

University of Pittsburgh

Defined Dollar Benefit Plan For Eligible Retirees

Effective July 1, 2004

Table of Contents

Introduction.....	1
Who Is Eligible.....	2
Credits, Coverage, and Group Access	4
Using Your Account.....	5
Administration And Appeals.....	8
Changing or Ending the Plan.....	9
Miscellaneous.....	9

INTRODUCTION

Plan Document and Summary Plan Description

This is the plan document for the University of Pittsburgh Defined Dollar Benefit Plan for Eligible Retirees (which we will simply call the "plan" or "DDB"). This document serves as the plan document and the summary plan description for the plan. Additionally a summary guide is available for each annual enrollment.

Sponsor

The plan is sponsored by the University of Pittsburgh of the Commonwealth System of Higher Education (and in that capacity we will call it "the University" or "the sponsor"), whose address is 4200 Fifth Avenue, Pittsburgh, PA 15260 and whose employer identification number for federal tax purposes is 25-0965591.

Administrator

The plan is administered by the University (and in that capacity we will call it "the plan administrator"), whose address is 4200 Fifth Avenue, Pittsburgh, PA 15260 and telephone number is (412) 624 - **8160**.

Type of Benefits

This plan is intended to provide you with some flexibility in selecting medical coverage. It will allow amounts credited to your account to be used to cover the cost of your eligible health care premiums. To the extent allowed by law, the features of this plan will be provided on a tax-favored basis.

If you retire under all of the conditions that are described in the plan, an account is set up for you. This account is a bookkeeping entry only – it is not funded.

A fixed amount of credits are made to the account monthly, based upon the rules under the heading **Credits, Coverage and Group Access** below.

The credits in your account can be used to reimburse: (a) the cost of retiree medical premiums under the University of Pittsburgh Health and Welfare Plan or (b) the cost of private retiree health insurance premiums you acquire. You may be reimbursed up to the cost of the monthly premium, provided you follow all of the terms and conditions of the plan and if there are enough credits remaining in your account.

Effective Date

The effective date of this plan is July 1, 2004

Plan Year

You will see references to the "plan year" in this document. The "plan year" is the 12-month period ending June 30 for pre-65 participants. Post-65 participants have a plan year that operates on a January 1 through December 31 time period to correlate with Medicare offerings.

Questions

If you have questions after you read the plan, ask the plan administrator for help. Better yet, write the question down and give it to the plan administrator so that there is no misunderstanding. You cannot, and should not, rely on what anyone else (such as a supervisor or co-employee) tells you about the plan, because *only the plan administrator and the appeals authority* are authorized to interpret and apply the plan.

Also, this is the controlling legal document for the plan. If there is any inconsistency between this plan and any administrative forms, employer notices, other written materials or written or oral statements, this plan document will control entirely and will supersede any such inconsistent materials.

WHO IS ELIGIBLE

Introduction

Before you can receive any benefit from this plan, you have to enroll in the plan. An enrollment will be provided by the Retiree Benefits Service Center. This section will explain who is eligible to get in and how to enroll.

When You Retire

You are eligible participant in this plan if you meet all of these requirements:

- you retired on or after July 1, 2004,
- you were at least 62 years of age as of July 1, 2004, and
- you were employed in a job type and status including:
 - Executives,
 - Full-time faculty,
 - Part-time faculty in the tenure stream or tenured for no less than half-time,
 - Full-time librarian,
 - Full-time research associate, or
 - Regular, full-time staff employee, except for those who have benefits covered by a separate collective bargaining agreement.

The plan administrator, in its sole discretion, has the authority to, and will, make all determinations regarding whether you have met the age, service, job classification or other eligibility requirements.

A select group of individuals may also be able to enroll in the plan under the terms and conditions found in the heading **Special Transition Period Opportunity** below.

Official Retiree Status

University of Pittsburgh faculty and staff are officially granted retiree status if they fulfill the eligibility criteria:

- Recognized University start date prior to July 1, 2004: Must be 62 years of age or older on last day of work,
- Recognized University start date on or after July 1, 2004: Must be a minimum of 62 years of age on last day of work and age plus service equal to 85 or greater,
- For retirements prior to July 1, 2004: Participation in retiree benefit plans is contingent upon the retiree and spouse/partner's having been enrolled in coverage as an active employee at the time of retirement,
- An eligible spouse/registered domestic partner "partner" is the individual designated as such on University records at the time of retirement. The term "spouse" may also include a "registered domestic partner".

Please note: All determinations of service credit shall be based solely on the recognized dates in the University's Employee Records

Separate criteria exists for each University benefit. Eligibility for each benefit plan is mutually exclusive.

Eligible Spouse/Partner

An eligible spouse/partner is the individual designated as such on University records at the time of retirement.

