



University of Pittsburgh

# **POST – 65 BENEFIT COVERAGE**

## **2007 Plan Year**

### **ANNUAL ENROLLMENT FALL 2006**

#### **BENEFIT FAIRS**

<b>DATE</b>	<b>PLACE</b>	<b>TIME</b>
Wednesday, November 8, 2006	Radisson Hotel Monroeville	10:00 am – 11:30 am
Thursday, November 9, 2006	Holiday Inn McKnight Road	10:00 am – 11:30 am
Friday, November 10, 2006	Pitt - WPU Kurtzman Room	10:00 am – 11:30 am
Tuesday, November 14, 2006	Radisson Hotel Green Tree	10:00 am – 11:30 am
Wednesday, November 15, 2006	Carnegie Library Squirrel Hill	10:30 am – 12:00 pm <i>*note time difference</i>
Friday, November 17, 2006	Pitt - WPU Kurtzman Room	10:00 am – 11:30 am

**Post – 65 Benefit Coverage  
2007 Calendar Year**

<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
Overview. . . . .	3
What remains the same?	
What has changed?	
University Sponsored Post-65 Medical Plans. . . . .	4
National and Local Programs	
Medical Plan Option Descriptions . . . . .	5
Details of the University-Sponsored Plans	
Other Benefits/Options. . . . .	6
Dental, Vision, Long Term Care Insurance	
Defined Dollar Benefit (DDB) Program. . . . .	7
General Information and Program Administration	
Costs for 2007. . . . .	10
University Costs and Retiree Premiums (if applicable)	
Procedure for Enrollment . . . . .	11
Steps to Take to Ensure Enrollment in Coverage	

**Enclosures**

- Summary grids supplied by the medical insurance carriers
- Applications supplied by the medical insurance carriers
- United Concordia Access dental summary grid
- Davis Vision summary grid
- Enrollment Form administered by Benefits Service Center (EBDS)
- Direct Deposit Form
- Automatic Premium Payment Authorization (APPA) Form

## Overview

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### **What remains the same?**

The medical plan design generally remains the same if you are enrolled in UPMC for Life HMO or UPMC for Life PPO, Signature 65, and the National Complementary programs. The prescription drug benefits associated with these programs do not include deductibles or caps on coverage.

The University continues to partner with Employee Benefit Data Services (EBDS) to handle retiree benefits administration through the Benefits Service Center. The University remains responsible for the overall management of the programs while EBDS handles billing and general program administration.

### **What has changed?**

There are some notable changes as listed below:

UPMC for Life HMO - Generic prescription co-payments are reduced by 50%. They are now only \$5.00 for a 31-day supply and \$10.00 for a 90-day supply. Generic drugs are considered clinically equivalent to brand-name medications but their costs are far less than brand name.

Highmark Security Blue HMO - Participants in Security Blue HMO will be converted to Freedom Blue PPO. The benefits under the HMO remain the same under the PPO. There are a few differences – most are very positive.

1. In-network benefits remain the same. The office visit co-payment is a flat \$15 regardless if you visit a primary care doctor (PCP) or a specialist. Under the HMO, co-payments were \$10 for a PCP and \$20 for a specialist.
2. The PPO offers a significantly expanded network in Pennsylvania. This change will benefit retirees who reside throughout Pennsylvania.
3. The PPO provides benefits if you travel outside of the Pennsylvania service area for an extended period. As an example, if you reside in Florida during the winter, you have out-of-network coverage that extends beyond emergencies. Please refer to the grids for a more in-depth description. Medicare requires HMO and PPO participants to maintain their primary residence in the plan's service area in Pennsylvania.

Medicare - As you may know Medicare Part B premiums have increased from \$88.50 to \$93.50 per month. This amount is automatically deducted from your Social Security check. Medicare adjusts deductibles on an annual basis. Please make certain to review the information provided to you by the federal government. You may also visit their Web site at [www.medicare.gov](http://www.medicare.gov).

