addition, two school districts provide that persons who retire early remain eligible for an employee fringe benefit. In both instances, this means that the retiree participates in the district's contribution toward group health insurance premiums.

No community colleges have adopted early retirement incentive programs.

A similar survey, of school districts and community colleges was conducted in 1983. At that time, 16 school districts and no community colleges had such programs. Since the earlier survey, three districts — Shawnee Mission (USD 512), Fredonia (USD 484), and Oskaloosa (USD 341) — have discontinued their programs and nine districts — Wichita (USD 259), Abilene (USD 435), Nemaha Valley (USD 442), Dodge City (USD 443), Independence (USD 446), Winfield (USD 465), Herington (USD 487), Columbus (USD 493), and Satanta (USD 507) — have initiated such programs.

In summary, there appear to be about six basic variations among the districts in their approaches to providing early retirement incentives. These are:

1. the product of years of service recognized by KPERS and salary times a percentage factor that decreases with age (Nemaha Valley, Turner, Derby, Lawrence, Winfield);
2. a specific amount which is larger or smaller depending on salary and which takes into account age of retirement on a declining basis as age of retirement increases (Ottawa);
3. a benefit based on a percentage of salary — may include modifications for years of service and may contain a maximum benefit amount (Salina, Abilene, Topeka, Satanta, Independence, Hutchinson);
4. a specific amount which declines as retirement age increases (Minneola, Burlington, Alma, Herington);
5. a specific amount for each year of service (capped at 20 years) which declines with age of retirement and payment of an amount per day of unused sick leave (capped at 60 days) (Columbus); and
6. a computed amount specifically designed as an offset to the reduction in KPERS and Social Security benefits which result from early retirement (Dodge City, Russell, Gardner, Wichita, Conway Springs).

Two tables which provide more detail about the features of these programs are attached.

TABLE I

Summary of School District Early Retirement Incentive Programs — Coverage, Eligibility Standards, and Benefits

<u>School District</u>		<u>Employees Covered</u>	<u>Eligibility Standards</u>	<u>Early Retirement Annual Benefit</u>											
<u>Name</u>	<u>No.</u>														
Nemaha Valley	(442)	All Employees	Current employee 55-64 years old 15 or more years of service in district 30 or more years of service credit recognized by KPERS	Annual sum equal to the product of the number of years of service credit recognized by KPERS and the base contract salary of the employee in the year immediately preceding retirement times the following percentage factor: <table style="margin-left: auto; margin-right: auto;"> <tr> <td>age 55 - 2.0%</td> <td>age 60 - 1.0%</td> </tr> <tr> <td>age 56 - 1.4</td> <td>age 61 - 0.9</td> </tr> <tr> <td>age 57 - 1.3</td> <td>age 62 - 0.8</td> </tr> <tr> <td>age 58 - 1.2</td> <td>age 63 - 0.7</td> </tr> <tr> <td>age 59 - 1.1</td> <td>age 64 - 0.6</td> </tr> </table> Maximum — 50 percent of the employee's base contract salary at time of retirement.		age 55 - 2.0%	age 60 - 1.0%	age 56 - 1.4	age 61 - 0.9	age 57 - 1.3	age 62 - 0.8	age 58 - 1.2	age 63 - 0.7	age 59 - 1.1	age 64 - 0.6
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age 58 - 1.2	age 63 - 0.7														
age 59 - 1.1	age 64 - 0.6														
Turner	(202)	All Employees	Current full-time employee 60-64 years old 10 or more years service in district 20 or more years of service recognized by KPERS	Annual sum equal to the product of the number of years of service credit recognized by KPERS and the largest income of employee during any one of the last five years times the following applicable percentage factor: <table style="margin-left: auto; margin-right: auto;"> <tr> <td>age 60 - 1.0%</td> </tr> <tr> <td>age 61 - 0.9</td> </tr> <tr> <td>age 62 - 0.8</td> </tr> <tr> <td>age 63 - 0.7</td> </tr> <tr> <td>age 64 - 0.6</td> </tr> </table> Maximum — 50% of annual salary at time of retirement		age 60 - 1.0%	age 61 - 0.9	age 62 - 0.8	age 63 - 0.7	age 64 - 0.6					
age 60 - 1.0%															
age 61 - 0.9															
age 62 - 0.8															
age 63 - 0.7															
age 64 - 0.6															
Derby	(260)	All Employees	Current employee 60-64 years old 10 or more years of service in district	Annual sum equal to the product of the number of years' experience in KPERS and the highest annual salary for the last five years times the following applicable percentage factor: <table style="margin-left: auto; margin-right: auto;"> <tr> <td>age 60 - .70%</td> </tr> <tr> <td>age 61 - .65</td> </tr> <tr> <td>age 62 - .60</td> </tr> <tr> <td>age 63 - .55</td> </tr> <tr> <td>age 64 - .50</td> </tr> </table> Benefit is recalculated based on the factor for the individual's age for that year. Depending on date of birth, benefit could be paid for a period of up to five years and 11 months.		age 60 - .70%	age 61 - .65	age 62 - .60	age 63 - .55	age 64 - .50					
age 60 - .70%															
age 61 - .65															
age 62 - .60															
age 63 - .55															
age 64 - .50															

