

choices

The Newsletter of the Montana University System's Flexible Benefits Program

The Choices Newsletter

is designed to help

promote a sense

of our ownership

and responsibilities

within the program.

The New Vision Plan

The only constant in our benefits program is change and this coming year we will likely see a record number of new or altered programs. A case in point is our vision plan. The contracts are already signed and a new vision plan administered by EyeMed will be in place on July 1, 2007. One might logically ask why the rush to explain a program that is not scheduled to begin for some 6 months in the future? There are two reasons. First, so many plan changes are in the offing that the March and May newsletters could not possibly cover them all. The review of our Fall workshop and InterUnits meeting latter in this issue will make this abundantly clear. Second, we must begin now to enhance the EyeMed provider network. Most new programs in Montana begin with very limited networks and EyeMed is no exception. We need to make an effort to talk to our current eye care providers well beforehand in order to expand the EyeMed network before the program starts. Detailed strategies will follow.

Many if not most of our members would be at a loss to explain the differences among opticians, optometrists and ophthalmologists. So let's review the basics. Dispensing **opticians** fit eyeglasses, frames, and contact lenses, following prescriptions written by ophthalmologists or optometrists. Most opticians receive their training on the job or through apprenticeships that last two years or more. The State of Montana does not test or license opticians. **Optometrists** are also known as doctors of optometry, or ODs and provide most of the primary vision care nationwide. They examine people's eyes to diagnose vision problems and eye diseases, and they test patients' visual acuity, depth and color perception, and ability to focus and coordinate the eyes. Optometrists prescribe eyeglasses and contact lenses and provide vision therapy and low-vision rehabilitation. They are also allowed to administer certain drugs to patients in order to diagnosis vision problems and they can prescribe drugs to treat certain eye diseases. Optometrists must earn a Doctor of Optometry degree from an accredited optometry school and pass a written National Board exam and a clinical examination. The State of Montana licences all practicing optometrists. **Ophthalmologists** are physicians. In addition to receiving an M.D. from an accredited medical school, all ophthalmologists complete a residency in the field (typically 3-4 years) and are "Board Certified." They are licenced to provide all of the care allowed optometrist. In addition, ophthalmologists specialize in treatment of diseases of the eye and are licenced to perform eye surgery. If a person is suffering serious eye diseases such as advanced glaucoma, macular degeneration, cataracts, etc., an optometrist will usually refer the patient to an ophthalmologist for treatment.

Fortunately, most of our members require only routine examinations and corrective lenses and both optometrist and ophthalmologists can provide these services. The new EyeMed vision plan is designed to cover routine eye exams, frames, and corrective lenses including contacts. **The program is voluntary and all active and retired members and their families will be eligible to participate.** Remember that the treatment of eye disease and eye surgery are covered under the medical plans and all deductibles and copays apply. Lasik surgery, however, is not directly covered under either plan, but EyeMed does provide discounts.

1. EyeMed Vision Care - EyeMed is one of the largest managed vision care companies in the country and serves over 120 million members including many of the leading private companies and public governmental agencies and universities. Their close relationships with Luxottica Retail, the world's largest frame manufacturer, and LensCrafters, the nation's leading optical retailer, allow them to achieve economies of scale and significant discounts for their members.

2. The Plan Basics - The plan is designed to cover an annual eye exam every 12 months, frames every 24 months, and corrective lenses every 12

months. Vision training, medical, and/or surgical treatment, and all vision services provided under Workman's Compensation are excluded from coverage. As indicated above, most medical and surgical vision treatments should be covered under our indemnity or managed care plans, however. The Eyemed program has far better benefits than those of our current vision plan administered by VSP, but, of course, the premiums are higher.

3. The Routine Exam - An annual vision exam is probably not necessary for most individuals without symptoms or special risk factors. The NIH rec-

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ommends a dilated eye exam every 2-4 years for low risk individuals under age 65 and every 1-2 years for those 65 and older. An annual exam would be prudent for those individuals with diabetes, a family history of glaucoma, or other risk factors. High risk individuals should, in every case, follow the recommendations of their vision care provider. The eye exam should include full dilation and an eye pressure check.

Each EyeMed member will be entitled such an exam every 12 months. Coverage is dependent on whether the provider is in or out of network. Members are charged a copay of \$10 for in-network providers at the time of service. If members goes out-of-network, they are given a \$45 allowance towards the cost of the exam and must file a claim.