Dental - While the dental program remains the same, there is an increase in the dental premiums that will remain in effect for calendar years 2007 and 2008.

***A final note on Major Medical*** - As indicated during the fall of 2005 Open Enrollment, major medical coverage was discontinued. As a courtesy to members who did not respond or could not be reached, the University continued the program throughout the year to allow ample time for all members to make the change. ***During this open enrollment, anyone remaining on Major Medical must make a change to one of the other plan options prior to January 1, 2007.***

## University Post-65 Medical Plans

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The University currently sponsors several different medical insurance plans to choose from (the premium cost for Medicare Part B is a deduction from your Social Security check regardless of which plan you choose). Please note that all of the plans listed below include a prescription drug component as part of the coverage.

If you have a residence in a Pennsylvania service area, you may enroll in one of the following plans:

- UPMC for Life HMO
- UPMC for Life PPO
- Highmark Freedom Blue PPO
- UPMC National Complementary Plan
- Highmark Signature 65

If you reside outside a Pennsylvania service area, you may enroll in one of the following plans:

- Highmark Signature 65
- UPMC National Complementary Plan

A brief summary of the plans can be found on the following page. Plan descriptions and coverage levels may be found in the enclosures provided by the carriers. Retirees and post-65 spouses/partners will receive separate packets and enrollment information and may choose separate medical plans.

## Medical Plan Option Descriptions

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Prescription drug coverage is included in all University of Pittsburgh medical plans, using the standardized Medicare Formulary for Pennsylvania.

### **PROGRAMS REQUIRING LOCAL RESIDENCY**

#### **UPMC for Life HMO**

Features include no deductibles for most services, little paperwork, a broad range of coverage, and a comprehensive and unlimited prescription drug program. In accordance with government regulations, you must maintain a residence in Western Pennsylvania. In the event that you travel, only emergencies are covered outside of the area. However, prescription drug coverage is available through a nationwide network of pharmacies. For more details, review the enclosed summary grid provided by the carrier, or contact UPMC at: **1 (866) 778-6093**.

#### **UPMC for Life PPO**

This plan offers a broad range of in-network benefits generally at 100% coverage utilizing the UPMC network. Additionally, for those who travel for extended periods of time, this plan also provides comprehensive out-of-network coverage. Generally, the plan pays for 80% of all eligible out-of-network expenses and participants are responsible for the remaining 20% up to the plan's out-of-pocket maximum after meeting the \$500 deductible. To qualify for this program, you must still maintain a residence in Western Pennsylvania. Within this program, a comprehensive and unlimited prescription drug benefit is also provided. For more details, review the enclosed summary grid provided by the carrier, or contact UPMC at: **1 (866) 778-6093**.

#### **Highmark Freedom Blue PPO**

This plan offers a broad range of in-network benefits generally at 100% coverage utilizing the Highmark network. Additionally, for those who travel for extended periods of time, this plan also provides comprehensive out-of-network coverage. Generally, the plan pays for 80% of all eligible out-of-network expenses and participants are responsible for the remaining 20% up to the plan's out-of-pocket maximum after meeting the \$250 deductible. To qualify for this program, you must still maintain a residence in a Pennsylvania service area. Within this program, a comprehensive and unlimited prescription drug benefit is also provided. For more details, review the enclosed summary grid provided by the carrier, or contact Highmark at: **1-800-227-8195**.

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### **NATIONAL AND LOCAL PROGRAMS**

#### **The UPMC National Complementary Plan**

This program provides coverage on a nationwide basis, regardless of residency. Any physician or facility who participates with Medicare can accept the UPMC National Complementary Plan. It is a UPMC product that provides complementary coverage to Medicare Part A and B. It also provides unlimited prescription drug coverage through a nationwide network of providers. The details of the plan are provided on the enclosed summary grid provided by the carrier. For more information, contact UPMC at: **1 (866) 778-6093**.

