State Employee Benefits Committee
State of Delaware Group Health Insurance Plan

Pensioner Coordination of Benefits Policy

(Effective July 1, 2027)

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1.0 Authority

1.1 Pursuant to the authority vested in the State Employee Benefits Committee (SEBC) by 29 **Del.C.** §5210(4) and 9602(b)(4), the SEBC adopts this Pensioner Coordination of Benefits Policy for the State of Delaware Group Health Insurance Plan ("State Plan"). In the event of a conflict between this policy and the Delaware Code, the Delaware Code takes precedence over the policy.

1.1.1 The intention of this policy is to ensure fiscal responsibility for the State Plan fund where other employers are offering health care coverage to their employees, wherein those employees seek coverage under the State Plan.

1.2 The Pensioner Coordination of Benefits Policy became effective with the State of Delaware on July 1, 2027.

1.2.1 The policy applies to all eligible Pensioners enrolled under the State Plan who were first employed on or after January 1, 2015, and is used to determine a Pensioner's eligibility for primary coverage under the State Plan.

1.2.2 For the purpose of this policy, the use of the term "Pensioner" shall refer to any individual who applies for and is eligible to receive a pension as outlined under 29 **Del.C.** §5201(3).

2.0 Administration

2.1 In order to certify that a Pensioner is or is not eligible to be covered by the health care coverage where the Pensioner works, all eligible Pensioners who were first employed on or after January 1, 2015 are required to complete the Pensioner Coordination of Benefits Form:

2.1.1 Upon the initial submission of the enrollment application at time of retirement;

2.1.2 Each year during the annual open enrollment;
2.1.3 Within 30 days after the Pensioner's employment or benefit status changes;
2.1.4 Upon request by the Statewide Benefits Office.

2.2 To ensure proper coordination of benefits with other health care coverage, the State of Delaware reserves the right to verify the accuracy of information by conducting audits, contacting the Pensioner, and/or contacting the Pensioner's employer.

2.2.1 In the event the State determines benefit payments were made based on false or incorrect information, the payment will be reversed, and payment will be the responsibility of the Pensioner as outlined in Subsection 6.1.2 of this regulation.

2.2.2 This information will be shared with the State of Delaware's Third Party Administrator(s) and Prescription Benefit Manager.

3.0 Coordination and Coverage

3.1 A Pensioner may not be required to be enrolled in the health care coverage where the Pensioner works or in an individual health plan through the Health Insurance Marketplace, if:

3.1.1 The Pensioner does not work full-time;

3.1.2 The Pensioner's employer does not offer active health care coverage including, but not limited to, a group health plan, a health reimbursement arrangement or a cash amount in lieu of a health plan benefit;

3.1.3 The Pensioner is not eligible for benefits under the employer's health care coverage because the Pensioner has not satisfied the employer's requirements as to the number of hours worked;

3.1.4 The Pensioner would contribute more than 50% of the total premium for the lowest group health plan available through the employer; or would receive a cash, credit or contribution amount less than 50% of the premium of the State Plan's lowest individual only plan for non-Medicare retirees; or

3.1.5 The Pensioner is eligible for Medicare, the Pensioner is enrolled in Medicare Part A and Part B, and the employer does not offer health care coverage to Medicare eligible employees.

4.0 Determining Full-Time Employment

4.1 19 **DE Admin. Code** 2001, subsection 1.2.1 defines a full-time employee as an individual who is regularly scheduled to work 30 or more hours per week or 130 or more hours per month.

4.1.1 If a Pensioner works less than the full-time hours required by the employer, and as a result would receive less than the full-time contribution towards health care coverage, then the Pensioner is considered part-time even though the Pensioner works 30 or more hours per week (as outlined by 19 **DE Admin. Code** 2001, subsection 1.2.1). Under these circumstances, the Pensioner is not required to obtain coverage through the employer.

4.2 If the Pensioner is considered a partner, owner, or principal in a law firm, accounting firm or any other type of business, company, corporation or firm, then the determination will be based on the Pensioner's corporation's or company's offering of health insurance, or any type of credits, contributions or fringe benefits for full-time employees that do not have ownership in the company to use toward the cost of medical and prescription drug coverage or a cash amount in lieu of medical and prescription drug benefits.

4.3 If the Pensioner's employer requires an initial waiting period, and the Pensioner is unable to immediately enroll in the employer's health care coverage because of this waiting period, then benefits may be provided under the Pensioner's selected State plan until the next enrollment opportunity for the Pensioner's employer plan.

4.3.1 If the Pensioner is not enrolled in the employer's health care coverage by the effective date associated with the employer's next enrollment opportunity, then the State reserves the right to pay benefits as outlined in subsection 6.1.2 of this regulation.

