



Open Enrollment Notice

This year, open enrollment forms and information will be mailed directly to each member's home address. It is imperative for PEEHIP to have correct mailing addresses on all active and retired members. All completed open enrollment forms must be returned to the PEEHIP office prior to September 1.

New Policies For 2005

The Alabama Legislature enacted legislation (Acts 2004-646, 2004-649 and 2004-650) that establishes many changes to the Public Education Employees' Health Insurance Plan (PEEHIP). Recently, the PEEHIP Board of Control established policies and procedures for the legislative changes and approved additional changes that will have an impact on all PEEHIP members. These changes include reductions on insurance premiums for employees currently earning salaries below the Federal Poverty Level and for those employees who retire with more than 25 years of service. However, employees with less than 25 years of service or those who use tobacco products will be required to pay more for their PEEHIP coverage. All changes made by the Legislature and PEEHIP Board will go into effect on October 1, 2005. The new changes for active and retired employees are summarized as follows:

- Non-tobacco User Discount
- Open Enrollment Deadline Date
- Retiree Sliding Scale Premium
- Retiree Other Group Health Insurance Coverage
- Supplemental Coverage Plan
- Spousal Carve Out
- Non-duplication of Benefits
- Federal Poverty Level Assistance Program
- Medicare Part D
- Children's Health Insurance Program (CHIP)
- Public Education Employees' Flexible Benefits Program

Non-tobacco User Discount

Beginning October 1, 2005, all PEEHIP members enrolled in the hospital medical or HMO plans will be assessed a \$20.00 per month PEEHIP premium increase; however, non-tobacco users can have the \$20.00 surcharge removed from the new monthly premium by certifying that they

(and their spouse, if the spouse is covered as a dependent) have not used tobacco products within the last 12 months. Initial certification information will be mailed the first week in April to the appropriate PEEHIP members. The only way to qualify for the non-tobacco user discount is to submit proper certification to the PEEHIP

office prior to the open enrollment deadline. The completed certification form must be postmarked and returned prior to September 1, 2005, to receive the discount effective October 1, 2005. There will be a charge of \$20.00 per month for tobacco users even when a husband and wife combine their insurance allocations.

Open Enrollment Deadline Date

Effective for the 2005-2006 plan year and every year thereafter, the open enrollment date for active and retired members will be July 1 – August 31. All open enrollment forms and written requests must be received by

the PEEHIP office prior to September 1 or entered online by September 10. PEEHIP members who do not have changes in their health insurance coverage will automatically remain enrolled in the same insurance plans. However, for members to

receive the non-tobacco user premium discount, the PEEHIP office must receive written certification prior to September 1, 2005.

Retiree Sliding Scale Premium

All members retiring after September 30, 2005, will be subject to a sliding scale premium structure based on their years of service. The premium for retiree coverage is broken down into the employer share (what PEEHIP pays) and the retiree share. Under this sliding scale, the employer share will increase or decrease based on a retiree's years of service. For those employees retiring with 25 years of service, PEEHIP pays 100% of the employer share of the premium. For each year less than 25, the employer share will be reduced by 2% and the retiree share will be increased accordingly. For each year of service above 25, the employer share will be increased by 2% and retiree share reduced accordingly. This sliding scale will apply to employees currently enrolled in the Deferred Retirement Option Plan (DROP), and it will apply to employees who enter DROP after September 30, 2005. These retirees will be given premium credit for years of service while in DROP. All members who retire before October 1, 2005, will not be affected by the Retiree Sliding Scale Premium. The Retiree Sliding Scale Premium will not apply to disability retirements on or after October 1, 2005, if the retired member is approved for Social Security Disability Benefits within 12 months of retirement. A chart illustrating how the sliding scale will work for Non-Medicare and Medicare retirees based on **current costs** can be found on the RSA website at www.rsa.state.al.us.

Spousal Carve Out

~~If a working spouse is eligible for group health insurance coverage at his or her place of employment, and the spouse's employer makes any contribution towards the cost of the coverage, then the working spouse must take his or her employer's health insurance and is not eligible for the PEEHIP hospital medical plan or HMO plan as their primary plan. The PEEHIP hospital medical plan can be secondary on the working spouse if the PEEHIP member is enrolled in family coverage and benefits will be paid pursuant to the non duplication clause. The spousal carve out policy applies to all active and retired members in PEEHIP.~~

Retiree Other Group Health Insurance Coverage

PEEHIP members who (1) retire after September 30, 2005, (2) become employed by another employer and the other employer provides employees at least 50% of the cost of single health insurance coverage, and (3) are eligible to receive the other employer group health insurance coverage through that employer, are required to use the other employer's health benefit plan for primary cov-

erage. The retiree may enroll in the new PEEHIP supplemental coverage plan within 30 days of eligibility for other group health insurance coverage. Failure of a retiree to enroll in the other employer's group health plan will result in termination of coverage by PEEHIP and a recall of claims. This new policy does not apply to members retiring prior to October 1, 2005.