#### **Highmark Signature 65 with Blue RX**

This program provides coverage on a nationwide basis, regardless of residency. Any physician or facility who participates with Medicare can accept the Highmark Signature 65 insurance. It is a Blue Cross product that provides complementary coverage to Medicare Parts A and B. It also provides unlimited prescription drug coverage through a nationwide network of providers. The details of the plan are provided on the enclosed summary grid provided by the carrier. For more information, please contact Highmark at: **1 (800) 472-1506**.

## Other Benefits/Options

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Options for post-65 dental and vision coverage, as well as long-term care, are also available as part of the University of Pittsburgh's retirement package. Please note that you are responsible for the full premium cost of these plans.

### **UCCI Concordia Access Dental**

The program provides 100% coverage for the most common preventive and diagnostic procedures (i.e. cleanings and examinations). The plan pays for 70% of covered minor restorative services while members are responsible for the remaining 30% of the claim cost. Minor restorative services include fillings, simple extractions, and palliative treatment. Major restorative services are not covered but will be based on the carrier's discounted rates. There is an annual maximum benefit of \$750 with an individual deductible of \$25. The Medicare HMOs and PPOs provide limited dental benefits. For additional details on the plan, you may contact United Concordia (UCCI), a Highmark BC/BS Company, at **1 (877) 215-3616**. Certain states may not have a fully developed network. Please be certain to discuss this with the carrier prior to your enrollment.

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### **Davis Vision Fashion Plan**

Vision coverage is offered through Davis Vision, a Highmark BC/BS Company. Taking advantage of group discounts and reasonable rates, the program offers 100% coverage for an annual eye examination and lenses. A wholesale frame allowance is offered every 24 months. Any frame that is priced above the wholesale allowance may be purchased at discounted rates. The Medicare HMOs and PPOs provide limited vision benefits. For additional details on the plan, you may contact Davis Vision at **1 (877) 923-2847**. The client control reference number is **7623**.

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### **Long Term Care Insurance**

Long-term care (LTC) is the type of care received, either at home or in a facility, when someone needs assistance with activities of daily living because of an accident, illness, or advancing age. The insurance is provided through UnumProvident and is 100% employee/retiree paid. For plan details, medical questionnaire requirements, rates, and downloadable forms, please visit the UnumProvident Web site at: [www.unumprovident.com/enroll/upitt](http://www.unumprovident.com/enroll/upitt). If you carried Long Term Care insurance while you were actively working at the University and would like to convert the policy or if you are now interested in purchasing Long Term Care insurance, please contact Unum Provident at **1-800-227-4165**.

# Defined Dollar Benefit (DDB) Program

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## **Introduction**

The Defined Dollar Benefit (DDB) Program was first introduced to new retirees effective July 1, 2004. In response to numerous requests, this program is now being offered to all retirees who currently are enrolled in University-sponsored medical coverage.

Under the DDB program, you may continue enrollment in University sponsored coverage or you may elect any other retiree medical coverage. The cost of the premiums may be reimbursed from the credits in an account established for you.

## **General Information**

On the first of each month, a fixed amount of credits is applied to an account that may be used towards the reimbursement of retiree medical coverage. The amount of credits provided is reviewed each July 1 and increased in accordance with the medical component of the Consumer Price Index up to 5%. For the 2006-2007 plan year, the amount of credits per month is \$267 for retirees and \$267 for spouses/partners if they are age 62 or older.

All post-65 retirees and their eligible spouse/partner are entitled to participate in the DDB Program. DDB Credits may be:

1. Applied towards the cost of a University sponsored medical plan
2. Applied towards the cost of retiree medical coverage obtained independently of the University.
3. Accrued in your account for use at a later date if you have comparable medical coverage from another insurance carrier, employer, or spouse/partner.

## **Application of DDB Credits**

### When the Cost of Coverage is Less Than the Amount of Credits in Your Account

Your credit balance will accrue from month to month and year to year if the cost of retiree medical coverage does not exceed the number of credits in your account. As such, the accrued credits may be applied to retiree medical coverage at a later date.

