Indiana University of Pennsylvania Office of Human Resources

Planning for Retirement



Faculty, Managers, SPFPA,
OPEIU, and SCUPA
Employees
REVISED August 2012

PASSHE

IMPORTANT NOTICE FOR EMPLOYEES CONSIDERING RETIREMENT:

There are different eligibility criteria for the full (non-reduced) retirement benefit (SERS and PSERS members), for the majority paid health and prescription drug coverage after retirement (the plan includes coverage for both Medicare eligible and non-Medicare eligible retirees and their dependents) and for receiving a payout of unused sick leave.

If you are considering retirement, you are strongly encouraged to contact the Office of Human Resources (724) 357-2431 to verify your eligibility for these benefits <u>before</u> you submit your letter of retirement and/or <u>before</u> you sign your retirement paperwork with your retirement counselor. Once your retirement letter has been submitted, your retirement and separation from university employment is final and binding.

This document provides only general information and is intended for illustrative purposes only to assist you in planning for your retirement. Information provided in this document is subject to change. Detailed information about benefits and eligibility for these benefits is contained in the Plan Document, applicable Collective Bargaining Agreements, PASSHE policy, IUP policy and/or federal Medicare policy. If there is a difference between the information provided in document and the Plan Document, Collective Bargaining Agreement, PASSHE policy, IUP policy and/or federal Medicare policy will govern. The information provided in this guide is applicable until June 30, 2012.

Important Phone Numbers and Websites

State Employees Retirement System (SERS)

(800) 633-5461, ext. 3205 (Lance Mischen)

www.sers.state.pa.us

Public Schools Employees Retirement System (PSERS)

(888) 773-7748, ext. 5875 www.psers.state.pa.us

Alternative Retirement Plan (ARP)

F.L. Geary Fidelity Investments-

(800) 672-7131 (Retirement Services Center)

(412) 445-4080

francis.geary@fmr.com

www.fidelitv.com Plan ID: 08177

ING -Greg Jacobs

(412) 967-2608

gregory.jacobs@ingfa.com

(866) 628-3811 www.ing.com

TIAA-CREF -**David Graver**

(877) 209-3136 or (412) 803-6921

dgraver@tiaa-cref.org www.tiaa-cref.org

VALIC -John Hellgren

(412) 477-3410 or (412) 494-7302

john.hellgren@valic.com

www.valic.com

Highmark Blue Shield

(866) 727-4935

www.highmarkblueshield.com

Medicare

(800) 382-1274 www.medicare.gov

Medco (Prescription Drugs)

(866) 727-4935

www.highmarkblueshield.com

or www.medco.com

Great West (457 Deferred Compensation)

(866) 737-7457

www.sers457.com

Social Security Administration

(800) 772-1213

www.ssa.gov

Office of Human Resources

IUP Office of Human Resources

Sutton Hall, Room G-8 1011 South Drive Indiana, PA 15705 (724) 357-2431

Prudential Life Insurance

(800) 772-7316

Retirement Planning Checklist

In order to retire from IUP, here's what you need to do:

At Least 1 Year in Advance:



- □ <u>SERS and PSERS Members</u>: If you need to buy previous service and have not had this service verified you need to file an application at least one year in advance of retirement. SERS and PSERS forms are available at their websites, www.sers.state.pa.us or www.psers.state.pa.us or from the Office of Human Resources.
- ARP Members (Fidelity Investments, ING, TIAA-CREF, VALIC): Management employees hired prior to July 1, 1997 and faculty members hired prior to the 1997 fall semester may receive credit for eligible state, out-of-state and military service for the sole purpose of qualifying for majority paid health coverage upon retirement. Contact the Office of Human Resources for further information.

At Least 2-3 Months in Advance:

☐ Contact your retirement plan representative and set up an appointment to review your annuity options, select a retirement date and make your annuity election.

State Employee's Retirement System (SERS):

(800) 633-5461, ext. 3205 (Lance Mischen)

Public School Employee's Retirement System (PSERS):

(888) 773-7748, ext. 5875 (Johnstown Office)

The PSERS Foundations For Your Future Programs are designed to give public school employees an overview of their retirement benefits. These programs provide all active members with general information about PSERS' benefits and services. Attending a Foundations for Your Future Program will help you begin to plan for your retirement early in your career. Each program lasts approximately 90 minutes. For more information including a program schedule, go to www.psers.state.pa.us.

Alternative Retirement Plan (ARP):

Fidelity Investments (800) 343-0860 (F.L. Geary)
ING (412) 967-2608 (Greg Jacobs)
TIAA-CREF (877) 209-3136 (David Graver)
VALIC (724) 477-3410 (John Hellgren)

ARP Members: Remember that you must elect a lifetime annuity in order to qualify for enrollment in the Annuitant Health Care Plan (AHCP) and you must provide proof to the IUP Office of Human Resources that you have elected an annuity before your AHCP enrollment will be processed. Your ARP retirement counselor can help you select the lifetime annuity that is best for you.

At Least 2-3 Months in Advance (Continued):

- □ Review the attached information regarding retirement, including the eligibility requirements for enrollment in the Annuitant Health Care Program (AHCP).
- ☐ If you, or your spouse, will be age 65 or older when you retire, be sure you are enrolled in both Medicare Parts A and B prior to the first day of the month in which you retire.
 - Contact the Social Security Administration, 1265 Wayne Avenue, Indiana, PA 15701 (724) 463-9122 or toll free (800) 772-1213 for enrollment information.
 - For employees that retire at age 65 and older, Social Security will require that your employer certify that you and/or your dependents were enrolled in an active group plan and are eligible for the Medicare Part B Special Enrollment Period. Forms should be forwarded to the Office of Human Resources for completion.
 - Further information on Social Security is available at www.socialsecurity.gov and Medicare at www.medicare.gov.

2-4 Weeks in Advance:

- □ Submit your letter of retirement:
 - <u>Faculty:</u> A Faculty Member who does not intend to return for the following academic year should submit their letter of retirement at the earliest possible time, preferably before the end of their last semester of employment. The letter of retirement should be addressed to the Provost, and copies of this letter should be sent to your Dean, Chair, and the Office of Human Resources.
 - Managers, SPFPA, Coaches, OPEIU and SCUPA: A letter of retirement should be submitted at the earliest possible time but not later than 2 weeks prior to the date of retirement. Address the letter to your Supervisor and send a copy to your Dean or Vice President, and the Office of Human Resources.

RETIREMENT DATE: Your retirement letter should state that you are retiring as of your last day of active employment. Your last day of active employment <u>must</u> be a weekday. Faculty members who wish to retire at the end of a semester or end of an academic year should contact the Office of Human Resources <u>prior</u> to submitting their letter of retirement for the appropriate date to use.

IMPORTANT: Once your letter of retirement is submitted, your separation is final and irrevocable.

2-3 Weeks Prior to Your Retirement Date:

□ ARP Members: You are required to provide the Office of Human Resources with a copy of the letter you receive from ARP indicating that your lifetime annuity as been established. Failure to do so may result in delay of your AHCP coverage and sick leave payout.

□ If you have submitted your retirement letter, you should have received a letter from the Office of Human Resource explaining your benefits entitlements upon retirement. This letter will include both an AHCP Enrollment Form to transfer you and your dependents from the active employee health plan to the Annuitant Health Care Program (AHCP) and an AHCP waiver form to waive your health care coverage at the time of your retirement. Either the AHCP enrollment form or the waiver for must be returned to the Office of Human Resources. Your AHCP form must be returned to the Office of Human Resources before you can be enrolled in the AHCP. Upon receipt of the enrollment form and verification of your election of a retirement annuity, you will be sent a confirmation of your AHCP enrollment and a summary plan description of the AHCP. You should expect to receive new health insurance identification cards within 7-10 business days after you submit your AHCP enrollment form. Please read and retain these documents as they contain important information regarding your benefits.

After Retirement:

If you are under age 65 at the time of retirement, you will receive a letter from either the IUP Office of Human Resources or PASSHE approximately three months prior to your 65th birthday reminding you to enroll in Medicare Parts A & B. A letter will also be sent to you on behalf of your spouse approximately three months prior to his/her 65th birthday.





General Information

Group Life Insurance – You may continue your university-paid group life insurance coverage without proof of medical insurability. Prudential will automatically send a conversion notice to your home address. Contact Prudential at (800) 893-7316 with any questions.

Voluntary Group Life Insurance Program (VGLIP) – If you were enrolled in the VGLIP, you can elect to continue your group life insurance. You have thirty-one (31) days from the date of termination of employment to exercise the portability option. Portability and conversion forms are available from the Office of Human Resources or at www.iup.edu/humanresources/benefits.

Long-Term Disability Insurance (LTD) – If you were enrolled in the LTD insurance, your coverage will end upon separation from employment. There are no conversion options since the LTD coverage is only for your IUP salary.

Payout of Accumulated Leave – You will receive a leave payout of unused annual and personal leave in your last paycheck. Sick leave payouts are made in accordance with the eligibility requirements of your collective bargaining agreement. See pages 28-31 for further information. Employees must retire and begin drawing a lifetime annuity from one of PASSHE's retirement plans to qualify for the sick leave payout.

Parking Permits – Retirees are eligible for an IUP parking permit. Contact Campus Police to renew your permit when your current permit expires.

Library Privileges – You may continue using your I-card to borrow books from the IUP library. Contact the Library for more information (724) 357-2330.

