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## **Secretary of Administration Announces \$240 Million in Savings Through Retired State Employee Health Plan Changes**

**Harrisburg, PA** – Secretary of Administration Michael Newsome today announced that the commonwealth will save an estimated \$240 million over three years through a new contract for health benefits for Medicare-eligible retired commonwealth employees.

“The new contract provides nearly a quarter billion dollars in savings while allowing retirees to continue to see their current health care providers,” said Secretary Newsome. “It also allows us to improve the financial stability of the commonwealth while continuing to offer high-quality, affordable health benefits to retired employees.”

The contract was awarded through a competitive bid by the Pennsylvania Employees Benefit Trust Fund (PEBTF) to Aetna for three years, plus two optional one-year renewals.

Effective January 1, 2020, all Medicare-eligible retired commonwealth employees and their dependents currently covered under PPO and HMO plans through the Retired Employees Health Program (REHP) will be enrolled in an open-access PPO plan through Aetna.

Under the new open-access plan, members gain more flexibility and will be able to see any provider that accepts Medicare and receive in-network benefits. This means that all members will be able to continue to see their current providers without disruption.

All members will be required to pay the annual Medicare Part B deductible. The commonwealth will cover the deductible in 2020 for Medicare-eligible retirees who are enrolled in the HMO option and currently do not pay a deductible. Nearly 80 percent of the REHP’s 73,000 Medicare-eligible members currently participate in a PPO plan, also provided by Aetna, with a Part B deductible.

The commonwealth and the PEBTF will provide more information to retirees in the coming months about the new plan via mail and in-person meetings.

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