

PENNS^TATE



RETIRED FACULTY/STAFF BENEFITS

Health Benefits

Office of Human Resource

To: All Faculty and Staff

From: Susan McGarry Basso, Associate Vice President for Human Resources

I am pleased to present to you a “Summary Plan Document” for your University sponsored medical, dental and vision plans. This document contains important information regarding eligibility criteria for faculty, staff and their dependents during the period of active University employment and after leaving Penn State service. I encourage everyone to carefully review this information. The details of each specific plan will be included in the Plan Administrators “Certificate of Coverage.”

Changes to the employee contribution amounts are communicated in the “Time to Choose” material that is provide during the annual open enrollment period. Other important information regarding benefits also is included.

Questions regarding the “Summary Plan Document” may be directed to the Employee Benefits Division at (814) 865-1473 or by email at benefits@psu.edu.

FOREWORD

This booklet describes general information regarding your plan of health care benefits that have been arranged to help protect you against hardships accompanying sickness or accident.

If there is anything in this booklet that requires further clarification, or if you have questions relative to specific plan provisions, please contact the Employee Benefits Division or refer to your Highmark Blue Shield or **FreedomBlue** Benefits Booklet depending on your enrollment.

While the University expects to continue its benefits plans indefinitely, it reserves the right to amend, suspend or terminate any plan at any time. If the University deems such action as necessary, you will be notified prior to such actions.

On February 28, 1995, Act 165, which addresses insurance fraud, was signed into law in Pennsylvania. Pursuant to this law, and effective October 1, 1995, all Pennsylvania insurance claims forms and policy applications for new business and renewals must carry the following insurance fraud warning:

“Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.”

OHR August 2010

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GENERAL

Any and all rights or benefits accruing to any Covered Individual under these Plans shall be subject to all terms and conditions of these Plans. The adoption and maintenance of these Plans shall not constitute a contract between The Pennsylvania State University and any Retiree.

The University provides Highmark Blue Shield PPOBlue for retirees and their eligible dependents that are not yet eligible for Medicare Part A (hospital) and Medicare Part B (medical). Retirees or their eligible dependents who are Medicare eligible must elect coverage under the University-sponsored Medicare health plan. University-sponsored Medicare health plans include Medicare Part D (prescription drug) coverage. In order to participate in the University-sponsored Medicare health plan, you cannot be enrolled in another Medicare Advantage or Medicare Part D plan.

The University bills retirees for medical benefits on a semi-annual basis. Medical benefits will continue provided the required contributions are paid when due. Coverage will be terminated for non-payment of contributions.

At retirement, coverage for dental and vision is discontinued. If applicable, coverage may be continued immediately following retirement up to an additional 18 month under the provisions of COBRA.

The University provides each regular full-time employee with \$5,000 of life insurance at no cost, and it continues after retirement if you meet the eligibility requirements for medical coverage after retirement. It is important that beneficiary information is kept up to date with the University. If you wish to change beneficiaries on your life insurance policy you should contact the Employee Benefits Division for the appropriate form.

ELIGIBILITY FOR COVERAGE INTO RETIREMENT

After you retire you may continue to be covered for the benefits available to eligible retired employees and their dependents provided you meet the following conditions of eligibility:

Full-Time Employees Hired Before January 1, 2010:

- You are at least 60 years old and you have at least fifteen years of regular full-time employment AND participation in a University sponsored medical plan, immediately preceding retirement.

OR

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- You have twenty-five years of regular full-time University employment, with ten years of continuous participation in a University sponsored health care plan immediately preceding retirement.

If you and/or your spouse/same-sex domestic partner are Medicare eligible, your medical plan coverage will be provided under a University sponsored retiree Medicare plan.

Those eligible retirees and/or spouses/same-sex domestic partners who are not Medicare eligible will continue coverage in the same University sponsored medical plan in which you were enrolled prior to retirement.

As you and your spouse/same-sex domestic partner attain Medicare eligibility, your coverage will transition to a University sponsored retiree Medicare plan. Regardless of the plan, you will be billed for your contribution by the University on a semi-annual basis.

Full-Time Employees Hired On Or After January 1, 2010

While in active status, the University will contribute funds each month on your behalf to a retirement healthcare savings plan to help you to pay for qualified medical and health-related expenses in retirement, including the purchase of a health insurance policy.

You will be eligible to access your Penn State Retirement Savings Account when you are no longer actively employed at Penn State **AND** have:

- Completed 25 years of continuous full-time service and are age 60 or older

OR

- Completed a minimum of 15 years of continuous full-time service and are age 65 or older

ELIGIBLE DEPENDENTS

No dependent coverage can be elected unless the retiree is covered

Eligible dependents are your spouse (unless divorced), same-sex domestic partner, dependent children or children under a qualified domestic relations order.

