

Pennsylvania Public School
Employees' Retirement System (PSERS)

Health Options Program



Welcome
TO HOP

2010

MedicareRx
Prescription Drug Coverage X

HOP
HEALTH OPTIONS PROGRAM

WWW.HOPBENEFITS.COM

PSERS sponsors the Health Options Program (HOP) for the sole benefit of PSERS retirees and survivor annuitants and the spouse, surviving spouse and dependents of retirees and survivor annuitants. PSERS is an agency of the Commonwealth of Pennsylvania with primary responsibility to administer the retirement system for all public school employees in the Commonwealth.

HOP is a voluntary health benefits program funded by participant contributions. Each retiree and survivor annuitant and the spouse and dependent of the retiree or survivor annuitant must decide whether or not to participate. Private health care organizations, third party administrators, and insurance carriers provide the health care coverage and services available through HOP. Neither PSERS nor the Commonwealth of Pennsylvania is an insurer.

In no event will PSERS or the Commonwealth of Pennsylvania be responsible for any act or omission of any insurance company, third party administrator, health care organization, or provider that has a role in this Program. If there is a discrepancy between the information presented in this document and the actual Program provisions, the legal Plan documents will govern.

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Look for the HOP Logo



If you don't see our name, the coverage is not provided by PSERS. Most likely, you are also receiving information from AARP, your local Blue Cross/Blue Shield office, and other organizations offering group health coverage and Medicare prescription drug (Part D) coverage. These plans are not sponsored by PSERS, which means they do not provide the benefits and advantages listed inside this booklet.

HOP Offers Many Advantages!

The Health Options Program (HOP) is sponsored by the Pennsylvania Public School Employees' Retirement System (PSERS) for the exclusive benefit of our retirees and their families. HOP is one of the most competitive retiree health plans available. Here are 7 key benefits of HOP.

1. Substantial Premium Subsidy

If you are eligible for Premium Assistance and enroll in HOP, you can receive up to \$100 per month in Premium Assistance from PSERS. That's \$1,200 a year. Premium Assistance payments are nontaxable and help pay for health care coverage. See page 4 for more information about Premium Assistance.

2. Designed with You in Mind

HOP provides PSERS retirees and their dependents with comprehensive medical and prescription drug coverage at competitive rates. Unlike some retiree medical programs, the interests of you and your family drive how the plan is structured and administered. Bottom line, we take your needs seriously and work hard to provide you with health care coverage that meets your needs.

3. Comprehensive Coverage

HOP offers a choice of medical and prescription drug coverage options for both Medicare-eligible and non-Medicare-eligible participants. Medicare-eligible participants choose between a fee-for-service Medicare supplement plan and a Medicare Advantage Plan. Participants who are not eligible for Medicare choose between a fee-for-service plan and a managed care plan. Prescription drug coverage is also available to all participants.

If you're Medicare-eligible and enroll in an option that provides prescription drug benefits, you do not need to enroll in other Medicare prescription drug (Part D) coverage. HOP has got you covered!

See page 6 for more information about available options.

Once enrolled, you may change your option:

- Each fall during the Option Selection Period
- If you experience a Qualifying Event

4. Competitive Premium Rates

Premium rates vary by option and by location. Regardless of the option, PSERS works on behalf of you and your dependents to keep rates as low as possible. **If you are eligible for Premium Assistance, chances are you will not find a better deal on health care coverage than through HOP.**

For premium rate information, refer to the enclosed information or call the HOP Administration Unit at 1-800-773-7725.

5. Convenient Payment Options

We make paying monthly premiums easy by deducting them automatically from your retirement benefit (as long as your benefit exceeds the premium cost). You don't have to worry about writing checks or paying postage.

6. Flexibility

Once you enroll in HOP, you have an annual opportunity to change your option. Each year, PSERS conducts an Option Selection Period from early October to mid-November for coverage effective the following January 1. During this time, you may switch from one plan option to another. In addition, you may enroll in HOP, add dependents, or change your option at any time during the year if you or one of your dependents experience a Qualifying Event (see page 4).

