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## PSERS Health Options Program



Mail Center

### **PSERS HEALTH OPTIONS PROGRAM (HOP)**

The Public School Employees' Retirement System (PSERS) sponsors the Health Options Program for PSERS annuitants (retirees), spouses of annuitants, survivor annuitants and their dependents. Those individuals participating in the Health Options Program pay the premium cost for coverage. PSERS does provide a Premium Assistance benefit to eligible retirees (please see the back of this page for additional information regarding the Premium Assistance Program).

### **TYPES OF COVERAGE AVAILABLE THROUGH THE HEALTH OPTIONS PROGRAM**

The Health Options Program provides coverage for individuals eligible for Medicare. For individuals not eligible for Medicare, coverage is provided through the Pre-65 Program. Both Programs offer various coverage options to best suit your health care needs and financial resources. The HOP Medical Plan (for retirees eligible for Medicare) and the Pre-65 Medical Plan (for retirees not eligible for Medicare) provide fee-for-service hospital, medical/surgical, Major Medical, and optional prescription drug coverage and are available regardless of where you live. Medicare Advantage and managed care plan coverage are available within specified service areas throughout Pennsylvania and other states.

Comprehensive descriptive material is available upon request to explain the details of each option and monthly premium cost. You can obtain this information by calling **1.800.773.7725**.

### **ENROLLING IN THE HEALTH OPTIONS PROGRAM**

If a PSERS annuitant (retiree), spouse of an annuitant, survivor annuitant or their dependents needs health care coverage, they may enroll in the Health Options Program within 180 days of a Qualifying Event. The following is a list of Qualifying Events:

- ◆ The annuitant's retirement or loss of health care coverage under a school employer's health plan.
- ◆ The involuntary loss of health care coverage under a non-school employer's health plan.
- ◆ An annuitant, survivor annuitant, or spouse attains age 65 or becomes eligible for Medicare.
- ◆ An annuitant experiences a change in family status (including divorce, your death or death of a spouse, addition of a dependent through birth, adoption, or marriage, or loss of a dependent through loss of eligibility).
- ◆ An annuitant becomes newly eligible for Premium Assistance due to a change in legislation.
- ◆ The loss of coverage due to the termination of a plan approved for Premium Assistance or moving out of the service area of a plan approved for Premium Assistance.

During annual option selection periods (conducted in the fall), individuals participating in HOP will be able to change their coverage option for the following calendar year, regardless of their health.

### **PAYMENT OF PREMIUMS**

When a PSERS retiree or survivor annuitant enrolls in the Health Options Program, PSERS deducts the premiums for coverage from the monthly retirement benefit. If the monthly retirement benefit does not cover the premium cost, premiums must be paid directly to the PSERS HOP Administration Unit. The premium rates for each Health Options Program plan or option are set each calendar year. The premium rates for the coming year are provided to Health Options Program participants during the option selection period, and at which time participants may change plans.

## **PREMIUM ASSISTANCE PROGRAM**

The Public School Employees' Retirement System (PSERS) provides health insurance Premium Assistance as a full or partial reimbursement for an eligible retiree's out of pocket premium expense from approved plans. To be eligible for Premium Assistance you must satisfy both the Service, Age and Service, or Retirement Type Requirements **and** the Approved Plan Requirements. These requirements are as follows:

### **SERVICE, AGE AND SERVICE, OR RETIREMENT TYPE REQUIREMENTS**

- You have at least 24.50 years of credited service.
- You have at least 15.00 years of credited service provided your public school employment terminated and retirement occurred on or after superannuation age. Superannuation age is 62, or age 65 if you first became a school employee and an active member on or after July 1, 2011 (Membership Class T-E or Class T-F).
- You are receiving a disability retirement benefit from PSERS.

### **APPROVED PLAN REQUIREMENTS**

- You must have an out-of-pocket premium expense for your basic health insurance coverage from: PSERS' Health Options Program.
- A Commonwealth school employer's (PSERS' reporting unit) group health insurance plan providing hospital, medical, and major medical coverage.

### **BENEFIT**

The Premium Assistance benefit will reimburse eligible retirees up to \$100 per month for their out of pocket premium expenses paid to an approved plan. It is not payable for premium expenses for the retiree's spouse or dependents. As a reimbursement, Premium Assistance cannot exceed the retiree's actual out-of-pocket premium expense and is not treated as taxable income. PSERS adds Premium Assistance payments to the eligible annuitant's monthly retirement benefit.

### **OUT-OF-POCKET EXPENSE**

An out-of-pocket expense must be paid by the retiree for the retiree's health insurance coverage. Payments from a school employer that are not taxable to the retiree are not eligible for Premium Assistance. For example, if the school employer agrees to provide ongoing health insurance coverage in lieu of accumulated sick leave and the retiree does not pay taxes on the value of the sick leave, the retiree does not have an out of pocket expense and is not eligible for Premium Assistance. If the retiree is covered under his or her spouse's school employer plan and premiums are paid pre-tax, the retiree does not have an out-of-pocket expense and is not eligible for Premium Assistance.

### **VERIFICATION OF OUT-OF-POCKET EXPENSES**

Each year PSERS must verify that Premium Assistance recipients have an actual out of pocket expense from an approved plan. For retirees participating in their school employer's plan, PSERS requests that the school employer verify the retiree's premium payment. Unverified payments must be returned to PSERS by the recipient. (See "Overpayments.")

### **TERMINATION OF PREMIUM ASSISTANCE**

It is the responsibility of the Premium Assistance recipient (retiree) to notify PSERS if they no longer have an out-of-pocket premium expense from an approved plan. If a Premium Assistance recipient terminates their coverage under a Commonwealth school employer's plan, it is the responsibility of the retiree, not the school employer, to notify PSERS to discontinue Premium Assistance payments. The Premium Assistance Election Form signed by the retiree clearly states this responsibility.

If the retiree enrolls in the Health Options Program immediately following the termination of coverage in the school employer's plan, there will be no interruption in Premium Assistance payments.

### **OVERPAYMENTS**

If a retiree receives Premium Assistance for a month he or she does not have an actual out of pocket expense from an approved plan or their Premium Assistance benefit exceeds the amount of their actual out of pocket premium expense, that overpayment must be returned to PSERS. Commonwealth law limits PSERS authority to waive a debt payable to the Commonwealth.

Once it is determined that a Premium Assistance overpayment has been made, PSERS will request that the recipient return the Premium Assistance overpayment. If a recipient cannot or will not return overpayments to PSERS, monthly deductions will be made from the retiree's monthly retirement benefit in an amount determined by PSERS until the debt is paid. PSERS will not charge interest against the unpaid balance of the debt.

If a retiree dies prior to the full repayment of a Premium Assistance debt, the outstanding amount will be deducted from any prorated retirement benefit or death benefit due the estate or beneficiary of the deceased retiree.

### **TAX STATUS OF PREMIUM ASSISTANCE PAYMENTS**

Premium Assistance benefits are deemed to be reimbursements of actual out-of-pocket premium expenses. As such, the 1099-R issued by PSERS does not reflect Premium Assistance payments as taxable income. (PSERS notifies recipients by letter after the end of the calendar year advising them of the amount of Premium Assistance paid during the preceding year. Retirees may use this information if they itemize their annual medical expenses.)

If you have questions about Premium Assistance or need an application, please call toll-free **1.866.483.5509**.