When we say "spouse" we mean only the spouse to whom you were legally married on the date of your retirement. When we say partner, we mean only the partner with whom you have a University approved Affidavit of Domestic Partnership, which has not been dissolved.

The spouse/partner is eligible but do not receive credits until they are age 62.

Your Spouse/Partner in Case of Your Death

Surviving spouses/partners are not eligible for the plan if you die while you are still an active employee prior to retirement even if at the time of death you met all the eligibility requirements for the plan.

Enrollment and Participation

There are three different aspects to enrollment under this plan, and we will address each of them separately.

- **Enrollment to start receiving credits.** You start receiving credits under this plan automatically upon enrollment in this plan. The University, through the Retiree Service Center, will provide a summary guide with instructions for enrollment.
- **Enrollment in retiree health insurance.** Retiree health insurance is not provided under this plan. Your actual retiree health insurance is provided under the University of Pittsburgh Health and Welfare Plan, which is separate from this plan. It provides coverage for eligible participants who may be active or retired. But it is important for you to remember that, when you retire, your coverage as an active employee under the Health and Welfare Plan ends. In order to continue enrollment in health insurance under the Health and Welfare Plan, you must re-enroll as a retiree under the Health and Welfare Plan.
- **Enrollment to start using your credits.** Since there are several different ways in which you may use your credits under this plan, you must complete and return an enrollment form under this plan to let the plan administrator know how you would like to use your credits.

If you are eligible, but have not received the enrollment forms, contact the plan administrator.

Special Transition Period Opportunity

If you do not meet the eligibility requirements for official retirement set forth above, you are also eligible to enroll in this program if you are at least age 57.5 years of age as of July 1, 2004. This means you must have been born on or before December 31, 1946. This enrollment opportunity will be provided through June 30, 2006. After June 30, 2006 you must meet the age requirement as stated under **When You Retire**.

During this transition period, anyone that meets the age requirement stated in the section **When You Retire** may elect to leave the University and continue with the contribution schedule under the retiree medical program in effect prior to July 1, 2004.

Under the retiree medical program in effect prior to July 1, 2004, retirees are responsible for the cost of an independently purchased Medicare Supplemental Program, also known as a Medigap program. The University covers the cost of the Medicare Advantage Programs up to the cost of the Major Medical Program.

However, between the ages of 57.5 and age 62, the only option under this plan is continuation of active group coverage. Only at age 62, would you be first eligible under this plan to use available credits under this plan.

Please note that if you did not elect 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.

New Hires on or after July 1, 2004

Eligible participants hired on or after July 1, 2004 are eligible for this plan if they meet the minimum age and service requirements. To be eligible as a new hire on or after July 1, 2004, you must be at least 62 years of age at the time you retire and must have age and service equal to 85 or more points.

An example of the application of the age and service requirement for a new hire at age 40 is shown below:

Age and Service Must Equal at least 85

Date of Hire:	1/1/2005 at age 40
Goal is:	85 points
Age is:	40
Points Needed:	45

To calculate: Divide points needed by two (2) since you accrue both a year of age and a year of service each year.

$$45 \text{ points} / 2 = 22.5$$

Age 40 plus 22.5 = 62.5 to retire and be eligible for this plan.

CREDITS, COVERAGE, AND GROUP ACCESS

Introduction

Credits are made to your account in the plan on the first day of every month that you are enrolled in the plan. This section explains how much those credits are, and the next section of the plan will explain how you can use the credits that have accumulated in your account.

Annual Review of Credits

Credits will be reviewed by the employer annually and, if the employer in its sole discretion so determines, will make an annual adjustment, generally based on the medical component of the Consumer Price Index. The amount of increase, if any, in any plan year will not exceed five percent of the amount of the prior year's credit amount. Each year, the employer will announce, and list in a separate exhibit attached to this plan, the amount of the credit for that year. (The monthly credit is \$245 for the 2004 – 2005 plan year).

Credits for You

Each month that you are enrolled in the plan your account will be credited with a fixed dollar amount. When you die, credits applied to your account on your behalf will stop, with the last credits being those used by you in the month of your death. Any remaining credits in your account at the time of your death will be extinguished immediately.

Credits for Your Spouse/Domestic Partner

Each month that you have an eligible spouse/domestic partner enrolled in the plan, an account will be provided DDB credits equal to the same monthly credit amount that you receive starting at age 62. This account will be in the spouse's name.

Prior to age 62, the spouse/domestic partner may be eligible to participate in the University's group coverage in accordance with all of the terms and conditions of that program by paying the same full premium rate paid by the University with no University contribution. In other words, the spouse/domestic partner is responsible for the full cost of coverage prior to age 62.

Credits for a spouse/domestic partner stop when you are no longer married to that spouse or in a domestic partnership relationship with that partner. For example, only the husband or wife that you were married to when you retired is eligible as a spouse under this plan. If you divorce that husband or wife, that individual ceases to be eligible. If that husband or wife dies, spouse credits and no new husband or wife is eligible for the plan.

