



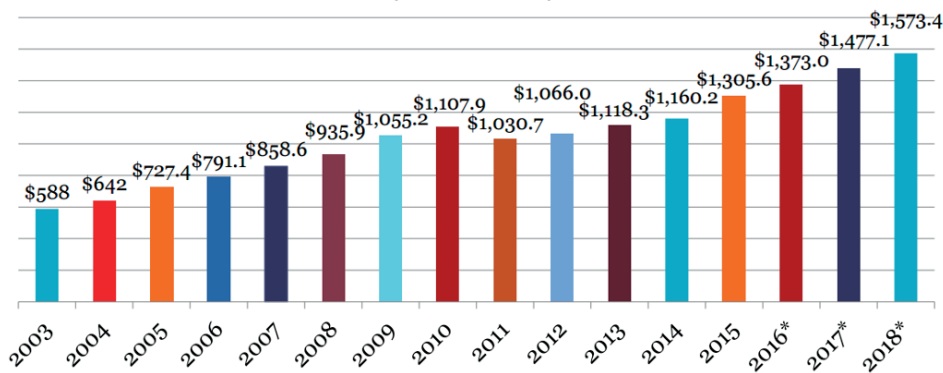
PEEHIP Benefit and Premium Changes

Effective October 1, 2016 *(unless otherwise notated)*

Over the past few years, PEEHIP has experienced sharp increases in the cost of healthcare claims, even exceeding annual expectations. Since PEEHIP is a self-funded plan with third-party administrators such as Blue Cross Blue Shield and MedImpact processing the claims, it is actually the PEEHIP plan that is responsible for paying the sum of all healthcare claims each year for the more than 300,000 members who are enrolled in PEEHIP’s Hospital Medical Plan.

With a growing number of members including retirees and dependents, increasing amount of claims, and escalating cost of claims especially pharmaceuticals, the overall healthcare spending has risen to levels that were unsustainable without long-term plan changes to ensure the financial stability of the plan. Shown below is a graph of PEEHIP medical and pharmacy claims costs since 2003.

**Total Medical & Pharmaceutical Costs
(in millions)**



*2016 – 2018 are estimated amounts.

In fiscal years 2015 and 2016, PEEHIP addressed the large funding shortfalls by relying on funds from the Alabama Retired Education Employees’ Healthcare Trust. However, using those funds was a temporary solution since the Trust would eventually be depleted, and the amount needed to fund the shortfalls would grow every year as healthcare costs continue to increase, meaning that after the Trust was depleted, an even larger deficit would exist.

For fiscal year 2017 (beginning October 1, 2016), PEEHIP received additional funding from the Alabama Legislature, but as the chart above depicts, even the additional money was not sufficient to fund the nearly \$1.5 billion needed to pay the annual healthcare claims of PEEHIP members. Therefore, the PEEHIP Board approved premium increases, other revenue increases, and program savings to cover the over \$141 million deficit remaining for the upcoming plan year after the additional funding from the Legislature.

These premium increases not only prevent the depletion of the Retiree Trust, but they ensure PEEHIP is funded for fiscal year 2017 and also apply toward shortfalls projected in future years. If PEEHIP had not increased the premiums, there would have been insufficient funding to pay claims in 2017 and beyond with the current benefit structure. After much careful deliberation, the PEEHIP Board determined that reducing PEEHIP benefits such as eliminating spousal coverage was a worse choice than raising premiums and keeping PEEHIP the excellent benefit it has always been. *continued on page 2*

Benefit and Premium Changes continued from page 1

Listed below by category are the PEEHIP plan changes effective October 1, 2016 (unless otherwise notated).

Hospital Medical Plan Changes: Administered by Blue Cross and Blue Shield of Alabama-Group #14000

- ◆ **Outpatient mental health benefits:** The outpatient mental health benefits have been enhanced to allow active and non-Medicare retirees and covered dependents to use the Blue Cross Choice Network providers. Eligible providers include psychiatrists, clinical psychologists, and master's level therapists, such as licensed professional counselors (LPC) and licensed clinical social workers (LCSW). Members can begin using the benefit effective October 1, 2016. The number of visits is limited to 12 per year beginning October 1, 2016. There will be no Major Medical deductible or balance billing.
- ◆ **Maximum Annual Out-of-Pocket Amounts:** The combined medical and prescription drug in-network maximum annual out of pocket amounts will be increased to \$7,150 per individual and \$14,300 per family per calendar year effective January 1, 2017.
- ◆ **Electronic cigarettes:** The use of electronic cigarettes also known as e-cigarettes or electronic nicotine delivery systems will be treated in the same manner as other tobacco products. Members and covered spouses will be required to recertify/update their tobacco status if they have used these electronic smoking devices in the past 12 consecutive months and will no longer be eligible for the non-tobacco user discount. This decision is consistent with a recent ruling by the FDA to regulate these products.

