FAQs – Delaware House Bill 81

1. How will the employee contributions for health insurance change as a result of House Bill 81?

Currently, full-time benefits-eligible employees are provided Flex Credit to cover the full cost for the First State Basic plan. The employee pays the difference between the cost of the First State Basic plan and whatever health plan they select.

Pursuant to HB 81, effective July 1, 2012, there will be a fixed cost share established for each of the health plans offered by the University through the State of Delaware group, including the First State Basic Plan.

2. I am a retiree but am not yet eligible for Medicare. Does HB 81 affect how much I will pay for my health insurance?

Under current law, UD Retirees and State of Delaware pensioners who are not yet eligible for Medicare pay the difference between the cost of the First State Basic plan and whatever health plan the retiree/pensioner elects.

Effective July 1, 2012, the same cost shares referenced in #1 above will apply to UD retirees (and State pensioners*) who are not yet eligible for Medicare.

* For State Pensioners only: State share is based on the Pensioner’s date of hire and years of service. Full, or 100% State share, is applicable to Pensioners with at least 20 years of pension-creditable service, or who were hired prior to July 1, 1991.

3. I am a retiree who is also currently enrolled in Medicare. Does HB 81 affect how much I will pay for my health insurance?

No. HB 81 only affects employees who retire after July 1, 2012. As a result, if an employee’s last day of employment is June 30, 2012 or earlier, and therefore retires on or before July 1, 2012, the retiree is eligible for 100% University contribution or, in the case of pensioners, a pro-rated State share based on their date of hire and years of service.

4. Is Double State Share being eliminated for new employees as of January 1, 2012?

Yes. Double State Share will be eliminated for new employees hired on or after January 1, 2012, as well as employees/retirees if they become benefit-eligible (or marry another benefit-eligible employee/retiree) on or after January 1, 2012.

5. Will Double State Share change for those who are currently eligible?

Yes. Effective July 1, 2012, employees/retirees who are Double State Share eligible will have to pay a $25 charge per month for the health plan they select. If the employees enroll in Employee and Spouse or Family plans, a single $25 per month charge will apply. If the employees enroll in separate plans (for example - two Employee Only plans or one Employee Only plan and one Employee and Children plan) a $25 per month charge will apply to each plan. If the Employee Only plan premium is less than $25 per month for the plan elected, the Employee Only premium will be charged.
6. I am a current benefits-eligible employee considering retirement on or around June 30, 2012. Under HB 81, does my actual date of retirement impact how much I will pay for my health insurance as a UD Retiree/State Pensioner?

Effective July 1, 2012, the same cost sharing referenced in #1 above will apply to retirees/pensioners (who are not yet eligible for Medicare) regardless of the date of their retirement.

For employees who remain actively employed on July 1, 2012, and therefore retire after July 1, 2012, and are or become Medicare eligible, HB 81 will reduce the UD/State share of the retiree’s Medicare supplement coverage by 5%. For example, if an employee retires on August 1, 2012 and is eligible for the full University share (or full State share based on their date of hire and years of service), the University or State contribution toward the health plan will cover 95% of the cost of the Medicare supplement plan, and the employee will pay 5% of the cost. Based on FY 2011 rates, that equates to approximately $20 per month.

If an employee’s last day of employment is June 30, 2012 or earlier, and therefore retires on or before July 1, 2012, the retiree is eligible for 100% University share (or, for pensioners, the usual pro-rated State share based on their date of hire and years of service). For a UD Retiree who is enrolled in Medicare and the UD Medicare supplement plan, the University will continue to contribute 100% of the cost of the Medicare supplement plan. For a State Pensioner who is enrolled in Medicare and the State Medicare supplement plan, the State will continue to contribute the usual pro-rated State share of the cost of the Medicare supplement plan (based on the pensioner’s date of hire and years of service).

7. What health plans can I expect to have available to me after July 1, 2012, and what can I expect my monthly employee or retiree/pensioner contributions for the available health plans to be?

All health plans and employee or retiree/pensioner contributions for the available health plans are subject to change each year.

FAQ - Delaware Employees’ Pension Plan Participants

8. Will HB 81 affect the number of years of service it takes to be eligible for retiree health care and the State share toward the cost of retiree health insurance coverage?

Non-exempt (salaried and hourly staff) employees who were hired prior to January 1, 2007 will be eligible for health plan cost sharing as it currently exists for Pensioners under the Delaware Employees’ Pension Plan.

9. For employees hired after January 1, 2007, HB 81 increases the number of service years it takes to vest for specific percentages of the health plan share through the pension plan, but just like under current law, employees with less than 5 years of service as of January 1, 2012 can vest for 100% of the State share toward the cost or retiree health insurance at 20 years of service.
10. I am a current non-exempt employee. Do the HB81 changes to the State Pension Plan affect me?  
No. The changes to the Delaware Employees’ Pension Plan in HB 81 only affect new non-exempt employees hired on or after January 1, 2012.

11. I am a current retiree/pensioner. Do the pension changes in HB 81 affect me?  
No. The changes to the pension plan in HB 81 only affect new Delaware Employees’ Pension Plan participants hired on or after January 1, 2012.

12. If I have a break in service and come back to work on or after January 1, 2012, am I considered a new employee for pension eligibility rules?  
If prior to January 1, 2012, you worked in a position that participated in the Delaware Employees’ Pension Plan, you will not be considered a new employee.

13. I am a current employee, participating in the Delaware Employees’ Pension Plan. Will the overtime I earned be included in the calculation of my pension?  
Yes. Overtime will be included in pension creditable compensation if you were hired in a pension-covered position before January 1, 2012.

14. Will employees hired after January 1, 2012 have overtime included in their pension calculation?  
No. Pursuant to HB 81, employees hired on or after January 1, 2012 will not have overtime included in their pension calculation. Employees hired on or after January 1, 2012 will not have to make contributions to the pension fund on their overtime wages.