HOP is a not-for-profit health plan that provides PSERS retirees and their dependents with comprehensive medical and prescription drug coverage at competitive rates. Unlike some retiree medical programs, your interests drive how the plan is structured and administered.

7. Access to Resources

HOP goes beyond providing comprehensive coverage at competitive rates. Through HOP, you have access to health care information to help you make informed health care decisions and lead a healthier lifestyle. Both printed and online resources provide you with easy access to the information you need:

- Newsletters and booklets about HOP and how to make the most of your participation
- Customer service representatives specially trained and dedicated to helping HOP participants
- HOP Web site (www.HOPbenefits.com) accessible 24 hours a day, 7 days a week

Eligibility

You may enroll in HOP within 180 days of a Qualifying Event if you are a:

- **Pennsylvania public school retiree**
- **Surviving spouse**
- **Survivor annuitant**
- **Spouse or dependent child of a retiree or survivor annuitant**

You experience a Qualifying Event when:

- 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 coverage you may elect under that school employer's plan.
- You involuntarily lose health care coverage under a non-school employer's health plan (which includes any COBRA continuation coverage you may elect under that non-school employer's health plan).
- You or your spouse reach age 65 or become eligible for Medicare.
- There is a change in your family status (including divorce, your death or death of a spouse, addition of a dependent through birth, adoption, or marriage, or a dependent loses eligibility).
- You become eligible for Premium Assistance due to a change in legislation.
- A plan approved for Premium Assistance terminates or you move out of a plan's service area.

Premium Assistance

Participating in HOP may entitle you to a special financial incentive that is not available with a commercial program such as AARP or Blue Cross/Blue Shield. Premium Assistance is provided by PSERS to help eligible retirees pay for health coverage through HOP or another Commonwealth public school employer or district health plan. If you are eligible for Premium Assistance, PSERS will pay part of the premium for your coverage.

If you are eligible for Premium Assistance and choose HOP-sponsored medical coverage, PSERS will pay up to \$100 per month for your HOP monthly premium. The amount of the Premium Assistance benefit is determined by the Pennsylvania legislature and is subject to change.

Qualifying Events apply to you, your spouse, and/or your dependents. If one member of your family has a Qualifying Event, all members may enroll in HOP or change their option if already enrolled. For example, if your spouse turns age 65 and becomes eligible for Medicare, that's a Qualifying Event for all eligible family members.

You are eligible for Premium Assistance if you are a retiree who meets one of the following requirements:

- You have at least 24½ years of credited service regardless of age, or
- You terminate school employment and retire at or after reaching age 62 with at least 15 years of credited service, or
- You are receiving a disability retirement benefit from PSERS.

Even if you meet the eligibility requirements, you cannot receive Premium Assistance if you do not choose a medical plan offered through HOP or if you do not continue to participate in your former school employer's approved plan.

Important Note About Premium Assistance

If you elect a standalone prescription drug coverage option, you are not eligible for Premium Assistance.

If you receive Premium Assistance, it will be added to your monthly retirement benefit. Premium Assistance is not taxable income.

If you are receiving Premium Assistance for your participation in your school employer plan and that coverage terminates, **you must enroll in HOP to maintain your Premium Assistance.**

If you do not enroll in HOP when your school employer's coverage ends, you must call 1-800-773-7725 to terminate your Premium Assistance. If you do not make this call, you will be billed for any overpayments made by PSERS. PSERS identifies retirees who receive overpayments annually, but it is your responsibility, not your school employer's, to notify PSERS when you are no longer enrolled in a plan approved for Premium Assistance.

Eligible Dependents

Eligible dependents include:

- Your spouse
- Your unmarried children under age 19, including natural children, stepchildren, legally adopted children, and children legally placed for adoption
- Your unmarried children age 19 to 23 who are enrolled as full-time students in an accredited college or university or in a technical or specialized school and who are not regularly employed by one or more employers on a full-time basis
- Your unmarried children disabled by a mental and/or physical disability before age 17 who meet all of these conditions:
 - Incapable of self-sustaining employment
 - Dependent on you for support
 - Live with you.

