choices

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

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Plan Changes and Open Enrollment

Our choices for the next plan year are upon us. If you are an active employee, you will have received or will soon receive from your payroll/benefits office a packet of information including an updated workbook and an enrollment form . If you are a retiree, a letter has been sent to you from the Commissioner's Office outlining the premiums for next year and the options available to you. Most MUS campuses have set a deadline of the middle of May for making choices for the upcoming plan year. You should realize that **if you fail to take any action and fail to file your enrollment form before the deadline, you will default to the choices you have made for the current plan year and you must live with these choices for the entire fiscal year 2006. You will also lose any child care or medical reimbursement accounts, which must be elected every year.** Do not let this happen to you. 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.

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 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. The choice of dental plans involves a full two year commitment.

The greatest change members have to deal with this next year does not involve a plan modification at all but a change in our plan administrator from Blue Cross/Blue Shield to Allegiance. The following article will offer strategies for making this transition as smoothly as possible. We will also offer details on the various plan changes that will go into effect on July 1: the new Affordability Program, colonoscopy coverage, the $2 million lifetime cap, adult dependent coverage, and changes in coverage for minor dependents and mammography screens. Understanding these changes should assist you in making the most well-informed choices during the upcoming annual re-enrollment.

The Choices Newsletter is designed to help promote a sense of our ownership and responsibilities within the program.

1. The Transition to Allegiance - The March 2005 issue of the *Choices Newsletter* dealt extensively with the transition to Allegiance and that information will not be repeated here. You may wish to review that issue and the Question and Answer fact sheet prepared by the Commissioner's Office. Both are available at *www.montana.edu/choices*.

The key issues to keep in mind are that nothing has changed at all in our Managed Care plans and that the shift to Allegiance only involves our indemnity plan. Even here, there is no basic change in the plan design only a shift of the plan administrator and a change in the preferred provider networks. It is the shift of networks that is likely to have the greatest impact on members and the one change members need to prepare for.

Those members on our larger campuses will likely see little change. Both Blue Cross/Blue Shield and Allegiance have over 90% of the providers statewide and their networks overlap to a large degree. In Missoula, Bozeman, and Billings, MUS employees represent a significant portion of most health care providers' clients and, if not in the network now, most are likely to sign on. It is at the more remote MUS sites and out-of-state where members might experience more difficulties in locating network providers.

The stated objective of both Allegiance and the MUS during this transition is that no member be forced to change providers because of this transition and change of networks. To come close to meeting this ideal requires the active involvement of each member. The first thing you should do is **make a list of all medical providers used regularly by you and your family**. Next, **check to see if these providers are currently members of the Allegiance provider networks.** Log in to the Allegiance website at *www.abpmtpa.com/mus* and do a search of the networks. You will be given a choice of two search engines, one for Montana providers and one for Allegiances's nationwide networks. **If you should find that any of your regular providers is not in the network, you should alert Allegiance by filling out a "Nomination Form" on-line.** A representative of Allegiance will then contact this provider directly, indicate that

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one of their clients is in the Allegiance network, and urge them to sign a provider agreement. One "Nomination Form" should be filled out for each "missing" provider. It is important that this search and nomination process be done as soon as possible. It will require some time for Allegiance to make contact with these "missing providers."

If this process goes as planned and is successful, the transition to Allegiance should be quite transparent to you. If you see one of your "missing providers" in the interim, you may wish to tell them that they will be out-of-network as of July 1 and urge them to sign on with Allegiance. This same Allegiance website can be used to locate network providers when you are traveling in- or out-of-state. For those of you without Web access, you can do a similar search by contacting your local or campus library and asking for assistance. As a last resort, you can call your campus payroll/benefits office and ask that they do a search for you. Any queries about benefits coverage or claims status should continue to be directed to Blue Cross/Blue Shield through June 30. After that date, an Allegiance toll free number will be provided you for claims status, coverage issues, and other services.

2. The Affordability Program - There have been a few changes in the Affordability Program from the plan description in the last newsletter. 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. The following affordability program will be implemented on July 1, 2005:

- All employees with an annualized income of $25,000 or less are eligible. This means that a part-time employee of .5 FTE, for example, and a MUS income of $12,500 or less is eligible. Keep in mind that all employee must be at least .5 FTE or higher to participate in our MUS Benefits Program.