Surviving Spouse/Domestic Partner Coverage

When you die during retirement and if your spouse or domestic partner is enrolled and survives you, credits will continue for the surviving spouse/domestic partner during the month of death and the three months following the month of your death. Credits remaining in the surviving spouse's/domestic partner's account may be used by the eligible spouse/domestic partner until the account is depleted or the spouse/domestic partner dies.

After the three month period, eligible surviving spouses/domestic partners may continue with University-sponsored group coverage but will be responsible for the full cost of the premium. Unless the surviving spouse remarries, they are eligible to continue participation in University-sponsored group coverage in accordance with its terms and conditions

DDB Coverage Option Between Age 62 and 65

Between the age of 62 and 65, you may elect to continue with the University's group coverage instead of receiving credits. Both you and your eligible spouse may make separate elections – one may choose DDB credits while the other may continue with active group coverage. Upon retirement, you will receive an election form from the third party administrator.

Converting from Active Coverage to DDB Credits

Eligible retirees, and eligible spouses, between the ages of 62 to 65 may convert from active coverage to DDB credits at any time. Application should be made through the third party administrator. However, once the election is made to have DDB credits, you may not change back to active coverage.

DDB is Sole Option at Age 65

Once you or your spouse reaches age 65, the sole option is the election of DDB credits. The credits may be applied towards the cost of post-65 coverage.

Accessing University Coverage

To the extent required under the University group coverage program, retirees and spouses electing DDB credits but not accessing University group coverage will have to provide satisfactory written documentation that they have had continuous creditable coverage (consistent with regulations under HIPAA) if they wish to enroll in a University-sponsored program at a later date.

USING YOUR ACCOUNT

Introduction

DDB Credits may be:

- Applied toward the cost of a University-Sponsored medical plan,
- Applied toward the cost of retiree medical coverage obtained independently of the University. Reimbursement may be made on a monthly basis,

- Accrued in your account for use at a later date if you have comparable retiree medical coverage from another insurance carrier, employer, or spouse/partner.

DDB Credits:

- Cannot be applied to the cost of dental, vision, life insurance, or long-term care coverage,
- Cannot be applied to the cost of Medicare Part B premiums,
- Cannot be applied to any other active or retiree benefit coverages other than listed above.

Buying University Retiree Medical Coverage

You may use your account to buy coverage under the medical insurance feature of the University of Pittsburgh Health and Welfare Plan.

Retirement Coverage between the Ages of 62 and 65:

The coverage choices and premium costs under that Plan are the same for retirees as they are for active employees. The options available are subject to change.

Retirement Coverage Age 65 and Older:

If you or your spouse becomes eligible for Medicare, you may have the option of choosing the University sponsored Medicare Advantage HMO or PPO plans or the Complementary Plans to Medicare.

As it Applies to Both Pre-65 and Post-65 Coverage

You make this choice on your enrollment form provided by the University's Benefits Service Center. Please note that, when you make your choice, you are making your choice not as a part of this plan, but *under the University of Pittsburgh Health and Welfare Plan* and it can be changed only in accordance with the terms of that Plan.

If the cost of the medical insurance that you choose is less than the monthly credits to your account under this plan, the balance of your credits accumulate in your account and, subject to all of the terms and conditions in this plan, can be used in the future. If the cost of the medical insurance that you choose is more than the monthly credits to your account, you will be reimbursed up to the amount of credits in your account. You will be responsible for any balance due.

Reimbursement for Other Retiree Medical Insurance

You may use your account to buy coverage under a private health insurance policy that you find on your own; provided, the plan administrator determines the insurer and/or the type of coverage is satisfactory. After you become eligible for Medicare, you may also use your account to be reimbursed for appropriate Medicare supplemental insurance known as a "Medigap" policy, Medicare Advantage, or other proper retiree medical insurance through another employer. The plan administrator may ask for documentation or other materials in order to determine that your private health insurance qualifies for reimbursement.

Just pay the premium under your private policy and submit the premium statement to the Benefits Service Center (at the address shown on the claim form) to receive reimbursement from your account under this plan. (Reimbursement is limited to the amount that has accumulated in your account.)

Claims for Reimbursement

From a Non-University Sponsored Plan:

Submit claims for reimbursement as soon as possible. To qualify for reimbursement under this plan, expenses *must* be submitted in writing to the third party administrator no later than the end of the calendar year (December 31) following the end of the plan year (June 30) in which they were incurred.

The third party administrator commonly referred to as the Benefits Service Center will respond to your claim as quickly as possible. Reimbursements will be made once per month. If the claim is approved, the third party administrator will send you the reimbursement through direct deposit to an account that you designate. If for some reason the claim is not granted, the third party administrator will notify you in writing as quickly as possible (but definitely within 30 days) after you filed the claim and point out the specific reasons and plan provisions on which the denial is based, describe any additional information needed to complete the claim, and describe the appeal procedure.

