

**ARTICLE 11
HOSPITAL AND MEDICAL INSURANCE AND
SUPPLEMENTAL BENEFITS**

Section 1. Effective November 1, 2005, the State System shall provide each eligible Regular full-time COACH a choice between enrollment in the Indemnity plan, a Health Maintenance Organization (HMO) plan, or a Preferred Provider Organization (PPO) plan. Eligible COACHES shall be those determined by the health plans in accordance with the eligibility provisions of the State System of Higher Education Group Health Program (SSHEGHP). The choice among plans shall be operated as follows:

A. The option to elect the coverage in a plan shall be made available to those eligible full-time COACHES who reside within the service area of the plan.

B. The amount and kind of benefits available to eligible full-time COACHES shall be those offered by the plan and contracted for by the State System.

C. The option to elect coverage under a plan shall be available during annual open enrollment periods designated by the State System and the plans. Eligible Regular full-time COACHES who move into a plan's service area may choose from available plans. Eligible Regular full-time COACHES who leave the service area or who are dissatisfied with an HMO or other health plan may elect coverage in the Indemnity plan.

D. The State System will conduct an open enrollment prior to November 1, 2005, in order to provide eligible COACHES with the opportunity to select a health plan as described above.

Section 2. The State System shall provide dependency coverage where the dependents of the eligible Regular full-time COACH qualify under such plans.

Section 3. The State System shall continue to provide each Regular part-time COACH who is expected to be in an active pay status at least 50% of the time every pay period in his/her service period with 50% State System paid coverage under the Indemnity plan or PPO plan. In addition, it shall provide 50% State System paid dependency coverage where the dependents of the Regular part-time COACH qualify under such plan. Eligible Regular part-time COACHES shall contribute fifty percent (50%) of the State System's cost of coverage for the type of contract for the health and prescription drug plan selected by each Regular part-time COACH in addition to the percentage of contribution required under Section 6.C.

Section 4. Effective November 1, 2005, the following changes shall be implemented.

A. The current Indemnity plan shall not be modified except as follows:

1. The Major Medical deductible under the Indemnity plan for active

Regular COACHES shall be \$500 per person and a maximum \$1,500 per family per calendar year.

2. Major Medical out-of-state claims will be processed up to twice the rate of in-state Major Medical reimbursement.

3. Attention Deficit Disorder (ADD) and Attention Deficit Hyperactivity Disorder (ADHD) claims will be processed as mental health claims when provided and billed by a psychiatric provider.

4. Outpatient spinal manipulation visits will be limited to thirty (30) per calendar year.

5. Outpatient physical therapy visits will be unlimited.

B. Establish a PPO plan (plan design as referenced in the Memorandum of Agreement between the State System and APSCUF dated February 6, 2004 and updated April 1, 2005).

C. Eliminate the POS plan.

D. Continue the HMO plan.

E. Effective July 1, 2004, the prescription drug benefit plan will be included in each of the health plans and will be revised as follows:

1. A three-tier open formulary with retail co-payments of \$5 for generic, \$10 for brand formulary, and \$20 for brand non-formulary drugs for up to a thirty (30) day supply.

2. Co-payments for mail order prescriptions of two times the retail co-payments set forth in 1 above for up to a ninety (90) day supply.

3. A deductible for all prescription coverage (total retail and mail order) of \$100 per person / \$300 per family maximum per calendar year.

4. If a physician prescribes a brand name drug and indicates no substitution, then the COACH will not pay the difference between that drug and the generic drug. However, if a COACH chooses a brand name drug when his/her physician has indicated

that substitution of a generic drug is acceptable, the COACH must pay the difference in the cost between the brand name drug and the generic drug.

5. APSCUF shall withdraw APSCUF Grievance #2004-002-ST (STATE SYSTEM# 2004-ST-128-C) – Unilateral Change in Prescription Drug Benefits and the request to arbitrate this grievance.

Section 5.

A. Regular full-time and Regular part-time COACHES who are granted leave without pay due to sickness or parental leave will continue to receive medical and prescription benefits under the State System of Higher Education Group Health Plan (SSHEGHP) and supplemental benefits under the Management Benefits Program for up to six (6) months. Regular full-time and Regular part-time COACHES who are granted family care leave will continue to receive medical and prescription benefits and supplemental benefits under the Management Benefits Program for up to twelve (12) weeks. Medical and prescription benefits will continue provided that the required contribution is paid while on leave. If the Regular full-time and Regular part-time COACH does not pay their share of the premium, coverage will be cancelled and they will be permitted to continue coverage under COBRA provisions or on a direct pay basis. The State System shall continue to pay the entire premium for supplemental benefits under the Management Benefits Program.

B. Regular part-time COACHES and Regular full-time COACHES who are placed on suspension or who are granted leave without pay for any reason other than for sickness, parental, or family care leave for longer than one (1) full pay period, or who are on leave without pay due to sickness or parental leave, longer than six (6) months, or family care leave longer than twelve (12) weeks will be permitted to continue coverage under COBRA provisions or on a direct pay basis.

C. Medical, prescription and supplemental benefits shall cease on the date a COACH terminates employment. For the purposes of this section, termination of employment does not include death. For surviving dependents, when the last day of employment falls between the first and the 14th of the month, coverage will end on the last day of that month. When the last day of employment falls between the 15th and the last day of the month, coverage will end on the 14th of the following month.

Section 6.

A. Through December 31, 2005, the State System shall, at its sole cost and expense, continue to provide each eligible Regular full-time and Regular part-time COACH, as defined in Sections 1, 3, and 5, with coverage as provided herein under the Indemnity plan or the PPO plan. The State System shall provide 50% State System paid coverage as provided herein under the Indemnity plan or the PPO plan for each eligible Regular part-time COACH, as defined in Sections 3 and 5.

B. Through December 31, 2005, the State System shall contribute to an HMO, for each eligible Regular full-time COACH, as defined in Section 1 and 5, an amount not to exceed the amount that would be contributed under subsection A. above based on the Indemnity plan individual or multi-party rate component appropriate for the geographic area in which the HMO is located. Additional costs, if any, of the HMO plan shall be paid for by the COACH through payroll deductions.

C. Effective January 1, 2006, all participating active eligible Regular full-time and Regular part-time COACHES shall contribute on a pre-tax basis through bi-weekly payroll deductions, one-half percent (0.5%) of their bi-weekly gross salary toward the cost of medical and prescription drug benefits for fiscal year 2005-2006 and for each fiscal year thereafter. Effective January 1, 2007, the contribution rate will be one percent (1%) of the employee's bi-weekly gross salary. The bi-weekly gross salary excludes premium or supplemental payments such as overtime (if applicable), camp or workshop stipends or payments, etc.

D. If the employee contribution for medical and prescription benefits for non-represented employees of the State System [except those in the Pennsylvania Employee Benefit Trust Fund (PEBTF)] decreases during the life of this Agreement, then the amount of employee contribution . required of COACHES shall be reopened for negotiations.

E. If the Indemnity and drug card plan costs increase more than twelve percent (12%) from one year to the next, any cost increase in excess of twelve percent (12%) shall be paid by the plan participants in addition to the contribution rate under C. above, unless the plan is redesigned to maintain costs within the twelve percent (12%) cap. Any such additional contributions shall be paid by pre-tax payroll deductions.

F. If (1) the PEBTF reduces or eliminates employee shares scheduled to go into effect on or after July 2005; and (2) the amount of the reconciliation for the combined total of all health care and prescription costs, as reflected on the reconciled health care and prescription drug statements for the State System issued immediately following the effective date of the PEBTF reduction or elimination, shows an increase of less than ten percent (10%) from the same combined total reflected on the previous year's reconciled financial statements: then, the amount of or necessity for a contribution by COACHES shall be reopened for negotiation, and any impasse shall be resolved by arbitration under the AAA Voluntary Labor Arbitration Rules.

Section 7.

A. A Health Care Cost Containment Committee shall be established as of July 1, 2004. The Health Care Cost Containment Committee shall be composed of fourteen (14) members with seven (7) management representatives and seven (7) union representatives, four (4) of whom shall represent and be appointed by APSCUF, one (1) who shall represent and be appointed by SCUPA, one (1) who shall represent and be appointed by OPEIU, and one (1) who shall represent and be appointed by SPFPA.

B. The Health Care Cost Containment Committee shall meet periodically to discuss health care costs containment strategies, including plan redesign of the Indemnity program to maintain costs within the twelve percent (12%) cap provided for in Section 6.E. above. The Committee may also make recommendations for modifications to the other health care plans. The Committee shall make recommendations to the State System and APSCUF for modifications of the health care plans for active eligible Regular full-time and Regular part-time COACHES. Recommendations of the Committee must have been approved by Committee members by a majority vote of both management members and a majority vote of union members.

