

Administrative Services Bulletin: April 18, 2011

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Human Resources

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UA Health Plan Changes and Open Enrollment Information

Open enrollment April 15 – May 16

To effectively participate in open enrollment and to make informed choices, employees should be aware of changes in UA health plan deductibles, out-of-pocket maximums, IRS revisions to flexible spending accounts, and expanded preventive benefits.

The below information is a summary of important revisions to be aware of. For more detail, please visit the SW Benefits website at <http://www.alaska.edu/benefits/>.

Positive enrollment

During the open enrollment period, beginning April 15 and extending through May 16, university employees will be asked to actively select into which health plan they and their dependents would like be enrolled. Any employee who does not make an active election will be placed in the middle tier, or the 750 Plan, along with their currently enrolled dependents. This means that those employees who are on either the current Deluxe Plan or Economy Plan who do not submit a form will be moved to the new middle plan, the 750 Plan.

In the past, employees who did not change their elections were automatically re-enrolled in their current plan. Due to the changes to the deductible and out of pocket maximums in the plans this year, the Joint Health Care Committee recommended that all employees be asked to make an active and informed decision regarding their health care coverage and to be moved to the 750 Plan if they do not make an active election. Those employees who are currently opted out of the UA health plans will remain opted out if they do not make a different election.

Employee contributions remain the same in FY12

For FY12 (starting July 1, 2011) employee charges – the amount deducted from the paycheck -- will remain exactly as it was in FY11. For FY13, employee deductions will likely need to be increased. For now, anyone enrolled in the Economy Plan who chooses the High Deductible Health Plan (HDHP) during open enrollment, will retain the same biweekly deductions so long as no other “life event” changes, such as the addition of a spouse or child, affect enrollment. The same is true for anyone currently in the Standard Plan who chooses the 750 Plan during open enrollment or in the Deluxe Plan who chooses the 500 Plan. Employees will receive more information on charges in open enrollment materials mailed to their home address and online. A chart with the FY11 charges, which will remain the same for FY12, can be found online at http://www.alaska.edu/files/benefits/UA_Choice_FY11_Rates.pdf.

Expanded preventive benefits

On a positive note, preventive services have been expanded in two ways: the dollar cap has been removed (it was previously \$750), and the list of covered services has been expanded due to national health-care reform. Employees can use preventive services for such things as annual physicals, well child care, flu shots, mammograms and, starting July 1, colonoscopies. Preventive services are covered

at 100% of allowable charges with no deductibles. The list of eligible preventive services can be found online at <http://www.alaska.edu/files/benefits/EssentialPreventiveHealthServices.pdf>.

Tobacco cessation opportunity

Research shows that tobacco use contributes significantly to health care costs. Many health plans include a tobacco use surcharge to partially cover the increased costs. UA has never had a surcharge but plans to implement a surcharge in FY13. The Joint Health Care Committee and several governance committees recommended the university take more time in developing and marketing effective tobacco cessation programs for employees before a surcharge is charged when employees or their dependents on the plan use tobacco. Once cessation programs are selected, they will be available at no cost to employees and their enrolled dependents. The UA administration agrees with this approach. As such, UA will delay the tobacco use surcharge until FY13, or starting July 1, 2012 (instead of July 1, 2011). More information concerning tobacco cessation programs will be widely distributed when it becomes available.

Flexible spending accounts

Open enrollment is also when employees can establish Flexible Spending Accounts. A Flexible Spending Account (FSA) allows you to pay for certain medical and dependent day care expenses with pretax dollars. The university's FSA plan operates on a fiscal year (July 1 through the following June 30), not a calendar year. There are regulations and limits on FSAs. Once a contribution level is selected it cannot be changed for that fiscal year unless a major "life event" occurs.

Because of the tax-advantaged way in which the Medical and Dependent Care FSA operates, the IRS has established strict guidelines for their use. One of the guidelines is known as the "use it or lose it" rule. If you deposit money into your FSA and then do not incur enough eligible expenses during the plan year to meet the balance in the account, you will lose that remaining balance. By law, the forfeited amount will revert back to the University to be used to cover administrative costs.

Read more about flexible spending accounts online at http://www.alaska.edu/files/benefits/fsa_brochure.pdf.

Deductibles and Out-of-Pocket Maximums increased

Deductibles are scheduled to increase between two to five times for the new tiers, depending on if you're currently in the Economy, the Standard plan or the Deluxe plan and depending on if you're looking at the individual or family deductible. These plans will be renamed the "HDHP" (for High Deductible Health Plan), the "750 Plan" and the "500 Plan." A chart that illustrates the current tiers and deductibles compared to the new tiers and deductibles can be found online at <http://www.alaska.edu/files/benefits/FY12Deductibles.pdf>.

Pharmacy plan changes

FY12 retail pharmacy co-pay costs will be:

\$5 - generic (Tier I)

\$25 - preferred brand (Tier II)

\$50 - non-preferred brand (Tier III).

Generic drugs used to treat chronic problems due to cardiovascular disease, diabetes, chronic obstructive pulmonary disease and asthma will be paid fully by UA. Eligibility for free generic drugs is contingent on the patient's active participation in the Alere disease management program.

Name brand proton pump inhibitors such as Nexium and Dexilant, and Non-Sedating Antihistamine drugs have generic and a number of over-the-counter alternatives. These brand-name drugs will be moved to Tier III (\$50 co-pay) and will require preauthorization before prescriptions can be filled.

To encourage the use of the mail-order prescription service, starting on the third refill, co-pays for retail maintenance prescriptions (those taken regularly over a long period of time) will double if the plan member does not use mail order fulfillment. Medications that could be damaged by freezing temperatures during shipment, such as insulin, are exempt. Caremark's maintenance drug list can be found online at <http://www.alaska.edu/files/benefits/MaintenanceDrugListExternal01-11.pdf>.

Dependent audit

The university asked ConSova, the vendor who is handling the dependent audit for UA, to give all employees until March 31 to postmark or submit documents pertaining to the verification of dependents. If you have not yet contacted ConSova, and wish to keep your dependents on the UA Health Plan, it is important for you to respond to the dependent audit by March 31. The university and ConSova will accommodate individual employees to grant additional extensions if employees are participating in the audit in good faith but are having difficulties in locating and producing documents. For example, some employees who are in the process of complying have already been given extensions until April 7, 2011. The importance of the March 31 date is that any dependents who ultimately are found ineligible will be removed from the health care plan retroactive to March 31. The university will individually review the circumstances before any enrolled dependent is removed from health coverage. This is the university's decision and will not be made by ConSova.

Additional information and FAQs on the dependent audit can be found online at <http://www.alaska.edu/files/benefits/ConSovaFAQs3.pdf>.

FAQs and general information

Find additional information and resources on the statewide benefits website:
<http://www.alaska.edu/benefits/>

The most current FAQs can be read online at
<http://www.alaska.edu/files/benefits/FY12HealthCareFAQ0309.pdf>.

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