School District		Employees Covered	Eligibility Standards	Early Retirement Annual Benefit																																						
Name	No.																																									
Lawrence	(497)	All Employees	Current full-time employee 60-64 years old 15 or more years of employment in district 20 years or more of service credit recognized by KPERS	Annual sum equal to the product of the number of years of service credit recognized by KPERS and the largest base salary received during any one of the last five years times the following applicable percentage factor: age 60 - .60% age 61 - .55 age 62 - .50 age 63 - .45 age 64 - .40 The initial payment decreases each year in accord with the individual's age.																																						
Winfield	(465)	Certified Personnel	Current full-time employee 60-64 years old 15 or more years of service in district 25 or more years of service credit recognized by KPERS	Annual sum equal to the product of the number of years of service credit recognized by KPERS and the largest base salary received by the employee during any one of the last five school years times the following applicable percentage factor: age 60 - .60% age 61 - .55 age 62 - .50 age 63 - .45 age 64 - .40 The annual payment decreases each year in accordance with the age of the individual.																																						
Ottawa	(290)	Teachers	Full-time employee 55-64 years old 10 or more years of service in district 20 or more years of service recognized by KPERS	Benefit is a one time lump sum payment. <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Current Salary</th> </tr> <tr> <th>\$14,000 - \$14,999</th> <th>\$15,000 - \$15,999</th> <th>\$16,000 - \$16,999</th> <th>\$17,000 and Over</th> </tr> </thead> <tbody> <tr> <td>age 55-60</td> <td>\$ 3,500</td> <td>\$ 4,000</td> <td>\$ 4,500</td> <td>\$ 5,000</td> </tr> <tr> <td>age 61</td> <td>2,500</td> <td>3,000</td> <td>3,500</td> <td>4,000</td> </tr> <tr> <td>age 62</td> <td>1,500</td> <td>2,000</td> <td>2,500</td> <td>3,000</td> </tr> <tr> <td>age 63</td> <td>500</td> <td>1,000</td> <td>1,500</td> <td>2,000</td> </tr> <tr> <td>age 64</td> <td>—</td> <td>—</td> <td>500</td> <td>1,000</td> </tr> </tbody> </table>						Current Salary				\$14,000 - \$14,999	\$15,000 - \$15,999	\$16,000 - \$16,999	\$17,000 and Over	age 55-60	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000	age 61	2,500	3,000	3,500	4,000	age 62	1,500	2,000	2,500	3,000	age 63	500	1,000	1,500	2,000	age 64	—	—	500	1,000
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age 64	—	—	500	1,000																																						
Salina	(305)	Certified Employee Building Administrator Central Office Administrator	Full-time employee 60-64 years old 15 or more years of service in district	40 percent of present salary plus \$100 per year for each year of service from 15 to 20 years and \$200 per year for each year of service beyond 20 years in district. Maximum benefit is \$10,000. Benefit is same amount each year until reaching age 65, or the end of the school year age 65 is reached.																																						

<u>School District</u>		<u>Employees Covered</u>	<u>Eligibility Standards</u>	<u>Early Retirement Annual Benefit</u>
<u>Name</u>	<u>No.</u>			
Abilene	(435)	Certified Employee	59-62 years old 15 or more years of service in district	20 percent of present salary plus additional \$200 per year for years of service between 15 and 20 years and \$300 per year for each year of service beyond 20 years in district. Maximum — \$9,000 per employee. Fringe benefit at the rate being paid at retirement is paid through the month the employee becomes 62.
Topeka	(501)	Certified Employees	Current full-time employee 62-65 years old 15 or more continuous years of service in district Qualified and eligible to receive KPERs retirement benefits	One-third of base pay of a beginning teacher in effect at the time early retirement commences.
Satanta	(507)	Certified Employees	Current full-time employee 62-64 years old 15 or more years of continuous full-time service in district Eligible to receive KPERs benefits	One-third of base pay of a beginning teacher in effect at the time early retirement application is filed.
Independence	(446)	Teachers	Current full-time employee 62-65 years old 10 or more years service in district 20 or more years of service recognized by KPERs	Annual sum equal to the following percentage of last contract salary in district: age 62 - 18% age 63 - 13 age 64 - 9 age 65 - 6 maximum cost - 46%
Hutchinson	(308)	Administrative Certified Classified	Full-time employee 60-64 years old 15 or more years of credited full-time service in district, of which the last 10 years must be consecutive 20 or more years of service recognized by KPERs and eligible for KPERs benefits	10 percent of previous year's salary.

