October 2017

Dear Retiree and/or Eligible Dependents:

Effective January 1, 2018, Aetna will be your new medical plan carrier and CVS Caremark will be your new prescription plan carrier. Aetna and CVS Caremark will issue separate medical and prescription ID cards to PPO Plan and PPO Savings Plan members in late December.

For 2018, all retirees, covered spouses, and dependents who are NOT Medicare eligible, have the option of enrolling in either the PPO Plan or the PPO Savings Plan. NO ACTION IS NEEDED IF YOU WANT TO REMAIN IN YOUR CURRENT NON-MEDICARE PLAN.

If you, your eligible spouse, or dependents want to change health care plans, please complete the enclosed 2018 Retiree Open Enrollment Change Form. Members of your family who are already enrolled in the Highmark Freedom Blue PPO Plan will remain in that plan for 2018.

2018 Aetna PPO Plan (formerly Highmark PPO Blue)

- **Copayments:**
  - Primary Care Office Visit copay: $20
  - Specialist Office Visit & Urgent Care copay: $30
  - Emergency Room copay: $100

- **2018 Annual Deductible:**
  - Individual: $375
  - Family (Individual + 1 or more): $750
  - Medical services subject to deductible: lab work, x-rays, surgery, inpatient admissions, durable medical equipment

After Deductible is met:

- **Coinsurance:**
  - 10% paid by employee
  - 90% paid by Penn State

- **Coinsurance Out of Pocket Maximum:**
  - $1,250 Individual (Potential financial exposure $1,625 = coinsurance + deductible)
  - $2,500 Family (Potential financial exposure $3,250 = coinsurance + deductible)

If coinsurance out-of-pocket maximum is met, medical claims are paid at 100% for the rest of the calendar year.
Prescription Out-of-Pocket Maximum: $2,000 per person, $8,000 family maximum
(Prescription out-of-pocket maximum is separate from medical deductible, coinsurance, and copayments)

The PPO Plan 2018 contribution rates are listed below:

<table>
<thead>
<tr>
<th>Coverage Tier</th>
<th>Monthly Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$177.96</td>
</tr>
<tr>
<td>Two-Person</td>
<td>$355.92</td>
</tr>
<tr>
<td>Parent/Child/Children</td>
<td>$266.94</td>
</tr>
<tr>
<td>Family</td>
<td>$444.90</td>
</tr>
</tbody>
</table>

2018 Aetna PPO Savings Plan (formerly Highmark)

2018 Annual Deductible:
- Individual: $1,600
- Family (Individual + 1 or more): $3,200
- ALL services subject to deductible: office visits, emergency room services, lab work, x-rays, surgery, inpatient admissions, durable medical equipment, and prescriptions

After Deductible is met:
Medical Coinsurance:
- 10% paid by employee
- 90% paid by Penn State

Prescription Retail & Mail Order Coinsurance:
- Generic: 10%
- Formulary Brand: 20%
- Non-Formulary Brand: 40%

Specialty Prescription Coinsurance:
- Formulary: 20% coinsurance; $65 minimum
- Non-Formulary: 40% coinsurance; $100 minimum

Medical & Prescription Coinsurance Out-of-Pocket Maximum:
- $1,975 Individual Coverage Only
  (Potential Financial Exposure = $3,575 including deductible)
- $3,950 Family Coverage
  (Potential Financial Exposure = $7,150 including deductible)

If medical and prescription coinsurance out-of-pocket maximum is met, medical and prescription drug claims are paid at 100% for the rest of the calendar year

Health Savings Account with HealthEquity (formerly Highmark/Bank of America)

2018 ANNUAL HSA Maximum contributions:
- $3,450 for Individual
- $6,900 for Family

Penn State is committed to affirmative action, equal opportunity, and the diversity of its workforce.
All current PPO Savings Plan retirees were moved to HealthEquity in September 2017. All contributions are made via the HealthEquity website or by mail to HealthEquity. Log on to the HealthEquity website at www.myhealthequity.com. Catch-up contribution of $1,000 for age 55 and older. Upon becoming Medicare-eligible, you will move to the Medicare plan offered by the University at that time; you will no longer be able to contribute to the HSA, but will be able to use the balance in the HSA for future medical and prescription drug expenses. Please consult your tax advisor to determine how your HSA contributions should be reported for tax purposes.

All questions regarding using your HSA should be directed to HealthEquity at 866-346-5800.

The PPO Savings Plan 2018 contribution rates are listed below:

<table>
<thead>
<tr>
<th>Coverage Tier</th>
<th>Monthly Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$128.45</td>
</tr>
<tr>
<td>Two-Person</td>
<td>$256.90</td>
</tr>
<tr>
<td>Parent/Child/Children</td>
<td>$192.68</td>
</tr>
<tr>
<td>Family</td>
<td>$321.14</td>
</tr>
</tbody>
</table>

Lifetime Benefit Solutions (LBS) will continue to bill you on a quarterly basis in 2018. Information about your coverage, premium due dates and copies of letters can be securely accessed through the LBS Member Portal. Please refer to the Welcome Letter for your registration information.

If you have any questions regarding registration or your premium, please contact Lifetime Benefit Solutions Customer Service Department at 1-800-828-0078, Monday through Thursday from 8:00 AM to 5:00 PM and Friday from 9:00 AM to 5:00 PM EST.

All questions regarding 2017 medical claims should be directed to Highmark Blue Shield at 800-914-4384.

Information regarding rates and plan designs can be found on the website at ohr.psu.edu/retirees.

Sincerely,

Penn State Employee Benefits