C. Medical and prescription rate information used to develop contributions by COACHES will be shared with all members of the Committee.

Section 8.

A. The State System shall allow each Regular full-time and Regular part-time COACH who was eligible as an active COACH under the SSHEGHP and who retires to elect coverage upon retirement under the Annuitant Health Care Program (AHCP). In addition, dependency coverage shall be allowed where the dependents of the annuitant qualify under such program.

B. Effective November 1, 2005, AHCP benefits for new pre-Medicare eligible retirees shall be those in effect for active Regular COACHES, and may change from time-to-time as active Regular COACH benefits change. COACHES retiring prior to January 1, 2006, and who meet the criteria in subsection E. below will be eligible to elect coverage in the AHCP and the State System will continue to pay the full cost of coverage.

C. Eligible Regular full-time and regular part-time COACHES who retire after December 31, 2005, and who enroll in the AHCP shall contribute to the cost of coverage. The annual contribution rate shall be one percent (1.0%) of a COACH'S final annual gross salary at the time of retirement from State System service, and will be payable monthly at the rate of one-twelfth of the annual contribution rate.

D. Regular full-time and Regular part-time COACHES who retire and are covered under the AHCP will be required to enroll in Medicare Part B in order to continue comprehensive medical coverage. The State System shall continue to provide Blue Shield 65-Special Supplement or equivalent.

E. The State System shall continue to pay the cost of coverage, subject to the required annuitant shares, for annuitants who retire under 1, 2, or 3 below and who have elected coverage under the AHCP. For purposes of the section, "credited service" for all COACHES hired on or after July 1, 1997, shall only include actual service with the State System or Commonwealth and shall not include other types of service purchasable for retirement credit.

1. Retirement at or after superannuation age with at least ten (10) years of credited service in the State and/or Public School Employees' Retirement Systems, or Alternative Retirement Plan, except that an eligible COACH who leaves State System employment prior to superannuation age, vests retirement benefits and subsequently retires at or after superannuation age must have 25 years of credited service on the date of termination of employment in the State and/or Public School Employees' Retirement Systems, or Alternative Retirement Plan. For purposes of this paragraph, superannuation under the Alternative Retirement Plan shall be sixty (60) years of age with at least ten (10) years of Commonwealth/State System and/or public school service. For purposes of this subsection, for eligible COACHES who began employment July 1, 1997, and after, the service requirement shall be fifteen (15) years rather than ten (10) years. For all eligible COACHES who began employment on or after August 1, 2005, the years of credited service required for eligibility shall increase to twenty (20) years of credited service.

2. Disability retirement, which requires at least five years of credited service in the State and/or Public School Employees' Retirement Systems or the Alternative Retirement Plan. For purposes of this subsection, retirement under the Alternative Retirement Plan shall be considered disability retirement if the retiree meets the same disability retirement standards used by the State Employees' Retirement System in accordance with the procedures provided for in Appendix C.

3. Other retirement, including retirement under the Alternative Retirement Plan, with at least twenty-five (25) years of credited service in the State and/or Public School Employees' Retirement Systems and who have elected coverage under the AHCP.

For purposes of this subsection, Alternative Retirement Plan members who began employment before July 1, 1997, may receive retirement credit that they would be entitled to purchase under the rules of the State Employees' Retirement System (SERS) for military service, for service in other public colleges and universities, and for other permissible service credit purchases. Such retirement credit must be certified as eligible by SERS as creditable under its rules.

Section 9. If and when the PEBTF extends health benefits to domestic partners, the State System will do the same consistent with the definition of domestic partner set forth in Article 1 of this Agreement.

Section 10. It is understood that the references to the types of health plans in this Article shall not restrict the State System's right, after consultation with APSCUF, to replace the current insurers/administrators with other insurers/administrators, provided equivalent coverage, benefits, and State System/COACH contributions are maintained.

Section 11. Regular full-time COACHES and Regular part-time COACHES who are expected to be in an active pay status at least 50% of the time every pay period

in his/her service period will continue to be provided with dental, vision, and hearing benefits in accordance with the Management Benefits Program.