Premium Rate Changes: These rate changes apply to active and retired members.

Premiums

- ◆ For single coverage, premiums will increase \$15 per month.
- ◆ For family coverage, premiums will increase \$30 per month.

Spousal Surcharge

- ◆ The surcharge for spousal coverage for active and non-Medicare retired members will be \$100 per month.
- ◆ The surcharge for spousal coverage for retired Medicare members will be \$30 per month.
- ◆ Spousal Surcharge does not apply to spouses who are independently eligible for PEEHIP.

Note: Effective October 1, 2016, the full three-year phase in of the spousal surcharge will be implemented plus an additional \$25 for active and non-Medicare members

to make the total spousal surcharge to be \$100 per month. For retired Medicare members the total three-year phase in of the spousal surcharge will be implemented plus an extra \$5 for retired Medicare members to make the total spousal surcharge to be \$30.

Pharmacy Plan Changes

- ◆ Various changes have been made to the commercial plan formulary, including prior authorizations and the exclusion of some drugs to drive utilization to lower cost therapeutic alternative drugs. There were no changes in the drug copayment tiers.

Viva Health Plan Benefit Change

- ◆ The combined medical and prescription drug maximum annual out-of-pocket amounts will be increased to \$6,850 per individual and \$13,700 per family per calendar year.

Supplemental Hospital Medical Changes

- ◆ Effective January 1, 2017, the annual maximum amount paid will increase to \$7,150 per individual and \$14,300 per family. This is a benefit enhancement.

Flex Plan Change

- ◆ Blue Cross and Blue Shield of Alabama has a new flexible spending account (FSA) partner, HealthEquity. HealthEquity is an experienced and strong administrator for the Health Care and Dependent Care flex plans and is committed to provide the services our actively employed members need. HealthEquity will process the PEEHIP flex claims and reimbursements and handle all FSA customer service issues. PEEHIP members will not see any changes to the enrollment process or to their FSA benefits.

New Medicare Advantage PPO Plan with Prescription Drug Coverage for Medicare-eligible Retirees: Effective January 1, 2017

Effective January 1, 2017, the Medicare-eligible members and Medicare-eligible dependents who are covered on a retiree contract will be enrolled in the new UnitedHealthcare® Group Medicare Advantage (PPO) plan for PEEHIP retirees. The Group MA PPO plan will be fully insured by UnitedHealthcare® and members will be able to have all of their Medicare Part A (Hospital Insurance), Part B (Medical Insurance) and Part D (prescription drug coverage) in one convenient plan.

Benefit and Premium Changes continued from page 2

It is important to know that Medicare-eligible retired members and dependents must be enrolled in Part A and Part B of Medicare to have coverage with the new Group MA PPO plan offered by PEEHIP and UnitedHealthcare®.

Some other important advantages regarding the UnitedHealthcare® Medicare Advantage (PPO) plan include: national coverage so PEEHIP retirees and covered dependents are covered anywhere in the United States; worldwide emergency coverage; and additional benefits such as the Silver Sneakers® fitness program, a 24/7 nurse line, health risk assessments, screening exams, immunization reminders, discount on hearing aids, and even an annual in-home health and wellness visit.

Medicare-eligible retired members who are currently enrolled in the PEEHIP Hospital Medical Plan and EGWP plan do not need to do anything to transfer over to the new plan. The enrollment process will be handled automatically for an effective date of January 1, 2017.

With the new UnitedHealthcare® Group Medicare Advantage (PPO) plan for PEEHIP, **retirees can continue to see their same doctors and providers with no**

interruption. Retirees have the freedom to see any doctor or provider who accepts Medicare and the plan on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

UnitedHealthcare® will be contacting providers that PEEHIP retirees are currently utilizing to provide detailed information about the transition to the new plan. Providers will be educated on specific PEEHIP plan benefits and how to file claims on behalf of PEEHIP members.

The UnitedHealthcare® Group Medicare Advantage (PPO) plan for PEEHIP is an improvement in benefits for our Medicare retirees and their covered dependents. The July PEEHIP Advisor will contain more information about the new plan and will answer most questions our retirees may have. Additionally, onsite educational meetings will be held throughout the state in the summer and fall to ensure our retirees are well educated on the new plan. Dates, times and locations will be forthcoming. ●



Does Your Spouse’s Employer Have a Different Open Enrollment than PEEHIP?

PEEHIP’s open enrollment is right around the corner and runs from July 1 through midnight on September 10 for online enrollments and August 31 for paper enrollments. However, other group health insurance plans may have different time periods for their open enrollment and plan year than PEEHIP.

Many PEEHIP members have a spouse covered on their policy who also has access to health coverage through their own employer group plan, and these members may want to remove their spouse from PEEHIP coverage so that their spouse can enroll in the other group health coverage offered by their employer. The implementation of the PEEHIP spousal surcharge may make this option more cost efficient for the member and spouse.