4.3.2 If the Pensioner waives enrollment during an initial waiting period, then the State reserves the right to pay benefits as outlined in subsection 6.1.2 of this regulation.

4.3.3 If the Pensioner waives enrollment during an annual open enrollment period, then the State reserves the right to pay benefits as outlined in subsection 6.1.2 of this regulation.

4.4 If a Pensioner returns to full-time employment with an employer that participates in the State Plan, the Pensioner is required to notify the State of Delaware Office of Pensions immediately upon acceptance of the position.

5.0 Determining Contribution Requirement

5.1 When determining contributions made by the Pensioner towards the Pensioner's health care coverage, all flexible benefit dollars, cash in lieu of health benefits, and/or credits available to the Pensioner are counted as contributions provided by the Pensioner's employer.

5.1.1 If the Pensioner is eligible for health care coverage, and the Pensioner's contribution is 50% or less of the total premium cost for the lowest individual only plan available through the Pensioner's employer, then it is necessary for the Pensioner to enroll in the Pensioner's own plan.

5.1.2 If the Pensioner is offered a Health Reimbursement Arrangement, and the Pensioner is receiving a dollar amount to purchase an individual health insurance plan, and those contributions are equal to 50% or more of the premium for the State Plan's lowest individual only plan for non-Medicare retirees, then it is necessary for the Pensioner to enroll in the Pensioner's own plan.

5.1.3 If the Pensioner is receiving a credit, contribution or other fringe benefit, or some other cash amount, that is equal to 50% or more of the premium of the State Plan's lowest individual only plan for non-Medicare retirees, then it is necessary for the Pensioner to enroll under the Pensioner's employer plan.

5.2 If the Pensioner's employer offers only a Health Maintenance Organization (HMO) plan and the HMO's service area is not directly accessible to the Pensioner, then it may not be necessary for the Pensioner to enroll under their own plan.

5.2.1 Under this policy, "directly accessible" shall be interpreted as not within 50 miles of the Pensioner's physical home address or physical place of employment.

5.2.2 The State will evaluate the Pensioner's eligibility as outlined in Section 2.0 of this regulation. However, if it is the judgement of the State that the Pensioner's employer offers only an HMO plan to avoid covering a State of Delaware Pensioner, then the State reserves the right to pay benefits as outlined in Subsection 6.1.2 of this regulation.

5.3 If the Pensioner's employer offers only a High-Deductible Health Plan (HDHP) with a Health Savings Account(HSA), then the Pensioner must still enroll in the employer's health care coverage when required by this policy and should carefully review IRS Revenue-Ruling 2005-25 (Rev. Rul. 2005-25, 2005-1 C.B. 971 (IRS RRU 2005)) regarding enrollment in any other health plan and the impact on Health Savings Account contributions and taxation.

6.0 Payment of Benefits

6.1 The following describes how the policy effects the payment of benefits for a Pensioner who was first employed on or after January 1, 2015:

6.1.1 If the Pensioner does not complete the Pensioner Coordination of Benefits Form, or does not return additional documentation as required under this policy, then the State will pay 20% of allowable charges for services covered under the State's health care plan and services covered under the State's prescription plan will be charged the full amount at the pharmacy.

6.1.2 If the Pensioner is eligible for but not enrolled in the health care coverage offered by the Pensioner's employer as an active employee, or is eligible for a cash benefit in lieu of a health plan and is not enrolled in a health plan, then the State will pay 20% of allowable charges for services covered under the State's health care plan and services covered under the State's prescription plan will be charged the full amount at the pharmacy.

6.1.3 If the Pensioner is eligible for and enrolled in the health care coverage offered by the Pensioner's employer as an active employee, or is eligible for a cash benefit in lieu of a health plan and is enrolled in a health plan, then the State will pay for benefits provided under the State's health care plan after the Pensioner's active health care plan pays. Payment from both plans combined will not exceed 100% of covered charges.

6.1.4 If the Pensioner is not eligible for and, therefore, is not enrolled in the health care coverage offered by the Pensioner's active employer, or any other health care coverage, and is not receiving a cash benefit in lieu of health care from the employer, then the State will pay for benefits as provided under the Pensioner's selected State health care plan.

7.0 Pension Eligible Spouse of a State of Delaware Employee or Pensioner

7.1 When the Pensioner is married to a State of Delaware employee or another pensioner, and the Pensioner works full-time for a non-State of Delaware Employer, then the Pensioner's eligibility for coverage shall be based on their full-time employment as outlined in the Spousal Coordination of Benefits Policy.