School District		Employees Covered	Eligibility Standards	Early Retirement Annual Benefit
Name	No.			
Minneola	(219)	Full-time Certified Employees	Current full-time employee 62-64 years old 15 or more years of service in district	age 62 - \$3,600 age 63 - \$3,600 age 64 - \$3,600
Burlington	(244)	Certified Employees	Current certified employee of district 60-65 years old on or before June 30 15 or more years of service in district	age 60 - \$3,750 age 61 - \$2,600 age 62 - \$2,000 age 63 - \$1,250 age 64 - \$1,000 age 65 - \$750
Alma	(329)	Certified Employees	Certified full-time employee 60-65 in the current school year 15 or more years of certified full-time employment in district	age 60 - \$3,000 age 61 - \$2,500 age 62 - \$2,000 age 63 - \$1,500 age 64 - \$1,000 age 65 - \$500
Herrington	(487)	Certified Employees	Current employee 60-64 years old 15 or more years of full-time employment in district 20 or more years of service credit recognized by KPERS	age 60 - \$2,500/not to exceed \$12,500 age 61 - \$2,000/not to exceed \$8,000 age 62 - \$1,500/not to exceed \$4,500 age 63 - \$1,000/not to exceed \$2,000 age 64 - \$500
Columbus	(493)	All Employees	Current employee 62-65 years old 15 or more years of service in district	age 62 \$60 per year (20 year maximum) and \$20 per day unused sick leave (60 day maximum) — \$2,400 maximum age 63 \$40 per year (20 year maximum) and \$20 per day unused sick leave (60 day maximum) — \$2,000 maximum age 64 \$20 per year (20 year maximum) and \$20 per day unused sick leave (60 day maximum) — \$1,600 maximum age 65 \$10 per year (20 year maximum) and \$20 per day unused sick leave (60 day maximum) — \$1,400 maximum
Dodge City	(443)	All Employees	Current employee 62-64 years old 10 years of credit recognized by KPERS (vested)	Annual sum equal to 150 percent of the difference between what employee would have received from KPERS and social security upon retirement at age 65 and what employee would receive from KPERS and social security with early retirement.

School District		Employees Covered	Eligibility Standards	Early Retirement Annual Benefit
Name	No.			
Russell	(407)	Teachers	Current full-time employee 60-64 years old 10 or more years of employment in district 20 or more years of service credit recognized by KPERS	Difference between the benefit the teacher would receive under KPERS if the teacher was 65 at the time of early retirement and the benefit received by the teacher taking early retirement at a .3 percent penalty for each month between early retirement date and age 65.
Gardner	(231)	Full-time Teachers	58 years old 22 years of service in district	<p>age 58-59 amount equal to projected benefits at age 65 from KPERS and social security</p> <p>at age 60 benefit reduced by the amount of the KPERS benefit available at age 60</p> <p>at age 62 benefit further reduced by amount of social security benefit available at age 62</p>
Wichita	(259)	Member of an Employee Group that has Elected to Participate in Program	Vested member of KPERS 60-64 years old 15 years or more in a permanent position that was at least half-time Participate in retirement counseling offered by school district	<p>Difference between the KPERS early retirement benefit and the amount the retiree would have been eligible to receive under KPERS if employee had been 65 at the time of retirement (excluding purchased or repurchased KPERS credit).</p> <p>From age 60 to 62, an amount equal to the social security benefit the retiree would have been eligible to receive if the employee were age 62. This benefit is reduced by 5 percent for each year of an employee's qualified service less than 20 years.</p>
Conway Springs	(356)	All Employees	60-64 years old Covered by KPERS	Difference from the amount at the full retirement benefit age and whatever is paid by retiring early.

Source: Copies of early retirement policies provided by school districts. Twenty-two of the 304 school districts currently have such policies.

Kansas Legislative Research Department
January 22, 1985

TABLE II

Summary of School District Early Retirement Incentive Programs — Miscellaneous Provisions

<u>School District</u>		<u>Voluntary Program</u>	<u>Makes Eligibility Determination</u>	<u>Application for Early Retirement — Filing Deadline</u>	<u>Payment Method</u>	<u>Other Benefits</u>
<u>Name</u>	<u>No.</u>					
Nemaha Valley	(442)	Yes	Central Office	April 1 preceding anticipated retirement date	Lump sum—January	May continue in district's health insurance program
Turner	(202)	Yes	Assist. Superintendent	April 1 preceding anticipated retirement date	Lump sum—January or July	May continue in district's health insurance program
Derby	(260)	Yes	Not Stated	Not Stated	Monthly	May continue in district's health insurance program District maintains life insurance policy as defined in negotiated agreement during early retirement period. Retiree may continue voluntary life insurance deductions in effect at retirement date.
Lawrence	(497)	Yes	Department of Personnel	April 1 preceding anticipated retirement date	Lump sum—January or July of each year at employee's option	May continue in district's health insurance program
Winfield	(465)	Yes	Superintendent	April 1 preceding anticipated retirement date	Lump sum—January or July, at employees option, or by 12 monthly payments if employee maintains school district's health insurance program	May continue in district's health insurance program
Ottawa	(290)	Yes	Superintendent	April 1 preceding anticipated retirement date	Lump sum—July or, as designated by employee, in January	May continue in district's health insurance program
Salina	(305)	Yes	Director of Personnel	April 1 preceding anticipated retirement date	Lump sum—January or July, at the request of the employee	May continue in district's health insurance program
Abilene	(435)	Yes	Superintendent	April 1 preceding anticipated retirement date	Monthly	May continue in district's health insurance program