I-Card – The ability to purchase an I-Card at staff rates continues into retirement. Contact the Student Co-op to purchase or renew your I-Card (724) 357-1314.

Computer Access – Computer access will be terminated on your last day of employment. You can maintain your IUP email account through Auxmail. To request an Auxmail account you will need to complete an Auxmail account request form. An auxmail form will be mailed to you at the time you submit your letter of retirement. Auxmail forms may also be downloaded from the Office of Human Resources website at www.iup.edu/humanresources/benefits. Once you have completed the Auxmail form, you will receive further instructions from IT Services. Contact IT Services for more information (724) 357-4000.

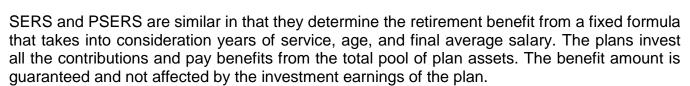
American Express Corporate Credit Card/PNC Travel Credit Cards – If you were issued an American Express Corporate Credit Card by Payroll Services, you must return the card to Payroll Services, G-11 Sutton Hall. Eligibility for a Corporate Credit Card ceases upon termination of employment. Contact Payroll Services, (724) 357-2510 for further information. Travel Cards must be returned to the Travel Office. Contact the Travel Office, (724) 357-7999.

University Property – All university property (books, keys, computer equipment, software, etc.) must be returned to your chair or supervisor.

Retirement Plans

The Pennsylvania State System of Higher Education offers three retirement program options:

- State Employee's Retirement System (SERS)
- Public School Employee's Retirement System (PSERS)
- Alternative Retirement Plan (ARP)



If you were a member of SERS prior to January 1, 2011 or PSERS prior to July 1, 2011, the retirement benefit is 100% vested once an employee has five years of credited service. Employees hired after January 1, 2011 enrolled in SERS or after July 1, 2011 for PSERS need ten years of credited service to be vested. When employees leave the university, they can remove their own contributions. If the employee is vested, he/she is entitled to the current value of the retirement benefit calculated by the formula. It also is possible to purchase other service, including military service, which will add to the total credited service used in the formula.

The ARP works very differently in the way it calculates retirement income. Employee and employer contributions are paid to the employee's account. Employees make the investment decisions about their account. The benefit is determined by the employee's account balance, which is made up of all contributions received plus any investment earnings.

If the investments perform well, the employee can earn a higher benefit. If they perform poorly, the benefit would be lower. The employee accepts any risk associated with the investments. The retirement benefit is 100% vested immediately. If employees leave employment, they are entitled to the full value of their account.

State Employees Retirement System (SERS):

Normal Retirement:

- Age 60 with 3 years of service
- Any age with 35 years of service

Early Retirement:

 Under age 60 with 5 or more years of service. Benefit is actuarially reduced based upon age or service

Public School Employees Retirement System (PSERS):

Normal Retirement:

- Age 62 with 1 year of service
- Age 60 with 30 years of service
- Any age with 35 years of service



PSERS (continued):

Early Retirement:

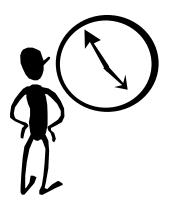
 Under age 62 with 5 or more years of service. Benefit is actuarially reduced based upon age and service. Age 55 with 25 years of service with a 3% reduction applied for each year under normal retirement. Reduction not greater than 15% of annual maximum

Alternative Retirement Plan (ARP) – Fidelity Investment, ING, TIAA-CREF, VALIC: Normal Retirement:

 Any age; however, normal retirement is age 60. Annuity is based upon employee/employer accumulations (contributions plus interest and earnings)
 Early Retirement:

 Any age. Annuity is based upon employee/employer accumulations (contributions plus interest and earnings)

IMPORTANT: The first step in retiring from IUP is to contact your retirement plan representative to review your options, select your retirement date, and make your payout election. You must elect to receive a retirement annuity and meet all of the eligibility requirements to be able to enroll in Annuitant Health Care Program (AHCP) and to receive your Sick Leave Payout. Remember that you must also send an official letter of retirement to your supervisor or chair.



Life Events

A life event is defined as:

- Marriage
- Birth or Adoption of a Child
- Divorce
- Death
- Dependent Child Age 19-25 Enrolling as a Full-Time Student or Ceasing to be a Full-Time Student
- Loss of Other Health Care Coverage



It is your responsibility to notify the Office of Human Resources as soon as possible with any life event changes and complete a PASSHE Enrollment/Change Form as such changes may affect your health care coverage. You must also provide dependent eligibility documentation in the form of an original marriage license to add a spouse or a state issued birth certificate to add a child.

Also, it is very important that you notify the Office of Human Resources of any address changes. Address changes may be sent to *Lindsey.McNickle@iup.edu*, or by mail to:

Office of Human Resources Indiana University of Pennsylvania Sutton Hall, Room G-8 1011 South Drive Indiana, PA 15705

Changes in your marital or family status must be reported to the Office of Human Resources as soon as possible. If eligible dependents are not added to your plan within 60 days of acquisition or within 60 days from the date that their eligibility under another contract ended, those dependents may not enroll until the next open enrollment period for an effective date of July 1.

If a dependent is no longer eligible for coverage (you divorce, your child is no longer a full-time student, etc.), you or your dependent must notify the Office of Human Resources within 60 days of the loss in order for your dependent to be eligible for continuation of coverage through COBRA.

The premiums that you are required to pay for your health insurance/prescription drug premiums are based on the type (the plan you are enrolled in)/size (single, two-party, family) of your contract. Therefore, it is very important to report all additions or deletions of dependents to the



Office of Human Resources as soon as they occur as this could affect the amount you are required to pay. If deletions are not reported in a timely manner premium contributions will not be refunded.

Supplemental Insurance Benefits Vision, Dental and Hearing Coverage

Faculty

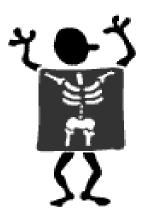
Faculty Health & Welfare Fund Benefits – The Pennsylvania Faculty Health & Welfare Fund provides vision, dental and hearing coverage to active faculty members and their eligible dependents. These benefits terminate on the last day of the next month in which you retire. You may be able to continue these benefits through COBRA and/or APSCURF. For further information go to www.pafac.com, www.apscuf.com/apscurf or contact the local APSCUF Office (724) 357-3021 or statewide office at (717) 233-4776.

Managers, SPFPA, OPEIU, Coaches

Management Benefits – Management benefits (vision, dental, and hearing) for managers, SPFPA, OPEIU, and coaches **end** upon retirement.

SCUPA

PEBTF Supplemental Benefits (Active SCUPA ONLY) – PEBTF Supplemental benefits (vision, dental, hearing and prescription) for SCUPA employees **end** upon retirement. The AHCP health plan includes prescription coverage.



Annuitant Health Care Program (AHCP)

IMPORTANT NOTICE: While every attempt has been made to ensure that the information provided here is as accurate and complete as possible, full details of the plans are contained in the official plan documents. If there is a difference between the wording of the information provided here and the legal plan document, the plan document will govern.

ELIGIBILITY CRITERIA FOR MAJORITY PAID COVERAGE

For employees <u>hired prior to July 1, 1997*</u>:

- age 60 with at least 10 years of credited service**
- any age with at least 25 years of credited service
- with an approved disability and at least 5 years of credited service

For management or faculty employees enrolled in the Alternative Retirement Plan (ARP), certain types of service (military, out-of-state etc.) deemed to be eligible for purchase through State Employees' Retirement System (SERS) or Public School Employees' Retirement System (PSERS) may be used to increase years of service to qualify for majority paid AHCP coverage.

For employees <u>hired on or after July 1, 1997</u>* (including faculty members who began employment in the fall semester 1997):

- age 60 with at least 15 years of Commonwealth/State System service
- any age with at least 25 years of Commonwealth/State System service
- with an approved disability and at least 5 years of Commonwealth/State System service

Purchased service (military, out-of-state, etc.) <u>may not</u> be used to increase years of service to qualify for fully paid AHCP coverage. PSERS service with another public school other than the Pennsylvania State System of Higher Education does not qualify as Commonwealth/State System service and may not be used to increase years of service to qualify for majority paid AHCP coverage.

For employees <u>hired on or after July 1, 2004</u>* (including faculty members who began employment in the fall semester 2004):

- age 60 with at least 20 years of Commonwealth/State System service
- any age with 25 years of Commonwealth/State System service
- with an approved disability and at least 5 years of Commonwealth/State System service

^{*} Based on *most recent* date of hire.

^{**} OPEIU under OPEIU must be age 60 with at least 15 years of credited service

^{*} Based on *most recent* date of hire.

^{*} Based on most recent date of hire.

DISABILITY RETIREMENT

SERS Employees

Employees must meet the 5-year service requirement as outlined under Eligibility Criteria section. Additionally, you must provide medical evidence that shows you cannot perform your current job. You will not be granted disability benefits unless the medical evidence that documents your disability is approved by the SERS' Medical Examiners.

The SERS Retirement Code requires that you apply while you are still employed; that is, you are still actively working, on paid leave, or on leave without pay.

If you are considering applying for disability benefits, please contact your retirement counselor at (800) 633-5461 for the medical forms that must be completed by your physician before an application for disability benefits will be reviewed.