The PEEHIP Flex Board met in December 2015 and took action to assist these members by creating a path for covered spouses who would like to drop PEEHIP coverage and enroll in their own employer group health plan. A new Qualifying Life Event (QLE) was approved so that PEEHIP members can remove their spouse from their PEEHIP medical coverage during their spouse’s open enrollment if the plan year for the other employer group coverage does not coincide with the PEEHIP plan year. This option is available as long as the other employer health plan is a cafeteria plan or qualified benefits plan.

Members can use this QLE prospectively at any time during the year at such a point that their spouse elects coverage under their employer group plan with a different plan year than the PEEHIP plan year. Furthermore, this new QLE not only creates a path to remove a spouse as a dependent, but also allows members the option to remove all family coverage and change to single coverage or drop the PEEHIP hospital medical coverage altogether outside of the PEEHIP open enrollment.

For those members utilizing this new QLE, timely notification and appropriate documentation must be provided to PEEHIP in accordance with applicable regulations. ●

Team Up for Health Wellness Program - Act Now!

Now that another school year has come to an end, many PEEHIP members have the opportunity to enjoy a much needed summer break. We at PEEHIP hope for all members to enjoy less stress this summer and maximize the time away from the classroom by enjoying the warm weather and spending more quality time with friends and family.

To make sure you do not deal with the undue stress of missing the deadline to complete the PEEHIP Wellness Program requirements, please take action today to reach 100% Complete and enjoy the knowledge that you have earned your \$50 monthly premium waiver, as well as contributed your part in reducing not only your own out-of-pocket costs, but the overall healthcare costs of the PEEHIP plan. PEEHIP does not wish for any member to incur the \$50 wellness premium, so please take action today if you are not already complete with all required activities.

If you would like to confirm your completion status, please visit www.MyActiveHealth.com/PEEHIP and click on "My Required Activities" and look for the 100% Complete progress wheel. You may also confirm your wellness premium waiver status by visiting PEEHIP's Member Online Services

(MOS) webpage at <https://mso.rsa-al.gov> and clicking on "Wellness Completion Status".

As a reminder, all PEEHIP subscribers and covered spouses who are enrolled in the PEEHIP Blue Cross Blue Shield hospital medical group #14000 plan must complete the Wellness Program required activities by August 31, 2016, in order to earn the wellness premium waiver. The PEEHIP Wellness Program is not required for children, or for those subscribers and spouses covered on a **retiree** contract who are Medicare-eligible.

PEEHIP Wellness Program Required Activities

- ◆ Take part in a Wellness Screening between August 1, 2015, and August 31, 2016.
- ◆ Complete the Health Questionnaire (HQ) between October 1, 2015, and August 31, 2016.
- ◆ Participate in Health Coaching by August 31, 2016, if you received an invitation letter from ActiveHealth dated



October 2015. You can visit www.MyActiveHealth.com/PEEHIP to view your progress and complete your required activities. Alternatively, you can call 855.294.6580 to confirm your requirement and complete your Health Coaching.

- ◆ Some PEEHIP members were invited to participate in an enhanced Disease Management program offering more tailored and dedicated care. This form of Health Coaching requires four phone calls with an ActiveHealth nurse to complete. If you received an invitation to this form of Health Coaching, then call ActiveHealth today at 855.294.6580 to take one more step closer to earning your \$50 per month premium waiver!

Remember – both eligible members and their covered spouses must complete the activities above by August 31, 2016. Visit PEEHIP's Wellness Program webpage at www.rsa-al.gov/index.php/members/peehip/health-wellness/wellness-program for more information. ●

PEEHIP Premium Assistance Program

PEEHIP provides premium assistance to qualifying members (active and retired) based on income amounts set by the Federal Government. A PEEHIP member with combined family income of 300% or less of the Federal Poverty Level (FPL) may qualify for a reduced premium of 10, 20, 30, 40, or 50% on his or her monthly PEEHIP Hospital Medical or VIVA premium.

If you would like to apply for this premium assistance, please print and submit the FPL Application from PEEHIP's website at www.rsa-al.gov/uploads/files/PEEHIP_FPL_App.pdf along with a copy of your signed 2015 Federal Income Tax Return forms and copies of all supporting W-2s and 1099s for the year 2015.

Applications for this discount do not automatically renew each year so you must reapply each Open Enrollment for an October 1 effective date. If you apply after Open Enrollment and qualify, you may have a discounted premium applied prospectively effective the second month after your application is received and approved.

The FPL discount does not apply to the optional coverage plan premiums nor to the tobacco or wellness premiums. Members covered under a COBRA, Leave of Absence, or Surviving Dependent contract are not eligible for an FPL discount. ●