MEMORANDUM

Date: October 31, 2011
To: All Eligible Employees
From: Anne Speck, VP, Human Resources
Subject: Health & Dental Insurance, Flexible Spending Accounts for 2012

Our annual “Open Enrollment” for health insurance, dental insurance and flexible spending accounts is approaching. Mark your calendar now for the November 10th Open House, 10 a.m. – 2 p.m., in Miller Forum, Moyer Hall.

Health insurance continues to be a big ticket item for the College, with the College paying 80% – projected at more than $4.7M for 2012 – of the total cost, and the employee paying 20% of the expected cost by pre-tax payroll deduction.

Since January 1, 2009, the insurance consortium in which Muhlenberg College, Moravian College and DeSales University participate has been self-funded, with Highmark acting as our Administrative Services provider. In the self-funded model, each of the Colleges submits funds to a consortium trust account each month to pay expected claims, and the trust pays the claims weekly as they are received from the Highmark administrative services unit. The consortium purchases stop-loss insurance (to make sure that at some point, “shock” claims will not completely deplete the claims fund), but otherwise all claims submitted for our employees and their covered dependents are paid from the claims trust fund. Based on our 2011 claims to date, and including a small stop-loss insurance premium increase, the consulting actuary assisting us with our health insurance is projecting an increase of less than 1% in the total cost of our medical coverage for 2012. Employee payroll deduction amounts will remain the same in 2012.

As a result of federal legislation, since January 1, 2011, dependent children up to age 26 have been eligible to be covered on their parents’ health insurance plans. **If you have a child who is currently uninsured and under age 26, you may want to take advantage of the open enrollment period to add him or her to your plan.**

**Highmark Blue Shield** will continue to be our health insurance provider, and medical and prescription plan provisions will remain unchanged. Vision coverage is included, free of charge, for employees on Muhlenberg’s health insurance plan; vision coverage is available on an optional basis for dependents enrolled in our health insurance plan at the group rate of $9.00 per month, paid by pre-tax payroll deduction. The prescription plan allows up to a 30-day supply of medication to be dispensed for $10 for generics, $25 for preferred brand, and $40 for non-preferred brands. When a generic is available but the brand name is purchased, the co-payment will be the brand co-pay plus the difference in cost between the generic and brand name drug. Mail order prescriptions will be available at twice the 30-day co-pay for a 90-day supply (i.e., $20 for generics, $50 for preferred brand, and $80 for non-preferred brand prescriptions for a 90-day supply by mail). Keep in mind that the plan continues to 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 in-network deductible amount will remain $500 individual/$1,000 family. The out-of-network deductible will remain at $1,000 individual/$2,000 family. The college will continue to reimburse up to $400 of the individual in-network deductible for any eligible employee earning under $32,000 per year. To obtain reimbursement, employees need to submit Highmark’s “Explanation of Benefits” form to Human Resources to document that a deductible amount has been paid by the employee. A summary of the medical plan provisions is included with this mailing for your convenience. The 2012 payroll deduction amounts are also shown on the summary sheet – they are unchanged from 2011.

Based on a review of the areas in which the highest percentage of our claims are filed, one of the most effective things we can do to turn around our claims experience is to fully utilize the disease management programs Highmark offers. Management of chronic health problems (such as diabetes, heart and
circulatory conditions) tends to minimize more serious future claims. Taking advantage of covered screenings and early detection programs is another recommended strategy, one which not only saves lives but also cuts financial expenses in the long run. Individually, we can control our own out-of-pocket medical expenses by:

- utilizing in-network doctors and facilities, confirming coverage before tests are run
- discussing with the doctor the possible use of generic prescriptions
- utilizing flexible spending accounts to pay for medical expenses with pre-tax dollars
- using the mail order plan for long-term, ongoing prescriptions
- checking prescription drug prices at grocery chains and discount retailers (such as Target, Wegman’s, Weis, etc.) Many offer an array of generics at a cost of $10 for a 90-day supply.

**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 dental plan includes a two-year commitment clause. Employees who sign up for dental will be expected to retain the coverage for two years. **The 2012 dental rates will increase by just under 2%**.

**Flexible spending accounts** (FSA) for both dependent care and for medical/dental expenses will continue to be available to full-time employees for 2012. 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. The maximum FSA for dependent care is $5,000 per year. The maximum FSA for medical/dental expenses will continue at $3,000 per year. **Health care legislation affected flexible spending account administration effective January 1, 2011. Specifically, over the counter medications are not eligible for reimbursement unless a doctor’s note is included with the claim form. Please keep this in mind as you consider how much money you want to put in your flexible spending account for 2012.** As a reminder, 2011 flexible spending account enrollment does not automatically continue in 2012 – if you had authorized a flexible spending account for 2011 and wish to have one again in 2012 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 Open House.

Representatives from **Highmark Blue Shield, United Concordia and Hirsch Financial Services** will be on campus for the **Open Enrollment “Open House” November 10, 2011, between 10 AM and 2 PM in Miller Forum, Moyer Hall.** Muhlenberg Health Services staff members will also participate in the Open House to conduct blood pressure screenings. 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 as well. Whatever your interest, we hope you’ll come see what’s happening in the area of health, wellness and insurance at Muhlenberg!

**Action Required:**

All covered employees need to complete a new Pre-tax Insurance Election form (Section 125) for 2012. If you are making any changes (adding or deleting a dependent, for example), you will also need to complete an insurance enrollment change form. Employees who wish to have flexible spending accounts for 2012 will need to submit new authorization forms as well. We encourage you to complete all forms by December 1, 2011, but we will accept changes through December 15.

Click below to access forms: