

Month of Death Pension Deduction for PEBB Program Benefits

Employees and Retirees Benefits Division

Background

The Employees and Retirees Benefits Division within the Health Care Authority (HCA) is responsible for administration of the Public Employees Benefits Board (PEBB) Program which provides insurance benefits to state employees and both state and school retirees. There are almost 72,500 retirees enrolled in PEBB Program retiree insurance coverage and approximately 67 percent of those (~49,000 accounts) retirees have their insurance premium deducted from their pension benefit each month. Retirees like the method and it works well except during the month of death. On average 146 retirees who use this payment method die each month.

Observations during the Month of Death

The current practice of prorating the pension payment for the month of death is challenging in the following ways:

- The HCA must seek to collect the PEBB Program insurance premium for the month of death. The invoices sent to collect the premium are often ignored by the deceased member's family because they believe the insurance premium was already paid with money from pension.
- The PEBB Program insurance coverage for a surviving spouse who is enrolled is affected when the insurance premium payment is taken back in order to prorate the month of death pension payment.

The proposed policy change (to pay a full month benefit for the month in which the member dies) would be beneficial to the HCA and PEBB Program members in the following ways:

- The surviving spouse's PEBB Program insurance coverage would not be affected for the month of death.
- Confusion for family members would be reduced because the insurance premium for the month of death would not have to be recovered by DRS.
- HCA would not have to attempt to collect from the member's estate.

Retirees Enrolled in PEBB Program Insurance Coverage

	May 2018 Enrollment	Percentage
Premiums paid through Pension Deduction	48,820	67.40%
Premiums paid direct to HCA	23,624	34.60%
Total	72,444	100%

2017 PEBB Program Retirees Deceased by Month

