

MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: Payment of Annuitant Medical and Hospital Benefits	Number: 315.16 Amended
Date: June 21, 2013	By Direction of:  Kelly Powell Logan, Secretary of Administration
Contact Agency: Office of Administration, Office for Human Resources Management, Bureau of Employee Benefits and Services, Telephone 717.787.9872	

This directive establishes policy, responsibilities, and procedures for billing agencies for the cost of the Retired Employees Health Program (REHP). Marginal dots are being excluded due to major changes.

1. **PURPOSE.** To establish policy, responsibilities, and procedures for billing agencies for the cost of the REHP.
2. **SCOPE.** This directive applies to all departments, boards, commissions, and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction and other independent agencies participating in the Active Employees Health Program (AEHP).
3. **OBJECTIVE.** To establish payment procedures for benefits provided under the REHP.
4. **DEFINITIONS.**
 - a. **Active Employees Health Program (AEHP).** The health insurance program provided by the PEBTF for commonwealth employees.
 - b. **Agencies.** Departments, boards, commissions and councils under the Governor's jurisdiction and independent commonwealth entities whose employees are eligible to participate in the REHP upon retirement. (See *Management Directive 530.24, Retired Employees Health Program* for a list of participating agencies).

- c. **Pennsylvania Employees Benefit Trust Fund (PEBTF).** The health and welfare fund that administers health care benefits to eligible employees and retirees.
- d. **REHP Administrative Agreement.** The contractual agreement between the commonwealth and the PEBTF which governs the administration and payment of benefits provided under the REHP.
- e. **Retired Employees Health Program (REHP).** The health benefits plan covering eligible retirees.

5. POLICY.

- a. Coverage in the REHP is provided if an employee or dependent is covered under the AEHP on the employee's last day in an active pay status (or was eligible for enrollment in the AEHP on the employee's last day in an active pay status), and meets the eligibility requirements as specified in the commonwealth's collective bargaining agreements and *Management Directive 530.24, Retired Employees Health Program*.
- b. The PEBTF, as third party administrator of the REHP, is reimbursed for REHP costs according to the methods and within the time frames established in the REHP Administrative Agreement between the commonwealth and the PEBTF.
- c. The REHP biweekly rate per active employee is determined by the Office of Administration(OA), Office for Human Resources Management, Bureau of Employee Benefits and Services and reviewed and approved by the Office of the Budget (OB), Executive Deputy Secretary of the Budget, based on the total estimated REHP costs, including necessary reserves, in accordance with the financial arrangements established by the REHP Administrative Agreement.
- d. Effective with the first pay date in each fiscal year, the new REHP costs will be charged to and paid by agencies whose active employees will be eligible, as annuitants, to enroll in the REHP.

6. RESPONSIBILITIES.

- a. **OA, Office for Human Resources Management, Bureau of Employee Benefits and Services,** shall annually estimate the REHP costs and calculate the REHP biweekly rate per active employee to be charged to agencies participating in the REHP (See *Management Directive 530.24, Retired Employees Health Program* for a list of participating agencies). Proposed rates will be submitted to OB for review and approval.
- b. **OA, Integrated Enterprise System (IES),** shall update agency expenditures in the commonwealth's SAP payroll module. IES will also produce monthly annuitant medical benefits contributions reports.
- c. **OB, Executive Deputy Secretary of the Budget** shall review the proposed REHP biweekly rate and notify OA, Office for Human Resources, Bureau of Employee Benefits and Services of approval.

- d. **OB, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations** shall prepare and post monthly third party payment transactions, including supporting documentation, in SAP within the time frames established by the REHP Administrative Agreement.
- e. **Agencies not on SAP** shall submit payments directly to the PEBTF based on the REHP biweekly rate per active employee determined by OA, and reviewed and approved by OB.

7. PROCEDURES.

- a. **OA, Office for Human Resources Management, Bureau of Employee Benefits and Services** calculates the REHP biweekly rate per active employee and forwards to OB for review and approval.
- b. **OB, Executive Deputy Secretary of the Budget** reviews the proposed rate and notifies OA, Office for Human Resources Management, Bureau of Employee Benefits and Services of approval.
- c. **OA, Office for Human Resources Management, Bureau of Employee Benefits and Services** notifies OB, IES, HR Service Center, Bureau of Commonwealth Payroll Operations, and agencies not on SAP of the approved REHP annual biweekly rate.
- d. **OB, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations.**
 - (1) Receives a Monthly Payment Request Form from the PEBTF.
 - (2) Verifies the information and calculation on the Monthly Payment Request Form.
 - (3) Prepares and posts the monthly third party payment transaction (ZW document type) in SAP and attaches the Monthly Payment Request Form as supporting documentation, within the time frames established in the REHP Administrative Agreement.
- e. **Agency not on SAP** prepares and processes monthly payment based on the REHP biweekly rate per active employee. Notifies the Treasury Department of the monthly amount to be paid in the manner prescribed by its comptroller and agreed to by the Treasury Department.
- f. **Treasury Department** transmits the monthly payment to PEBTF for agencies on SAP and agencies not on SAP requiring such services.

This directive replaces, in its entirety, *Management Directive 315.16*, dated September 10, 1997.