

MEMO

DATE: November 13, 2003

TO: All Full-Time Webster University Employees

FROM: Betsy M. Schmutz
Director for Human Resources

RE: **IMPORTANT EMPLOYEE BENEFIT PLAN INFORMATION**
Medical, Dental, and Vision Insurance and Section 125 Pre-Tax Plan

The University received notice of the 2004 cost increases for its employee benefit plans of about \$730,000 more than our current plan costs. Of this amount, \$710,000 was an increase in the Blue Cross PPO and HMO plans and \$20,000 was an increase in the Delta Dental plan. The Insurance Committee has met for the past several months to identify ways to reduce this increase in costs and still provide high quality benefit plans to our employees.

The benefit plan changes described below were recommended by the Insurance Committee and approved by the Administrative Council. These changes were made in order to reduce the increase amount. Still, the total cost for our benefit plans in 2004 will be over \$5.3 million – an increase of about \$506,000 or 15.52%. The University will pay \$424,889 or 84% of this increase and plan participants will pay \$81,088 or 16% of the increase.

Plan Changes – Effective January 1, 2004

Alliance PPO Plan

- The *Deductible* will be \$300 Individual / \$900 Family In-Network and \$600 Individual / \$1,800 Family Out-of-Network.
- The *Co-Insurance Maximums* will be \$1,000 Individual / \$2,000 Family In-Network and \$2,000 Individual / \$4,000 Family Out-of-Network.
- The *Office Visit Copay* will be \$25.00.
- Chiropractic care will be covered as a separate benefit from physical therapy. Chiropractic care will have up to 26 visits a year. Physical therapy/speech therapy/occupational therapy will continue to be limited to 20 visits per year.

Alliance PPO Plan and Blue Choice HMO Plan Prescription Costs

- The *Prescription Drug* groupings have been renamed from Generic, Preferred Brand, and Non-Preferred Brand to Tier 1, Tier 2, and Tier 3. Copay amounts for the three tiers, for up to a 30-day supply, are shown below. Mail orders for up to a 90-day supply are two times the amounts below (3X the copay for mail order for Illinois residents in the HMO).

Tier 1	\$10.00
Tier 2	\$25.00
Tier 3	\$40.00

- Injectable Prescription Drugs will have a copay of 20% up to \$100/prescription and a \$2,000 coinsurance maximum. (Illinois residents 20% copay up to \$300/prescription for HMO.) After the \$2,000 maximum is met, self-injectible drugs are covered at 100%.

Blue Choice HMO

Chiropractic care will be covered as a separate benefit from physical therapy. Chiropractic care will have up to 26 visits per year. Physical therapy/speech therapy/occupational therapy will continue to be limited to 20 visits per year. Illinois residents will have a combined 60 visits per calendar year for physical therapy/speech therapy/occupational therapy.

Medical Cost Increases

Even with these plan design changes, premiums for the Alliance PPO Plan will increase by 12.14 % and premiums for the Blue Choice PPO will increase by 16.46%. The new per paycheck premium amounts are shown on page 4.

Delta Dental Insurance

There is no change in the benefits for the dental insurance. Effective January 1, 2004, employees will pay 5% of the cost for Employee Only coverage and the University will pay 25% of the additional cost for Family coverage. The new per paycheck premium amounts are shown on page 4.

VSP Vision Insurance

The frame allowance is being increased by VSP to \$105. Effective January 1, 2004 employees will pay 5% of the cost for Employee Only coverage and the University will pay 25% of the additional cost for Family coverage. The new per paycheck premium amounts are shown on page 4.

Section 125 Cafeteria Plan

This plan allows you to use pre-tax dollars to pay for your portion of medical, dental, and vision insurance premiums which are automatically deducted on a pre-tax basis unless you elect otherwise. It also allows you to set aside amounts of your pay, on a pre-tax basis, to establish a Reimbursement Account to pay for eligible dependent care expenses and medical, dental and vision expenses that are not covered by the insurance plans. By using pre-tax dollars you reduce your total taxable income thus, increasing the amount of your take-home pay. The maximum amount for the Dependent Care Account is \$5,000 annually. The maximum for the Medical Reimbursement Account has been increased to \$4,000 annually.

Beginning with January 1, 2004 you will also be able to include expenses for certain over-the-counter non-prescription medications such as allergy medications, cough syrup, antacids, and aspirin as reimbursable items under the Section 125 Plan. In general, medications you purchase for you or your family without a prescription are reimbursable if they are intended to alleviate or treat personal injuries or sickness. Medications purchased to maintain health, such as vitamins and herbal supplements, are not reimbursable. Requests for reimbursement must include a detailed receipt showing the name of the item purchased and the cost.

