



COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
HEALTH INSURANCE DIVISION
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To: Board Members
From: Mark F. Schafer, Health Insurance Administrator
RE: Premium Assistance – Plan Approval Policy
Date: September 14, 2009

At the meeting held May 1, 2009, the Retirement Board adopted a restated Premium Assistance Plan Approval Policy, effective January 1, 2010. This Policy sets forth the requirements Commonwealth Public Schools must meet for retirees participating in their health insurance plans to receive Premium Assistance. The Policy has been circulated to school districts and other Public Schools.

PSERS was contacted by the Pennsylvania Association of School Business Officials (PASBO) requesting clarification regarding the new Policy. During the process of explaining various provisions, PSERS staff and the Segal Company agreed with PASBO that some editing would add clarification to the Policy.

Accordingly, we recommend the Board approve the technical corrections indicated in the attached Policy. The green bolded phrases are additions to the Policy and red strikethrough phrases are deletions to the Policy adopted May 1, 2009. The following are brief explanations of the change:

- B. 1. a) This change addresses a situation where a Public School may be required to provide health insurance but cannot do so through a group policy.
- B. 4. e) This change clarifies that members of a distinct group may be entitled to different levels of health insurance coverage.
- B. 4. h) This change clarifies that a Public School's responsibility to provide health insurance coverage for a spouse or dependent of a retiree does not go beyond that which is required by federal or state law.

To move forward with the implementation of the Policy by January 1, 2010, we request that you approve these technical corrections by notational ballot. Per the Policy, we are requiring Public Schools to certify that their plans meet the Premium Assistance Plan Approval Policy. PSERS needs to receive these certifications prior to the closing of the December 30, 2009 payroll to ensure the correct amounts are being paid to retirees for Plan Year 2010.

If you have any questions, please let me know.