PSERS Employees

Employees must meet the 5-year service requirement as outlined under Eligibility Criteria section. You must apply to PSERS for disability benefits within two school years from the last date PSERS contributions were made on your behalf to be eligible to receive such benefits. Contact PSERS at (888) 773-7748 for a disability application. Your application and related medical documentation will be reviewed by PSERS medical examiners who will determine if you are eligible for a disability benefit.

ARP Employees

Employees must meet the 5-year service requirement as outlined under Eligibility Criteria section. Additionally, you must provide medical evidence that shows you cannot perform your current job. Contact the IUP Office of Human Resources for the medical report form. Your application and related medical documentation will be reviewed by PASSHE's medical examiners who will determine if you are eligible for a disability benefit. You will be notified, in writing, if your application for disability retirement has been accepted.

Employees must apply for disability retirement while either in an active pay status or while in a leave without pay status. Application for disability retirement cannot be made after resignation.

Appeal processes for unfavorable decisions are outlined in respective collective bargaining agreements. The appeal process for State System managers is consistent with the merit principles hearing process.

ELIGIBILITY CRITERIA FOR PARTIALLY PAID COVERAGE

Employees who do not meet the criteria for majority paid AHCP coverage may still be eligible to enroll in the AHCP, however, the cost will be the full group rate which changes annually. If electing this option, PASSHE will contribute \$5.00 per month toward the cost of this coverage.

SERS and ARP Enrollees

- age 60 with at least 3 years of service
- under age 60 with at least 10 years of service

PSERS Enrollees

- age 62 with at least 1 year of service
- under age 62 with at least 10 years of service

Part-time Employees Retiring

Part-time employees retiring may qualify for AHCP coverage if the number of part-time years worked, converted to full years, equal the number of years needed to receive majority paid coverage. This would be regardless of whether the employee received majority paid active coverage; however, the part-time employee must have been eligible for coverage in PASSHE's active group health program on their last day actively at work to be eligible for enrollment in the AHCP.

Temporary Faculty Members Retiring

Temporary faculty members retiring may qualify for AHCP coverage with qualifying credited service. This would be regardless of whether the employee received majority paid active coverage; however, the faculty member must have been eligible for coverage in PASSHE's active group health program on their last day actively at work to be eligible for enrollment in the AHCP.

ELECTION OF MONTHLY ANNUITY

Enrollment in the AHCP is contingent upon your election and subsequent receipt of a monthly annuity from one of the three State System retirement plans: State Employees' Retirement System (SERS), Public School Employees' Retirement System (PSERS), or the Alternative Retirement Plan (ARP). Any of the annuity options available through SERS or PSERS qualify an individual for enrollment in the AHCP. However, due to the large variety of options available through the ARP, only certain annuities will qualify. Under those annuities, payments continue over the lifetime of the annuitant and are made by one of the participating ARP companies.

IMPORTANT INFORMATION FOR ARP ENROLLEES: If you are retiring from IUP and enrolled in the ARP (Fidelity Investments, ING TIAA-CREF, VALIC) you must begin drawing a lifetime annuity from your retirement plan in order to be eligible for enrollment in the AHCP and receive the sick leave payout if all other criteria are met. A minimum of \$10,000, or the entire account balance, (whichever is less) must be annuitized. Contact your retirement plan company for further information.

Examples of qualifying annuities for each ARP company are:

Fidelity Investments

• See Office of Human Resources for further information

ING

- Life Income
- Life Income with 5-30 years guaranteed
- Life Income with Cash Refund (available for fixed payouts only)
- Joint and Full Survivor
- Joint and Full Survivor with 5-30 years guaranteed
- Joint and Full Survivor with Cash Refund (available for fixed payouts only)
- Joint and 66 2/3% or 50% Survivor (payments reduced on death of either)
- Joint and 50% Contingent (Payments reduced by 50% only upon death of annuitant)

TIAA-CREF

- The Lifetime Annuity
- Interest Payment Retirement Option (IPRO)

VALIC

- Single-life annuity
- Joint and Survivor Annuity
- Unit Refund Life Annuity
- Interest Income

You must provide confirmation of the election of an ARP lifetime annuity before your enrollment in the AHCP can be processed. Your enrollment in the AHCP will be retroactive to your first day of retirement (the day after your last day of employment).

TIMING OF ENROLLMENT

An employee has a one-time option to elect enrollment in the AHCP.



• If an employee vests his or her retirement, enrollment in AHCP can be postponed until such time as a monthly annuity begins

OR

 If an annuitant is covered under another health insurance the annuitant may waive enrollment in the AHCP at the time of retirement and later enroll during an open enrollment period or upon loss of their current coverage. This also includes annuitants who continue coverage under the State System's active employee or annuitant health care programs as a dependent under a spouse's contract are permitted to delay enrollment in the AHCP until coverage under the spouse's contract ceases.

IMPORTANT NOTE: If you vest your retirement and do not elect to receive a monthly retirement annuity at the time of your separation from employment, you are not eligible to receive the sick leave pay out.

AHCP COSTS - MAJORITY PAID COVERAGE

Faculty, Managers, SPFPA, OPEIU and SCUPA Retired On or After July 1, 2008

The annuitant will contribute the same base contribution percentage paid by active employees and this percentage will change as it changes for active employees. The contribution percentage is applied to the active employee health care plan premium rate in effect on the annuitant's retirement date for the chosen health care plan and coverage tier (single, two-party or family). This premium rate upon which the contribution percentage is applied remains the same throughout retirement.

2012-2013 ACHP Monthly <u>Base</u> Premium Contributions Retiring On or After July 1, 2012 to June 30, 2013

SINGLE CONTRACT	PPO	INDEMNITY
	\$544.79	\$1,040.45
TWO-PARTY CONTRACT	PPO	INDEMNITY
	\$1,207.80	\$2,306.68
FAMILY CONTRACT	PPO	INDEMNITY
	\$1,480.19	\$2,826.90

Example: Sam is enrolled in PPO plan with single coverage on his last day of employment on June 3, 2013. His monthly base premium is \$544.79. While enrolled in the AHCP, Sam will pay a percentage of this annual or monthly amount. This percentage will change over time as the percentage of the premium that active employees are required to pay for their health care changes over time. The percentage paid by active employees is currently 15%. Therefore, Sam will pay 15% of \$544.79 or \$81.72 each month for his AHCP coverage. If the percentage paid by active employees increases to 20%, Sam's monthly cost will increase to 20% of \$544.79 or \$108.96 each month. Sam will continue to make a contribution of a percentage of \$496.09 for the rest of his life. His eligibility for Medicare will not affect his AHCP contribution but if Sam gets married and adds his wife to his AHCP plan, his cost will be adjusted to the PPO two-party rate that was in effect on the day of his retirement.

Coaches Retired On or After July 1, 2008

The contribution rate for the annuitant will be the percentage rate of his/her final annual gross salary in effect at the time of retirement and will change as the contribution rate changes for active coaches.

July 1, 2012 through June 30, 2013: 1.5% of salary

AHCP COSTS - PARTIALLY PAID COVERAGE

Contact the Office of Human Resources for partially paid premium amounts as these change annually each July 1.

PSERS PREMIUM ASSISTANCE PROGRAM

If you are a PSERS member you may be eligible for the PSERS Premium Assistance Program. This program provides eligible retirees with up to \$100 per month in non-taxable

reimbursement to help pay for health insurance provided through the AHCP. Contact PSERS for additional information (800) 773-7725.

ENROLLMENT IN THE ANNUITANT HEALTH CARE PROGRAM (AHCP)

Upon receipt of your letter of retirement, the Office of Human Resources will prepare an enrollment form to transfer you and your dependents to the Annuitant Health Care Program (AHCP) and mail to you for your review and signature. **IMPORTANT: You** <u>must</u> return this form in order to be enrolled in the AHCP.

SURVIVOR SPOUSE COVERAGE

Coverage for survivor spouses of annuitants is made available through Legislative Act 35 of 1991 and Act 183 of 1992.

Provisions of Act 35 extend to survivor spouses of employees eligible to retire who die while still in active service who meet the following criteria:

- must have been eligible to retire from PASSHE service as of date of death
- employee and spouse must have been enrolled in the PASSHE Group Health Program at time of employee's death
- must have been eligible for AHCP coverage had the employee retired

IMPORTANT: Coverage is available for surviving spouses only; other dependents are not eligible. Survivor spouses have a one-time option to elect enrollment in the AHCP. Survivor spouses are required to pay 100% of the group rate for their coverage. The group rate changes annually and is not based on the annuitant's base premium. Election in the AHCP may be postponed—it does not have to occur at the time of the annuitant's or employee's death. (For example, often survivor spouses elect COBRA coverage until such coverage ends, and then elect the AHCP coverage).



PASSHE Annuitant Health Care Program (AHCP) Health Care/Rx Coverage Non-Medicare Eligible Annuitants/Dependents

	ANNUITANTS RETIRED
Non-	7/1/09 AND AFTER
Medicare	
Eligible	
	Plan Choices*
	PPO
	НМО
	All Plans have Rx Card with no deductible and \$0/\$15/\$30 co-payments for 30 day supply
	Annuitant Contributions
	Pays percent paid by active employees:
	- As of July 1, 2010 = 15%
	- Subject to future adjustments
	Applied to cost of plan in effect at retirement**

- * The Indemnity plan is not available to those retiring after July 1, 2009 regardless of enrollment in this plan at the time of retirement.
- ** If the annuitant, subsequent to retirement, changes plans or adds or deletes dependents, the dollar amount of their contribution will change to conform to the dollar amount of contribution for the most comparable plan and size of contract that was in effect on the date the annuitant retired.