- The affordability benefit will come in the form of a premium waiver for child coverage under the Medical Plan. Only the portion of the "employee + child(ren)" and "employee + family" coverage that pays for children is waived. Next year the benefit is worth from $45 to $110 per month depending upon the medical plan and coverage selected.

- The dependent coverage premium waiver is not automatic. You must actively sign on to the plan during the current re-enrollment period by checking the appropriate box on the form and you must reenroll annually for as long as you continue to be eligible.

- 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, you are urged to sign up. The affordability program will be funded out of the general premium pool and your participation will in no way impact or reduce the benefits of those on the higher end of the wage scale.

- If, on the other hand, your overall family income is high despite a low MUS salary and you feel that you do not need this waiver, you are not required to sign up. In fact, you are encouraged not to take the waiver so that the funds can go to those in greater need.

The Affordability Plan has been approved on a two year trial basis for FY 2006/7. We estimate that the total cost will be somewhere between $369,000 to $505,000 in reduced premiums and increased claims expenses for the first year of the program. Because of our healthy reserves at the present time, we should easily be able to meet these additional expenses out of the general premium pool. The InterUnits Committee will reassess the Affordability Program at the end of FY 2007 and then decide on its continuation.

3. Colonoscopy Coverage - The risk of colon cancer increases dramatically after age 50. Currently, the MUS indemnity plans support an Occult Blood Stool screening annually for all members over 50. This test is administered by our Wellness Programs. There are other standard screens for colorectal cancer: a sigmoidoscopy which views the lower third of the colon and a colonoscopy which covers the entire colon. The gold standard for colon cancer screening is the colonoscopy because precancerous polyps can be removed during the procedure.

Up until now the MUS plan only covered colonoscopies and sigmoidoscopies if they were diagnostic; that is, if there were symptoms of rectal-intestinal disease before the test. MUS asked Mellon Consultants to evaluate the life saving potential and costs of adding other procedures to our screening program. Mellon concluded that a colonoscopy is "the most thorough and most cost effective option. Experts recommend an initial colonoscopy at age 50, with a repeat of the test every 10 years. Studies indicate that this screening method reduces prevalence of colorectal cancer by 75%, identifies existing cancer at earlier stages, and significantly reduces associated mortality. It is estimated that more than $2.80 in health costs are saved for each $1 spent on colonoscopy."

Following Mellon Consultants recommendations, the InterUnits Committee agreed to cover colonoscopy screens beginning at age 50 and every ten years thereafter up to age 65. Once a member becomes Medicare eligible, the Medicare program will pay for the procedure. Sigmoidoscopies and proctoscopies will also be covered as screening procedures. These screens will be subject to deductibles and coinsurance. So if you are over 50, get an occult stool test annually and a colonoscopy every 10 years. It will cost you little but your time and it could possibly save the plan money and you, your life.

3. Lifetime Maximum Coverage - Up until now there has been no lifetime maximum in our indemnity plan. Our managed care plans have always had a lifetime limit. The InterUnits Committee voted to establish a lifetime maximum coverage of $2 million for all MUS health care plans. So far, no member has come close to reaching this limit. The IUBC is looking into coverage options for anyone exceeding this cap in the future. Mellon estimates that we will save .6% in future claims costs as a result of this limit.

4. Adult Dependent Coverage - Starting next plan year one adult dependent can be covered under the plan. Eligibility criteria are currently being developed by the Commissioner's Office and the Board of Regents.

5. Other Plan Changes - Several other minor changes and adjustments were made for the next plan year:

Dependent Children will be covered up to age 25 as long as they are not married and not employed with other coverage. They no longer need to prove student status.

One Pair of Eyeglass or Contacts will now be covered under the medical plan following cataract surgery.

Mammographies will no longer be on an age schedule in the indemnity plan and women can now get an annual screen at any age. Managed care members can get

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Plan Changes *(Continued from P. 2)*

this screen annually starting at age 40.

Gastric Bypass or Bariatic Surgery (stomach reduction for obesity) - coverage will be capped at $25,000 lifetime.