Comparable Coverage for You and Your Dependents

As a rule, you and your dependents must be covered under the same type of plan. For example, if you elect the HOP Medical Plan, your spouse must elect the HOP Medical Plan if he or she is eligible for Medicare or the HOP Pre-65 Medical Plan if he or she is not eligible for Medicare. However, if you and your spouse are both PSERS annuitants, you may elect different options.

If you are Medicare-eligible but your spouse or other dependent is not, and you elect the Basic or Enhanced Medicare Rx Option on a standalone basis, your dependent is not eligible for coverage through HOP until he or she becomes Medicare-eligible.

Benefit Options

HOP offers hospital, medical/surgical, and prescription drug coverage for Medicare-eligible and non-Medicare-eligible individuals.

MEDICARE-ELIGIBLE PARTICIPANTS

This section applies to you if you are a PSERS retiree, survivor annuitant, or the spouse of a PSERS retiree or survivor annuitant, and **you are eligible for Medicare**. Since some Medicare-eligible individuals want greater or different coverage than what Original Medicare provides, HOP offers you a choice.

The HOP Medical Plan

If you keep Original Medicare, you can supplement it by enrolling in the HOP Medical Plan. This Plan covers many of the deductibles, coinsurance and other expenses that you are required to pay under Original Medicare. Here are some of the advantages of keeping Original Medicare and enrolling in the HOP Medical Plan:

- You have the freedom to use virtually any health care provider (doctor or hospital) you want.
- You pay nothing for covered hospital and medical expenses, except for \$10 per physician visit.
- You're covered anywhere in the United States and abroad when you are traveling.
- You can add prescription drug coverage by enrolling in HOP's Basic or Enhanced Medicare Rx Option.

The Basic and Enhanced Medicare Rx Options

The Basic and Enhanced Medicare Rx Options are Medicare Part D plans designed specifically for HOP Medical Plan participants and their eligible dependents. You can choose either Option with or without enrolling in the HOP Medical Plan.

- The Basic Medicare Rx Option provides a level of coverage that is somewhat better than what is required by Medicare.
- The Enhanced Medicare Rx Option covers certain medications that are not covered under the Basic Medicare Rx Option or any of the other prescription drug programs offered by commercial carriers. Unlike many other plans (including the Basic Medicare Rx Option), it also provides coverage in the Medicare coverage gap.

The HOP Managed Care Plan/Highmark FreedomBlue

You also have an option to choose the HOP Managed Care Plan/Highmark FreedomBlue instead of Original Medicare and the HOP Medical Plan. It is a Medicare Advantage Plan that combines Medicare benefits with additional coverage in a single program. (The HOP Medical Plan is separate from—and in addition to—Medicare benefits.) The HOP Managed Care Plan/Highmark FreedomBlue provides Highmark benefits designed especially for HOP and includes both medical and prescription drug coverage. (Prescription drug coverage cannot be purchased by itself.) Therefore, if you choose this option, you cannot enroll in any other Medicare prescription drug plan, including the HOP Basic and Enhanced

Medicare Rx Options. Doctor visits and certain preventive care such as physicals and ob/gyn exams require a \$15 copay—and you must always use hospitals, doctors, and other medical service providers that accept Highmark members. Otherwise, you may pay some or all of the cost of services.

Options for Enrolling in HOP if You Are Eligible for Medicare

- HOP Medical Plan with the Basic Medicare Rx Option
- HOP Medical Plan with the Enhanced Medicare Rx Option
- HOP Medical Plan only (no prescription drug coverage)
- HOP Managed Care Plan/Highmark FreedomBlue
- Basic Medicare Rx Option only (no medical coverage)
- Enhanced Medicare Rx Option only (no medical coverage)

The charts on pages 8 and 9 summarize and compare the options for Medicare-eligible participants.