Remember, participation in the Medical Reimbursement Account or Dependent Care Reimbursement Account requires that you re-enroll on an annual basis during open enrollment.

ENROLLMENTS and CHANGES IN COVERAGE

To enroll in the Section 125 Plan or to make any changes in your current level of benefits please contact Gloria Barbre at (314) 968-6961 or barbregj@webster.edu. If no changes are made, your current benefits, with the exception of the Section 125 Plan, will be automatically continued in 2004. *Enrollments and changes must be received in the Human Resources Department by no later than Friday, December 12, 2003.*

EMPLOYEE CONTRIBUTION AMOUNTS

EFFECTIVE JANUARY 1, 2004

COVERAGE	EMPLOYEE MONTHLY COST	EMPLOYEE ANNUAL COST	DEDUCTION PER PAY PERIOD		
			26 PAYS PER YR.	24 PAYS PER YR.	18 PAYS PER YR.
<i>Alliance PPO</i> Employee Only Family	\$21.11 \$432.81	253.32 \$5,193.72	\$9.74 \$199.76	\$10.56 \$216.41	\$14.07 \$288.54
<i>Blue Choice HMO</i> Employee Only Family	\$14.69 \$307.95	\$176.28 \$3,695.40	\$6.78 \$142.13	\$7.35 \$153.98	\$9.79 \$205.30
<i>Delta Dental</i> Employee Only Family	\$2.11 \$34.25	\$25.32 \$411.00	\$0.97 \$15.81	\$1.06 \$17.13	\$1.41 \$22.83
<i>VSP Vision</i> Employee Only Family	\$0.30 \$7.63	\$3.60 \$91.56	\$0.14 \$3.52	\$0.15 \$3.82	\$0.20 \$5.09

- Q: I want to cancel my Employee Only medical insurance.**
A: You will need to complete a change form to cancel your current medical insurance. (Note: you must have employee coverage in order to have dependent coverage.)
- Q: I want to drop my medical insurance but keep dental and vision. Can I do this?**
A: Yes. You can participate in one of the plans without participating in the others. You will need to complete a change form for the plan(s) you wish to cancel.
- Q: I want to increase my life insurance amount from \$50,000 to \$150,000.**
A: You will need to complete an enrollment form and an Evidence of Insurability form. The decision to grant this increase is determined by MetLife.
- Q: I want to decrease my life insurance amount from \$150,000 to \$50,000.**
A: You will need to complete an enrollment form and a life insurance waiver form.
- Q: I want to cancel my dependent coverage on medical, dental or vision plans.**
A: You will need to complete a medical, dental and /or vision change form for the plan(s) you wish to cancel.
- Q: I want to add dependent coverage to my medical, dental or vision plans.**
A: You will need to complete a medical, dental or vision change form and a new Payroll Authorization form. If you are on the Alliance PPO plan you may need to provide a Certificate of Prior Coverage. This can be obtained from your dependents' previous insurance company.
- Q: I am transferring from Blue Cross Alliance to Blue Choice.**
A: You will need to complete a payroll authorization form, an enrollment form for Blue Choice and a change form for Alliance BC/BS.
- Q: I am transferring from Blue Choice to Alliance.**
A: You will need to complete a payroll authorization form, an enrollment form for Alliance, a change form for Blue Choice, and you may need to provide a Certificate of Prior Coverage that can be obtained from Gloria Barbre in the Human Resource office.
- Q: I want to use the pre-tax option to pay my portion of the medical, dental and vision premiums. How do I do this?**
A: Beginning January 1, 2003, employee premiums for medical, dental and vision will *automatically be deducted on a pre-tax basis* unless you opt-out of the Section 125 (pre-tax) plan. If you do not wish to have premiums deducted on a pre-tax basis you will need to complete a new Payroll Authorization form to opt-out of the pre-tax premium portion of the plan.
- Q: I want to set up a Medical Reimbursement Account to use pre-tax monies to get reimbursement for expenses not covered by the medical, dental and vision plans and a Dependent Care Reimbursement Account for reimbursement for child care expenses.**
A: You will need to complete a Section 125 Plan election form indicating the amount of pre-tax dollars you want set aside for a Medical Reimbursement Account and/or Dependent Care Account. The maximum for the Medical Reimbursement Account has been increased to \$4,000 annually and the maximum for Dependent Care is \$5,000. Remember, that any money left in the account(s) at the end of the plan year will be forfeited.