<u>School District</u>		<u>Voluntary Program</u>	<u>Makes Eligibility Determination</u>	<u>Application for</u>	<u>Payment Method</u>	<u>Other Benefits</u>
<u>Name</u>	<u>No.</u>			<u>Early Retirement --</u>		
Topeka	(501)	Yes	Office of Personnel Services	April 1 preceding anticipated retirement date	Monthly—beginning 30 days after final payment of last employment contract	May continue in district's health insurance program
Salanta	(507)	Yes	USD Board	By March 1 of any contract year	Monthly	May continue in district's health insurance program
Independence	(446)	Yes	Superintendent	April 1 preceding anticipated retirement date	Lump sum—January or July of each year at employee's option	May continue in district's health insurance program
Hutchinson	(308)	Yes (But, must be approved by superintendent)	Not Stated	Not Stated	Lump sum—in January	Receives paid full family or full single membership health insurance coverage, as provided by district
Minneola	(219)	Yes	USD Board	May 15—preceding anticipated retirement date	Lump sum—January (alternative is possible between October and June of school year)	May continue in district's health insurance program
Burlington	(244)	Yes	USD Board	January 1 preceding anticipated retirement date	Lump sum—January (alternative is possible between October and June of school year)	For six months, may continue in district's health insurance program at person's own expense
Alma	(329)	Yes	USD Board	April 1 preceding anticipated retirement date	Lump sum—in January (alternative is possible between October and June of school year)	May continue in district's health insurance program
Herington	(487)	Yes	USD Board	May 1 preceding anticipated retirement date	Lump sum—After January 1 and before June 30 as requested by employee. Alternative methods are possible	May continue in district's health insurance program
Columbus	(493)	Yes	Not Stated	January 1 preceding anticipated retirement date	Not stated	—
Dodge City	(443)	Yes	Superintendent	January 15 preceding anticipated retirement date	Lump sum in January or June at employee's option	May continue in district's health insurance program
Russell	(407)	Yes	Superintendent	April 1 preceding anticipated retirement date	Lump sum—January or July, at teacher's option	May continue in district's health insurance program

<u>School District</u>		<u>Voluntary Program</u>	<u>Makes Eligibility Determination</u>	<u>Application for Early Retirement — Filing Deadline</u>	<u>Payment Method</u>	<u>Other Benefits</u>
<u>Name</u>	<u>No.</u>					
Gardner	(231)	Yes	Superintendent recommendation to Board	Not Stated	Lump sum twice per year—at end of August and end of January (optional—payment for first year can be made as a lump sum in January)	May continue in district's health insurance program
Wichita*	(259)	Yes	Not Stated	January 31 preceding anticipated retirement date or another date established by the Personnel Services Division	Monthly	May continue in the district's health insurance program Life insurance provided by district on the same basis as applied to member at time of retirement
Conway Springs	(356)	Yes	Not Stated	May 15 preceding anticipated retirement date	Lump sum—by February 1	Full-time employees—\$1,000 per year toward health insurance coverage; Part-time employees—\$600 per year toward health insurance coverage

* Continued participation is contingent upon the employee group's willingness to allocate from within its salary benefit package its share of the cost of the program, as determined by the administration.

Note: Shawnee Heights (USD 450) reported its early retirement policy applies to teachers and administrators. It is applicable at ages 60-64 and it permits teachers and administrators to participate in the negotiated fringe benefit program — basically a contribution toward a health insurance premium. To qualify, a person must have had at least eight contract years in the district. Girard (USD 248) reported that it has an early retirement incentive program which consists of payment of a single member Blue Cross-Blue Shield health insurance policy from age 62 to age 65.

Source: Copies of early retirement policies provided by school districts. Twenty-two of the 304 school districts currently have such policies.

Kansas Legislative Research Department
January 22, 1985

MEMORANDUM

January 4, 1985

TO: House Standing Committee on Pensions, Investments, and Benefits

FROM: Mike Heim, Kansas Legislative Research Department

RE: Health Insurance for Retirants' Survey

A health insurance for retirants questionnaire with an explanatory memorandum was mailed to the 105 county clerks, and to the city managers or other financial officers of the 24 cities of the first class on December 3, 1984. A copy of the questionnaire which was to be returned by December 28, and a memorandum are attached (see Attachment I). Where responses were not received (approximately 30), a telephone call was made to obtain the information.

Of the 24 cities of the first class, 14* cities stated they did not provide health insurance coverage for retired employees by either paying a portion of the costs or by permitting retirees to continue as part of the health insurance group.

Nine cities responded that retired employees were permitted to continue as part of the health insurance group, but that the retirant had to pay 100 percent of the health insurance costs. Only one city, Wichita, out of all the cities and counties surveyed, reported that it paid a portion of the costs for retirants.

Responses and the extent of information provided by the cities which provide health insurance coverage for retired employees to the remainder of the questionnaire varied considerably. The following is a brief description of the information provided for each city.

Atchison has a self-insurance program covering three retirees which has existed for one year. There is a \$200 deductible with an 80/20 percent coinsurance provision on the next \$1,500 in the group policy.

Coffeyville has a plan with Blue Cross-Blue Shield where an individual pays 50 percent of his health care costs up to \$500 (\$1,000 for family coverage) then the insurer pays 100 percent of the costs.

* These 14 cities include: Dodge City, Emporia, Fort Scott, Garden City, Hutchinson, Junction City, Lawrence, Liberal, Manhattan, Olathe, Overland Park, Parsons, Pittsburg, and Shawnee.

The City of Lawrence and several counties stated they provided health insurance benefits for retirees since retired employees were allowed to continue as part of the group health plan for six months after retirement or termination. These local units were not counted as providing health insurance benefits for retirees for the purposes of this memorandum since state law requires insurers to provide a six month right of continuance and conversion of group sickness and accident insurance (see L. 1984, ch. 172).

Kansas City has four options for employees and retirants including a plan with Connecticut General Insurance, and three health maintenance organizations including Kansas City Health Care, Total Health Care, and Health Plan of Mid-America. There are approximately 40 retirants who participate. The Connecticut General Plan has a \$100 deductible and a 90/10 percent coinsurance feature.