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A dependent spouse or same-sex domestic partner who was eligible for coverage prior to age sixty-four but not enrolled prior to age sixty-four may not, thereafter, be eligible for coverage purposes. A dependent spouse or same-sex domestic partner may defer benefits through a University-Sponsored health plan at age sixty-four if the dependent has other group employer or retiree coverage. The retiree must give notice to the University of this dependent's status prior to their sixty-fourth birthday.

A retiree whose spouse or same-sex domestic partner is an active Penn State employee may not be covered as a dependent under the spouses' or same-sex domestic partner's medical plan

Same Sex Domestic Partner

In order to extend healthcare benefits to a same-sex domestic partner, you must file an *Affirmation of Domestic Partnership*. This document can be obtained by contacting the Employee Benefits Division. The *Affirmation of Domestic Partnership* will remain in effect until the same-sex domestic partnership ends. It is your responsibility to notify Penn State's Employee Benefits Division should the same-sex domestic partnership end.

Normally, the Internal Revenue Code does not allow you to pay for healthcare coverage for your same-sex domestic partner on a pre-tax basis. However, if your same-sex domestic partner meets Internal Revenue Code dependency guidelines, then your share of the premium will be made on a pre-tax basis and you will not be taxed for the value of the University's share of the premium. These dependency guidelines require that:

- The employee provides more than 50 % of the same-sex domestic partner's support.
- The employee and same-sex domestic partner share the same household.
- The same-sex domestic partner's income does not exceed current IRS limits.

If you feel that you meet this qualification, you must note this fact on the "*Affirmation of Domestic Partnership*", in order to qualify for this special treatment. Alternatively, if you and your same-sex domestic partner are considered separately for tax purposes, the University's contribution for your same-sex domestic partner's coverage will be taxable to you as income and you will receive a 1099 at the end of each year for taxes owed for your partner's coverage.

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Dependent Children

Dependent children are defined as:

- A natural child
- A step-child
- A same-sex domestic partner's child
- A child legally adopted

Or physically handicapped or mentally retarded children who are incapable of self-sustaining employment, regardless of age, provided they are covered prior to the maximum age otherwise applicable.

An adult dependent child of an employee is eligible for coverage up to the age of 26. Eligibility is regardless of whether he/she qualifies as the employee's tax dependent, is a full-time student or is married.

Note: If the adult dependent child of the employee is married, only the adult dependent child of the employee will be eligible for coverage.

An adult dependent child of an employee is not eligible for coverage if they are eligible for coverage under another employer's health plan.

Notification is sent to the retiree, from the Employee Benefits Division, 60 days prior to a dependent child turning 26. This notification includes information concerning a dependent child who may be eligible to continue coverage if that dependent is mentally retarded or physically handicapped so as to be incapable of earning a living when coverage would normally terminate due to age

CHANGE IN DEPENDENT STATUS

It is important that you give prompt notice to the Employee Benefits Division of any change in your dependent's eligibility.

If you are enrolled for individual coverage only and thereafter marry or otherwise acquire a dependent, dependent coverage will become effective on the date that you acquire the dependent, provided you enroll for dependent coverage no later than thirty-one days following the date you acquire them. If any dependent is confined to a hospital, for reason other than birth, on the date they would otherwise be eligible for coverage, eligibility and coverage will be delayed until the dependents is discharged from the hospital.

If you wish to enroll your dependents more than thirty-one days after the date of eligibility, coverage will be considered when a signed "Request for Change of Health Care Form" is received in the Employee Benefits Division. **The effective date of medical coverage will be three months from the date the form was received by the Employee Benefits Division.** However, if a retiree can prove that other group coverage was canceled for that eligible dependent, coverage may be extended to the dependent,

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provided that the written request is received by the Employee Benefits Division within thirty-one days after the Loss of Coverage.

FILING OF INFORMATION

Each enrolled Retiree or covered dependent shall file with the University such pertinent information concerning the Covered Individual as the University or the Plan administrator may specify, including proof or continued proof of eligibility, and in such manner and form as the University or the Plan administrator may specify or provide; and such person shall not have right or be entitled to any benefits or further benefits hereunder unless such information is filed by the Covered Individual or on the Covered Individual's behalf.

VOLUNTARY TERMINATION OF COVERAGE

Coverage can voluntarily be terminated at any time. Contact the Employee Benefits Division for the proper form depending on whether you are a Medicare Eligible or non-Medicare eligible retiree.