6. Premiums - Out-of pocket costs will remain the same for the indemnity plans. The $46 per month increase in the State contribution will cover premium increases. The Managed Care plans will show a modest decrease in premiums, the result of recent favorable claims results. Life insurance premiums decrease slightly as well. The retiree medical premiums will increase 4% overall. The retiree premium schedule follows. ■

RETIREE PREMIUMS FOR FY 2006

Retiree Under Age 65	**$575 Plan**
Retiree Only	$401
Retiree + One	$541
Retiree + Two	$561
Retiree + Spouse (mp)	$444
Ret + Sp (mp) + Child(ren)	$603
Survivor	$401
Survivor + Child(ren)	$528

Retiree Under Age 65	**$1500 Plan**
Retiree Only	$349
Retiree + One	$470
Retiree + Two	$505
Retiree + Spouse (mp)	$387
Ret + Sp (mp) + Child(ren)	$525
Survivor	$349
Survivor + Child(ren)	$461

Retiree Over Age 65	**$400 Plan**
Retiree(mp)	$284
Retiree(mp) + One	$444
Retiree(mp) + Two	$539
Retiree(mp) + Sp(mp)	$360
Ret(mp)+Sp(mp) + Child(ren)	$431
Survivor(mp)	$284
Survivor(mp) + Child(ren)	$420

Retiree Over Age 65	**$1500 Plan**
Retiree(mp)	$244
Retiree(mp) + One	$387
Retiree(mp) + Two	$470
Retiree(mp) + Sp(mp)	$310
Ret(mp)+Sp(mp) + Child(ren)	$372
Survivor(mp)	$244
Survivor(mp) + Child(ren)	$363

**mp = Medicare Participant*

Plan Efficiency Study

The Montana Association of Health Care Purchasers (MAHCP) is a consortium of many of the major health insurance providers in the State including MUS, the State Plan, and NorthWestern Energy. They recently completed a study of how "efficient" these Montana plans were in comparison to each other and to national averages. "Plan Efficiency" is a measure of how cost effectively each plan cares for its members, adjusted for their health risks. This study controlled for differences in age, gender, and health problems. The results are fascinating. Our Managed Care Plans were seen to be more efficient than our indemnity plans. New West performs best with an efficiency rating of .66 (lower is better) followed by Peak at .89 and the Blue Cross/ Blue Shield Managed Care Plan at .94. Our Indemnity Plan had a 1.06 rating.

The study also revealed that our University population is somewhat older than the national average but relatively more healthy. Montanans, in general, were seen to be above average in most health categories with one notable exception. They had significantly higher rates of alcohol and substance abuse. ■

Contracting with Hospitals

Despite the change in plan administrator, the preferred hospital program will continue, but in a slightly modified form. Those utilizing a preferred hospital will be liable for 20% coinsurance; non-preferred, 35% coinsurance. The largest impact of this network will be on our Billings and Missoula folks. St. Vincent's and St. Patrick's continue to be preferred; Billings Deaconess and Community Hospital, non-preferred. Those members using Community for obstetrical services will pay 25% coinsurance, but 35% for all other services. A complete list of preferred hospitals is in your enrollment booklet. ■

Reimbursement Accounts

The most under-utilized aspect of our entire panorama of benefits are our reimbursement accounts. We say this very year but it always bears repeating: these 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.** The IRS rarely gives gifts, but this is one of them. 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. ■

The Spring InterUnits Meeting

The InterUnits Benefits Committee met in Helena on March 10, 2005. Glen Leavitt, the Director of Benefits, issued a very positive financial report. If our favorable claims trends continue to hold, Glen anticipates a surplus of $2.6 million in the indemnity plan at the end of the plan year. When the Managed Care surpluses are added in, the overall gain in reserves will be about $6 million. If you add this figure to our beginning reserve balance of $15 million, we should begin FY 06 with a healthy $21 million reserve fund. Not all of this amount is unencumbered, however. About $6 million must be committed to claims "incurred but not reported (IBNR)" or paid. Still a $15 million "free" reserve fund leaves the plan in a very healthy state; in fact, we are better off than we have been in many years.