Leavenworth has a Blue Cross-Blue Shield plan with a \$100 individual deductible and a \$200 family deductible and an 80/20 percent coinsurance provision on the next \$200 for individuals, and \$400 for family policies.

Lenexa permits early retirees to remain part of the group until age 65. The insurance plan features a \$100 deductible for single and a \$200 for family coverage with an 80/20 percent coinsurance provision on the next \$4,500 for single and \$9,000 for family policies.

Newton reported 19 retirees participated in either the Blue Cross-Blue Shield plan or in the Family Health Plan (HMO) of Newton. The Blue Cross plan has a \$10 deductible with an added \$350 deductible on major medical coverage.

Prairie Village reported coverage for retirees through two HMO's, Prime Health, and Total Health Care.

Salina has a shared pay program for employees and retirees until age 65 with Blue Cross-Blue Shield. There is a 50/50 percent coinsurance provision on the first \$500 for single coverage, and \$1,000 for family coverage.

Topeka reported fire and police department personnel could continue under the city's health care plan until age 65.

Wichita is the only local unit surveyed which reported a program whereby the city continued to pay a portion of health insurance costs for retirees who may remain part of the group until age 65. The city pays 75 percent of the premium costs, the same as with active employees. Spouses of retirees are also permitted to remain a part of the group plans until age 65, but must pay the full cost of the program. A more lengthy explanation of the Wichita program options is attached (see Attachment II).

Of the 105 counties, 89 reported they did not provide health insurance coverage for retired employees in any fashion, whereas 16 counties reported retirees could remain as part of the county group, but they had to pick up the full cost of the health insurance.

The following is a brief description of each of the 16 county programs where retirees were allowed to remain part of the group.

Atchison County responded that the county had a health insurance plan with Blue Cross-Blue Shield with a \$100 deductible for single, and \$200 deductible for family, with a 80/20 percent coinsurance provision on covered services thereafter.

Clark County reported health insurance coverage with Blue Cross-Blue Shield.

Clay County reported health insurance coverage for retirees including a former county engineer, health nurse, and noxious weed supervisor. The plan is with Blue Cross-Blue Shield with a \$100 deductible with no coinsurance provision.

Cloud County reported a plan with Blue Cross-Blue Shield with a \$100 deductible for single, and \$200 deductible for family coverage with a 80/20 percent coinsurance provision on the next \$1,000.

Crawford County reported 44 retirants participate in a Blue Cross-Blue Shield plan that features a \$10 deductible.

Doniphan County stated that six retirees and four of their spouses participate in a county plan provided by Blue Cross-Blue Shield.

Douglas County retirees have three options including HMO Kansas, Health Care Plus, and a Blue Cross-Blue Shield plan described as basically a major medical plan only. The Blue Cross plan has a \$300 deductible for the single plan and \$600 deductible for the family plan with an 80/20 percent coinsurance provision on the next \$400 for singles, and \$800 for families. Three retirees participate.

Edwards County reported a plan providing a \$10 deductible for hospital costs and a \$200 deductible for major medical expenses.

Johnson County reported retirees may join any of four HMO's including Prime Health, Total Health, Kansas City Health Care, and Health Plan of Mid-America. Two retirees participate.

Lyon County stated a Blue Cross-Blue Shield plan serves five retirees. The plan features a \$10 deductible for hospital, \$200 deductible for major medical, and an 80/20 percent coinsurance provision.

Osborne County reported a plan with Blue Cross-Blue Shield that featured a \$10 deductible.

Rice County reported a Blue Cross-Blue Shield plan which has a \$200 individual, and \$400 family deductible with an 80/20 percent coinsurance provision on the next \$200 for single, and \$400 for family.

Saline County said the county had a Shared Pay Plan with a \$250 deductible for single, and \$500 deductible for family coverage.

Seward County reported a plan with Washington National Insurance Company which has a \$100 deductible and an 80/20 coinsurance provision. Three retirees participate.

Trego County reported a plan with Blue Cross-Blue Shield with a \$200 major medical deductible. One retiree is currently participating.

Wallace County reported a plan with Blue Cross-Blue Shield with a \$10 hospital deductible and a \$100 major medical deductible.

NOTICE TO ALL PARTICIPATING IN THE CITY OF WICHITA'S GROUP HEALTH INSURANCE PLANS

November, 1984 was the "open enrollment" period for employees to change health insurance coverage for 1985. As you know, NO switching between plans is permitted at any time other than this prescribed open enrollment period, which is in November of each succeeding year, for effective coverage the following January 1st.

In addition to Blue Cross-Blue Shield and Health Care Plus (HCP), the City offered a third alternative health plan.....HMO-KANSAS, which is another Health Maintenance Organization program similar to HCP. The Personnel Office conducted employee meetings during November at various on-site city locations in order that representatives from BC/BS, HCP and HMO-KS could explain the range of benefit coverage, distribute written brochures describing the benefits, and answer employees' questions.