### When the Cost of Coverage Exceeds the Amount of Credits in Your Account

If you choose a University sponsored post-65 medical plan, your DDB credits will be applied towards the cost of coverage up to the credit allowance. Any amount above and beyond the credit allowance will then be withdrawn each month from the checking account you designate on the enclosed Automatic Premium Payment Authorization (APPA) Form. Should you choose a non-University sponsored post-65 plan, you must pay the full premium and then submit a claim form and supporting documentation to EBDS. To the extent that the retiree medical plan costs more than the credits in your account, you will be reimbursed up to the DDB credit allowance.

## **Additional DDB Credit Guidelines**

### **Credit Use/Reimbursement**

Credits may be used to reimburse retirees and their eligible spouse/partner for retiree medical coverage only.

Credits can not be used towards the cost of dental, vision, life insurance, or any other ACTIVE employee medical coverage whether at the University, another employer, or a spouse/partner's active employee coverage.

### **Credit Accrual**

Credits will not accrue while retirees and their spouse/partner are covered under the University's active medical plans. However, credits will accrue if coverage is obtained through a spouse/partner or another employer.

## **DDB Program Administration**

While the University continues its responsibility for management of the DDB Program, EBDS is responsible for crediting and, if applicable, debiting your account each month and is responsible for general administration of the program. Listed below are several important points about the administration of the program:

- Credits will be applied on the first day of each month.
- Credits are applied separately to the retiree's account and to the account of the eligible spouse/partner.
- If you choose to participate in a University sponsored plan, your credits will automatically be applied each month towards the full cost of the plan you elect. If the cost of coverage is more than the credit allowance, the remaining amount will be deducted from a designated checking account.
- If you choose to participate in a non-University sponsored plan, you must pay the full cost of coverage up front.
  - A DDB Claim Form (downloadable from the Retiree Web site at <http://retiree.hr.pitt.edu/forms>), must then be completed and submitted with proof of payment to EBDS for the retiree medical coverage.
  - Once approved, EBDS will reimburse you for the payment up to the current DDB credit allowance in the account you designate on the enclosed Direct Deposit Form.
- In the event that both a retiree and their spouse/partner participate in the DDB Program, note that two separate applications of credits will occur for two separate DDB accounts. However, withdraws and/or reimbursements may be made to and/or from the same checking account.

## **Examples of How DDB Credits May Be Applied**

All examples below are based on monthly premiums/credits to illustrate a monthly cost of coverage. DDB credits must be applied to the full premium cost. As a reminder, post-65 retirees and spouse/partner benefits are administered separately.

### **1. To purchase University sponsored coverage**

#### **A. The cost of coverage is LESS than the monthly DDB credit allowance:**

You elect UPMC for Life HMO:

Your cost of coverage is:	\$131.42
<u>Your DDB credits are:</u>	<u>\$267.00</u>
Total amount of credits that accrue each month:	\$111.00

#### **B. The cost of coverage is MORE than the monthly DDB credit allowance:**

You elect Highmark Signature 65:

Your cost of coverage is:	\$302.01
<u>Your DDB credits are:</u>	<u>\$267.00</u>
Total amount deducted monthly from your checking account:	\$ 35.01

### **2. To purchase non-University sponsored coverage**

You move to Arizona and purchase a local Medicare HMO:

Your cost of coverage is:	\$230.00
<u>Your DDB credits are:</u>	<u>\$267.00</u>
Total amount of credits that accrue each month:	\$ 37.00

You need to pay the premium to the Arizona HMO and then submit a receipt/proof of payment with a completed reimbursement form to EBDS for reimbursement. A total of \$230 would be deducted from your \$267 in credits. EBDS will transfer the \$230 to your checking account via direct deposit. As a result, a \$37 credit balance would remain for the month.

