



# Cancer Insurance and Health Insurance Subsidies

Insurance Team Supervisor Mark Rodriguez and  
Administrator Michael Townsend





# PSPRS Cancer Insurance Program

# **PSPRS Cancer Insurance Program**

## History – Eligibility

- The Cancer Insurance Program (CIP) was created in July 1997 as a supplemental benefit for firefighters
- Helps active and retired members offset expenses related to cancer diagnoses and treatment
- Peace Officers were added in July 2007
- Corrections officers were added in July 2014



# PSPRS Cancer Insurance Program

History – Premiums

Set by the board  
Max \$180 in ARS

Time Period	Contribution Per Person
7/1/1997 – 6/30/05	\$180
7/1/05 – 6/30/06	\$135
7/1/06 – 6/30/10	\$100
7/1/10 – 6/30/11	\$ 75
7/1/11 – 6/30/12	\$ 0
7/1/12 – Present	\$ 50

# PSPRS Cancer Insurance Program

## History – Indemnity Benefit Changes

One of the benefits provided by the program is a first occurrence benefit that is paid out to members when they are first diagnosed with cancer.

- The amount started out at \$6,000
- Increased to \$8,000 on January 1, 2010
- Increased to \$15,000 in fiscal year 2016.
- Defined in 2021, \$15,000 for the first cancer diagnosis and subsequent new cancer diagnoses, if unrelated to prior \$7,500

The program also provides death benefits.

- The death benefit was increased on January 1, 2010 from \$5,000 to \$10,000



# PSPRS Cancer Insurance Program

Number of claims processed, improved efficiency

Cancer Insurance Program Benefits	2020-2022 Annual Average Number of Claims	Estimated New Annual Claims	% Change
Diagnosis of Cancer (non-skin)	97	97	0.0%
Death Benefit	12	12	0.0%
Skin Cancer Diagnosis	272	281	3.1%
Reimbursements	499	122	-75.5%
Totals	881	513	-41.8%

# PSPRS Cancer Insurance Program

Other changes,  
improvements

- Phase-in non-taxable indemnity payments, increased benefits paid to members
- Funding policy adoption
- Reserve policy adoption
- Premium setting procedures
- Pre-paid out-of-pocket costs
- Revising asset allocation policy



# PSPRS Cancer Insurance Program

## Introduction

- The Cancer Insurance Program (CIP) is a supplemental benefit for public safety members and retirees
- The plan is also available for correction officers employed by participating employers
- Helps offset member expenses related to cancer diagnoses and treatment
- Provides for direct benefit payments or reimbursements for out-of-pocket costs
- Currently covers 30,000 active and retired first responders and correction officers
- Distributes approximately \$2 million a year in benefits and reimbursements
- EORP members and retirees are excluded from CIP benefits

# PSPRS Cancer Insurance Program

Employer responsibility

- Employers help to ensure all eligible members are aware of this program
- PSPRS employers are sent an annual invoice in July by email that must be paid no later than August 31 to avoid penalties (remember to budget for this expense)
- Participating CORP employers need to provide new hires the opt-in form within 30 days of hire
- For more information about how to set up CORP employees, please contact our office

# **PSPRS Cancer Insurance Program (CIP)**

Who is eligible?

## **PSPRS members and retirees:**

- All active members
- PSPRS retired members who have not exhausted the 5 months of coverage (at no cost) for every year of credited service and years in DROP
- Retired members who have exhausted the “no cost” period may continue coverage if they filed a previous cancer diagnosis claim and continue to pay the annual premium

# **PSPRS Cancer Insurance Program (CIP)**

Who is eligible? (cont.)

## **CORP members and retirees:**

- Active members who elect to receive and pay for coverage under an employer that has opted into CIP
- Retired members who have not exhausted the 5 months of coverage for every year of credited service
- Retired members who have exhausted the “no cost” period may continue coverage if they filed a previous cancer diagnosis claim and continued to pay the annual premium

## New for 2024

### PSPRS Cancer Insurance Program

#### 2024 plan updates includes:

- Increased number for maximum skin cancer claim payments
- Advance reimbursement payments

Advance Reimbursement Schedule	
<u>Incremental</u>	<u>Cumulative</u>
\$1,000	\$1,000
\$1,000	\$2,000
\$1,000	\$3,000
\$1,000	\$4,000
\$1,000	\$5,000
\$5,000	\$10,000
\$5,000	\$15,000
\$5,000	\$20,000
\$5,000	\$25,000
\$5,000	\$30,000
\$10,000	\$40,000
\$10,000	\$50,000
\$10,000	\$60,000
\$10,000	\$70,000
\$10,000	\$80,000
\$10,000	\$90,000

