

April 11, 2014

Thank you for your hard work and dedication to the State of South Dakota. We applaud your years of services to the state and our citizens. As you know, we offer a retiree health plan to former state employees. This is an important notice for you, a retiree member of the South Dakota Employee Health Plan.

***Retiree health contribution rates are increasing in FY15.*** The retirement health benefit within the state health plan is intended to have no cost impact, or to be cost neutral, to the general state employee population. This means that while retirees receive the same benefit of negotiated rates and plan savings as the rest of the state health plan members, the health coverage costs from retirees is intended to be covered by the retiree rate contributions.

Unfortunately, in recent years, the retiree rates have inadvertently become subsidized by the general state employee population because retiree rates were not adequately adjusted to offset increasing retiree health plan costs.

Therefore, to reflect increasing retiree health plan costs, retiree health contribution rates will be increasing in FY15. In order to mitigate the financial impact for you and your family, the retiree rate increases will occur in two phases. Rate increases will be effective July 1, 2014 and January 1, 2015.

### **Important Information**

- The new rates for FY15 are enclosed.
- There are additional plan changes for FY15 including an increase in the deductibles. These increased deductibles are occurring for our general state health plan members as well as for our retiree state health plan members.
- There will be two enrollment periods for retirees in FY15.
  - The first enrollment is in May 2014 for coverage effective July 1, 2014.
  - The second enrollment is in November 2014 for coverage effective January 1, 2015.
    - You will only be able to increase your state health plan deductible during the November enrollment. You may not move from a higher health plan deductible to a lower health plan deductible.
- Watch your mail in late April for more information regarding Annual Enrollment in May. Then watch your mail in early October for another letter regarding the November Enrollment.

- Starting November 15, 2014, you will be able to buy health insurance through the Health Insurance Marketplace or your local insurance agent.
- While we are happy for you to remain on the state health plan if that is the best option for you and your family, we encourage you to compare the state rates and plan offerings to options available from the private market or the Health Insurance Marketplace.
- We believe that the state rates and health plan offerings are competitive with these alternative markets; however, each individual and family's circumstances determine specific rates and plans.
- You should take the time to determine which health plan is best for you. Specifically, families with incomes below 400% of the federal poverty rate are eligible for a subsidy through the Health Insurance Marketplace which may be financially advantageous as compared to state health plan retiree rates.
  - To learn more about the Health Insurance Marketplace, visit [www.healthcare.gov](http://www.healthcare.gov) or visit with a trusted insurance agent.

For additional questions, please contact the Benefits Program at 605.773.3148.

Sincerely,

A handwritten signature in cursive script that reads "Laurie R. Gill". The signature is written in black ink and is positioned above the typed name and title.

Laurie R. Gill  
Commissioner  
Bureau of Human Resources

Enclosure: Rate Sheet and Frequently Asked Questions