### **3. Accrue credits for future use**

Your spouse or domestic partner continues to work and he/she places you on their active coverage:

Credits you accrue each month:	\$267.00
<u>Credits your spouse or domestic partner accrues each month:</u>	<u>\$267.00</u>
Total accrual each month:	\$534.00

*NOTE: The University reserves the right to modify or terminate these benefits at any time. Modifications that may affect this plan include those made by the federal government's Medicare or Medicare-related programs.*

## Cost of Coverage for 2007

Regardless of the medical program chosen, you are responsible for the Medicare Part B premium of \$93.50 per month. This is a deduction from your Social Security check. The premium rates listed below are for retirees who choose to participate in a University sponsored plan. All rates listed below are for individual coverage only. The full cost of the dental and vision programs are the responsibility of the retiree. Listed below is a summary of the premiums for 2007.

### University Costs and Retiree Premiums (if applicable) WITHOUT DDB participation

University-Sponsored Medical Options	Total Premium	University Contribution	Retiree Responsibility
UPMC for Life HMO	\$131.42	\$131.42	\$0
UPMC for Life PPO	\$152.00	\$152.00	\$0
Highmark Freedom Blue PPO	\$156.00	\$156.00	\$0
UPMC National Complementary Plan	\$298.00	\$188.00	\$110.00
Highmark Signature 65	\$302.01	\$192.01	\$110.00

### University Costs and Retiree Premiums (if applicable) WITH DDB participation

The DDB credits for 2006-2007 are \$267 per month, per person, regardless of the plan chosen. Please remember that the credits are applied to the full cost of coverage and any remaining credits accrue from month to month and year to year.

University-Sponsored Medical Options	Total Premium	Univ. Contrib. of DDB credits for Retirees	Retiree Responsibility
UPMC for Life HMO	\$131.42	\$267.00	\$0 (accrue \$135.58)
UPMC for Life PPO	\$152.00	\$267.00	\$0 (accrue \$115.00)
Highmark Freedom Blue PPO	\$156.00	\$267.00	\$0 (accrue \$111.00)
UPMC National Complementary Plan	\$298.00	\$267.00	\$31.00
Highmark Signature 65	\$302.01	\$267.00	\$35.01

### Dental and Vision Plans

Options for Dental and Vision**	Total Premium	Retiree Responsibility	Six – Month Premium
UCCI Concordia Access Dental	\$15.89	\$15.89	\$95.34
Davis Vision Fashion Plan	\$6.84	\$6.84	\$41.04

Note: \*\* Enrollment in the Concordia Access Dental plan and Davis Vision plan are for a full 12 month period. If enrollment is cancelled at any time during the 12 month period for any reason other than death, the annual premium amount is still owed to the carrier.

## Procedure for Enrollment

Carefully review all of the options that are available to you. To assist you, enclosed are reference materials for each of the insurance options, along with customer service telephone numbers and Web site addresses. **If you are not making any changes, NO ACTION is required; all current elections will remain the same.**

*Please note that if you did not elect retiree medical coverage upon retirement under the program in effect prior to July 1, 2004, you are not eligible to enroll in medical coverage as a retiree. Retirements on or after July 1, 2004 that involved the election of Defined Dollar Benefit (DDB) credits under the new retiree medical program remain eligible to continue DDB credits or enroll in coverage.*

*As announced last year, post-65 dental and vision coverage does not require prior participation regardless of the election at time of retirement. As a result, you may elect to participate in dental and/or vision coverage at this time, even if you did not carry the coverage when you retired from the University.*

If you are changing medical plans and/or starting the DDB program, you will need to choose ONE of the following options:

- A. Voluntary change of University sponsored medical plans without DDB participation. (University sponsored dental and/or vision may also be elected.)
- B. Participation in the DDB Program to pay towards the full cost of one of the **University sponsored** medical plans. (University sponsored dental and/or vision may also be elected, DDB not applicable.)
- C. Participation in the DDB Program to pay towards the full cost of a **non-University sponsored** medical plan. (University sponsored dental and/or vision may also be elected, DDB not applicable.)
- D. Participation in the DDB Program for purposes of accruing credits for use at a later date. (University sponsored dental and/or vision may also be elected, DDB not applicable.)
- E. NO change to medical plans/DDB participation, but election or change of dental and/or vision plans.