If you are not Medicare eligible, coverage will terminate on the date indicated on the form if the form is received in the Employee Benefits Division within 31 days of the date. Otherwise, coverage will terminate on the date the form is received in the Employee Benefits Division.

If you are Medicare eligible, coverage will terminate the first of the month following receipt of the form by the Employee Benefits Division. If you have a Medicare eligible spouse or same sex domestic partner or dependent child, they will each need to complete a form to terminate their coverage.

It is important to note that once a retiree refuses coverage, you will not be permitted to reenroll in the program.

Refunds for contributions for coverage will not be made unless the overpayment resulted from a University error.

RESPONSIBILITY OF INDIVIDUALS AS THEY REACH AGE SIXTY-FIVE

When you retire, if you are eligible to continue benefits, you may elect coverage under a University-sponsored plan, as follows:

- (a) If you are not eligible for Medicare at the time of retirement, you may elect to continue coverage under a University-sponsored Medical plan until the beginning

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of the month in which you become Medicare eligible. The same applies for your spouse or same-sex domestic partner. You must notify the Employee Benefits Division three (3) months prior to your 65th birthday in order to be enrolled in the appropriate University-sponsored medical plan for Medicare-eligible retirees.

- (b) If you or your spouse or same-sex domestic partner are Medicare eligible, benefits will be provided through the University-sponsored group Medicare plan. In order to be eligible for this coverage an individual must enroll in Medicare parts A and B when eligible.
- (c) A dependent child may continue in accordance with (a) or (b) provided all other eligibility requirements are satisfied. (Refer to “Eligible Dependents”.)

To enroll in Medicare, you should contact the local Social Security office three months before reaching your sixty-fifth birthday.

If a Medicare-eligible retiree or eligible dependent has group coverage through another employer or another group employer retiree benefit plan, the retiree or eligible dependent may make a one time request to defer enrollment in the University-sponsored Medicare plan with the option to re-enroll at a later date if the group coverage is discontinued and proof of discontinuance is provided to the University within thirty-one days of the event.

RETIREE MEDICAL PLAN DEFER ELIGIBILITY OPTION

To participate in a University-Sponsored Medicare health plan, both the retiree and/or spouse/same-sex domestic partner must enroll in the Medicare Part A (hospital) and Part B (medical). If you or your spouse/same-sex domestic partner, are not enrolled in both parts of Medicare due to one of the circumstances listed below, you may elect as a one time option, to defer the plan and enroll at a later time.

Once deferred, to re-enroll in a University-Sponsored Medicare health plan, you must notify Employee Benefits 60 days before your alternative coverage ceases. Proof that the alternative coverage has ceased will be required.

If you fail to contact Employee Benefits before 60 days from the date of lost of coverage, you may forfeit your right to re-enroll in the University-Sponsored Medicare health plan.

To defer retiree medical benefits, please contact the Employee Benefits Division for the appropriate forms.

Circumstances to Defer Enrollment

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1. Medicare Eligible Retiree:

If you are eligible for Medicare, but currently covered by another active employer group health plan or covered by your spouse/same-sex domestic partner's active non-Penn State group employer health plan; you may elect to defer enrollment in the University-Sponsored Medicare health plan until you are no longer covered under the active group medical plan.

2. Medicare Eligible Retiree with Medicare eligible spouse/same-sex domestic partner covered under active group health plan.

If your current covered spouse/same-sex domestic partner is covered under their active group employer medical coverage, you may elect to defer dependent enrollment in the University-Sponsored Medicare health plan until they are no longer eligible for active group medical coverage.

3. Retiree and spouse /same-sex domestic partner both enrolled in another group employer Medicare Advantage Plan

If you and your spouse/same-sex domestic partner are covered by a non- University-Sponsored Medicare health plan, you may elect to defer your University-Sponsored Medicare health plan coverage for both you and your dependent until lost of coverage from the other Medicare Advantage plan.

4. Retiree eligible for Medicare with a spouse not eligible for Medicare

If your current spouse/same-sex domestic partner not eligible for Medicare, but is covered under their active group employer medical plan, you may defer their Penn State medical plan.

NOTE:

If your spouse/same-sex domestic partner is not currently enrolled in your Penn State medical plan, you must add your spouse/same-sex domestic partner to the Penn State medical plan before their 64th birthday and then defer their Penn State medical plan. A current spouse/same-sex domestic partner that is not added to the Penn State medical before their 64th birthday is not eligible to defer.