# Advance Reimbursement Payments

- First payment processed with initial claim payment
- Subsequent pay processed once member has provided documentation of covered expenses exceeding prior reimbursement payment

## REQUIRED DOCUMENTATION

- Supplemental Claim Form
- Itemized healthcare provider statements, pharmacy and related receipts
- Explanation of benefit (EOB) from insurance company

# PSPRS Cancer Insurance Program

Payable benefits for 2024

## **The plan document includes payment for multiple cancer diagnoses and treatments:**

- Diagnosis of cancer (other than skin cancer): This benefit pays \$15,000 for the first diagnosis
- A second and subsequent new cancer diagnosis is payable in the amount of \$7,500 if unrelated to the prior paid cancer diagnosis
- Genomic and genetic testing are included in the plan document
- Medical imaging, including scans, radiation and chemotherapy are included in the plan document
- \$500 per skin cancer diagnoses (up to 7 times)

# PSPRS Cancer Insurance Program

Claim payment process  
(PS active members)

- Claims are now processed in 4 to 6 weeks
  - PSPRS processed 600 claims last year
- Members/retirees can call PSPRS Call Center for an update on claim status
- PSPRS issues claim payments to employers as they are considered wages and are subject to employment taxes (FICA) and personal income taxes
- Payments must be processed by employers via payroll and added to members' W-2 tax forms to comply with IRS regulations
- PSPRS will provide correspondence to both employees and employers regarding payments

# PSPRS Cancer Insurance Program

Claim payment process  
(PS retirees)

- Employers may have to add retirees back into their payroll system to process cancer claim payments
- PSPRS will provide tax withholding forms (W-4 and A-4) to retirees when making a claim to ensure proper personal income tax is calculated
- Tax forms and retiree addresses will be provided to employers
- Considered a fringe benefit – not a pensionable wage
- Lastly, remember claim payment changes impact public safety members, not members of CORP



# PSPRS Cancer Insurance Program

Legislative update  
effective Sept. 24, 2022

- SB1084 (Laws 2022, Chapter 73) – changed the public safety employer payment process for members’ coverage
- Trustees’ intent to allow members who file cancer insurance claims to avoid state and federal taxes on claim payments
- Under the bill, member premiums paid by employers are to be treated as wages subject to federal and state income and employment taxes
- Phased-in approach required by IRS rules

PSPRS Members			
2022	2023	2024	2025
100% Taxable	66.67% taxable	33.34% taxable	0% taxable



# PSPRS Cancer Insurance Program

Forms and resources

- Please visit our website, [www.psprs.com](http://www.psprs.com) for all employer and member paperwork and benefit information
- Call our office at (602) 255-5575 and ask for the Cancer Insurance Program
- Email us at [cancerinsurance@psprs.com](mailto:cancerinsurance@psprs.com)



# PSPRS Health Insurance & Subsidy Program



# PSPRS Health Insurance & Subsidy Program

New for 2024

## ACH Subsidy Payments

### Benefits

- Payment deposited last business day of the month
- Subsidy report emailed with deposit amount
- No lost paper checks!

Contact Insurance department for required information

# Retiree Health Insurance Options

**PSPRS, CORP, and EORP retirees and survivors have the option of taking insurance through:**

- PSPRS, administered by Arizona State Retirement System (ASRS)
- Arizona Department of Administration (ADOA)
  - NOTE: Only employees who had this coverage during their employment are eligible
- Retiree/COBRA plans through their former employers
- Private market insurance

# Retiree Health Insurance Subsidy

- Each Arizona retirement system (PSPRS, CORP, EORP and ASRS) provides a monthly subsidy payment to eligible and enrolled retirees
- Subsidy amount is based upon the insurance coverage type (i.e., family vs single) and retiree Medicare status
- EORP members need 5 years of credited service to be eligible for a subsidy and the amount of the subsidy is reduced if they have less than 8 years of credited service

## Who is eligible?

### Health Insurance Subsidies are available to:

- Retired Tier 1, 2 and 3 DB public safety members
- Retired Tier 1 and 2 DB elected officials
- Retired Tier 1 and 2 DB correctional officers
- Retired Tier 3 DC-only public safety and corrections officers who opt-in to contribute towards health subsidy

# Subsidy Amounts

\$150	Member not Medicare eligible	Single coverage
\$100	Member with Medicare	Single coverage
\$260	Member with dependent no one Medicare eligible	Family coverage
\$215	Member with dependent at least one person with Medicare	Family coverage
\$170	Member with dependent all on the plan with Medicare	Family coverage