PASSHE Annuitant Health Care Program (AHCP) Health Care/Rx Coverage Medicare Eligible Annuitants/Dependents

Medicare Eligible	ANNUITANTS RETIRED 7/1/09 AND AFTER
Eligible	Plan Choices
	Medicare supplement w/Rx under major medical (\$500 deductible) and Rx discount card
	Annuitant Contributions
	Pays percent paid by active employees:
	- As of July 1, 2010 = 15%
	- Subject to future adjustments
	Applied to cost of plan in effect at retirement*

^{*} If the annuitant, subsequent to retirement, changes plans or adds or deletes dependents, the dollar amount of their contribution will change to conform to the dollar amount of contribution for the most comparable plan and size of contract that was in effect on the date the annuitant retired.

AHCP Medical /Hospital Comparison Non-Medicare Eligible Annuitants/Dependents

	Highmark PPO Blue (Preferred Provider Organization)		Health Maintenance Organization (HMO)	
	In-Network	Out-of-Network		
General Features	In-network providers accept Highmark allowance as payment in full.	Services performed by out-of-network providers are paid at 80% of allowance after a deductible. Providers can bill employees for charges above allowances.	Payment in full to participating providers for medically necessary surgery, diagnostic services and inpatient services. Services must be authorized by HMO primary care physician. Covered services vary by HMO. No payment for services out of the HMO network. Must select a primary care physician.	
	Covers medically neces			
	diagnostic services, the services and preventive			
	Services and preventive	e benefits.		
	Not necessary to select physician.	t a primary care		
Deductibles	No deductible.	\$250 per person/\$500 per family deductible per year.	No deductible.	
Co-payments and/or	\$15 for office visits	After deductible,	\$2 to \$15 for primary care physician visit. Co-payments for other	
Coinsurance	and for physical, speech & occupational therapy and chiropractic visits.	member pays 20% until \$1500 per person/ \$3000 per family out-of-pocket maximum is paid.	services vary by HMO.	
Lifetime Maximum	Unlimited.	\$1,000,000/person.	Unlimited.	
Wellness	\$15 office visit co- payment. Includes routine physical examinations for adults and children along with certain diagnostic screenings. Pediatric immunizations, gynecological exams and Pap tests are covered.	Member pays 20% after deductible for adult and pediatric exams and certain preventive care. Deductibles do not apply for gynecological exams, Pap tests, and pediatric immunizations.	Preventive care is covered after office visit co-payment and includes routine physical examinations for adults and children, pediatric immunizations, gynecological exams and Pap test. Diagnostic screenings vary by HMO.	
Emergency Room Services	\$50 co-payment. Co-pa admitted.	ayment waived if	Co-payments vary by HMO. Covered if considered a medical emergency as defined by the HMO. Co-payment may be waived if admitted.	
Mental Health - Inpatient	In-network providers accept Highmark allowance as payment in full.	Member pays 20% after deductible.	Coverage varies by HMO. See HMO literature.	
Mental Health - Outpatient	In-network providers accept Highmark allowance as payment in full.	Member pays 20% after deductible.	Coverage varies by HMO. See HMO literature.	

This chart provides a comparison of the types of programs offered. Certain limitations apply to various benefits. More detailed information about benefits and eligibility are contained in the Plan Document. If there is a difference between this summary and the Plan Document, the Plan Document will govern.

Pennsylvania State System of Higher Education (Prescription Drug Card Program Non-Medicare Eligible Annuitants/Dependents



Benefits	Retail Pharmacy	Mail Service Pharmacy
Deductible		
Per Calendar Year	None	
Generic Prescription Drug	\$0 co-payment	\$0 co-payment
Brand Formulary Prescription Drug	\$15 co-payment	\$30 co-payment
Brand Non-Formulary Prescription Drug	\$30 co-payment	\$60 co-payment
Days Supply (per prescription)	Up to 30-days	Up to 90-days
Generic Substitution	When you purchase a brand drug that has a generic equivalent you will be responsible for the brand drug copayment plus the difference in cost between the brand and generic drugs, unless your physician requests that the brand name drug be dispensed.	
Out of Pocket Maximum		Applicable
Network Pharmacy	Pharmacy Files	Claim at Point-of-Sale
Non-Network Pharmacy	Membe	r Files Claim
Prescr	iption Drug Categories	
Contraceptives (oral and injectable)	l injectable) Covered	
Fertility Agents	Covered	
Fluoride Products	Covered	
Insulin and Diabetic Supplies	Covered	
Smoking Deterrents (prescription)	Covered	
Vitamins (prescription)	Covered	
Weight Loss Drugs	_	overed
Allergy Serum	Covered Under Medical Program	
Durable Medical Equipment	Covered Under Medical Program	
Prescription Hair Growth Products	Not	Covered
	lanagement Programs	
Quantity Level Limits on select	Applies – the quantity dispensed under your plan per new or	
prescription drugs	refill prescription may be limited per recommended	
10.0	guidelines.	
Managed Rx Coverage on certain drug therapies	Not A	Applicable
Managed Prior Authorizations on select prescription drugs	Applies only on se	lect prescription drugs**

^{**} Prescription Drugs that require Prior Authorization: Growth Hormones

This exhibit provides only general information. More detailed information about benefits and eligibility are contained in the Plan Document. If there is a difference between this summary and the Plan Document, the Plan Document will govern.

AHCP Hospital/Medical Coverage Medicare Eligible Annuitants/Dependents

Annuitants and their dependents are eligible for hospital and medical coverage insurance coverage through the Federal Government's Medicare Program. When you become Medicare eligible, your AHCP coverage is revised to supplement your Medicare coverage. Under the AHCP with enrollment in Medicare Part A (Hospital Coverage) and Part B (Medical Coverage), your health care coverage includes:

- Highmark Blue Shield Signature-65 Special Medicare Complement Plan; and
- Highmark Major Medical Plan and
- Highmark Prescription Drug Discount Plan through Medco

There are two main parts of Medicare: Part A Hospital Insurance and Part B Medical Insurance. Both Part A and Part B have deductibles. The Highmark Signature-65 Special Medicare Complement Plan complements your Medicare coverage by paying the Medicare Part A deductible and the Medicare Part A and Part B coinsurance for approved Medicare benefits. You are required under Part B of Medicare to pay Medicare Part B deductible (may change annually) of your total Medicare Part B covered medical bills in a calendar year. Medicare then pays 80% of the balance of reasonable medically necessary charges and Signature-65 pays 20% of the balance of reasonable medically necessary charges. Thus, after you have paid the Medicare Part B deductible, then the combination of Medicare Part B and Signature-65 means payment of 100% of the charges. Medicare allows for all eligible services received within the calendar year.

The Major Medical portion of your AHCP coverage is designed to supplement your Medicare Part A, Part B and Signature-65 coverage by providing additional protection against expenses incurred when such services are determined to be medically necessary and appropriate for the proper treatment of the patient's condition. Major Medical will reimburse you for certain covered medical expenses not covered by Signature-65. The Medicare Part B Deductible and Signature-65 coinsurance for non-participating out-of-state Facility Providers may also be eligible under Major Medical. Major Medical also covers prescription drugs.

Medicare Assignment – Assignment means that your doctor, provider or supplier has signed an agreement with Medicare to accept the Medicare-approved amount as full payment for covered services. If a doctor, provider, or supplier does not accept assignment, they may charge you more than the Medicare-approved amount, but there is a limit called "the limiting charge." They can only charge you up to 15% over the Medicare-approved amount. The limiting charge applies only to certain services and doesn't apply to some supplies and durable medical equipment. Medicare beneficiaries who receive services in Pennsylvania are protected from being overcharged by the Medicare Overcharge Measure (MOM) Law. The law states that providers who do not accept assignment cannot charge their patients more than the Medicare approved amount. Therefore, the limiting charge law does not apply to those Medicare beneficiaries who receive services in Pennsylvania.

To understand how your AHCP Signature-65 coverage works with your Medicare coverage, it is recommended that you obtain a copy of the most current Centers for Medicare & Medicaid Services "Medicare & You" Handbook. This handbook is available at www.medicare.gov.