4. Lenses - Corrective lenses involve a number of complicated decisions about materials and coatings. **Standard plastic lenses** for single vision, bifocal, or trifocal require a \$20 copay in network or if out of network, you would be given an allowance of \$45, \$55, or \$65 respectively towards the cost of the lenses. These allowances apply to your out-of-network costs regardless of the type of lens or coatings chosen. In network specialty lenses and coatings require additional copays. **Standard scratch resistant lenses** involve a \$15 copay; **standard polycarbonate lenses** (usually recommended for those with strong prescriptions as they are much thinner than standard lenses) cost an additional \$40. **Progressive bifocal lenses** involve an additional \$65 copay. Coatings require the following copays: **UV** - \$15, **tint** - \$15, and **anti-reflective** - \$45. Remember that you are eligible for these lens benefits every 12 months.

5. Contacts - The contact lens benefit is in lieu of the lens benefit described above. That is to say, you can receive the standard lens benefit or the contact lens benefit every 12 months but not both. You are given a \$125 lens allowance for both conventional and disposable contact lenses and a 15% discount for conventional lenses above the allowance if in-network. Out-of-network you are given an \$80 allowance. If the contact lenses are medically necessary (after cataract surgery, for example), they are supplied without cost by a network provider or you are given a \$200 allowance if out-of-network. You will be accessed a \$20 copay for a standard contact fitting in network and this amount covers two follow-up visits as well. Out-of-network you are given a \$40 fitting allowance. Non-conventional contacts (toric or multifocal, for example) involve some additional fitting costs.

6. Frames - Frame coverage applies once every 24 months. The in-network frame allowance is \$125 with an additional 20% discount above that amount. Out-of-network the allowance is \$47. Needless to say designer frames can cost far in excess of these allowances. In fact, it is not uncommon to pay \$500 or more these days for a pair of glasses with fancy frames, expensive lenses, and several coatings.

7. The EyeMed Network - EyeMed does not currently have a huge presence in Montana. The national chains have the greatest number of EyeMed network providers: Pearle Vision (Great Falls, Kalispell, Bozeman, Helena, Missoula, Billings), Lenscrafters (Great Falls, Missoula, Billings), American Eyecare (Dillon, Anaconda, Polson, Missoula, Deer Lodge, Butte,) and Shopko (Great Falls, Kalispell, Helena, Missoula, Billings). Eyecare USA is available in Bozeman, the Walmart Vision Center in Missoula, and Sears Optical in Billings. A number of independents fill out the list. The network fluctuates all the time so it is best to check EyeMed's website at www.enrollwiththeyemed.com/access for a current list of providers in your area.

You will notice that there are few independent optometrist in the EyeMed network outside of those working for one of these national chains and no ophthalmologists in the State that have agreed to participate. Of course, just because your eyecare provider is out-of-network is no reason to change. You may alert your eye doctor(s) when you next see them that this new EyeMed plan will begin on July 1st and ask them to consider signing on. Alternately, you can download a nomination form from the Choices website and submit it. A representative from EyeMed will then contact your provider directly. You may also consider talking to your nonparticipating provider about costs. In some cases your out-of-pocket costs will be no greater than had you stayed in network. In any case, those with eye disease or those at high risk would be wise to go out-of-network to an ophthalmologist. Your vision health is obviously far more important than any cost savings realized by staying in-network.

8. Premiums - The cost of the EyeMed program will be higher than our current VSP plan, but the benefits are much richer. The VSP plan currently offers us some help with routine exams and bulk purchasing discounts but little else. Remember that participation is completely voluntary and all active and retired members are eligible. The following premiums for the new EyeMed plan will take

effect on July 1:

Member Only - \$7.64 a month
Member and Spouse - \$14.42 a month
Member and Child(ren) - \$15.18 a month
Family - \$22.26 a month

Not everyone who is eligible should automatically enroll, however.

9. Read This - *Consumer Reports* in the recent November 2006 issue published an excellent article on "Eyewear: Score Spectacular Savings" and all members would be wise to read this before enrolling and/or purchasing eyewear. The article contains a primer on types of lenses available, and on how to decide on coatings, and edgings. Their findings are surprising in many cases. Brand name lenses such as Varilux, for example, might be no better than generic progressive lenses that come at a fraction of the cost. Most plastic lenses provide adequate UV protection so that special coatings are largely unnecessary. When it comes to frames, more is not necessarily better. Designer frames are often just branded versions of identical lower cost frames manufactured by the same company. When it came time to shop, Walmart and Costco were the price leaders and Costco received very high scores in service. There is much more to this article than can be summarized here. You can find the article in the stores or libraries or you may read it online at www.consumerreports.org/cro/personal-finance/. Click on "Eyeglasses." Back issues are also available from Consumers Union.