# What is Considered Health Insurance?

Medical and Dental coverage  
are considered health insurance by our system  
for the purposes of receiving subsidy



# Applying for Subsidy

- Retiree fills out the PSPRS enrollment form administered through ASRS
- Retiree enrolls in ADOA health insurance online and contacts PSPRS directly to apply subsidy
- Former or current employer sends PSPRS the “Employer Request for Subsidy” (ER-SUB) form; the retiree would contact employer directly



# Employer Request for Subsidy Form



## EMPLOYER REQUEST FOR SUBSIDY

Revised ☐

SECTION 1 – PRINT Member Information		
SSN	Last Name	First Name, Middle Initial
Select ONE	REQUIRED Effective Date	REQUIRED – Select Item 1 OR 2 below
<input type="checkbox"/> New Retiree/Survivor		1) <input type="checkbox"/> Retiree/Cobra Insurance & select <b>ONE</b> below
<input type="checkbox"/> Open Enrollment	Month / Day/ Year	<input type="checkbox"/> Deduct medical / dental premiums below from retirement check, <b>OR</b>
<input type="checkbox"/> Return to Work Retiree	Employer Name	<input type="checkbox"/> Send subsidy to employer (aka "direct bill")
<input type="checkbox"/> Qualifying Life Event		OR
<input type="checkbox"/> Medicare Change		2) <input type="checkbox"/> Return to Work Retiree - Subsidy will be sent to the employer ("direct bill"). Also, complete the following (and include approved board minutes):
<input type="checkbox"/> Terminate Coverage		Date of Hire: <input type="text"/>
Type of Coverage	Retired from	Position Title: <input type="text"/>
<input type="checkbox"/> Single, OR	<input type="checkbox"/> PSPRS, CORP, OR EORP AND / OR	Indicate if designated position of:
<input type="checkbox"/> Dependent / Family	<input type="checkbox"/> ASRS	<input type="checkbox"/> PSPRS, <input type="checkbox"/> CORP, <input type="checkbox"/> EORP, OR <input type="checkbox"/> ASRS

SECTION 2 - MEDICAL			
<input type="checkbox"/> Add New or Change Coverage	Monthly Member Cost:	<input type="text"/>	Carrier Name: <input type="text"/>
<input type="checkbox"/> Term or Decline Coverage	Dependent Cost:	<input type="text"/>	Medical code (if known): <input type="text"/>
<input type="checkbox"/> NO change in coverage; leave as is	Total Premium: \$	\$0.00	

SECTION 3 - DENTAL			
<input type="checkbox"/> Add New or Change Coverage	Monthly Member Cost:	<input type="text"/>	Carrier Name: <input type="text"/>
<input type="checkbox"/> Term or Decline Coverage	Dependent Cost:	<input type="text"/>	Dental code (if known): <input type="text"/>
<input type="checkbox"/> NO change in coverage; leave as is	Total Premium: \$	\$0.00	

SECTION 4 – DEPENDENT INFORMATION FOR MEDICAL AND/OR DENTAL				
Last Name, First	Relationship	SSN	DOB	Sex
Notes				

SECTION 5 – PRINT Employer Contact Name		Email	Phone Number	Date

Submit

# Additional Health Insurance Subsidy Information

- Retirees and survivors are eligible for more than one subsidy if they are retired from more than one retirement system
  - Example: Retiree with pension benefits from PSPRS and ASRS or CORP and EORP
- Subsidy amount changes when a retiree becomes eligible for Medicare by age (65) or is eligible for early Medicare benefits due to a disability
- Retired members who return to work may qualify for a subsidy under the new employer if they meet the return-to-work criteria

# Insurance Team Responsibilities for Insurance

- To gather information regarding the employer provided coverage
- Assist retirees who contact the office to obtain or keep insurance coverage
- Help retirees resolve eligibility issues with coverage under ASRS plan

# Employer Responsibilities for Accurate Subsidy

- To submit information to the insurance team
  - Complete employer request for subsidy form when enrolling or disenrolling
  - Approved board minutes for return-to-work employees
  - Updated medical and dental rates
  - Updated contact information
- Administer members insurance
- Reconcile monthly subsidy report

## Contact Information

For general information on subsidies and insurance, retirees and employers can contact us:

- Email: [insurancegrp@psprs.com](mailto:insurancegrp@psprs.com)
- Phone: (602) 255-5575 (ask for insurance)



# Questions, comments and discussion

What questions do you have?

