

Premium surcharges start July 1, 2014 – Updated (October 2013)

The new state budget, signed into law June 30, 2013, included several changes related to Public Employees Benefits Board (PEBB) benefits. The budget included two new surcharges that are described as follows in the budget.

Beginning July 1, 2014, the board shall add a \$25 per month surcharge to the premiums due from members who use tobacco products and a surcharge of not less than \$50 per month to the premiums due from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in other employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment.

PEBB received many questions from members and stakeholders on the surcharges. Many answers are still pending, and we are working to release information as soon as it's available. The following Q&As address some top member concerns.

General

1. What are the surcharges and who is requiring them?

The surcharges are extra costs that will be added to some PEBB members' monthly premiums. The state Legislature included the surcharge requirement in the new state budget signed into law on June 30, 2013.

2. When do the surcharges start?

July 1, 2014.

3. Are the surcharges happening because of the Affordable Care Act?

No. They are a state Legislature decision.

4. Will I get to make changes to my account before the surcharges start?

We don't have an answer at this point. We will update this Q&A as soon as information is available.

5. What are the surcharge amounts?

There are two types of surcharges:

1) Tobacco surcharge:

- Cost: \$25 per month per account
- Required when: Any enrolled family member uses tobacco products

2) Spousal surcharge:

- Cost: \$50 per month
- Required when: A subscriber covers a spouse or domestic partner who waived their own employer-sponsored health coverage that's comparable to PEBB.

About the tobacco surcharge

- 1. I have two family members on my account who use tobacco. Does that mean I have to pay twice the surcharge?**

No. You'll only be charged \$25 per month. The surcharge applies once per account, regardless of how many family members use tobacco products.

- 2. My dependent is in college and uses tobacco, but doesn't live with me. Do I have to pay the surcharge?**

Yes. The tobacco surcharge applies whether your covered dependents live with you or not.

- 3. What is a "tobacco product"?**

We expect to have an answer soon, and will update this Q&A as soon as information is available.

- 4. My family members have Medicare Parts A and B. Do we have to pay the surcharge?**

No. The surcharge won't apply if everybody enrolled on an account has Medicare Parts A and B.

- 5. Does the tobacco surcharge apply to other accounts such as COBRA, Leave Without Pay, non-Medicare retirees, K-12 and political subdivision employees?**

Yes. The surcharge would apply to any non-Medicare accounts.

About the spousal surcharge

- 1. Both my spouse (or domestic partner) and I work at a state agency, higher-education institution, or community and technical college. If we are both eligible for PEBB benefits and one of us has waived coverage to enroll as a dependent on the other's account, will the spousal surcharge apply?**

No. The surcharge won't apply.

- 2. My spouse (or domestic partner) is retired and deferred Medicare Part B to enroll under my PEBB employee account. Do we have to pay the surcharge?**

No. The surcharge won't apply.

- 3. My spouse (or domestic partner) and I both have Medicare Parts A and B. Do we have to pay the surcharge?**

No. The surcharge won't apply if both spouses (or domestic partners) are on Medicare Parts A and B.

- 4. How do I know if my spouse's (or domestic partner's) employer-sponsored coverage is comparable to PEBB?**

The guidance we have now states that "comparable" means benefits and premiums with an "actuarial value of no less than 95%." We are currently working with our actuaries to develop guidelines on this topic. We will release these guidelines within the next few months.

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I have surcharge questions that aren't answered here. When will you have more information?

We appreciate your questions, and understand that you may have concerns about how the surcharges could affect your individual circumstance. Because the surcharges have so many potential impacts, we are working to ensure we've considered all aspects in member feedback as part of our decision-making process. We will post information here on our website as soon as it's available.

The PEBB Program will provide more information to members before July 2014. **Please check the PEBB website over the coming months as new information becomes available.**

Information will be sent directly to agencies before July 1 implementation. Retirees can also receive information via the *Medicare Minute* e-Newsletter.