Once you have made your choice, please see the corresponding information below to ensure that all of the appropriate forms are completed. Only complete the necessary forms as stated below for the choice you have made. **You will not need to complete all of the forms/applications that were included in this mailing.**

- A.) Participation in a different University sponsored medical plan without DDB participation.
  - 1. **Complete the enclosed Post-65 Enrollment Form.** Complete the entire form.
  - 2. **Complete the corresponding carrier application that was included with this mailing.** This application must be completed for Medicare.
  - 3. **Complete the enclosed Automatic Premium Payment Authorization (APPA) Form.** This form will ONLY need to be completed if you would like to have the monthly premium, if applicable, deducted from your checking account. Dental and vision premiums would be automatically deducted as well. If you do not complete this form, you will receive an invoice from EBDS for the premiums due.
  - 4. **Return all completed forms in the envelope provided by Friday, December 8, 2006.**

**B.)** Participation in the DDB Program to pay towards the full cost of one of the University sponsored medical plans.

1. **Complete the enclosed Post-65 Enrollment Form.** Complete the entire form.
2. **Complete the corresponding carrier application that was included in this mailing.** This application must be completed for Medicare.
3. **Complete the enclosed Automatic Premium Payment Authorization (APPA) Form.** If you elect a medical plan that exceeds the monthly DDB credit allowance, that amount will be automatically deducted from an account you designate. Additionally, the full cost of an elected dental and/or vision plan will be deducted from this account.
4. **Return all completed forms in the envelope provided by Friday, December 8, 2006.**

**C.)** Participation in the DDB Program to pay towards the full cost of a non-University sponsored medical plan.

1. **Complete the enclosed Post-65 Enrollment Form.** Complete the entire form.
2. **Complete the enclosed Automatic Premium Payment Authorization (APPA) Form ONLY if you are electing to participate in the University's dental and/or vision plan.** The full cost of an elected dental and/or vision plan will automatically be deducted from an account you designate.
3. **Complete the enclosed Direct Deposit Form.** The DDB credits will be applied by EBDS to the checking account you designate on this form upon receipt and processing of a completed DDB Claim Form with supporting documentation. Claim forms may be obtained from the Retiree Web site at <http://retiree.hr.pitt.edu>.
4. **Return all completed forms in the envelope provided by Friday, December 8, 2006.**

**D.)** Participation in the DDB Program for purposes of accruing credits for use at a later date.

1. **Complete the enclosed Post-65 Enrollment Form.** Complete the entire form.
2. **Complete the enclosed Automatic Premium Payment Authorization (APPA) Form ONLY if you are electing to participate in the University's dental and/or vision plan.** The full cost of an elected dental and/or vision plan will automatically be deducted from an account you designate.
3. **Return all completed forms in the envelope provided by Friday, December 8, 2006.** When you decide to start using the DDB credits, you will need to complete a Direct Deposit Form for reimbursement of premiums. Both the Direct Deposit Form and the DDB Claim Form may be obtained from the Retiree Web site at <http://retiree.hr.pitt.edu>.

**E.)** NO change to medical plans/DDB participation, but election/change of dental and/or vision plans.

1. **Complete the enclosed Post-65 Enrollment Form.** Complete the entire form.
2. **Complete the enclosed Automatic Premium Payment Authorization (APPA) Form.** This form will ONLY need to be completed if you would like to have the monthly premium(s), deducted from your checking account. If you do not complete this form, you will receive an invoice from EBDS for the premiums due.
3. **Return the completed forms in the envelope provided by Friday, December 8, 2006.**