Supplemental Coverage Plan

Beginning October 1, 2005, PEEHIP will offer a new supplemental hospital medical plan. The supplemental coverage plan will provide secondary benefits to the member's primary coverage provided by another employer or TriCare coverage. Only active and non-Medicare retiree members will be eligible for the PEEHIP supplemental coverage

plan. There will be no premium required for this plan, thus members will experience no out-of-pocket costs for services covered by PEEHIP. This supplemental plan will save both the member and PEEHIP money. Members will experience no out-of-pocket costs for services covered by PEEHIP. Blue Cross and Blue Shield of Alabama will administer this plan.

Non-Duplication of Benefits

Beginning October 1, 2005, all PEEHIP members and dependents who use their PEEHIP hospital medical plan as secondary will still be required to pay any co-pays or deductibles imposed by the PEEHIP plan. PEEHIP will cover other health plan deductibles and co-pays subject to those that would be in place if PEE-

HIP had been primary. For example: If a PEEHIP member or dependent had an insurance balance of \$30 for an office visit after their primary plan pays, the PEEHIP plan would pay \$10 as a secondary payor and the member would still be responsible for the \$20 co-payment under PEEHIP.

FEDERAL POVERTY LEVEL ASSISTANCE PROGRAM

Beginning October 1, 2005, PEEHIP will provide premium assistance to PEEHIP members with a combined family income less than or equal to 200% of the Federal Poverty Level (FPL) as defined by Federal Law. To qualify for the FPL assistance, PEEHIP members must furnish acceptable proof of total income based on their most recently filed Federal Income Tax Return. Certification of Income Level will be effective for the plan year only, and re-certification will be required annually during open enrollment. The premium reduction will apply only to the hospital medical premium or HMO premium.

Federal Poverty Level Premium Discount:

Over 200% of the FPL	member pays 100% of the member contribution	
equal to or less than 200% but more than 175% of the FPL	member contribution reduced 10%	Member pays 90%
equal to or less than 175% but more than 150% of the FPL	member contribution reduced 20%	Member pays 80%
equal to or less than 150% but more than 125% of the FPL	member contribution reduced 30%	Member pays 70%
equal to or less than 125% but more than 100% of the FPL	member contribution reduced 40%	Member pays 60%
equal to or less than 100% of the FPL	member contribution reduced 50%	Member pays 50%

2005 Federal Poverty Levels (FPL)

Family Size	100% of FPL	125% of FPL	150% of FPL	175% of FPL	200% of FPL
1 member	\$ 9,570	\$11,963	\$14,355	\$16,748	\$19,140
2 members	\$12,830	\$16,038	\$19,245	\$22,453	\$25,660
3 members	\$16,090	\$20,113	\$24,135	\$28,158	\$32,180
4 members	\$19,350	\$24,188	\$29,025	\$33,863	\$38,700
5 members	\$22,610	\$28,263	\$33,915	\$39,568	\$45,220
6 members	\$25,870	\$32,338	\$38,805	\$45,273	\$51,740
7 members	\$29,130	\$36,413	\$43,695	\$50,978	\$58,260
8 members	\$32,390	\$40,488	\$48,585	\$56,683	\$64,780

Public Education Employees' Flexible Benefits Program

Beginning October 1, 2005, PEEHIP will offer a Flexible Benefits Program to all active members of PEEHIP. This program is for actively working members of PEEHIP ONLY and consists of the following three programs:

1. Premium Conversion Plan (PCP) requires all active members to pay premiums for PEEHIP using pre-tax dollars. This plan is strictly a function of the payroll system in which the member no longer has to pay federal and state of Alabama income taxes on their health insurance premium.
2. Dependent Care Reimbursement Account Plan (DCRA) allows eligible active members the opportunity to pay dependent care expenses using pre-tax dollars.
3. Health Care Reimbursement Account Plan (HCRA) allows eligible employees to set aside tax-free money in an account to pay themselves back for eligible health care expenses incurred by them and their dependents.

Blue Cross and Blue Shield of Alabama will administer the DCRA and HCRA plans.

The open enrollment deadline for the Flexible Benefits Plan will be August 31, 2005, for an effective date of October 1, 2005. Members who are currently enrolled in a Flexible Spending Account through their employer would be allowed to enroll in the PEEHIP Spending Accounts at the end of their employer's plan year.

Medicare Part D

For Medicare eligible retirees and dependents, PEEHIP has elected to continue providing prescription drug benefits even when these members are eligible for Medicare Part D benefits. Therefore, Medicare eligible members and dependents should not enroll in Medicare Part D. If a Medicare eligible retiree or dependent decides to purchase Medicare Part D coverage, he or she will forfeit

the PEEHIP prescription drug coverage and will not be able to reapply for it until the next open enrollment period provided he or she no longer has Medicare Part D coverage. Medicare eligible members and dependents continue to need Medicare Part A and Part B to have adequate coverage with PEEHIP.

Childrens' Health Insurance Program (CHIP)

Effective October 1, 2005, PEEHIP will offer the same level of benefits to children of PEEHIP members who qualify for the Children's Health Insurance Program (All Kids) administered by the Alabama Department of Public Health. Applications must be submitted to PEEHIP and then the Alabama Department of Public Health will complete the qualification/application

process. Applications will be mailed with the open enrollment packet to all active and retired members. Any questions related to the PEEHIP CHIP program benefits should be directed to the Alabama Department of Public Health at 1-888-373-5437. Claims administration and benefit booklets are provided by Blue Cross and Blue Shield of Alabama.

PEEHIP

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