

## Plan Changes for 2006-7

The re-enrollment season is here. Both active employees and retirees, have received or will soon receive a re-enrollment packet including an updated workbook and enrollment forms for the 2006-7 plan year. By now active employees are old hands at this annual process, but retirees will have real choices and more options this time through. Up until now retirees had few choices. If under age 65, a retiree could choose between the \$575 indemnity plan or the high deductible \$1500 plan. Medicare eligible participants had a choice between the \$400 or the \$1500 plans. For the first time retirees will now be allowed to enroll in one of the managed care plans if available in their area. Everyone should realize that if they fail to take any action and do not file their enrollment forms before the deadline, **they will default to the choices they have made for the current plan year and must live with these choices for the entire fiscal year 2007. They will also lose any child care or medical reimbursement Flex accounts as these must be elected every year.** Do not let this happen to you.

The choices you make on the enrollment form are, in general, irrevocable. There are a few exceptions. If you have a "change in family status" such as a birth, death, marriage, divorce, adoption, etc., you can alter your coverage appropriately or initiate or modify a reimbursement Flex account in midstream. Barring that, no changes are allowed except to your supplemental retirement accounts. If you tax defer part of your salary to a 403(b) or 457 retirement annuity, you can alter your contributions and investment allocation at any time and for any reason. However, you are committed for the duration of the plan year when you choose your type of medical plan, dependent coverage, deductible levels, life insurance amounts, vision plan, and disability coverage. There will be no change in dental plans allowed this year; the choice of dental plans involves a full two year commitment and this is the odd year. Therefore, if you wish to switch between the Premium and the Basic Dental Plans, you must wait until the Spring of 2007 to do so.

There are many plan changes next year and you should be proactive; study these changes and tailor your benefits to best meet your needs and those of your family. Active members and retirees contemplating which medical plan to elect should carefully review the previous issue of the *Choices Newsletter* (March 2006). If you have misplaced your copy, it is now available on the Choices Website at [www.montana.edu/choices](http://www.montana.edu/choices). The various proposed plan changes for this coming year were reviewed at employee presentations on the various campuses prior to final approval at the Spring InterUnits meeting. All decisions have now been made and the plan changes and premiums listed below should be considered final and official.

**1. The Medical Plans** - There are two basic changes in the medical plan options for FY 2007: first, retirees will be allowed to enroll for the first time in one of our managed care plans, and second, Allegiance will add an additional managed care option to the three plans currently being offered by Blue Cross, New West, and Peak. Remember that not all four managed care options are available in every geographical area. Some communities have only one or two options and the plans are not available at all in a few smaller communities.

In choosing between managed care and one of the indemnity plans, consider your family's health status and history and your recent utilization patterns. Managed care plans tend to be somewhat less expensive and offer better "first dollar" coverage and preventative services than do indemnity plans. Usually managed care plans have more limited networks than the indemnity plans; however, the

network is the key consideration. If you are forced to go out-of-network for needed services, the cost savings of these managed care plans can quickly disappear. So it is critical that you search the network of any plan you are considering to be certain the providers you typically use participate in the plan you choose. Links to all of the provider networks are on the Choices home page or you can call the toll free numbers listed on page 4 to see if your providers participate in the plan you are considering. Full details are in the March 2006 *Choices Newsletter*.

For retirees the choices are somewhat restricted. The election of the high indemnity plan is basically irrevocable. You may still try one of the managed care plans and your commitment is only for a single plan year. However, if you decide to return to an indemnity plan, you will revert to the \$1500

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# 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.*

## Plan Changes for 2006-7 *(Continued from Page 1)*

plan once it has been elected. The one exception to this when you reach Medicare eligibility. At that point you may choose among the \$400 plan, the \$1,500 plan, or one of the managed care options. If, at any point after that, you choose the high deductible plan, that plan will be your only indemnity option you will have for the duration. However, all retirees will be allowed to go back and forth between a managed care plan and their indemnity option every year if they wish.

**2. The Dental Plans** - There will be no changes allowed for continuing employees in the dental plans this year. In odd numbered fiscal years (FY 2007) you must live with choices made in the previous year. The choice of the Premium or the Basic Dental Plan requires a two year commitment. New hires, however, will be allowed to change next year even though they have not "served their full two year term."

**3. Lifetime Maximum Coverage** - A family lifetime cap of \$4 million has been added to the individual caps of \$2 million for all medical plans. The intent is not to restrict in any way access to needed care for our members with serious medical issues. Rather, the caps are there to prevent providers from seeing our plans as unrestricted "cash cows" and attempting to exploit the system. So far, no member or family has reached these limits.

