
ALLEGHENY COUNTY SCHOOLS HEALTH INSURANCE CONSORTIUM

Notice Concerning the Application of Act 110 and COBRA to Retirees and Other Eligible Individuals Under the Allegheny County Schools Health Insurance Consortium Plan of Benefits

February 24, 2022

This Notice is provided to the Participating School Entities of the Allegheny County Schools Health Insurance Consortium (“ACSHIC”) and explains the application of Act 110 of 1988 and the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) to retirees and other eligible individuals who were provided coverage under the ACSHIC benefits plan (“ACSHIC Plan”) as active employees.

1. Act 110

Act 110 (24 P.S. §5-513) of the Public School Code of 1949, as amended, requires School Districts, Intermediate Units, and Career and Technical Schools to permit certain retirees to purchase continuing coverage in the School District’s, Intermediate Unit’s, or Career and Technical School’s group health insurance plan. Specifically, Act 110 mandates that certain covered school entities must give employees and their dependents, upon an employee’s retirement, the option of continuing coverage in the group health insurance plan in which the employee participated prior to retirement at the cost of the program for active employees and dependents plus an additional two per centum (2%).

Act 110 is not applicable to ACSHIC; however, many entities that participate in the ACSHIC Plan are subject to its requirements. Consequently, ACSHIC promulgates the following guidelines for the administration of extended post-employment coverage under the ACSHIC Plan in accordance with the requirements of Act 110 and the will of ACSHIC’s Board of Trustees.

1.1 Eligibility for Coverage

The individuals who qualify for extended post-employment coverage under the ACSHIC Plan are those who are under age 65 and:

- Retired under normal retirement¹; or
- Retired under disability retirement; or
- Retired with 30 or more years of service.

¹ As defined by the eligibility requirements adopted by the Public School Employees’ Retirement System (“PSERS”).

In addition to the above, ACSHIC will also provide extended post-employment coverage under the following circumstances:

- to a retiree, and the retiree's spouse, up to age 65, who do not meet the Act 110 requirements, but who enter into an agreement with the retiree's Participating School Entity which provides for coverage under the ACSHIC Plan; or
- to the spouse of an employee of a Participating School Entity, when an active employee dies with 30 or more years of active service.

It is the eligible individual's responsibility to contact the former employer's benefits administrator with written notification of the decision to enroll in the ACSHIC Plan.

1.2 Period of Coverage

The right of eligible individuals to continue extended post-employment coverage under the ACSHIC Plan, including coverage under the dental, vision, and pharmaceutical benefits, extends until the eligible individual and their spouse reach age 65.

Persons who are covered or eligible to be covered as an employee or dependent in any other employer-provided group health insurance plan are not eligible to purchase extended post-employment coverage under the ACSHIC Plan. However, such eligible individual would be eligible for reinstatement of coverage under the ACSHIC Plan if such alternate coverage ceases.

1.3 Cost of Coverage

The cost of extended post-employment coverage under the ACSHIC Plan shall equal the cost of the group health benefits for active employees and dependents plus an additional two per centum for administrative costs.

1.4 Conditions of Coverage

- ACSHIC will provide coverage to an eligible individual and the eligible individual's spouse until age 65.
- In the event an eligible individual leaves ACSHIC's Plan, but returns prior to age 65, extended post-employment coverage under the ACSHIC Plan will be reinstated until age 65.
- An eligible retiree and the retiree's spouse are eligible for coverage at the monthly coverage level (e.g., husband/wife) in effect for the parties prior to the date of eligibility for extended post-employment coverage. The same coverage level requirement also applies if the retiree leaves ACSHIC Act 110 coverage and returns prior to age 65. The applicable rate for the retiree is the rate in effect at the date of

coverage, and the rate may increase thereafter pursuant to action by ACSHIC's Board of Trustees.

- An eligible individual and the eligible individual's spouse are not permitted to "split" a contract by making separate contributions (resulting in separate coverage) instead of making contributions for the eligible individual and the eligible individual's spouse at the husband/wife rate (with coverage provided to the spouse as the eligible individual's dependent).
- In the event a retiree covered under the ACSHIC Plan dies prior to age 65, the retiree's spouse will be eligible for coverage under the ACSHIC Plan until the spouse reaches age 65.
- If a retiree divorces his/her spouse following retirement and while covered under the ACSHIC Plan, the divorced spouse will be eligible for COBRA continuation of coverage for 36 months.
- An eligible individual's spouse who has never been on the ACSHIC Plan will not be eligible for coverage under ACSHIC's extended post-employment coverage if the eligible individual never elected extended post-employment coverage.

2. Retirement as a COBRA Qualifying Event.

If a retiree does not qualify for extended post-employment benefits under the ACSHIC Plan, the retiree may be eligible for COBRA benefits administered by the ACSHIC Plan.

Retirement is a termination of employment and therefore a qualifying event under COBRA if the employer is subject to COBRA and the employee loses his/her current group health insurance plan coverage upon retirement.

The COBRA "maximum coverage period" is the maximum number of months an employer must allow a qualified beneficiary to continue group health plan coverage. In general, the maximum coverage period is 18 months if the qualifying event is termination of employment, including retirement.

If an employee continues coverage following retirement, and the employee divorces or is legally separated from the spouse, or the employee dies, the spouse will experience a second qualifying event and will be eligible for 36 months of additional coverage less prior time on COBRA.

If a qualifying event occurs, each qualified beneficiary will be offered the opportunity to elect the same group health insurance plan coverage they had immediately before the qualifying event.

Application for COBRA coverage can be made to the benefit administrator of the retiree's Participating School Entity or by contacting ACSHIC's Third-Party Administrator, AMCA Systems, LLC.

If there are any questions concerning this Notice, please contact Michael Garofalo (412-263-6353) of Aon or Carleen Burns (724 – 934-2270 x101) at AMCA Systems, LLC.

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ALLEGHENY COUNTY SCHOOLS HEALTH INSURANCE CONSORTIUM**