



Commonwealth of Pennsylvania
Public School Employees' Retirement System
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Date: April 14, 2010
Subject: 2011 Open Enrollment
To: Board
From: Mark Schafer

In order for a PSERS retiree, survivor annuitant, and spouse or dependent of a retiree or survivor annuitant to enroll in HOP they must have a Qualifying Event. Qualifying Events are:

1. You retire or lose health care coverage under your school employer's health plan.
(Coverage under your school employer's health plan includes any COBRA continuation of coverage you may elect under that school employer plan.)
2. You involuntarily lose health care coverage under a non-school employer's health plan.
(Coverage under a non-school employer's health plan includes any COBRA continuation of coverage you may elect under that non-school employer's health plan.)
3. You or your spouse reach age 65 or become eligible for Medicare.
4. You experience 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).
5. You become eligible for Premium Assistance due to a change in legislation.
6. A plan approved for Premium Assistance terminates or you move out of a plan's service area.

Qualifying Events apply to PSERS retirees, their spouse and dependents independently. For example, if the spouse of a PSERS retiree reaches age 65, he or she may enroll in the HOP Medical Plan regardless of whether the retiree is enrolled. In addition, if one member of the family has a Qualifying Event, all members may enroll or change their coverage option if already enrolled.

The Retirement Board reserves the right to determine eligibility criteria, time and options to be made available within the Health Options Program, and under what circumstances. When prescription drug coverage was added to Medicare, PSERS held an open enrollment allowing all PSERS retirees to enroll in HOP effective January 1, 2006. Since the last open enrollment took place five (5) years ago, we believe it reasonable to allow all retirees the opportunity to enroll in HOP effective January 1, 2011.

To help protect the HOP Medical Plan from adverse selection, individuals enrolling without a Qualifying Event will pay 110% of the regular premium rates provided they were covered by a Medicare supplement or Medicare Advantage plan as of December 31, 2010. Individuals who do not have supplemental coverage will pay 120% of the regular premium rates. Individuals enrolling during the open enrollment with Part D coverage, wishing to enroll in the Enhanced or Basic Medicare Rx Option will pay the late enrollment penalty set by Medicare.

HOP members currently enrolled in a Medicare Advantage plan may enroll in the HOP Medical Plan at the regular premium rates, as is the case during each Option Selection period.

If the Board approves our recommendation to conduct an Open Enrollment, HOP will incur the following additional expenses:

1. Production and distribution of open enrollment information to all PSERS retirees. During an option selection period, HOP enrollment information is limited to HOP participants (and those retirees attaining age 65 during the year).
2. Open Enrollment meetings to present information about the plans available through HOP and to answer questions posed by current or new members.

As noted during the adoption of the 2010 HOP Administrative Budget, we have budgeted for the increase in administrative expenses associated with conducting an Open Enrollment.

Attached is a draft proposed resolution to approve conducting an open enrollment for 2011.

We look forward to reviewing this matter with you at the upcoming Health Care Committee meetings.

Attachment

**Proposed
PSERB Resolution 2010 - _____
Re: Health Options Program
Open Enrollment for the 2011 Plan Year
April 29, 2010**

RESOLVED, that the Health Care Committee of the Public School Employees' Retirement Board (the "Board") hereby recommends that the Board approve conducting an Open Enrollment for HOP for the 2011 Plan year in accordance with the attached recommendation of Mark Schafer as presented at the April 29, 2010, Health Care Committee meeting.