**4. Other Plan Limits** - There are other changes in coverage and new restrictions. In some cases limits have been increased; in other cases they have been reduced:

**a. Skilled Nursing Care** - the limit will be reduced from 180 days per confinement to 70 days per year.

**b. Hospice Care** - will be limited to 180 days.

**c. Outpatient Therapies** - Speech, occupational, , and physical therapies will be limited to an aggregate total of \$2,000 per year. However, this total can be increased to \$10,000 a year with the approval of Case Management.

**d. Transplants** - There will be a limit of \$500,000 maximum on any transplant. Cornea and kidney transplants will be paid up to this limit, liver to \$200,000, heart to \$125,000, lung to \$160,000, and pancreas transplants to \$68,000. Again, the intent is not to restrict in any way needed care for our members, but to increase our bargaining power when dealing with providers.

**e. Durable Medical Equipment** - Rental charges for this equipment will be limited to

the cost of the equipment if purchased new.

**f. Chemical Dependency Coverage** - The coverage maximums will increase to \$8,000 per year and \$14,000 lifetime and outpatient services increase to \$2,000 per year.

**g. Preventative Care** - All women members will be eligible for an annual pelvic exam, PAP smear, and mammography up to the allowable amounts with no copayments or deductibles required. Men over 50 are entitled an annual prostate exam up to the allowable amounts. Men and women over 50 are also eligible for a colonoscopy every year, but coinsurance amounts and deductibles do apply to this procedure.

**5. Adult Dependent Coverage** - One adult dependent can be covered under the plan. Eligibility criteria and enrollment procedures have been simplified and the new eligibility standards have been approved by the Commissioner's Office and the Board of Regents. See your payroll/benefits office to enroll.

**6. The Affordability Program** - There will be no changes in the Affordability Program from the current year. Remember that the plan is designed to pick up the cost of dependent coverage for our lowest paid employees. The goal of the program is that no employee's child be left behind without medical coverage because a parent could not afford the premium due to low income.

- To be eligible your "annualized" MUS income must be \$25,000 or less.

- The dependent coverage premium waiver is not automatic. You must actively sign up during the current re-enrollment period.

- Participation in the plan will be strictly confidential. The only thing your payroll/benefits office will do is to check your MUS annualized salary to certify eligibility. There will be no other form of "means testing."

If you meet MUS salary eligibility and your overall family income is low, we urge you to sign up. This program will be in the second year of a two year trial period. We estimate that some 250 employee's children were added to the medical plan as a result of this program. The InterUnits Committee will reassess the Affordability Program at the end of FY 2007 and then decide on its continuation.

**7. Long Term Care Insurance** - MUS is offering the opportunity to purchase Long Term Care insurance from Unum Life Insurance

Company under a special one-time offer during this re-enrollment period. MUS has offered this insurance for a number of years, but from 4/17/2006 to 05/19/2006 **full time active employees will be able to purchase Unum Provident's Long Term Care insurance without providing any medical information.** This **guarantee issue** coverage for active employees is offered for a short time only, so it's important to act quickly (contact your campus HR staff for details regarding the guaranteed issue). Secondly, buying now at your current age helps keep your costs lower. The younger you are when you buy this insurance, the lower the cost. The program is available to retirees and other family members as well, but will require full medical underwriting.

**8. Premiums** - For the second year in a row there will be no increase in the out-of-pocket costs for the indemnity and the managed care plans for active employees. The \$51 per month increase in the State contribution (to \$557 per month per employee) should cover the anticipated increase in claims costs next year. A complete schedule of premiums will be found in your re-enrollment booklet. You will notice that the managed care plans are about 8% less costly than the comparable indemnity plans. Our recent favorable claims history allows us to hold the line on costs for our active members.

Retirees receive no State contribution and therefore must help offset medical inflation costs through annual increases in premiums. Yet even here, there is some very good news this year. The under 65 retirees will see a modest increase in their premiums of approximately 6% (\$575 Plan) and 4% (\$1,500 Plan) across the board in the various categories, the result of favorable recent claims patterns.

