



DATE: July 28, 2014

TO: Agency Human Resource Staff

FROM: Nathan Moracco, Director
State Employee Group Insurance Program

RE: 2010 Early Retirement Incentive
2011 Insurance Rates for HCSP Calculation

On May 13, 2010, Governor Pawlenty signed into law an Early Retirement Incentive (ERI), for Executive, Legislative, and Judicial branch employees. This incentive provides for contributions to an MSRS administered health care savings plan (HCSP), in an amount equal to the value of up to 24 months of employer paid medical and dental insurance premium contributions for those employees that meet the statutory retirement criteria.

Agencies will be responsible for depositing contributions on an *annual* basis for individual retirees until the approved incentive period ends. The level of coverage-family vs. single- used to determine the value of the contribution is based on the level of coverage at the time of retirement. The *annual* contribution amount is determined by multiplying the amount of the employer contribution in place during that particular year multiplied by the number of months in that year that the employee has been granted the benefit. The ERI calculation begins with the first month after the actual retirement date, (for example; for a retirement date of May 10 the calculation start date is June 1).

The State Employee Group Insurance Program (SEGIP) will, on an annual basis, provide Human Resource Offices with the information needed to calculate the annual HCSP deposit for ERI retirees. The enclosed worksheet will assist you in determining the calculation for the 2011 insurance year.

The ERI contribution is provided to individuals that retire from state service. Retirees are not required to enroll in the SEGIP retiree insurance program in order to receive the contribution. However, if a retiree wishes to enroll in the SEGIP retiree plan the process for insurance enrollment remains the same. The "Request for Continuation of Coverage upon Retirement" application must be completed and submitted within 30 days of the retirement date. The action/reason code used in SEMA4 should indicate a retirement without an employer contribution (RET/WOE).

If you have any questions regarding the administration of the HCSP please contact MSRS at 651-296-2761. Questions on how to process the contribution to MSRS for the HCSP should be directed to deduction.mmb@state.mn.us. If you have questions regarding the calculation of the HCSP deposits please contact SEGIP at 651-355-0100. All other questions should be directed to your agency Human Resource Office.

Employee Name _____
 Retirement Date _____ (1st day no longer actively employed)
 HCSP Calculation Start Date _____ (1st of the month following retirement date)
 Months of Employer Contributions to HCSP (Maximum of 24 months) _____

Months of contribution per year (max 24 months):

2010 _____ +
 2011 _____ +
 2012 _____ +
 2013 _____ =
 _____ Months (max 24 months)

Coverage at time of retirement:

_____ health-single coverage; _____ health-family coverage; _____ waived
 _____ dental-single coverage; _____ dental-family coverage; _____ waived

Percent of employer contribution at time of retirement _____100%; _____75%; _____50%

Health Plan	Single Coverage			Family Coverage		
	Full Employer Contribution	75% Employer Contribution	50% Employer Contribution	Full Employer Contribution	75% Employer Contribution	50% Employer Contribution
	447.28	335.46	223.64	1185.14	888.86	592.58

Dental Plan	Single Coverage			Family Coverage		
	Full Employer Contribution	75% Employer Contribution	50% Employer Contribution	Full Employer Contribution	75% Employer Contribution	50% Employer Contribution
	22.38	16.80	11.20	48.42	36.34	24.22

Calculation for the 2011 insurance plan year

_____ (health plan employer contribution)
 _____ + (dental plan employer contribution)
 _____ = Total
 _____ x (Number of contribution months in the 2011 calendar year)
 = _____ TOTAL **2011 deposit** to the Health Care Savings Plan contribution.

SEGIIP will update this document annually when new insurance year rates are established. Agencies are responsible for the re-calculating and depositing funds to the HCSP annually until incentive period has ended.