It was this favorable economic situation that lead the InterUnits Committee to use some of the reserve funds to finance the new Affordability Plan, to add coverage for screening colonoscopies, and to liberalize the coverage for mammographies and dependent children. The Committee was able to accomplish all of this while keeping premium increases to a minimum and, in the case of the Managed Care Plans, actually decreasing premiums. The retiree rates were increased a modest 4% next year. Keep in mind that retirees do not get any State contribution nor any of the annual increases ($46 per month in FY 2006 for active employees). Therefore, they must fund their program and increased costs totally out of their own pockets. Nonetheless, under 65 retirees still pay only 85¢ in premiums for every $1 in claims costs and over 65 retirees pay 78¢ on the dollar. The increases in retiree rates next year are the smallest in years. Still these costs remain high and the trend is of great concern to members of the InterUnits Committee.

The Commissioner and the Board of Regents will soon decide on the eligibility standards for adult dependent coverage. IUBC meets next in late September for its annual retreat. ■

Correction - The lead article in the December 2004 issue of the *Choices Newsletter* on "Phased Retirement" stated that only pre-age 65 MUS retirees are guaranteed continuing MUS medical coverage under Montana law. This, as it turns out, is wrong. At that time, we assured everyone that MUS has no intention of dropping coverage for our older retirees even after the Medicare Reform Act is in full force. A legal eagle at the Commissioner's Office spotted a provision buried deep in a Montana statute that guarantees coverage for Medicare eligible retirees as well. Therefore, all retirees can rest assured that their continuing participation in the MUS Medical Plan is guaranteed by Montana law. ■

Legislative Update

As we write, the 2005 Montana Legislature is scrambling to complete its work and adjourn by April 25, 2005. Past history tells us that many important bills will be modified and approved at the last minute. This is especially true of large appropriation measures such as HB 2. Occasionally, bills marked dead are sometimes resuscitated and passed. MUS officials continue to monitor these bills and offer expert testimony. Below is an update of the bills directly impacting our benefits program and their current status:

HB 2 - General Appropriations - This general funding bill includes allocations for all of the campuses and the Commissioner's Office. Included is funding for scholarships, equipment, and program development for the University System. In Conference Committee.

HB 134 - Tax Credit for College Expenses - for MUS students. A credit of 10% of Hope Scholarship but not to exceed $500. Died.

HB 148 and 181 - Increase Funding and Adjust Benefits in PERS and TRS - Would increase **employer** contribution rates to meet the unfunded liabilities of both programs. Both sent to interim committee for more study.

HB 338 - Professional Retirement Option for TRS Members - Provides an enhanced benefit for those continuing to teach after reaching full retirement eligibility. Died in Committee.

HB 329 - Eliminate Allowing TRS and PERS Retirees to be Reemployed without Benefit Loss - would effectively end post-retirement employment. Died in Committee.

HB 430 - State Assumption of Supplemental Contributions to TRS for MUS ORP - The State would pay for the unfunded liability that resulted from the switch to the ORP instead of the employee. Strongly supported by MUS. Died.

HB 447 - Employee Pay Plan - A 3.5% increase in salary or $1005 (whichever is greater) is proposed for FY 2006 and 4.0% or $1188 for FY 2007. Also included in this bill is an increased State contribution to the Benefits Plan of $46 next year (FY 2006) and $51 the following year (FY 2007). Signed into law by Governor.

SB 72 - Continuing of Employer Provided Health Insurance as a Retirement Incentive - All employees eligible for a retirement benefit in any PERS plan would receive one year of employer contributions to their State health insurance plan for every 5 years of State service. Employees must have reached "normal retirement age" and retire between July 1. 2005 and October 1, 2005. The maximum benefit is 4 years of premiums and ends when the retiree becomes eligible for Medicare at age 65. Unfunded and must be paid for through vacancy savings. Died in Committee.

There are a number of minor housekeeping bills in addition to those listed above. Those of you who wish to review the texts of these bills or track their status can find complete information on the Montana Legislature Website at *http://leg.state.mt.us.* As a citizen you have every right to make your wishes known to your representatives. Committee memberships and contact information is also available on this same site. ■

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