Our over 65 Medicare eligible participants have even better news: an actual decrease in premiums of about \$38 per month on average in the various categories. This is the result of a Medicare subsidy to our plan of approximately \$174,000 per month for the next plan year. We qualified for this subsidy by continuing to offer drug coverage comparable to the new Medicare Part D plan and making some modest changes in our plan and premium structure. The over 65 retire rates have always been lower than the under 65 rates, the result of Medicare assuming much of the risk and costs. The managed care plans are new offerings for retirees in FY 2007 and you will notice that these rates are about 8% lower than the comparable indemnity plan premiums. ■

## RETIREE PREMIUMS FOR FY 2007

### Retiree Under Age 65 \$575 Plan

Retiree Only	\$425
Retiree + One	\$573
Retiree + Two	\$595
Retiree + Spouse (mp)	\$471
Ret + Sp (mp) + Child(ren)	\$603
Survivor	\$425
Survivor + Child(ren)	\$560

### Retiree Under Age 65 \$1500 Plan

Retiree Only	\$361
Retiree + One	\$487
Retiree + Two	\$506
Retiree + Spouse (mp)	\$400
Ret + Sp (mp) + Child(ren)	\$513
Survivor	\$361
Survivor + Child(ren)	\$476

### Retiree < 65 All Managed Care Plans

Retiree Only	\$391
Retiree + One	\$527
Retiree + Two	\$547
Retiree + Spouse (mp)	\$433
Ret + Sp (mp) + Child(ren)	\$555
Survivor	\$391
Survivor + Child(ren)	\$515

### Retiree Over Age 65 \$400 Plan

Retiree (mp)	\$247
Retiree (mp) + One	\$386
Retiree (mp) + Two	\$468
Retiree (mp) + Sp(mp)	\$313
Ret (mp)+Sp (mp) + Child(ren)	\$375
Survivor (mp)	\$247
Survivor (mp) + Child(ren)	\$365

### Retiree Over Age 65 \$1500 Plan

Retiree (mp)	\$210
Retiree (mp) + One	\$328
Retiree (mp) + Two	\$398
Retiree (mp) + Sp(mp)	\$267
Ret (mp)+Sp (mp) + Child(ren)	\$318
Survivor (mp)	\$210
Survivor (mp) + Child(ren)	\$310

### Retiree > 65 All Managed Care Plans

Retiree Only	\$223
Retiree + One	\$349
Retiree + Two	\$423
Retiree + Spouse (mp)	\$283
Ret + Sp (mp) + Child(ren)	\$338
Survivor	\$223
Survivor + Child(ren)	\$329

\*mp = Medicare Participant

## Reimbursement Accounts

We say this every year but it always bears repeating: our flex accounts are a great deal. If you have predictable out-of-pocket medical or child care expenses, you should enroll in this program and use pre-tax dollars to pay for these costs. Depending on your income tax bracket, **you will be saving yourself somewhere between 25% and 40% of your total expenditures for child care and out-of-pocket medical costs.** You must plan carefully, however. If you fail to use all of the money set aside, you will lose it at the end of the year.

**Debit Card** - an optional debit card has been added to the program as a convenience to plan members. Medical Reimbursement Account participants may now choose to use a debit card to pay for services at the "point of sale". Employee Benefit Resources, LLP (EBR) administers our flex plan. They provide the Benny TM Card to use with the medical flex account. The Benny TM Card provides a cash flow advantage by not requiring an out-of-pocket cash payment for the expense.

With Benny TM, you simply swipe the card and the funds are automatically deducted from your employee benefit account for payment. You will continue to be required to keep all itemized bills for your records. If you purchase an item at a store that sells merchandise that might not be eligible for flex, you may be required to submit documentation for the swiped expense to support the transaction.

There is a \$10 set up fee for the card and a \$1 per month processing fee. So in year one, the charge for use of the card will be \$22. In subsequent years, the fee will be \$12. You may elect to use the card beginning July 1, 2006. Indicate your interest at the time of enrollment. You may also elect to get a card at any time during the year. The total annual charge for the card will be deducted from your flex account at the beginning of the plan year or at any other time you sign up.

**On-Line Access** - Participants may access their flex account information by going to the EBR website at [www.ebrworld.com](http://www.ebrworld.com). You can review claims paid and account balances for the current or prior plan year. Paper statements in the future will be sent December 31 and June 30 rather than quarterly.