NON-MEDICARE-ELIGIBLE PARTICIPANTS

This section applies to you if you are a PSERS retiree, survivor annuitant, or the spouse or dependent child of a PSERS retiree or survivor annuitant, **and you are not eligible for Medicare.**

The HOP Pre-65 Medical Plan

The HOP Pre-65 Medical Plan covers hospital, surgical, and medical services and offers an option for prescription drug coverage. Except for a free physical exam each year that requires no deductible, you must meet a \$1,500 annual deductible before the Plan pays benefits. Once you meet the deductible, you pay 25% of the cost for network providers and 40% of the

cost for out-of-network providers. If your annual out-of-pocket spending reaches \$5,000 in a calendar year, the Plan will pay 100% of your covered medical expenses for the rest of the year, up to a \$200,000 annual maximum benefit.

You can elect to enroll in the HOP Pre-65 Medical Plan with or without prescription drug coverage, but you cannot enroll for prescription drug coverage only. If you choose prescription drug coverage, you must meet a \$350 annual deductible (separate from the medical deductible). Once you meet the deductible, you pay 50% of the cost for most generic and brand-name drugs that you purchase either at a local network pharmacy or by mail.

The HOP Pre-65 Managed Care Plan/Highmark PPOBlue

You have an option to choose the HOP Pre-65 Managed Care Plan/Highmark PPOBlue instead of the HOP Pre-65 Medical Plan. The HOP Pre-65 Managed Care Plan/Highmark PPOBlue provides Highmark benefits designed especially for HOP and includes both medical and prescription drug coverage. If you use Highmark network doctors, you pay \$20 for a visit to your primary care physician and \$40 for a visit to a specialist. For most other covered services provided in network, you pay 20% after you meet an annual deductible of \$100 per person. If you go out of network, you pay 30% of the cost of most covered services after you meet an annual deductible of \$500 per person.

Options for Enrolling in HOP if You Are Not Eligible for Medicare

- HOP Pre-65 Medical Plan only (no prescription drug coverage)
- HOP Pre-65 Medical Plan with prescription drug coverage
- HOP Pre-65 Managed Care Plan/Highmark PPOBlue

A Summary of Your Options if You Are

HOW MUCH YOU WILL PAY IN 2010	HOP MEDICAL PLAN
MEDICAL	
Annual Deductible	\$0
Physician Visits	\$10/visit
Outpatient Surgery	\$0
Emergency Room	\$0
Diagnostic Testing	\$0
Outpatient Therapy	\$0
Durable Medical Equipment	\$0
Outpatient Mental Health	30%
Hospitalization	\$0
Inpatient Mental Health	\$0
Physical Exams	Not covered (unless approved by Medicare)
Ob/Gyn Exams	\$10/exam
Mammograms	\$0
Vision Exam/Hearing Exams	Not covered
Prescription Lenses	Not covered
Hearing Aids	Not covered
Dental Care	Not covered
Major Medical (After Medicare Benefits Are Exhausted)	
All covered expenses	\$250 deductible, then 20%
Annual Out-of-Pocket Maximum	\$750
Lifetime maximum for Major Medical benefits	\$1,000,000

	BASIC MEDICARE Rx OPTION	ENHANCED MEDICARE Rx OPTION
PRESCRIPTION DRUGS		
Annual Deductible	\$0	\$0
Initial Coverage up to a Total Drug Cost of \$2,830*		
Generic drugs	\$7 for up to a 33-day supply \$21 for a 34- to 90-day supply	\$7 for up to a 33-day supply \$21 for a 34- to 90-day supply
Brand-name drugs	30% (to a maximum of \$75 for an 84- to 90-day supply)	30% (to a maximum of \$75 for an 84- to 90-day supply)
Specialty drugs	33%	33%
Coverage Gap to TrOOP Maximum of \$4,550**	Not covered	For up to an 83-day supply: 50% of the first \$200; afterwards 100% For an 84- to 90-day supply: 50% of the first \$600; afterwards 100%
Catastrophic Coverage		
Generic drugs	The greater of 5% or \$2.50 to a maximum of \$100	The greater of 5% or \$2.50 to a maximum of \$100
Brand-name drugs	The greater of 5% or \$6.30 to a maximum of \$100	The greater of 5% or \$6.30 to a maximum of \$100