From University Sponsored Plans:

The cost of the premiums will automatically be deducted from your DDB account. You will owe the balance if the cost of the coverage exceeds the amount of credits in your account. When the cost of coverage is less than the amount of credits in your account, the excess of credits will remain in your account.

If You Don't Use Up Your Account

Amounts credited to your account under this plan remain credited to your account until they are used in either one or both of the two ways described above. The unused credits are carried forward from month to month and year to year.

In the event of the retiree's death, the credits remaining in the account are dissolved. The credits remaining in the surviving spouse's account may be used by the surviving spouse until a zero balance is reached or the surviving spouse is deceased. In this situation, the remaining credits also dissolve.

Third Party Administrator

The University partners with a third party administrator (TPA) to handle retiree benefits administration through their Benefits Service Center. While the University remains responsible for the overall management of the retiree benefits program, the Benefits Service Center handles the general program administration and day to day operations of the Program for the University with offices located in downtown Pittsburgh.

The Benefits Service Center responsibilities include, but are not limited to:

- Sending out retiree benefit enrollment packets to newly retired faculty and staff members,
- Collecting benefits election forms and enrolling retirees in their elected programs,
- Assuring proper enrollment in retiree medical, dental, vision, and University-Sponsored life insurance plans, as well as the DDB program,
- Sending out annual benefits enrollment packets to both post- and pre-65 retirees,
- Invoicing when necessary,
- Answering retirees' general questions, and
- Administering the DDB program for participating retirees.

ADMINISTRATION AND APPEALS

Administration

The plan administrator has all rights, duties and powers necessary or appropriate for the administration of the plan.

Appeal Procedure

If your claim is denied and you disagree and want to pursue the matter, you *must* file an appeal in accordance with the following procedure. You *cannot* take any other steps unless and until you have exhausted the appeal procedure. For example, if your claim is denied and you do not use the appeal procedure, the denial of your claim is conclusive and *cannot be challenged, even in court*.

To File an Appeal:

Write to the:

University of Pittsburgh
Manager of Benefits
200 South Craig Street
Suite 200B
Pittsburgh, PA 15260

Your Rights and Actions:

- State the reasons why you disagree with the denial of your claim in your appeal,
- You must submit your appeal within *60 days after the claim was denied*,
- You have the right to review pertinent documents,
- You have the right to be accompanied by anyone else,
- You have the right to present evidence and arguments in support of your position.

The Decision:

- The appeal will be reviewed,
- A hearing may be held if necessary,
- A written decision will be issued within 30 business days,
- Unless special circumstances require more time, in which case you will be advised before the original 60 days have elapsed and the decision will be issued within 60 business days,
- The decision will explain the reasoning of the appeals authority and refer to the specific provisions of this plan on which the decision is based.

Discretionary Authority

The plan administrator shall have and shall exercise complete discretionary authority to construe, interpret and apply all of the terms of the plan, including all matters relating to eligibility for benefits, amount, time or form of payment, and any disputed circumstances. In exercising such discretion, the plan administrator shall give controlling weight to the intent of the plan.

All decisions of the plan administrator in the exercise of its authority under the plan shall be final and binding on the plan, the sponsor and all participants and beneficiaries.

CHANGING OR ENDING THE PLAN

Changing the Plan

The employer has the right to change the plan in any way and at any time and is not required to give a reason for the changes. To the extent permitted by law, these changes can be retroactive. Any special arrangement made by the employer for an individual will constitute an amendment to this plan applicable only to that individual or to the group or class of individuals covered by the special arrangement. Changes that may affect the plan include, but are not limited to, those made by the federal government affecting Medicare or Medicare related programs.

Disclosure


Descriptive literature is available from the insurance carriers. Additional details of the benefits presented here also may be found at www.hr.pitt.edu/benefits. The rights and obligations of prospective and current retirees and those of the University are governed by the terms of each benefit plan and in some cases by contracts with the insurance companies. The plans are based on current federal and state laws and are regulated by those laws. If there is a conflict between any document and the plan, then the plan and contracts will control. Benefits may be modified from time to time as required by applicable laws, and benefits may be modified or terminated as deemed necessary or appropriate by the University. Staff covered under collective bargaining agreements are governed by the terms of those agreements.

MISCELLANEOUS

No Funding

The benefits of this plan are paid from the general assets of the University. This plan is not funded or insured in any way. The function of the accounts under the plan is to measure the extent of the employer's obligation to reimburse eligible retirees for health care expenses out of its general assets. As such, the accounts are merely bookkeeping entries; they are not accounts such as bank accounts that contain cash, and there is nothing to invest.

University of Pittsburgh

By:  _____