

The Virgin Islands Consortium

Corrected Personnel Error Hikes Insurance Premium For 200 Disabled Gov't Retirees Under 65

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In an email obtained by *VI Consortium* on Thursday night, Sen. Nereida "Nellie" Rivera-O'Reilly wrote to officials at Cigna Healthcare in Sunrise, Fla. on Nov. 3 asking for "clarification of the issue of individuals with disabilities that are not over 65 years old. I understand that this population was left out of the policy and now required to pay double what their portion was."

The senator was referring to an influx of complaints her office received regarding approximately 200 disabled retired government workers under the age of 65 whom had seen their health insurance premiums go from a semi-monthly contribution of \$40.09 in fiscal year 2014, a rate Dept. of Personnel managers say was incorrectly assessed to

them, to a semi-monthly contribution of \$79.75--an increase of almost \$40--in fiscal year 2015.

In response to Rivera-O'Reilly's query, Dorothyann Callahan, senior client manager at Cigna, wrote on Nov. 3 that the matter was being handled by the Virgin Islands Department of Personnel, adding that, after conferring with Personnel Managers Kendra Roach and Rochelle Benjamin, "We...determined what caused this disjoint to happen with some of the disabled under 65 members of the Gov't plan."

By way of explanation, Callahan submitted to Rivera-O'Reilly the following summary of the rate history for "pre-65 retired disableds for whom Medicare is primary":

1. Through 9/30/13, these retirees were covered by Cigna and paid the same rate as Medicare Retirees over 65.
2. Effective 10/1/13, the non-disabled Medicare Retirees over 65 were transferred to United HealthCare (UHC). But the pre-65 Medicare Retiree Disableds remained with Cigna. The rate for these Medicare Retiree Disableds became the same rate as for pre-65 non-disabled retirees. This rate was much higher than Medicare Retiree Disableds were used to paying (i.e., semi-monthly contribution of \$154.42* for FY14 for Single compared to contribution of only \$68.13* for FY13).
3. Unfortunately, some of the Medicare Disableds (est. 100-200), were not flagged on 10/1/13 to pay the new Cigna rate. Instead they were charged only the FY14 contribution for post-65 Retirees of \$40.09*. This was a UHC rate that should not have been used for Medicare Disableds covered by Cigna. The Government ended up having to make up the shortfall in contributions when it paid the monthly premium to CIGNA during FY14.
4. For FY15, the semi-monthly contribution for pre-65 retirees (including Medicare Disableds) was announced as \$164.44* for Single (compared to contribution of \$154.42* for FY14).
5. This week, we received revised premium (lower) rates for FY15 for Medicare Disableds which better reflect their costs. As you can see from the table below, the semi-monthly contribution for Medicare Disableds will be \$79.75* for Single (compared to the previously announced contribution of \$164.44*). This represents a great savings for most Medicare Disableds.
6. However, for the Medicare Disableds who in FY14 were paying an incorrectly low rate, they will see a substantial increase in their contribution. But they should take into consideration that they got an unexpected break last year.
7. Retroactive adjustments will be made for those who overpaid on the October 31 and November 15 retirees' payroll. Refunds will be processed by mid-December and corrections should be in place by November 30th.

*all rates include dental unless otherwise indicated

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