Medicare Eligible

HOW MUCH YOU WILL PAY IN 2010	HOP MANAGED CARE PLAN/ Highmark FreedomBlue	
MEDICAL	In- and Out-of-Network	
Annual Deductible	\$0	
Annual Out-of-Pocket Maximum	\$3,400	
Doctor Visits	\$15/visit	
Outpatient Surgery	\$0	
Emergency Room	\$50 (waived if admitted)	
Diagnostic Testing	\$0	
Outpatient Therapy	\$15/visit	
Durable Medical Equipment	15% to \$500 maximum	
Outpatient Mental Health	\$15/visit	
Hospitalization	\$0	
Inpatient Mental Health	\$0	
Physical Exams	\$15/visit	
Ob/Gyn Exams	\$15/visit	
Mammograms	\$0	
Vision Exam/Hearing Exams	\$15/visit	
Prescription Lenses (once every 24 months)	Davis Vision-\$0 for standard frames & lenses or contacts Other Providers-100% after \$100 allowance for eyewear and contacts	
Hearing Aids (once every 36 months)	100% after \$500 allowance	
Dental Care	30% for routine care in PA; Not covered outside of PA	
PRESCRIPTION DRUGS	Retail Pharmacy	Mail Order (90-day supply)
Annual Deductible	\$0	\$0
Initial Coverage up to a Total Drug Cost of \$2,830*		
Generic drugs	\$15	\$30
Preferred brand-name drugs	\$30	\$60
Non-preferred brand-name drugs	\$60	\$120
Specialty drugs	33%	Not available
Coverage Gap to TrOOP Maximum of \$4,550**		
Generic drugs	\$15	\$30
Preferred brand-name drugs	50%	50%
Non-preferred brand-name drugs	50%	50%
Specialty drugs	33%	Not available
Catastrophic Coverage		
Generic drugs	The greater of 5% or \$2.50	The greater of 5% or \$2.50
Brand-name drugs	The greater of 5% or \$6.30	The greater of 5% or \$6.30

* Includes total combined costs for covered drugs paid by the plan and participant

** Includes costs for Medicare-covered drugs paid by the participant only

How to Enroll

It's easy to enroll. Just follow these steps.

Step 1:	Review available options and costs. The Personalized Statement that you received from HOP shows your health care coverage options and corresponding costs. Use the Statement and the information in this booklet to help you choose the option that is best for you.
Step 2:	Make sure you have all the information you need about the plan you want to enroll in—and the correct enrollment form. The form that is included in your Personalized Statement is to be used only for the HOP Medical Plan or the HOP Pre-65 Medical Plan and the Basic or Enhanced Medicare Rx Option. If you want more information or an enrollment form for a HOP Managed Care Plan/(Highmark FreedomBlue or Highmark PPOBlue), call the HOP Administration Unit at 1-800-773-7725.
Step 3:	Complete the enrollment application. Complete the enrollment application for the plan you want to enroll in. If you want to enroll in a HOP Managed Care Plan, be sure to use the correct enrollment form.
Step 4:	Return your completed application to the HOP Administration Unit—even if you are electing a HOP Managed Care Plan. All enrollment forms must be returned to the HOP Administration Unit, P.O. Box 1764, Lancaster, PA 17608-1764. This ensures you are enrolled in the right plan and you receive Premium Assistance, if you are eligible. Do not send any application forms directly to Highmark.

Participant Resources



www.HOPbenefits.com

The site includes comprehensive information about HOP, including:

- Drugs covered under the Basic and Enhanced Medicare Rx Options
- Monthly premiums
- Eligibility, enrollment, and Premium Assistance
- Frequently asked questions



Personalized Statements

During each fall's Option Selection Period, current participants receive Personalized Statements showing current coverage, available coverage for the next year, and monthly premium rates. HOP also sends Personalized Statements to PSERS retirees not enrolled in HOP before their 65th birthday along with enrollment instructions.



Part D Summary of Benefits

Short summary of the Basic and Enhanced Medicare Rx Options. The Summary of Benefits is an annual Medicare requirement. It is available online at www.HOPbenefits.com.



Part D Annual Notice of Change (ANOC)/Evidence of Coverage (EOC)

Detailed description of the Basic and Enhanced Medicare Rx Options. The ANOC/EOC is an annual Medicare requirement. If you participate in the Basic or Enhanced Medicare Rx Option, it is included with your Option Selection materials.