Signature 65 Summary Adds to Medicare Part A – Hospital Insurance Benefits

Medical Services Provided	Medicare Provides	Your Responsibility Without Signature 65	Signature 65 Pays
He switch have than t Commission			
Hospital Inpatient Services			
Room and Necessary Inpatient Services	90 days of Inpatient care per Benefit Period for Covered Services subject to the Part A deductible and coinsurance for days 61-90 of each benefit period.	Payment of a Deductible for each admission in a Benefit Period and daily coinsurance for the 61 st through 90 th days	The Deductible for each admission and daily coinsurance for the 61 st through 90 th days of each benefit period.
Lifetime Reserve After 90 Days of In- Hospital Care	An additional 60 days of In-Hospital care for Covered Services	Payment of a daily coinsurance for each of the 60 days	The daily coinsurance for each of the 60 additional lifetime reserve days
Additional In-Hospital Care Lifetime Reserve	No additional In- Hospital care for the Benefit Period.	Payment for additional In- Hospital care during the Benefit Period	30 additional days for In- Hospital care for Covered Services, including Mental Illness
Hospital Outpatient Services			
Surgery, Diagnostic Services, Emergency Treatment, Therapy, etc.	Coverage for these services under Part B only	You must pay a Deductible and coinsurance under Part B, if enrolled. If not, you pay total expense for services	The Deductible and coinsurance (excluding Physician services)
Blood			
Unlimited if Medically Necessary	All but first three pints per calendar year	For first three pints	The first three pints of blood if not replaced

Signature 65 Summary Continued Adds to Medicare Part A – Hospital Insurance Benefits

Skilled Nursing Facility Services			
If you have been a Hospital patient for at least three days and are admitted to a Skilled Nursing Facility with a Medically Necessary condition within 30 days.	Up to 100 days of Inpatient care in a Skilled Nursing Facility	Payment of daily coinsurance for the 21 st through 100 th days	The daily coinsurance for the 21 st through the 100 th days If you have used the 100 days covered by Medicare but have not used all of the 30 additional days of In-Hospital care available under this Signature-65 program, two benefit days for each of the additional days not used as a Hospital Inpatient may be used.
N D 41 4 D 11	NI di i	All	1.5
Non-Participating Providers	Nothing	All costs	In Pennsylvania – 100% Out of Pennsylvania – 80%(must be eligible Provider)
Foreign Coverage			
1 Orcigii Goverage			
Services Outside the United States	Nothing	All costs	365 days/lifetime 100%

Signature 65 Summary Continued Adds to Medicare Part B – Medical Insurance Benefits

Medicare Services Provided	Medicare Provides	Your Responsibility Without Signature 65	Signature 65 Pays
Deductible			
Medicare Part B	Nothing	Medicare Part B Deductible	Nothing
Medical Expenses			
Doctor's Services, Inpatient and Outpatient Medical- Surgical Services and Supplies, Physical and Speech Therapy, Ambulance, Dx Tests, etc.	80% of approved amount	20% of approved amount	Medicare coinsurance (20%)
Outpatient Mental Health Services	50% of the Medicare allowable amount	50%	20%
Blood			
Біооц			
Unlimited if Medically Necessary	80% of approved amount (after three-pint Deductible)	First three pints and 20% thereafter	First three pints, if not replaced, and 20% thereafter
Foreign Coverage			
Services outside the United States	Nothing	All costs	Covered 100% if in travel status

Selected Services Covered Under Medicare Part B with Signature 65 and Major Medical

Type of Service	Medicare Part B	Signature 65	Major Medical
Home and Office Visits	80%	20%	80% excess Out of PA
Durable Medical Equipment and Prosthetics	80%	20%	80% excess
Outpatient Speech and Occupational Therapy	80%	20%	80% excess Out of PA
Blood	80%	1-3 pints	80% excess Out of PA
Emergency Room	80%	20%	80% excess
Ambulance	80%	20%	80% excess
Outpatient Diagnostic, Hospital	80%	20%	80% excess Out of PA
Physician Fees (X-rays, lab tests, radiology, etc.)	80%	20%	80% excess Out of PA
Medical Services (surgery)	80%	20%	80% excess Out of PA
Prescription Drugs**	N/C	N/C	80%
Dental Vision, and Hearing Services	N/C	N/C	N/C

This chart provides only general information on the differences between coverage for selected Medically Necessary services under Medicare Part A/Signature 65, Medicare Part B/Signature 65 and Major Medical.

N/C - Not covered

^{*}Pennsylvania Professional Providers are required to submit claims for Medicare-covered Subscribers and to accept 100% of the Medicare Allowance as payment in full for Covered Services.

^{**}Discounts will be provided for retail and mail order drugs that under Federal law may only be dispensed by written prescription and which are approved for general use by the Food and Drug Administration. The drug must be dispensed on or after the Member's Effective Date by a Participating Pharmacy Provider.

AHCP Major Medical Benefits Chart

Benefits	Coverage
Deductible	\$500 Individual
Per Calendar Year	\$1500 Family Aggregate
Payment Level*	, and an y 33 against
Based on Provider's Reasonable Charge (PRC)	80% PRC
3. (.,	except as noted
Non-Participating Providers payment is based on Reasonable Benefit Maximum	
Out-of-Pocket Limit	\$350 per Individual per calendar year
Lifetime Maximum	\$1,075,000/person
Ambulance	80% PRC after deductible
	Includes air ambulance when medically necessary
	Includes emergency services by an advanced life
	support unit even though the unit does not provide
	transportation
Assisted Fertilization Procedures	Not Covered
Dental Services Related to an Accidental Injury	80% PRC after deductible
	Treatment of congenital cleft palates is also covered
Diabetes Treatment	80% PRC after deductible
Diagnostic Services	80% PRC after deductible
Lab, X-ray, and Medical Tests	
Durable Medical Equipment	80% PRC after deductible
Orthotics and Prosthetics	NOT limited to dependent children
Elective Abortion	Not Covered
Includes Dependent Daughters	(except in cases of rape, incest, or to avert death of the mother)
Emergency Care	80% PRC after deductible
Professional Services	
Emergency Room Services	80% PRC after deductible
Facility Services	
Enteral Formulae	80% PRC no deductible
Home Health Care	80% PRC after deductible
Excludes Respite Care	
Hospice	Not Covered
Includes Respite Care	
Hospital Expenses	80% PRC after deductible
Inpatient and Outpatient	
Private Room Allowance \$10 per day	2 pint blood deductible/calendar year
Infertility Counseling, Testing, and Treatment ¹	80% PRC after deductible
Maternity	80% PRC after deductible
Excludes Dependent Daughters	
Medical Care	80% PRC after deductible
Includes Inpatient Visits and Consultations	
Mental Health - Inpatient ²	80% PRC after deductible
Includes Partial Hospitalization	
Mental Health – Outpatient ²	80% PRC after deductible
Office Visits	80% PRC after deductible
Oral Surgery	80% PRC after deductible
Removal of impacted teeth	23,21,112,200, 33223003

Benefits	Coverage
Physical Therapy	80% PRC after deductible
Outpatient	
	Unlimited
Prescription Drugs	
	80% of charge for drugs and insulin requiring a
	Provider's prescription. Benefits are also provided for
	non-reusable medical devices used to administer such
Preventative Care	drugs
Adult Services include:	
Routine Physical Exam	Not Covered
Immunizations	Not Covered
Diagnostic Screening	Not Covered
Screening Mammography	80% PRC after deductible
Routine Gynecological Exam & Pap Test	80% PRC no deductible/lifetime maximum
Routine Pediatric Services include:	
Routine Physical Exam	Not Covered
Pediatric Immunizations	80% PRC no deductible/lifetime maximum
Diagnostic Screening	Not Covered
Private Duty Nursing	80% PRC after deductible
Skilled Nursing Facility Care	80% PRC after deductible
Speech and Occupational Therapy	80% PRC after deductible
Outpatient	Unlimited
Spinal Manipulations	80% PRC after deductible
	30 visits/calendar year
Substance Abuse – Detoxification ²	Not Covered
Substance Abuse – Inpatient Rehabilitation ²	Not Covered
Substance Abuse – Outpatient	80% PRC after deductible
Surgical Expenses	
Includes Assistant Surgery, Anesthesia, Sterilization and Reversal	80% PRC after deductible
Procedures	
Excluded Neonatal Circumcision	
Therapy Services	000/ BBO - (1 1 1 1 1 1 1
Chemotherapy, Radiation Therapy, Dialysis, Infusion Therapy and	80% PRC after deductible
Respiration Therapy Preadmission Requirements for Inpatient Admissions ³	
No Penalty for Non-compliance	Performed by Provider
Condition Management	Case Management, Blues on Call, and Disease State
Ochanion management	Management
	I wanagement

^{*} After deductible except where noted.

NOTE: Medicare Part B deductible is eligible; coinsurance for out of state Non-Par facility providers is eligible.

Treatment includes coverage for the correction of a physical or medical problem associated with infertility. Infertility drug therapy may or may not be covered depending on your group's prescription drug program.

To obtain inpatient mental health and substance abuse services at the maximum benefit level, you must contact Highmark Blue Shield's Mental Health & Substance Abuse unit before seeking treatment.

³ If Blue Shield is not contacted prior to a non-emergency inpatient admission and it is later determined that all or part of the inpatient stay was not medically necessary or appropriate, the participating provider (or member if services were received from a non-participating provider) will be responsible for any costs not covered.



Sick Leave Payouts

Sick leave payouts are made in accordance with the applicable collective bargaining agreement or management leave payout provisions. In addition to meeting the criteria outlined below, employees must retire and begin drawing a lifetime annuity from one of PASSHE's retirement plans to qualify for the sick leave payout. Employees who elect to "retire" but choose not to take a monthly annuity upon separation will not be eligible to receive a sick leave payout even if all other criteria are met.

Faculty

Faculty Eligibility Criteria:

- 1. Retirement at age 60 or above with 5 years of Commonwealth/State System* service as a faculty member, or
- 2. Disability retirement under the State Employees' Retirement System**, or
- Retirement under age 60 with at least 25 years of Commonwealth/State System* service. The entire 25 years need not all be as a faculty member and may include periods of Commonwealth/State System* service in other than faculty positions

Payment Schedule:

Faculty				
Days available at Maximum Days of Unused Sick Leave Paid retirement				
10-74	10			
75-149	20			
150-224	30			
225-299	40			
300 and over	50			

^{*} Commonwealth/State System Service includes only service earned as an employee of the Commonwealth of Pennsylvania and/or the Pennsylvania State System of Higher Education. Commonwealth/State System service <u>DOES NOT INCLUDE</u> service with a Pennsylvania Public School, a Pennsylvania State Related University, other non-PASSHE universities or purchased military service.

