

MEMORANDUM

Date: November 11, 2008
To: All Eligible Employees
From: Anne Speck, VP, Human Resources
Subject: Health & Dental Insurance, Flexible Spending Accounts for 2009

It is time for our annual “Open Enrollment” for health insurance, dental insurance and flexible spending accounts.

Each fall, the College reviews the health insurance bids and selects plans for the coming year in conjunction with our fellow health insurance consortium participants, Moravian College and DeSales University. Health insurance continues to be a big ticket item for the College, with the College paying 80% – approximately \$3.0 million for 2008 – of the total premium, and the employee paying the other 20% by pre-tax payroll deduction. In the past three years, we were fortunate to have very positive claims experience (including the valuable impact of the favorable claims experience of our consortium partners, DeSales and Moravian) which meant premiums were held to low percentage increases, decreases, or flat in 2006, 2007 and 2008. Unfortunately, in 2008, medical and prescription claims experience spiked dramatically for all three of the consortium schools. As a result, our health insurance expenses will jump sharply in 2009. Our initial rate quotes for unchanged plans called for increases of 30% for the PPO and nearly 40% for the EPO, representing an additional expense to the College of more than \$900,000. In order to continue to offer excellent coverage, the College needed to make several plan changes to hold the 2009 increase to 20%.

Highmark Blue Shield retained: EPO and PPO plans to be consolidated

Highmark Blue Shield will continue to be our health insurance provider for 2009, but the big news is that the PPO (Preferred Provider Organization) and EPO (Exclusive Provider Organization) plans will be consolidated into a single PPO plan in 2009. The new plan design will combine features of the current PPO and EPO plans, allowing us to obtain the best possible monthly premium while retaining a strong array of benefits. Spiraling utilization of brand name prescription drugs contributed heavily to our claims experience; thus, the prescription plan design selected for 2009 encourages the use of generics while retaining coverage for brand names. Up to a **30-day** supply of prescription medications will be dispensed for **\$10 for generics, \$25 for preferred brand, and \$40 for non-preferred brands. Mail order prescriptions will be available at twice the 30-day co-pay for a 90-day supply; in other words, \$20 for generics, \$50 for preferred brand, and \$80 for non-preferred brand prescriptions for a 90-day supply by mail.** (Current PPO subscribers should note that the \$50 per person annual deductible for prescriptions received at the pharmacy will be eliminated as of January 1, 2009.) **The office visit co-pay will be \$15.** The plan will have a deductible for all services other than regular office visits, including laboratory tests and minor procedures performed on an out-patient basis during an office visit. The deductible amount, which had not been changed on the PPO since its introduction in 2002, will increase in 2009. **The deductibles for services other than office visits will be \$250 individual/\$500 family for in-network services, \$500 individual/\$1,000 family for out-of-network charges.** The \$250 individual in-network deductible will be reimbursed to any employee earning under \$30,000 annually upon presentation to Human Resources of an “Explanation of Benefits” documenting that a deductible amount has been paid by the employee. (Employees need not wait until the entire deductible has been paid - reimbursement of partially satisfied deductibles may be requested, as long as total requests do not exceed the individual \$250 deductible.)

As always, the best way for all of us to control our out-of-pocket medical expenses will be to utilize in-network doctors and facilities whenever possible. It will also be more important than ever to discuss with your doctor the potential use of generic prescriptions when a course of treatment is being considered for any condition. When generic equivalents are not available, the use of the mail order plan for long-term prescriptions is recommended. Additionally, keep in mind that a number of grocery chains and discount retailers (Target, Wal-mart, Wegman's, Weis, etc.) are now offering 90-day supplies of many generic prescriptions for \$9.99; this is another smart way to control your expenses, particularly for generic prescription drugs.

United Concordia will continue as our dental plan provider. This plan is offered through our affiliation with the Lehigh Valley Business Conference on Health Care (LVBCHC). The plan includes coverage for routine exams, cleaning, and basic restorative services, as well as 50% coverage, subject to specific maximums, for caps, crowns and orthodontics. The Concordia Preferred plan does not have an annual deductible. The dental plan includes a two-year commitment clause. Employees who sign up for dental will be expected to retain the coverage for two years. Employees who are enrolled for 2008 but drop it effective January 2009 (at open enrollment) will not be eligible to come back on the dental plan until 2011. There was no increase in the dental rates in 2008 thanks to the negotiation by the LVBCHC of a 2-year rate. The 2009 rates will increase by approximately 4%.

Flexible spending accounts for both dependent care and for medical/dental expenses will continue to be available to full-time employees for 2009. Flexible spending accounts allow employees to reduce their taxes by setting aside their own money, pre-tax, that they know they will use for medical and dependent care purposes during the coming year. Our plan administrator, Hirsch Financial Services, will be on campus for Open Enrollment and will be happy to address any questions you may have about this tax advantaged program. The maximum amount to set aside for dependent care is \$5,000 per year. The maximum for medical/dental expenses is \$2,500 per year. Please keep in mind that 2008 flexible spending account enrollment does not automatically continue in 2009 – if you had authorized a flexible spending account for 2008 and wish to have one again in 2009 you must complete a new payroll deduction/authorization form. Information and forms are available online, in the Human Resources Office and they will be available at the Health Insurance and Wellness Open House.

Representatives from **Highmark Blue Shield, United Concordia and Hirsch Financial Services** will be on campus for the **Open Enrollment “Open House” November 14, 2008, between 10 a.m. and 2 p.m. in Miller Forum, Moyer Hall.** The dental plan highlights and a brief summary of the new PPO plan for health insurance are attached. Please take the time to review the information and gather your questions for the insurance company representatives. In addition to the health insurance, dental insurance and flexible spending account company representatives, Muhlenberg Health Services staff members will participate in the Open House to conduct blood pressure screenings; they will also be able to administer a limited number of doses of flu vaccine at cost, \$15 per person. Additionally, a representative of **Liberty Mutual Insurance** company will be on hand to explain the advantages of purchasing auto and homeowners insurance at the Muhlenberg College group discounted rates, and representatives of both the **Lehigh Valley Educators Credit Union and the First Commonwealth Credit Union** will be available – and there will be several raffles as well as prizes to be won at the Highmark Wellness wheel!

We will need all employees to complete a new Pre-tax Insurance Election form ([Section 125](#)) for 2009, and we encourage submission of all paperwork by **December 1st**. However, we will continue to accept flexible spending enrollments and changes to your insurance through December 15th. Feel free to stop by the Human Resources Office or call us at (484) 664-3165 if you have questions.

Whatever your interest, we hope you'll come see what's happening in the area of health, wellness and insurance at Muhlenberg! **Mark your calendar to stop by so you can spin the Wellness wheel, enter the raffles, have your blood pressure checked and talk to the insurers all in one place!**