Part D Pharmacy Directories by State

Listing of pharmacies that participate in the Basic and Enhanced Medicare Rx Options. The Pharmacy Directory is an annual Medicare requirement. It is available online at www.HOPbenefits.com or from the HOP Administration Unit.



Pharmacy Look-up Tool

Online tool on www.HOPbenefits.com where you can look up the pharmacies that participate in the Basic and Enhanced Medicare Rx Options.



Part D Abridged Prescription Drug Formulary

Listing of the most common drugs covered under the Basic and Enhanced Medicare Rx Options. The Abridged Formulary is an annual Medicare requirement. If you participate in the Basic or Enhanced Medicare Rx Option, it is included with your Option Selection materials.



Part D Comprehensive Prescription Drug Formulary

Listing of all the drugs covered under the Basic and Enhanced Medicare Rx Formulary. The Comprehensive Formulary is an annual Medicare requirement. It is available online at www.HOPbenefits.com or from the HOP Administration Unit.



Part D Formulary Look-up Tool

Online tool on www.HOPbenefits.com where you can look up the drugs covered under the Basic and Enhanced Medicare Rx Options.

We are here to answer your questions. Use the chart below to find out where to get the information you need.

Type of Question	Number You Should Call
<ul style="list-style-type: none"> • HOP in general • HOP enrollment • HOP premium payments and refunds • Claims questions about the HOP Medical Plan for Medicare-eligible participants or the HOP Pre-65 Medical Plan 	<ul style="list-style-type: none"> • 1-800-PSERS25 (1-800-773-7725) 8 a.m. to 5 p.m. EST, Monday—Friday <p>HOP Web site (www.HOPbenefits.com)</p>
<ul style="list-style-type: none"> • Premium Assistance Program 	<ul style="list-style-type: none"> • 1-866-483-5509 8 a.m. to 4:30 p.m. EST, Monday—Friday
<ul style="list-style-type: none"> • General retirement questions 	<ul style="list-style-type: none"> • 1-800-PSERS4U (1-800-773-7748) 7:30 a.m. to 5 p.m. EST, Monday—Friday <p>PSERS Web site (www.psers.state.pa.us)</p>
<ul style="list-style-type: none"> • Medicare 	<ul style="list-style-type: none"> • 1-800-MEDICARE (1-800-633-4227) TTY/TDD: 1-877-486-2048 <p>Medicare Web site (www.medicare.gov)</p>
<ul style="list-style-type: none"> • Prescription Drug Program 	<ul style="list-style-type: none"> • 1-888-239-1301 (available 24/7) TTY/TDD: 1-800-498-5428 24 hours a day, 7 days a week <p>HOP Web site (www.HOPbenefits.com)</p>

Important Decisions When You Become Eligible for Medicare

- **You may opt out of Medicare Part B.** At age 65 or your initial eligibility for Medicare, you will be enrolled automatically in Medicare Part A and Part B. You pay nothing for Part A, but Part B requires premium payments that are deducted from your Social Security benefits. If you choose to opt out of Part B when you are first eligible and want to enroll at a later date, you will have to wait for a Medicare enrollment period, and you will pay a higher premium.
- **You may enroll in Medicare Part D,** which covers prescription drugs and requires an additional premium payment. HOP offers a choice of Part D plans – the Basic and Enhanced Medicare Rx Options and the Part D plan that is part of the HOP Managed Care Plan/Highmark FreedomBlue PPO. If you do not enroll in a Part D plan when you first become eligible for Medicare, and you are not participating in a plan deemed to offer “creditable coverage,” you will pay a higher Part D premium if you decide to enroll at a later date.
- **If available, you may have an opportunity to enroll in a Medicare supplement or Medicare Advantage plan offered by your school district or employer.** If you enroll, you will be eligible for Premium Assistance through PSERS. However, you will not be able to transfer from that plan to HOP without a Qualifying Event—and an increase in the cost of your school employer’s plan **does not count** as a Qualifying Event.



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