

RE: New REHP Medical

PARSE has had some inquiries about the announced new AETNA contract. The following is some summary information on that announcement.

Below is the press release from the Secretary of Administration on the new health plan for Medicare eligible retirees. Although some retirees may not want to see a change from their current HMO plans all retirees should look at the positives in this announcement, which are listed below and highlighted in the press release.

1. Retirees can continue to see their current providers.
2. The "Open Access" plan gives more flexibility to retirees in that they will be able to see any provider that accepts original Medicare.
3. As all retirees know, our medical benefits are not guaranteed and are at the discretion of the Commonwealth. This contract projects an estimated \$240 million dollars in savings. A positive savings is obviously good for the Commonwealth but also good for retirees and continuation of medical coverage.
4. This is a three-year contract with two optional one-year renewals.
5. It is not mentioned in this press release but there is no change to retiree contributions. Retiree pensions will not change as a result of this change.
6. Information sessions for retirees will be held in the Fall.

If PARSE members have additional questions or concerns, they should contact PEBTF at 1-800-522-7279.

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President
PA Association of Retired State Employees



FOR IMMEDIATE RELEASE
July 15, 2019

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.