NOTE: Payment for sick leave will be paid after the employee's last day of employment in their last pay check. 20-pay faculty retiring after the last day of the Fall or Spring semester will receive the leave payout in a separate check issued the pay date following their date of retirement.

^{**}A retirement under the Alternative Retirement Plan shall be considered disabled if the retiree meets the same disability retirement standards used by the State Employees' Retirement System as determined by the State System's medical consultant.

Coaches

Coaches Eligibility Criteria:

- 1. Retirement at age 60 or above with 5 years of Commonwealth/State System* service as a coach, or
- 2. Disability retirement under the State Employee's Retirement System**, or
- 3. Retirement under age 60 with at least 25 years of Commonwealth/State System* service. The entire 25 years of service need not all be as a coach and may include periods of Commonwealth/State System* service in other than coaching positions.

Payment Schedule:

Coaches			
Days available at Maximum Days of Unused Sick Leave Paretirement			
10-74	10		
75-149	20		
150-224	30		
225-300	40		

^{*} Commonwealth/State System Service includes only service earned as an employee of the Commonwealth of Pennsylvania and/or the Pennsylvania State System of Higher Education. Commonwealth/State System service <u>DOES NOT INCLUDE</u> service with a Pennsylvania Public School, a Pennsylvania State Related University, other non-PASSHE universities or purchased military service.

NOTE: Payment for sick leave will be paid after the employee's last day of employment in their last pay check.



^{**}A retirement under the Alternative Retirement Plan shall be considered disabled if the retiree meets the same disability retirement standards used by the State Employees' Retirement System as determined by the State System's medical consultant.

Managers

State System Senior Policy Executives and Managers Eligibility Criteria:

- 1. Superannuation retirement with at least 5 years of credited service under one of the State System's approved retirement plans*, or
- 2. Disability retirement in accordance with one of the State System's approved retirement plans, or
- 3. Other retirement with at least 25 years of credited service under one of the State System's approved retirement plans.
- 4. Death in active service and eligible under items 1 or 3 above. If not eligible under items 1 or 3 above but has at least 7 full years of credited service under the System's approved retirement plans, 30% of the sick leave accumulation will be paid. For work-related deaths, 100% of the sick leave accumulation will be paid regardless of age or years of service.

Payment Schedule:

- ujiiidii dalidaala				
State System Senior Policy Executives and Managers				
Days available at retirement	Percentage buy-out	Maximum days		
0-100	30%	30		
101-200	40%	80		
201-300	50%	150		
over 300 (in last year of	100% of days over 300	15		
employment)				

NOTE: Payment at 100% would be for only those days earned during the leave calendar year in which the employee retires. Payment for sick leave will be paid after the employee's last day of employment in their last pay check.

SPFPA and **OPEIU**

SPFPA and OPEIU Eligibility Criteria:

- Superannuation retirement with at least 5 years of credited service in the State and/or Public School Retirement Systems**, or
- 2. Disability retirement, which requires at least 5 years of credited service in the State and/or Public School Retirement Systems**, or
- 3. Other retirement with at least 25 years of credited service in the State and/or Public School Retirement Systems***, or
- 4. After 7 years service, death prior to retirement or separation from service****

Payment Schedule:

i ayınıcını ochicadıc.				
SPFPA, OPEIU				
Days available at retirement	Percentage buy-out	Maximum days		
0-100	30%	30		
101-200	40%	80		
201-300	50%	150		
over 300 (in last year of employment)*	100% of days over 300	13		

NOTE: Payment at 100% would be for only those days earned during the leave calendar year in which the employee retires. Payment for sick leave will be paid after the employee's last day of employment in their last pay check.

^{*}Superannuation under the Alternative Retirement Plan shall be 60 years of age with at least 5 years of Commonwealth/State System Service.

^{**}A retirement under the Alternative Retirement Plan shall be considered disabled if the retiree meets the same disability retirement standards used by the State Employees' Retirement System as determined by the by the State System's medical consultant.

^{***}Retirement under the Alternative Retirement Plan must include at least 25 years of Commonwealth/State System service.

^{****}When an employee dies as the result of a work-related accident, 100% of the employee's unused sick leave will be paid unless the survivor spouse or minor children are entitled to benefits under Act 101 of 1976 in which case payment will be at 30% of unused sick leave to a maximum of 90. (Act 101 of 1976 provides payment to the surviving spouse/children of firemen or law enforcement officers killed in the line of duty).

SCUPA

SCUPA Eligibility Criteria:

- Superannuation retirement with at least 5 years of credited service in the State and/or Public School Retirement Systems*, or
- 2. Disability retirement, which requires at least 5 years of credited service in the State and/or Public School Retirement Systems**, or
- 3. Other retirement with at least 25 years of credited service in the State and/or Public School Retirement Systems.***

Payment Schedule:

SCUPA				
Days available at retirement	Percentage buy-out	Maximum days		
0-100	30%	30		
101-200	40%	80		
201-300	50%	150		
over 300 (in last year of employment)*	100% of days over 300	13		

NOTE: Payment at 100% would be for only those days earned during the leave calendar year in which the employee retires. Payment for sick leave will be paid after the employee's last day of employment in their last pay check.

^{*}Superannuation under the Alternative Retirement Plan shall be 60 years of age with at least 5 years of Commonwealth/State System Service.

^{**}A retirement under the Alternative Retirement Plan shall be considered disabled if the retiree meets the same disability retirement standards used by the State Employees' Retirement System as determined by the State System's medical consultant.

^{***}Retirement under the Alternative Retirement Plan must include at least 25 years of Commonwealth/State system service.

Tax Deferral of Leave Payments

Retiring and terminating employees who receive payment for accumulated annual, sick or personal leave may be eligible to tax defer some or all of those payments to the Commonwealth's Deferred Compensation Plan (457 Plan). Great West Retirement Services has been chosen by the Commonwealth as the administrator of this program.

The change in IRS Regulations that now allows these tax deferrals to the 457 Plan contains the following restrictions:

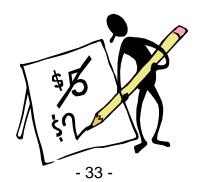
- You must be enrolled in the 457 Plan and must elect to defer leave payments <u>before</u> the beginning of the month in which the leave payments would be paid.
- Tax deferred leave payments, along with other tax deferrals to the 457 Plan, are limited to the maximum elective deferral limits for the calendar year in which they are made.

These deferral limits vary depending upon several factors. In the final three-year period prior to normal retirement age as defined by the State Employees' Retirement System you may be eligible for a special deferral provision, which allows you to tax defer an amount greater than the annual calendar year limit. This should be discussed with a Great West representative, who will gather the necessary data from our office to determine if you qualify for this special provision.

Because of the IRS timing restrictions, you should plan well in advance for your leave payment deferral. To defer leave payouts to the 457 Deferred Compensation Plan you <u>must</u> first enroll in the plan and have at least one payroll deduction made to the plan before the deferral of your leave payout.

To enroll, contact Great West Retirement Services representative William Poletti at (866) 737-7457, Press 2, extension 62230 or email at william.poletti@gwrs.com. Enrollment forms and information are also available at www.sers457.com. Questions regarding deferral amounts and limits should be directed to Payroll Services, (724) 357-2510.

NOTE: IRS rules do not allow deferral of leave payouts to a 403(b) Tax-Sheltered Annuity plan. Therefore, you may not tax defer leave payments to your 403(b) plan.



RETIRED EMPLOYEES

Eligibility Criteria for Tuition Waivers

		Employee	Spouse	Children	
	Criteria	İUP	IUP	IUP	Other SSHE
APSCUF	 Retired from IUP (last place of employment). At or above superannuation age* at time of request for the waiver. 10 or more years of service exclusively in SSHE System. 	None	None	100% up to child's first bachelors degree or age 25, whichever occurs first.	50% up to child's first bachelors degree or age 25, whichever occurs first.
OPEIU	N/A	None	None	None	None
SCUPA	Retired on or after 1/1/03 (except for those annuitants who are now vested under a University policy) At or above superannuation age* at the time of retirement and has15 or more years of service exclusively in SSHE.	None	None	100% up to child's first bachelors degree or age 25, whichever occurs first.	
MGMT	25 years credited service in one of the System's approved retirement plans. OR 10 years credited service in one of the System's approved retirement plans and at or above superannuation age* at time of request for the waiver.	None	100% if the spouse does not already have a bachelors degree.	100% up to child's first bachelors degree or age 25, whichever occurs first.	50% up to child's first bachelors degree or age 25, whichever occurs first.
SPFPA	Retired on or after 1/1/2001 (except for annuitants now vested). At or above the superannuation age*and 15 or more years of service exclusively in SSHE.	None	None	100% up to child's first bachelors degree or age 25, whichever occurs first.	None

Coaches	25 or more years credited service in one of the System's approved retirement plans. OR 10 or more years credited service in one of the System's approved retirement plans and at or above superannuation age* at time of request for the	None	100% if the spouse does not already have a bachelor's degree.	100% up to child's first bachelor's degree or age 25, whichever occurs first.	50% up to child's first bachelor's degree or age 25, whichever occurs first.
	waiver.				

^{*} Superannuation age is defined as any age upon accrual of 35 years of credited service for retirement purposes or age 60.