**Direct Deposit** - Claims payments can be deposited directly into your account. Sign up with EBR for direct deposit. ■

## Plan Satisfaction Survey

In February the MSU Office of Planning and Analysis did a sample survey of 1116 active MSU employees and 143 retirees to assess their overall satisfaction with our transition to Allegiance and their happiness with our new managed care plans. Members were asked about network choices, claims processing, explanation of benefits, phone and network service, transition to the new plans, and overall satisfaction. While there was some significant variation in the individual elements, the overall satisfaction levels for active members fell within a narrow range - *satisfied*: 51-66%; *neutral*: 17-18%; and *dissatisfied*: 18-33%. Retirees, all of whom are in the indemnity plans, were generally happy with the transition to Allegiance: *satisfied* - 71%, *neutral* - 11%, and *dissatisfied* - 18%. Researcher Chris Fastnow stressed that these variations are not statistically significant and that other factors must be considered in choosing a medical plan. The complete reports for actives and retirees can be found on the Choices website. ■

### The Director's Chair by Paul Bogumill

I am delighted and proud to take a seat in this "chair". This chair is a familiar one for me, as I have worked intimately with the MUS benefit programs, our different plan administrators and coinciding contracts. My hope is that this familiarity will allow me to continue to build upon the unique strengths MUS has in offering a comprehensive benefits program. These unique strengths include a commitment from an assortment of talented individuals that stay involved and active in our various benefit programs. Few employer sponsored programs have such a dedicated benefits staff and committee; a committee which represents all factions of employees and post employment members. It is the design of our benefits into a comprehensive package that supports colleges and universities in the recruitment and retention of high-quality faculty and staff members.

I am keenly aware of the issues and responsibilities involved in running a self-funded benefits program in the great state of Montana. I have a deep understanding of managing the risk involved with self-insured benefits, and I will also work to protect our members' (employees, eligible dependents, and retirees) needs and interests in the purchase of insured benefits. I look forward to assisting you with our benefits program, as well as your personal needs for these services. ■

## Welcome Paul Bogumill

Commissioner of Higher Education Shelia Sterns announced the appointment of Paul Bogumill as the new MUS Director of Benefits. Paul will succeed Glen Leavitt, who retired March 31. A search committee of campus human resource directors from Bozeman, Missoula, Billings, Butte, and two OCHE staff members, unanimously recommended Paul from a pool of about 30 applicants.

Paul has a unique background in clinical medicine, insurance, and group benefits. He has served as a surgical physician's assistant in metropolitan medical centers; as a medical benefits manager for the Montana State Compensation Insurance Fund; and as Vice President of APS Healthcare. Most recently Paul has worked within the State of Montana (SOM) Employee Benefits as a lead benefits specialist. Part of his duties were to oversee the care management of both the SOM and MUS health benefit plans. This process involved a thorough understanding of present MUS benefit designs, plan administration, and eligibility processes. He also work closely with the wellness programs and their initiatives. He is a board member of the Montana Association of Health Care Purchasers (MAHCP), of which MUS and SOM are key players.

Paul assumed his duties on March 27. The InterUnit Benefits Committee Chair Susan Briggs recently acknowledged, on behalf of the committee, that Glen will be missed. "Fortunately, we have been able to attract someone with Paul's experience to carry on. We look forward to his leadership in supporting colleges and universities through sound and innovative benefits management," states Shelia Sterns. ■

## Thanks Glen Leavitt

Glen Leavitt served as Director Of Benefits for seven years following a long tenure as a member and Chair of the IUBC and chief financial officer at UM-Western. Glen's successor, Paul Bogumill, makes the following assessment of his service: "Glen not only had a good mind for benefits programs, but a 'good heart' for benefits as well. What I mean by this is that Glen always remained calm in crisis and conflict situations, made sound decisions, and treated all members and exceptional cases with great consideration and compassion."

Commissioner Shelia Sterns offers the following review of Glen's service: "On his watch, the MUS health plan grew from a single indemnity plan to a plan with an indemnity component, but also added a managed care plan. The managed care plans not only offer lower cost coverage to employees, they also have had a compound trend over the past four years of less than 9% increase per year per employee, while the indemnity plan has had a corresponding rate of over 12%. This initiative has helped with cost control. The Optional Retirement Plan was expanded to include classified employees, and a voluntary long-term care plan and vision plan were added. Under his leadership, the IUBC took on controversial subjects and made tough decisions and recommendations. For example, they came up with an innovative way to provide coverage for the children of the lowest-paid MUS employees. Seven years ago when he came, the health plan was near technical insolvency. It now has a fund balance of over \$19 million, in addition to required reserves. He leaves the fund in healthy financial condition for his successor." Thank you Glen for your fine service all these years and best wishes 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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