10. To Enroll or Not? - This is the bottom line and a complicated decision that everyone must make. The program does not make financial sense in every case. If you have good vision, do not wear corrective lenses, have no risks for eye disease, and get an exam every 3 or 4 years, save your money. Your premium costs will likely far exceed your benefits. The best thing to do is crunch the numbers beforehand. Look at the vision care costs for you and your family over the last few years and try to anticipate what your annual expenses are likely to be. Check the network to see if your providers are enrolled. Flexing your vision expenses might be a better option than EyeMed. Remember that even without the discounts, you might pay less at Walmart or Costco for your lenses and frames than you would by going to a network provider. Regardless of your decision concerning the EyeMed plan, be sure to maintain your vision with regular exams and proper protective eyewear. ■

Full Benefits Workshop and InterUnits Meeting

The annual Fall retreat was held this year on September 19th and 20th at Fairmont Hot Springs. Attending were the InterUnits Committee members, representatives from our various vendors, and the Benefits staff from the Commissioner's Office. IUBC members received annual reports from our various vendors and consultants and were able to conduct free wheeling discussions on impending issues free of time pressure and the immediate need of having to vote on policy or plan changes. The retreat was followed by an IUBC meeting on September 21st on the Montana Tech campus.

Mercer representatives were introduced as our new consultants. Mercer is one of the largest HR consulting firms in the country. Those of you with long memories might recall the time before Buck Consultants when Mercer served as our plan consultants. It was, in a sense, a homecoming for them.

Mercer offered us their first financial assessment of our current situation and projections for the future. The financial reports were not reassuring. The claims trends for were high in all categories (see Paul Bogumill column on the right for details). Fortunately, we began last year with hefty reserves and were able to afford these increases. In fact, we started FY 2007 with a still healthy \$21.3 million in the bank, but it is very clear that these reserve funds will not last long if current claims trends continue.

Paul detailed a number of Requests for Proposals (RFPs) for various plans that will be bid or rebid in the current plan year. If you recall, Allegiance was awarded a two year contract as our claims administrator and that agreement is due to expire at the end of June. The plan administrator RFP specifies a restructuring of our indemnity plans to require more "steerage" to preferred hospitals in communities with more than one facility. Bids will be submitted soon and the review process will begin.

A new indemnity dental plan was sent out for bids and the hope is that our retired members will be eligible for this new dental coverage. Data increasingly suggests that individuals with periodontal disease and low grade infections in the mouth are at increased risks for cardio-vascular disease. So good dental care is necessary for good overall health. Our hope is that a new dental plan will be able to cover basic cleanings and maintenance for all active and retired members in a cost effective and affordable manner. This would be good for our members and possibly even good for our bottom line. Stay tuned.

Pharmicare presented a worrisome report about our drug claims trends - up over 20% in the last plan year, and a rate considerably higher than the national average. They suggested several plan changes that would help reduce pharmacy claims: increases in deductibles, higher stop-losses, percentage copays, added percentage copays on mail-order drugs costing over \$400, etc. The IUBC Plan Change subcommittee will study the projected savings of these various alternatives and the impacts they would have on our members, and make recommendations at a future IUBC meeting.

APS, our Employee Assistance Program manager, made suggestions on implementing a depression management program. Depression management not only benefits the individual patient but our overall claims costs as well. Wellness Director Jill Young reported record participation last year in our WellChecks and other wellness programs. The new diabetes disease management program seems to be off to a good start. Doug Young gave a presentation on using wellness data to predict claims risks. Barbara Wheeler demonstrated the new Wellness website at www.montana.edu/wellness. Check it out.

New procedures for more strictly following Robert's Rules of Order at IUBC were approved and followed at the Fall meeting. The Retiree, Wellness, Plan Change and Admin subcommittees and the Affordability Task Force were reorganized, chairs selected, and given their charges for the coming year. The IUBC Administrative Order from the Commissioner's Office was endorsed and the Plan Change Committee was charged with the task of reviewing our annual open enrollment policies and coming back with recommendations. The issue is whether we should continue to have open enrollment every Spring or implement an Annual Change program instead. The IUBC will meet next in Helena on Nov. 30th. ■

Editor's Notes - One error was made in response to the question on Medicare on p. 4 of the September *Choices*. If a spouse of an active member becomes eligible for Medicare, **there is no reduction in premium**. The reason is that as long as the active member continues working, the MUS plan remains the primary insurer and Medicare is secondary for both the active member and the spouse regardless of their ages. Also, be sure to save this issue for reference when you will be required to make your decision on the new vision plan next May. ■

The Director's Chair

by Paul Bogumill

'If the people don't want to come out of the park, nobody's going to stop them.'
— Yogi Berra

This is how Yogi described change – and we have a “park full” of changes coming our way. We read daily about the tremendous costs and issues impacting our healthcare system, and thus our benefits program. In an effort to negate these issues and maintain a fiscally sound program that is not driven by decreasing benefits and/or increasing our members' cost share, we are going to make a number of creative cognitive changes to our benefit offerings.