Newly acquired spouse/same-sex domestic partner may be added to the coverage within thirty-one days of marriage or affirmation. If you do not add your newly acquired spouse/same-sex domestic partner within thirty-one days, a three month waiting period applies from the day we receive the request to add a spouse/same-sex domestic partner.

DEPENDENT PROTECTION AFTER YOUR DEATH

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Should you, a retiree eligible to continue benefits into retirement, die while benefits are in force for your dependents, medical benefits may be continued in force, but not beyond the earlier of: (1) the remarriage of your spouse or until your same-sex domestic partner establishes another domestic partner relationship, or (2) the lifetime of your spouse or same-sex domestic partner, provided the required contributions are paid when due. (See “Due to Retirement”.)

Coverage for dependent children of a deceased retiree will terminate when they reach age 26.

Coverage for dependent children of a deceased employee may terminate earlier than (a) or (b) above if they become ineligible as dependents.

CONTINUATION OF COVERAGE FOR DEPENDENT CHILDREN

Dependent children who reach age 26, may continue coverage under provisions of COBRA for a maximum of 36 months. The Employee Benefits Division **must** be notified when the dependent child reaches age 26 to ensure that appropriate action is taken based on eligibility.

DEPENDENT PROTECTION AFTER DIVORCE OR TERMINATION OF A SAME-SEX DOMESTIC PARTNER RELATIONSHIP

Coverage for a spouse or same-sex domestic partner may be continued under provisions of COBRA for a maximum of 36 months following the divorce of a retiree or the termination of a same-sex domestic partner relationship. The Employee Benefits Division must be notified within 60 days of the divorce if coverage is to be continued.

RIGHT TO RECEIVE AND RELEASE INFORMATION

For the purpose of determining the applicability of implementing the terms of these benefits, the University and/or the Plan Administrator may, without the consent of or notice to any person, release or obtain any information necessary to determine acceptability of any applicant for participation in these Plans. In so acting, the University and/or the Plan Administrator shall be free from any liability that may arise with regard to such action. Any Covered Individual claiming benefits under these Plans shall furnish to the University and/or the Plan Administrator such information as may be necessary to implement this provision.

NOTICES

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Any notice, application, instruction, designation, or other form of communication required to be given or submitted by any Covered Individual shall be in such form as is prescribed from time to time by the University or the Plan Administrator sent by first class mail or delivered in person to the Plan Administrator. Any notice, statement, report, or other communication from the University or the Plan Administrator to any Covered Individual shall be deemed to have been duly delivered when given to such person or mailed to such person at the Covered Individual's address last appearing on the records of the University or the Plan Administrator. Each person entitled to receive a payment under the Plans shall file in accordance here in the Covered Individual's complete mailing address and each change therein. If the University or the Plan Administrator shall be in doubt as to whether payments are being received by the person entitled thereto, the Plan Administrator may, by registered mail addressed to such person's last known address, notify such person that all future payments will be withheld until such person submits proper mailing address and such information as the University or the Plan Administrator may reasonably request. All address information must be submitted to the University and the Plan Administrator.

WORKER'S COMPENSATION NOT AFFECTED

These Plans are not in lieu of, and does not affect, any requirements for coverage by Worker's Compensation Insurance.

MISSTATEMENTS

In the event of any misstatement of any fact(s) affecting coverage under these Plans, the true facts will be used to determine the proper coverage. Coverage means eligibility as well as the amount of any benefits there under.

AMENDMENT OR TERMINATION OF PLANS

The University has established the Plans described herein with the intention of maintaining them for an indefinite period. However, the University reserves the right at any time to amend or terminate the plan, or any part thereof, including by way of illustration and not limitation:

- (a) the coverage and benefits provided under the Plans, and
- (b) the level of employee contributions, deductibles, co-payments and coordination of benefits between the Plans and any contract, program, or group plan providing medical benefits maintained by any participant, eligible dependent, another employer, or any federal or state government authority, or any subdivision thereof.

The right to amend or terminate a plan is vested in the Associate Vice President for Human Resources as delegated by the President of the University.

Except as otherwise provided in a Plan, the right to amend or terminate the Plan shall not in any way affect the right of a participant or eligible dependent to claim benefits, or

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diminish or eliminate any claim for benefits, with respect to expenses incurred for services rendered to a participant or eligible dependent prior to termination or amendment of a Plan.

A Plan is not a contract and the University does not guarantee and makes no promise to offer a specific level of benefits under the plan in the future. The right to future benefits under any Plan will never defer.

Eligibility of a faculty or staff member to take benefits into retirement does not confer upon such individual or eligible dependent of such individual, any right to continued benefits under any Plan.

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