The rates for the period January 1, 1985 through December 31, 1985 are listed as follows:

BLUE CROSS-BLUE SHIELD

<u>Type Coverage</u>	<u>Total Mo. Premium</u>	<u>City's Mo. Share</u>	<u>Emp. Mo. Share</u>	<u>Emp. Bi-weekly Deduction</u>
1. Family	\$ 199.90	\$ 150.00	\$ 49.90	\$ 24.95
2. Single	82.20	65.00	17.20	8.60
3. Single Medicare Exclusion Rider (MER)	36.62	27.46	9.16	4.58
4. Single + Single MER	118.82	92.46	26.36	13.18
5. Two MER's	73.24	54.92	18.32	9.16

HEALTH CARE PLUS

1. Family	\$ 183.78	\$ 150.00	\$ 33.78	\$ 16.89
2. Single	64.94	64.94	---	--
3. Single Medicare Supplement (MS)	52.48	27.46	25.02	12.51
4. Single + Single MS	171.34	92.46	78.88	39.44
5. Two MS's	158.88	54.92	103.96	51.98

HMO-KANSAS

1. Family	\$ 189.60	\$ 150.00	\$ 39.60	\$ 19.80
2. Single	71.28	65.00	6.28	3.14
3. Single Medicare Exclusion Rider (MER)	51.66	27.46	24.20	12.10
4. Single + MER	122.94	92.46	30.48	15.24
5. Two MER's	103.22	54.92	48.30	24.15

These rate changes will become effective with the December 21, 1984 payroll check for JANUARY 1, 1985 coverage.

Under BC/BS, effective 1/1/85, there will be a change in the Major Medical deductible from the current \$200-\$400 TO \$300 per single member, \$600 per family per contract year, and a change in how admission deductibles and co-insurance apply for hospital services for newborns. Currently, well-baby expenses are considered as part of the total maternity expense of the mother and only one admission deductible and co-insurance apply. However, the new policy charges the newborn with an admission deductible and co-insurance for those hospital services (even if the mother's deductible has been satisfied). Formerly this happened only when the newborn required hospitalization independent of delivery. This means that each newborn (well or ill) will have an admission deductible of \$100 for hospital services. The co-insurance limit for hospital services is \$200 per family per year.

Under HCP, there will be a slight change in the hospital endorsement, which changes the \$100 a day co-payment (which is based on a \$200 maximum for a single and \$500 maximum per family per contract year) to a \$50 a day co-payment with a 5-day maximum on a single contract and a 10-day maximum on a family contract. This will generate new maximums of \$250 per single member and \$500 per family in a contract year.

* * * * *

Word has been received regarding two changes in the rules previously established by the Tax Equity & Fiscal Responsibility Act (TEFRA), which may affect employees in the City of Wichita's Group Health Plans, who have spouses age 65-69.

The first change affects active employees and/or their spouses who are between the ages of 65 and 69. When an employer offers FAMILY coverage through its group, the employee and/or the spouse who is age 65 through 69 will have the right to elect either the group coverage or MEDICARE as primary payer of medical expenses after JANUARY 1, 1985. This reverses the earlier decision this year that ruled Medicare as primary carrier, and at that time we advised family coverage to insure better coverage. We are now advising the use of Medicare Exclusion Rider for the employee over 65, Single + Single MER for one spouse under 65 and one over 65, or two MER's for both employee and spouse 65 to 69.

The second change removes the penalty imposed by the Federal Government for active employees and/or their spouses who do not enroll in MEDICARE coverage when they first turn 65. Previously the Federal Government increased the cost for MEDICARE Part B by 10% for each year a person was late enrolling. The late enrollee also had to wait for the MEDICARE open season. After JANUARY 1, 1985, there will be no penalty if the active employee and/or spouse elects the employer's group coverage at age 65. Also, they will be allowed to enroll in MEDICARE during specified periods other than the "open season" when they are no longer eligible for the employer's group coverage.

These changes can be implemented on the first day of any month, but the rules require that the CITY OF WICHITA have these changes implemented by JANUARY 1, 1985. Therefore, it is imperative that employees contact the Retirement & Insurance Office ON OR BEFORE NOVEMBER 30, 1984 if you have a spouse who currently is 65 through 69 (or who will be in this category in the year 1985) in order that we may obtain a "Health Care Selection Card" for January 1, 1985 coverage.

If you have any questions, please contact the Retirement & Insurance Office, 268-4549 or 268-4540.

MEMORANDUM

December 3, 1984

TO: County Clerks and City Administrators
FROM: Mike Heim, Kansas Legislative Research Department
RE: Health Insurance for Retirants Survey

The House Standing Committee on Pensions, Investments, and Benefits, chaired by Representative Bob Ott of Salina, has directed that a survey be conducted o counties and cities of the first class to determine the extent of health insurance benefits provided retired employees. Enclosed is a copy of a survey questionnaire which asks a series of questions regarding this subject and a return envelope.

The survey questionnaire should be returned by Friday, December 28, 1984. If you have any questions please feel free to call Mike Heim, Legislative Research Department at (913) 296-3181 for clarification. Your cooperation in this matter will be greatly appreciated.

If you have any brochures or other materials which describes health insurance benefits provided retired employees, please forward this information along with the completed survey.

Q84-248/MH

HEALTH INSURANCE FOR RETIRANTS QUESTIONNAIRE

County or City _____

Name of Person Completing Form _____

Telephone Number _____

1. Does your county or city provide health insurance coverage for retired employees by either paying a portion of the costs or permitting them to continue as part of the health insurance group? Please specify.

(If the answer to question No. 1 is No, please disregard the remainder of the questionnaire and return it as completed.)

