MEMORANDUM

Date: November 2, 2012
To: All Eligible Employees
From: Anne Speck, VP, Human Resources
Subject: Health & Dental Insurance, Flexible Spending Accounts for 2013

Our annual “Open Enrollment” for health insurance, dental insurance and flexible spending accounts is approaching. Mark your calendar now for the November 15th 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 $4.8M for 2013 – of the total cost, and the employee paying 20% of the projected 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 and Benecon providing consulting services. 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 2012 claims to date, and including a very small stop-loss insurance premium increase, the consulting actuary from Benecon is projecting no increase in the total cost of our medical coverage for 2013! For the second year in a row, employee payroll deduction amounts for health coverage will remain unchanged.

Our health plan also has “grandfathered” status, meaning we are not required to implement certain elements of the health care reform legislation. However, we may voluntarily adopt changes, as long as they are enhancements to the plan. As a result of federal legislation, effective January 1, 2011, dependent children up to age 26 have been eligible to be covered on their parents’ health insurance plans at Muhlenberg. 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 essentially unchanged. Vision coverage is included, free of charge, for employees on Muhlenberg’s health insurance plan, and is available on an optional basis for dependents enrolled in our health insurance plan at the group rate of $9.00 per month. See the enclosed benefit summary for details of our in-network and out-of-network deductible and the co-pays applicable to covered services; these items have not changed from 2012 amounts. 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 the individual in-network deductible has been met.

There is one small change in 2013 to our pharmacy network. We will implement Highmark’s Premier 2012 network, a network which does not include Walgreens and Target. If you have previously filled prescriptions at Walgreens or Target using your health insurance card, you will need to select a different pharmacy in the future. Additionally, ExpressScripts and Medco have merged, and we have been advised that all former Medco prescriptions will be honored and Medco forms will continue to be accepted. The prescription coverage is unchanged: $10 for generics, $25 for preferred brand, and $40 for non-preferred brands at the pharmacy, with 90-day mail order prescriptions available for $20 for generics, $50 for preferred brand, and $80 for non-preferred brand prescriptions as shown on the benefit summary.
In order to encourage wellness and the utilization of preventive health measures, the College is adopting the Highmark 2013 Preventive Schedule. Under this schedule, a number of screenings and procedures that previously required a co-pay will be available without any co-pay. A complete listing is available online and will be available at our open enrollment “open house” event on November 15th.

One other item that you may have heard about is a change in Physical Medicine Management that was implemented September 1, 2012 for all fully insured Highmark groups. Fully insured group members now are required to have pre-authorization for treatment plans submitted for physical therapy, occupational therapy, speech therapy and chiropractic care (spinal manipulations) beyond a certain number of visits per year. Muhlenberg, as a self-funded group, was NOT required to join this program and has elected NOT to opt in to the program. All spinal manipulations and physical, occupational, and speech therapy treatments will continue to be handled with the same limits and co-pays as were in effect last year, without the need for doctors to submit treatment plans. Please be sure to point out to any providers who express concerns to you that, as a self-funded group, Muhlenberg is NOT subject to Highmark’s Physical Medicine Management requirements.

As always, we can individually control our own out-of-pocket medical expenses by utilizing in-network doctors and facilities and checking with Highmark before tests are run to see if they are covered. To save on prescriptions, ask your doctor about generics when a course of treatment is planned, and use the mail order plan for long-term, ongoing prescriptions. Check prescription drug prices at grocery chains and discount retailers as there are often deep discounts on generic prescriptions filled outside the plan!

**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 2012 but drop it effective January 2013 (at open enrollment) will not be eligible to come back on the dental plan until 2014. **The 2013 dental rates remain unchanged from the 2012 rates.**

**Flexible spending accounts** (FSA) for both dependent care and for medical/dental expenses will continue to be available to full-time employees for 2013. The company that administered our plan in the past, Hirsch Financial Services, has merged with TASC and with TASC we are seeing even faster claims processing. 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 has been reduced by federal legislation to $2,500 for 2013. Remember, 2012 flexible spending designations do not continue into 2013 –if you wish to have an FSA in 2013 you must complete a new payroll deduction/authorization form. Forms are available online, in the HR Office and at the Health Insurance Open House.

Representatives from **Highmark Blue Shield, United Concordia, Benecon and TASC** will be on campus for the **Open Enrollment “Open House” November 15, 2012, between 10 AM and 2 PM in Miller Forum, Moyer Hall.** Muhlenberg counseling and health services staff members will also participate, and blood pressure screenings will be available. Gerhard Wutti from **Liberty Mutual Insurance** will be on hand to explain the advantages of purchasing auto and homeowner’s insurance at the College group discounted rates, and both the **Lehigh Valley Educators Credit Union and the First Commonwealth Credit Union** will be represented as well. Whatever your interest, we hope you’ll come see what’s happening in the area of health, wellness and insurance at Muhlenberg!

**IMPORTANT:** All covered employees need to complete a new Pre-tax Insurance Election form (Section 125) for 2013. We encourage you to complete all forms by **November 30, 2012**, but we will accept changes through December 14.