Our present situation is this:

- Medical claims cost increased 23.4% from FY 2005 to FY 2006;
- Dental claims cost increased 15.7% from FY 2005 to FY 2006;
- Pharmacy claims cost increased 20.1% from FY 2005 to FY 2006.

And we only received an increase of 10% to our Monthly Employer Contribution for FY 2006. Even with this trend, our revenues exceeded expenses for FY 2006 – so Chicken Little doesn't need to start singing yet.

At the current health care costs level, we would need an annual funding increase of 8% to our Monthly Employer Contribution in order to break even in FY 2008 and FY 2009. Rather than the needed 8% annual funding increase, however, I believe we will only be getting a 6% funding increase instead. Therefore, by initiating the various changes we have planned and by keeping this information in mind, I feel we can make this work and still continue to maintain our high quality offerings. So change will be important for all of us – how we communicate the changes will impact their results not only to the bottom line of the plan, but to your personal bottom line and satisfaction as well. Stay close, stay informed – and get ready to come out of the park. ■

Retirement Expert

Sue Schmitt reports good response from the previous announcement of her hire and services. She likes staying busy. So retirees and those approaching retirement with concerns and questions about pension plans, Medicare, and Social Security should feel free to contact Sue at 406-444-0614 from 12 to 5 Monday-Friday or e-mail her at sschmitt@oche.montana.edu. ■

Questions & Answers

Q I am in the Blue Cross/Blue Shield plan. I recently had to have knee surgery. Before the operation I checked the BC/BS Website to be sure that my physician was in the network and she was. After the surgery, I was billed for the difference between what BC/BS paid and what was allowed. The surgeon claimed that she was not in my network and could therefore bill me the balance still owed. I rechecked the website and she is still listed. What is going on? J.W., MSU - Bozeman

A. This is a very common confusion. At the present time Blue Cross/Blue Shield of Montana only administers one of our Managed Care Plan options. They no longer administer our indemnity plans. Allegiance does. However, BC/BS administers many other plans in the State including various traditional plans. The networks for these indemnity plans are far more extensive than the network for the BC/BS managed care offerings.

The network that you use is wholly dependent upon the plan that you are enrolled in. BC/BS offers a number of different plans and therefore has a number of different networks. **You must be certain that you specify the "MUS Managed Care" plan when you search their website for providers.** Do not accept the word of your providers that they are Blue Cross/Blue Shield members. You do not know which plan(s) they participate in. Check their website at www.bcbsmt.com or call them to be certain.

Similar advice applies to Allegiance. MUS offers two distinct plans through Allegiance - the indemnity options and a managed care plan and the network for the managed care plan is far more restrictive. So be sure to choose your correct plan when searching for network providers. ■

Q I am considering retiring in June. I am a member of the Optional Retirement Program and have some supplementary retirement savings with TIAA-CREF as well. I went to our HR office and found manuals for TRS and PERS but none for the ORP retirement plan. The ORP takeout options seem very complicated and confusing. Obviously I want to be sure that I will have enough money to last through my golden years. How do I get more information? R.S. UM - Missoula

A. Up until now most of our employees retired under TRS or PERS and that is the reason that there has been less information about the ORP. However, your timing is excellent. You are very wise to begin your retirement planning now and well before you sign a retirement agreement. In anticipation of the first wave of ORP members now approaching retirement, TIAA-CREF has just recently put up a website specific to the Montana University System and our ORP.

This new website provides excellent resources for your retirement planning under the ORP. It can be found at www.tiaa-cref.org/montana. Be sure to click on "Find out more" when you visit this page. This site is not just for those anticipating retirement but provides excellent resources for all enrollees. You would be well advised to meet soon with a TIAA-CREF representative. Information on arranging a campus meeting is on this website. This individual can provide you with your withdrawal options and an estimate of benefits. You should also visit your Social Security/Medicare office to review your options and benefits if you are approaching eligibility. Many happy years in retirement. ■

CHOICES NEWSLETTER

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Since each individual and family situation is unique, you should always consult your family physician before taking action on any medical advice given here and you should consult your personal financial advisor before acting on any financial advice in the Newsletter. Consult plan documents for complete information.

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