Children shall be defined as:

- a blood descendent of the first degree (offspring);
- a legally adopted child;
- a stepchild;
- a child for whom you are the legal guardian (guardianship must have been established by the child's seventeenth birthday)

Employees/Annuitants may be required to show proof of adoption or legal relationship.



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Frequently Asked Questions

What is the AHCP?

AHCP stands for Annuitant Health Care Program. The AHCP is PASSHE's health insurance and prescription drug coverage program for retired faculty, managers, SPFPA, OPEIU, Coach and SCUPA employees. The AHCP covers retirees and their eligible dependents who are not eligible for coverage under the Federal Medicare Programs. The AHCP also provides a Medicare supplement and prescription drug coverage to retirees and dependents who are covered by Medicare.

When does the Annuitant Health Care Program coverage begin?

If you are eligible for enrollment in the AHCP coverage usually begins the day after your last day of active employment which is your first day of retirement. You may also elect to waive your AHCP coverage and enroll at a later date.

Enrollment is contingent upon proof of the election of a retirement benefit. SERS and PSERS will automatically send confirmation of your retirement benefit election to the IUP Office of Human Resources. ARP members must provide a copy of their annuity confirmation to the Office of Human Resources. Enrollment may be delayed if proof is not provided upon retirement but will be retroactive back to the first day of retirement once documentation is received. You will receive new cards once you are enrolled in the AHCP. It is important that you begin using your AHCP card (and Medicare card if applicable) on the day following your last day of active employment.

How much will I pay for the Annuitant Health Care Program coverage?

The amount that you will pay for your Annuitant Health Care Program coverage depends on a number of factors including date of retirement, plan enrolled in at time of retirement and size of your plan (single, two-party or family) throughout retirement. For those retiring on or after July 1, 2008, you will contribute at the same base contribution percentage paid by active employees and this percentage will change as it changes for active employees. contribution for active employees from July 1, 2010 through June 30, 2011 is 15%. This contribution percentage is applied to the active employee health care plan premium rate in effect on your retirement date for the chosen health care plan and coverage tier (single, two-party or family). If, after retirement, your coverage tier changes (for example, single to two-party upon acquisition of a spouse through marriage or family to two-party upon removal of a child from coverage), your premium rate will be adjusted to the rate that was in effect for that tier on your retirement date. The premium rate upon which the contribution percentage is applied remains the same throughout retirement - the percentage is subject to change.

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If you are Medicare eligible or when you become Medicare eligible, you will also pay a monthly premium for Medicare Part B in addition to your AHCP contribution. The Medicare Part B premium is usually deducted from your monthly Social Security payment. If you are not receiving Social Security when you enroll in Part B, you will be billed for the Medicare Part B premium. Medicare rates change annually on January 1. To determine your cost for Medicare Part B, you will need to contact the Social Security Office directly.

How will I pay my premiums for the Annuitant Health Care Program?

Annuitants enrolled in SERS will have their share of premiums deducted from their monthly annuity check. PSERS and ARP annuitants will be billed quarterly by the Pennsylvania State System of Higher Education.

Do I have to continue to participate in the Healthy U Program to continue to receive the lowest health care contribution when I retire?

No, the Healthy U Program does not apply to annuitants. Your AHCP contribution will be made at the same <u>base</u> contribution percentage paid by active employees. Active employees who do not meet the requirements of the Healthy U Program are required to pay an additional contribution percentage above the base contribution percentage.

If enrolled in the PPO or Signature-65 plan, as a Highmark member you are eligible to access and participate in Highmark's wellness resources after retirement.

How do I enroll in the Annuitant Health Care Program?

The Office of Human Resources will complete the necessary paperwork for your enrollment once your letter of retirement is received. You will be sent a PASSHE Enrollment/Change Form. In order to enroll for the AHCP, you will need to complete and return this form. You must meet the eligibility criteria for enrollment and elect an annuity from one of the State System's retirement plans in order to qualify for the AHCP.

ARP Members are required to provide the Office of Human Resources with a copy of the confirmation you receive from ARP indicating that your lifetime annuity has been established. Failure to do so may result in loss of your AHCP coverage and sick leave payout.

What are my health care plan options?

If you are under 65 you may only elect coverage in the PPO plan or an HMO plan available in your area even if you are enrolled in the Indemnity plan at the time of retirement. If you are enrolled in the Indemnity plan on your last day of employment, your AHCP health care contribution will be a percentage of the base premium for the Indemnity plan.

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If you are age 65 or older, you *must enroll in Medicare Parts A and B.* If your spouse is age 65 or older, they must enroll in Medicare Parts A and B. Medicare will be your primary coverage. Through the AHCP, you will have a Highmark Medicare supplement plan called "Signature 65" coverage and a Highmark Major Medical plan. These plans are designed to supplement your Medicare coverage.

Once you enroll in a plan, you will receive a benefits booklet. It is very important that you read this document carefully and retain for your records as it contains important detailed information about your health care plan and your responsibilities.

What if I am age 65 or older but my spouse is under age 65?

If one member of your plan is Medicare eligible and others are not, you will have a split contract. A split contract is a contract where either you or your spouse has turned 65 and is eligible for Medicare and the other is not. A retiree or spouse who is not yet 65 will continue to be covered under the PPO plan. A separate contract will be established for the individual who is Medicare-eligible. Both plans will continue to be AHCP plans. If you have a split contract, keep in mind that the prescription plan for you and your spouse will be different. One will have the same plan as active employees and the other will receive discounts on their prescriptions using the Highmark/Medco ID card and submit the balance to Major Medical for consideration.

What will my prescription coverage be?

If you are under age 65 your prescription drug coverage will be the same prescription drug coverage that you had as an active employee with the \$0/\$15/\$30 co-payments for a 30 day supply.

If you (or your spouse) are age 65 or older and enrolled in Medicare A and B and the Signature 65 plus Major Medical, you (or your spouse) will receive a prescription drug discount card and will submit prescription drug expenses to Major Medical. Your Major Medical coverage has a \$500 annual deductible and an additional \$350 out-of-pocket limit.

If you currently use or wish to use the mail-order option for prescriptions, you can continue to use this option as an annuitant.

Who is eligible to be a dependent on my health/prescription drug plan when I retire?

You, your legal spouse, and dependent children up to age 19 are eligible to be dependents on your plan.

Dependent children age 19 to 25 are eligible to continue coverage as a dependent if they meet the following criteria:

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- Enrolled in and attending as a full-time student a recognized course of study or training;
- Not employed on a regular full-time basis (does not include summer employment); and
- Not covered under any group insurance plan or prepayment plan through the student's employer.

To be covered under this provision, the child must have been your Dependent before the age of 19.

Two times per year, in the spring and fall, you will receive student certification forms from your health insurance plan to verify that any dependents age 19-25 are full-time students. It is very important that student certifications are completed and returned in a timely manner, otherwise your dependent may be removed from your coverage.

If your spouse is also a PASSHE employee or annuitant eligible to participate in either the active coverage or AHCP, he or she may enroll as a single subscriber under his/her own plan, or as a dependent under the active employee's coverage, but not both. Likewise, dependents may only be covered under one PASSHE active group plan or AHCP plan.

If you are age 65 or older, a PASSHE active employee, and choose to waive your active coverage and enroll as a dependent on your retired spouse's AHCP plan, you must enroll in Medicare Parts A and B.

Can I continue to use the same medical/prescription drug cards?

No. The active group health plan and AHCP have different group numbers. Once you enroll in the AHCP you and your dependents will receive new cards. It is very important to begin using these cards on the first day of your retirement. If you continue use your old cards, claims will be denied and you will have to contact your providers to resubmit claims using your new AHCP cards.

PASSHE receives a retiree drug subsidy from Medicare for providing drug coverage to Medicare-eligible retirees. In order to continue to receive the subsidy, annuitants must use their Highmark/Medco ID card when filling prescriptions.

Can I ever change from one health care plan to another?

If you and/or your dependents are not Medicare eligible, you have the option of changing health care options during the annual open enrollment (usually held at the end of April). The current non-Medicare plan options are the Highmark PPO plan or an HMO plan. Information on the open enrollment will be sent to your home mailing address. Please note that the Indemnity plan is closed to new enrollments and you or your dependents cannot be enrolled in an HMO if you have a split contract (one member Medicare eligible and one member non-Medicare eligible).

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If you and/or your dependents are Medicare eligible, you only have one plan option: Medicare with Signature-65 and Major Medical.

Do I have coverage if I travel to another part of the country or if I leave the country?

Yes. For claims incurred in the United States, contact Member Services for information on submitting claims.

When traveling outside the United States, Highmark's BlueCard Worldwide Program can help you with referrals and appointments, translations, special medical assistance, arrangements for medical evacuations and processing claims. For outpatient or professional services received abroad, you should pay the provider, then complete an international claim form and send to the BlueCard Worldwide Service Center. Claim forms and further information are available by calling (800) 810-BLUE or going to www.highmarkblushield.com.

What is Medicare?

Medicare is the federal health insurance plan for people who are age 65 or older. Medicare has two parts: hospital insurance and medical insurance. Hospital insurance (Part A) covers inpatient hospital care and certain follow-up care. You paid for Part A as part of your Social Security taxes while working. Medical insurance (Part B) pays for physician services and some other services not covered by hospital insurance. You must pay monthly premiums for Part B. Part B premiums are deducted from your monthly Social Security payment, or, if not receiving Social Security payments, billed to you by Medicare.

When do I enroll in Medicare Parts A & B?

If you are still actively employed when you reach your 65th birthday, you will continue to be covered under your active group health plan. You should still apply for Medicare Part A coverage at least three months prior to your 65th birthday, however, you may delay enrollment in Medicare Part B until your coverage under the active group health plan ends. Your spouse should also enroll for Medicare Part A at least three months prior to their 65th birthday and are also able to delay enrollment in Medicare Part B until coverage under the group health plan ends.

A special enrollment period for Part B is available if you are eligible for Medicare and waited to enroll in Part B because you or your spouse were working and had group health plan coverage through an employer. You will not be subject to a late enrollment penalty if you delay enrollment in Part B until retirement. Social Security requires that the employer verify eligibility for Part B enrollment during a special enrollment period. Please forward these forms to the Office of Human Resources.

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If you (or your spouse) will be age 65 or older at the time of your retirement you will need to contact the Social Security Office at least 2-3 months before your retirement date to enroll in Medicare Part B. Your Part B coverage must be effective the first day of the month in which you retire.

If you are under age 65 when you retire, you will receive a letter from the Office of Human Resources approximately 3 months prior to your 65th birthday reminding you that you need to enroll in Medicare Parts A&B effective the first day of the month in which you turn age 65. If your spouse is under age 65 at the time of your retirement you will receive a letter from the Office of Human Resources on your spouse's behalf regarding Medicare enrollment.

If you are already receiving Social Security benefits before you reach age 65, you will automatically be enrolled in Medicare Part A and Part B starting the first day of the month you turn age 65. If you are an active employee when you turn age 65 you should turn down Part B and enroll upon retirement.

For more information, contact the Social Security office or go to www.medicare.gov.

Do I need to enroll in Medicare Part D (prescription drug)?

No. The AHCP health plan's prescription drug coverage is on average at least as good as the standard Medicare prescription drug coverage. With the AHCP, the medical and prescription drug coverage are bundled together. An enrollee cannot elect either the medical plan or the prescription drug plan – both must be either elected or waived. If you opt to enroll in a Medicare Part D plan, you will be required to pay a monthly premium, deductible and additional out-of-pocket expenses beyond \$3600 of drug costs. These costs would be in additional to your AHCP premium contribution and enrollment in both plans would not enable you to combine the benefits of each. Annuitants have a one-time only option to enroll in the AHCP. If you cancel your coverage, you will not be able to enroll at a later date.

What is Signature-65 plus Major Medical?

Signature-65 is a Medicare supplement which includes both inpatient and outpatient benefits to complement those paid under Medicare Part A and Part B. Signature-65 pays for the Medicare Part A deductible and Medicare Part A and Part B co-insurance for approved Medicare benefits.

Major Medical coverage is designed to supplement your hospital, medical surgical and Medicare supplemental benefits. Major Medical will reimburse you for certain covered expenses not covered by Signature-65. The Medicare Part B deductible, (\$162 for 2011) and prescription drug expenses are eligible for reimbursement under Major Medical.

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How do I file a Major Medical claim?

Major medical claim forms can be obtained by contacting Highmark at (866) 727-4935. Claim forms can also be downloaded from www.highmarkblueshield.com.

Claim forms should be sent to the address listed on the back of your insurance card.

What should I do if I am having trouble with claims being paid or if I need to know if a certain service is covered by my benefits?

If you are not Medicare eligible and enrolled in the PPO plan, contact Highmark at (866) 727-4935. If enrolled in an HMO plan, contact your HMO's customer service line. You will need your health insurance identification card when calling.

If Medicare eligible, you can find answers to general questions about eligibility, coverage and Medicare Summary Notices (MSNs) at www.medicarelgov. For specific questions about your claims, medical records, or expenses, visit Medicare at 1-800-MEDICARE (800-633-4227). If you are still having problems after contacting Medicare, contact Highmark at (866) 727-4935.

What should I do if I experience a life event after I retire?

You should contact the Office of Human Resources with any changes to your medical coverage including address changes and any addition or removal of dependents. An enrollment/change form is required for all additions/deletions to your health care coverage.

Changes in your marital or family status must be reported to the Office of Human Resources as soon as possible. If eligible dependents are not added to your plan within 60 days of acquisition or within 60 days from the date that their eligibility under another contract ended, those dependents may not enroll until the next open enrollment period for an effective date of July 1. You must also provide dependent eligibility documentation in the form of an original marriage license to add a spouse or a state issued birth certificate to add a child.

If a dependent is no longer eligible for coverage (divorce, separation, no longer a full-time student), you or your dependent must notify the Office of Human Resources within 60 days of the loss in order for your dependent to be eligible for continuation of coverage through COBRA.

Your premiums for your health coverage in retirement are based on the both the type and size (single, two-party, family) of your contract. Therefore, it is very important to report all additions or deletions of dependents to the Office of Human Resources as soon as they occur as this could affect the amount you are required to pay. If deletions are not reported in a timely manner, premium contributions will not be refunded.

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What happens to my dependent's coverage in the event of my death?

The Office of Human Resources must be notified of your death.

Act 35 of 1991 provides for continuation of group health coverage for surviving spouses of annuitants. Coverage is available for spouses only; dependents are not eligible. Spouses may continue their current coverage by paying 100% of the group rates.

For survivor spouses receiving a retirement benefit from the State Employees Retirement System (SERS), the premiums will be deducted from the pension check. For those not receiving a pension check from SERS, the Office of the Chancellor will bill the survivor spouse quarterly.

When will I receive my final paycheck?

Because the State System is on an "after-the-fact" payroll, you will receive your final paycheck two weeks after the completion of your final pay period. If you are a faculty member and selected the 26 pay option, you will receive any remaining payments in this last paycheck.

When will I receive my leave payouts?

You will receive any applicable annual, personal and sick leave payouts in your last paycheck, unless you are electing to defer all or part of these payouts to the 457 Deferred Compensation Plan.

Do tuition waivers still apply for my dependents?

Yes, tuition waivers apply for children until death of the retiree if you meet certain criteria. (Refer to the tuition waiver matrix).

What if I still have other questions?

Contact Lindsey McNickle, IUP Benefits Manager at (724) 357-2431 or by email, at Lindsey.McNickle@iup.edu.



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Glossary of Terms

ARP – Alternative Retirement Plan, a defined contribution plan

<u>Annuitant</u> – Retired State System faculty member, manager, SPFPA, nurse, coach or SCUPA.

Annuity – Fixed sum of money, paid monthly

AHCP – Annuitant Health Care Program

Brand Name Drug – A recognized trade name drug product

COBRA - Consolidated Omnibus Budget Reconciliation Act, a federal law which gives a person enrolled in a group policy the right to continue in the group coverage on a temporary basis after departure from the employer.

<u>Co-payment</u> – A specified dollar amount a subscriber to a managed care plan must pay for covered health care services. It is paid to the provider at the time the service is rendered.

<u>Co-insurance</u> – The share of your covered expenses, usually a percentage, you must pay after the deductible is reached.

<u>Deductible</u> - A set dollar amount which must be satisfied within a specific time frame before the health plan begins making payments on claims.

<u>Dependent</u> – A member other than the employee that meets the eligibility requirements of the plan for coverage.

EOB - Explanation of Benefits. A summary of the payment made by your health plan to the medical provider.

Formulary – A listing of prescription drugs selected by the plan.

<u>Generic Drug</u> – A drug that is available from more than one manufacturing source and accepted by the Federal Food and Drug Administration (FDA) as a substitute for a brand name drug.

HMO – Health Maintenance Organization. A managed care plan.

<u>LTD</u> – Long-term disability insurance

<u>Member</u> – Any enrolled person eligible for benefits under the plan which includes eligible employees, their eligible dependents, eligible COBRA beneficiaries, and eligible surviving spouses.

PPO – Preferred Provider Organization

<u>Out of Pocket Maximum</u> – The amount the member pays out of pocket before the plan begins to cover 100% of the eligible costs.

<u>Participating Provider</u> - A physician or other medical provider has agreed to accept a set fee for services provided to members of a specific health plan. They are deemed to be "in-network".

<u>PASSHE</u> - Pennsylvania State System of Higher Education. Administers health and prescription drug benefits for active and retired faculty, managers, SPFPA, OPEIU and coaches and retired SCUPA employees. Also administers the PAPASSHE Alternative Retirement Plan (ARP).

<u>PEBTF</u> – Pennsylvania Employees Benefit Trust Fund. Administers health/prescription drug benefits for active and retired AFSCME, PDA, PSSU and active SCUPA employees.

PCP – Primary Care Physician

<u>PRC</u> – Provider's Reasonable Charge, the charge that the Plan determines reasonable for services provided to a member.

<u>PSERS</u> – Pennsylvania State Employees Retirement System, a defined benefit plan.

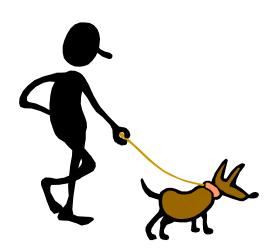
<u>**REHP**</u> – Retired Employees Heath Program open to AFSCME, PDA, and PSSU employees.

SERS – State Employee Retirement System, a defined benefit plan.

<u>UCR</u> – Usual, Customary and Reasonable. A reduction in the payment of benefits on a claim which is justified by the insurance company as "the going rate" to be paid in that geographical area.

VGLIP – Voluntary Group Life Insurance Program

UPDATED 3/11/2011



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