2. What portion of the costs, if any, are paid for by the county or city?
3. What portion of the costs does the retiree pay?
4. What eligibility requirements must be met by retirees?
5. Briefly describe the scope of the health insurance coverage and exclusions.
6. What is the deductible amount?
7. Is there a coinsurance provision? If so, what is it?

8. What is the name of the insurance company that provides the retirant coverage?
9. How many retirees participate?
10. How long has the program been in existence?

If you have pamphlets or materials describing your health insurance program for retirants please mail them with the completed questionnaire.

1985

PLAN

65

Outline of Medicare
Supplement Coverage
Offered By

Blue Cross and Blue Shield
of Kansas

This folder provides a brief description of some important features of your contract. However, the contract itself sets forth in detail the rights and obligations of both you and Blue Cross and Blue Shield of Kansas. **IT IS IMPORTANT THAT YOU READ YOUR CONTRACT CAREFULLY.**

Form Numbers 80-1000, 80-1031 and 80-1582

Blue Cross and Blue Shield of Kansas is not connected with Medicare in its solicitation or issuance of coverage.

Plan 65 may not be cancelled or nonrenewed by Blue Cross and Blue Shield of Kansas solely on the ground of deterioration of health.

First - You Need MEDICARE

There are two parts to Medicare:

- 1) **Hospital Insurance (Part A)** - to help pay for the cost of hospitalization and related services.
- 2) **Medical Insurance (Part B)** - for Medical-Surgical and Outpatient Services. Nearly everyone age 65 and over is eligible to receive these benefits and is automatically enrolled.

Next - You Need BLUE CROSS and BLUE SHIELD of Kansas PLAN 65

to provide some benefits not included in the hospital and medical insurance programs of Medicare. **Plan 65 does not provide benefits which are available through Medicare, even though the applicant may not be covered under Medicare.** This is why it is important for you to have the medical insurance program of Medicare. **If you are not enrolled, we urge you to contact your local Social Security Office for the details of Medicare benefits and the rates.** Medicare and Plan 65 benefits are described on the following pages of this booklet. Plan 65 benefits are shown in the third column.

There is no Health Statement for anyone enrolling in Plan 65.

HOSPITAL

Service	Medicare Pays*
<p>Hospitalization. . . semi-private room and board, general nursing and miscellaneous hospital services and supplies.</p> <p>Includes meals, special care units, drugs, lab tests, diagnostic x-rays, medical supplies, operating and recovery room, anesthesia and rehabilitation services.</p>	<p>First 60 days - All but \$400</p> <p>61st to 90th day - All but \$100 a day</p> <p>Lifetime reserve days, 91st to 150th - All but \$200 a day</p> <p>Beyond 150 days - No coverage</p>
<p>Posthospital Skilled Nursing Care. . . In a facility approved by Medicare, you must have been in a hospital for at least three days and enter the facility within 30 days after hospital discharge and for the same diagnosis.</p>	<p>First 20 days - 100% of costs</p> <p>Additional 80 days - All but \$50 a day</p> <p>Beyond 100 days - No coverage</p>
<p>Private Duty Nursing and Out-Of-Hospital Prescription Drugs</p>	<p>No coverage</p>
<p>Home Health Services, other than doctor's services.</p>	<p>Covers unlimited visits when accompanied with a treatment plan set up and certified by a doctor (not subject to deductible and coinsurance).</p>

*See Benefit Period on page 8

4

BENEFITS (Part A)

Plan 65 Pays	You Pay
<p>First 60 days - \$400</p> <p>61st to 90th day - \$100 a day</p> <p>91st to 150th day - \$200 a day</p> <p>Beyond 150 days - Pays for covered services for an additional 365 days per lifetime after Medicare lifetime reserve days have been used.</p>	<p>Only for uncovered services</p> <p>Only for uncovered services</p> <p>Only for uncovered services</p> <p>Only for uncovered services</p>
<p>First 20 days - No coverage needed</p> <p>Additional 80 days - \$50 a day</p> <p>Beyond 100 days - No coverage</p>	<p>Only for uncovered services</p> <p>Only for uncovered services</p> <p>All charges for days beyond 100</p>
<p>No coverage</p>	<p>For all services</p>
<p>No coverage needed</p>	<p>Only for uncovered services</p>

5

MEDICAL-SURGICAL BENEFITS (Part B)

Service	Medicare Pays	Plan 65 Pays	You Pay
Medical Expense... Doctor's services, inpatient and outpatient medical services. Ambulance, durable medical equipment and medical supplies are also covered.	80% of reasonable charge (after a \$75 deductible).	20% of charges accepted by Medicare and the \$75 deductible.	Nothing - if your doctor accepts Medicare Assignment. You will be responsible for the difference between the Medicare allowance and the doctor's charge if your doctor does not accept Medicare Assignment.
Outpatient Physical Therapy...	80% of reasonable charge (except a limit of \$500 in a calendar year for services of independent licensed physical therapists in office or patient's home (after a \$75 deductible).	20% of charges accepted by Medicare and the \$75 deductible.	Anything over the \$500 amount allowed by Medicare and the difference between the Medicare allowance and the doctor's charge if your doctor does not accept Medicare Assignment.
Out-Of-Hospital Psychiatric Services	50% of customary charges accepted by Medicare with a maximum of \$250 each calendar year.	No coverage for outpatient psychiatric services.	50% of the first \$500 of allowable charges and any additional expense over that amount.
Home Health Services, other than doctor's services.	Unlimited visits (if not covered by Medicare Hospital benefits) when accompanied by a Treatment Plan.	No coverage needed	Only for uncovered services

LIMITATIONS

The charts summarizing Medicare benefits in this outline of coverage only briefly describe such benefits. In addition to the exclusions listed in the brochure, no coverage is available under either Medicare or Plan 65 for the following:

1. Custodial nursing home care.
2. Intermediate nursing home care costs.
3. Most dental care and hospital admissions for such care. Examples are: treatment, filling, removal or replacement of teeth; root canal therapy; surgery for impacted teeth; other surgical procedures involving the teeth or structures directly supporting teeth.
4. Routine physical examinations and tests; immunizations except injection of pneumococcal vaccine; routine foot care.
5. Hearing aids and examinations for them, or consultations about them.
6. Eyeglasses or contact lenses and examinations for them, or consultations about them, unless for replacement of the lens following cataract surgery.
7. Benefits considered medically unnecessary by a committee of doctors representing Medicare will not be paid by Plan 65.

BENEFIT PERIOD

A benefit period begins when a patient enters a qualified hospital and ends after 60 consecutive days out of the hospital or a Skilled Nursing Facility.

CARE RECEIVED OUTSIDE THE USA

When Medicare coverage is not available outside the USA, Plan 65 **hospital** coverage is provided for 120 days per spell of illness for covered inpatient care or the hospital's charges for covered outpatient care.

When Medicare coverage is not available outside the USA, Plan 65 medical-surgical coverage is provided up to a maximum payment of \$1,000 each calendar year for covered services and subject to the limitations shown in the contract.

You must be traveling (not residing) in the foreign country for these benefits to be available.

This coverage is designed to supplement Medicare by covering some hospital, medical and surgical services which are partially covered by Medicare. Coverage is provided for hospital inpatient charges and some physician charges, subject to any deductibles and co-payment provisions which may be in addition to those provided by Medicare, and subject to other limitations which may be set forth in the policy.

This policy does not provide benefits for custodial care such as help in walking, getting in and out of bed, eating, dressing, bathing and taking medicines. Also, benefits for hospital stays which began before the policy is effective are not covered until six months of coverage have elapsed.

The Health Care Financing Administration or its Medicare publications should be consulted for further details and limitations of Medicare benefits.

HOW TO GET PLAN 65

All Kansans except those in Johnson and Wyandotte Counties age 65 and over may enroll in Blue Cross and Blue Shield of Kansas Plan 65.

Existing Subscribers:

- If you are already enrolled in Plan 65, you **do not** need to fill out an Application Card or any other form of communication.
- If you are presently enrolled in regular Blue Cross and Blue Shield of Kansas coverage, **you will be automatically transferred to Plan 65 at age 65 unless you notify us to the contrary or unless your group has a special Retiree Program.**

New Applicants:

- Whenever you become 65 - You may apply for Medicare benefits **and Plan 65** any time **during the 60 days prior to your 65th birthday**, and for sixty (60) days following your 65th birthday.
- For those missing their first opportunity to enroll, a Plan 65 open enrollment period is usually held during the first three months of the year.

There is no Health Statement, and no health conditions are excluded for anyone enrolling in Plan 65 when they first become 65 or if they enroll during the specified open season. If both you and your spouse are 65 years of age or over and not presently enrolled, two (2) application cards must be completed.

WHAT ABOUT COVERAGE FOR DEPENDENTS UNDER 65

Present Subscribers

- Your spouse may keep the present coverage on a single membership or a family membership if there are unmarried dependent children. Most Blue Cross and Blue Shield of Kansas contracts currently cover unmarried dependents to age 23. However, be sure to check your contract. Write Blue Cross and Blue Shield of Kansas for rate information.

For New Subscribers

- Your spouse under 65 and unmarried children under 23 can apply for Blue Cross and Blue Shield of Kansas basic coverage when you apply for Plan 65.

HOW TO REPORT PLAN 65 CLAIMS

You should carry your Identification Card with you at all times. When you receive a service, show your Identification Card.

Your Medicare coverage always pays **first**. To collect Medicare benefits, follow the instructions in "Your Medicare Handbook."

The Plan 65 contract pays **second**. In most cases your claim will be processed automatically if your Blue Cross and Blue Shield of Kansas identification number is shown on your Medicare claim form and if your claim is processed by Blue Cross and Blue Shield of Kansas. If your Medicare claim is **not** processed by Blue Cross and Blue Shield of Kansas, you should send in the "Explanation of Medicare Benefits" form sent to you by Medicare. Be sure to include your Plan 65 identification number when submitting claims.

WHAT DOES PLAN 65 COST?

The 1985 monthly rate is \$38.73 per person.

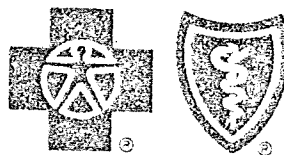
Blue Cross and Blue Shield of Kansas reserves the right to change subscribers' rates upon proper notification of the subscriber and approval by the State Insurance Department.

For additional information write:

Customer Service Department
Blue Cross and Blue Shield
of Kansas
1133 Topeka Ave., P.O. Box 239
Topeka, Kansas 66629

(Representative's signature)

(Date)



Blue Cross and Blue Shield
of Kansas