The PEEHIP ADVISOR
PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN
THE RETIREMENT SYSTEMS OF ALABAMA RSA

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Open Enrollment Edition - Part II

Open Enrollment is well underway. Again this year more PEEHIP members than ever before are using Member Online Services (MOS) to enroll in or to make changes to their existing PEEHIP coverage. Over 60% of all Open Enrollments last year were made online. Online enrollment is simple, efficient, and convenient and is the **preferred way to enroll**.

When to Enroll Online:

- Online Enrollment began **July 1 and ends September 10**. If you miss the deadline to enroll, you must wait until the next Open Enrollment period.

How to Enroll Online:

- Go to www.rsa-al.gov, click Member Online Services and log in using your self-selected User ID and Password.
- If you have not already registered for a User ID and Password, you may do so by clicking the "Register Now" button on the log in page and follow the on-screen prompts.
- Once you successfully log in, click "Enroll or Change PEEHIP Coverages" from the PEEHIP menu at the left of your screen, then click the "Open Enrollment" option. Follow the on-screen prompts until you get a Confirmation page.

What You Need to Enroll Online:

- Social Security numbers for you and your eligible dependents.
- Your PID number (personal identification number). You will need your **PID** to complete the registration process. The subscriber's PID is the last eight digits of the contact number on the insurance card. If you are not a current subscriber, your PID can be found on your Open Enrollment notice that was mailed to you in June.

Remember, if you wish to continue the current insurance coverage you are enrolled in and do **not** want to make changes to your PEEHIP Hospital Medical or Optional Coverage Plans, you do not need to complete new forms. You will automatically remain enrolled in your present insurance coverage. **Exception:** Eligible members must re-enroll each year to renew the Flexible Spending Accounts and the Federal Poverty Level (FPL) Discount. Online enrollment is available for Flex but not for FPL. You must submit a paper FPL enrollment form to PEEHIP to obtain the FPL discount.

Visit the PEEHIP Open Enrollment web page at www.rsa-al.gov/PEEHIP/open-enroll.html for more information about online enrollment and Open Enrollment. ■

Remember the Open Enrollment Deadlines

July 1 - September 10
Online enrollment

July 1 - August 31
Paper forms enrollment

July 1 - September 30
Flexible Spending Accounts online and paper enrollment

Flexible Spending Accounts

Looking for a way to increase your spendable income? Enroll in the PEEHIP Flexible Spending Accounts (FSA) and take advantage of the tax savings on contributions to the **Health Care Reimbursement Account** (HCRA) and the **Dependent Care Reimbursement Account** (DCRA). PEEHIP offers these two flex accounts to employed members. By law, FSA is not available to retired members.

An FSA allows an employee to set aside a portion of his or her earnings to pay for qualified expenses. Money deducted from an employee's pay into an FSA is not subject to payroll taxes, resulting in a substantial payroll tax savings and thereby increasing your spendable income.

The **HCRA** is used to pay for medical expenses not paid for by insurance, including deductibles and copayments. Generally, allowable items are the same as those allowable for the IRS medical tax deduction. Some of the common expenses include but are not limited to: dental work and braces; eye exams, eyeglasses, contact lenses and saline solution; hearing aids and batteries; and blood pressure monitors. The Health Care FSA acts like an interest free loan as your total annual amount is available to you as of October 1, 2011. The annual maximum you can contribute is $5,000, and the annual minimum is $120 to participate.

The **DCRA** is used to pay for day care expenses to care for certain dependents while you are at work. A qualifying dependent is a tax dependent of yours who is under age 13, or any other tax dependent of yours, such as an elderly parent, grandparent, spouse, or child who is physically or mentally incapable of self-care and has the same principle residence as you. The Dependent Day Care FSA acts like a checking account as the fund balance must be enough to cover the amount requested for reimbursement. The annual maximum is $5,000 or $2,500 if you and your spouse file separate returns, and the annual minimum is $120 to participate.

An example of the tax savings:

If you contribute $5,000 to one of the FSAs above and your tax bracket is 25%, you save at least $1,250 because you do not pay taxes on your contributions. You increase your spendable income by at least $1,250. If you participate in both FSAs and contribute the maximum, you double your tax savings to $2,500. Additionally, your school system that employs you saves this much as well because they too do not have to pay the payroll taxes on the amount you contribute to an FSA.

Deductions from your paycheck will be made in 12 equal amounts beginning with the October 2011 paycheck and ending with the September 2012 payroll check. Health care reimbursements are automatically sent to you either by check or by direct deposit to a checking or savings account. Once your healthcare provider files a claim on your PEEHIP insurance, notification is sent immediately to your FSA that you have had an out-of-pocket expense. The only expenses you will need to save receipts and file a request for reimbursement on will be the ones not covered by any of your PEEHIP insurance plans. You can easily keep track of your Flex balance by going online through www.bcbsal.org.

Your participation in the PEEHIP FSA is completely voluntary, and it is important to remember that, unlike your medical coverage, you must re-enroll each year that you choose to participate. Take time to estimate carefully the amount you decide to contribute because if you do not use the full amount you will lose it. It does not carry forward to the next Flex plan year. To help you estimate your expenses and calculate your potential tax savings, and for more information about FSAs, please visit our Flexible Spending Accounts web page at www.rsa-al.gov/PEEHIP/flex.html.

Why pay tax on out-of-pocket medical and/or dependent day care expenses when the IRS says you do not have to. Enroll in a PEEHIP Flex account during this Open Enrollment period and begin increasing your spendable income! ■

Dependent Eligibility Verification Audit Update

The deadline for submitting the required documentation to verify dependents enrolled in PEEHIP health plans has passed and more than 90% of members responded. We sincerely thank all members who participated in the PEEHIP Dependent Eligibility Verification Project and appreciate your patience and cooperation.

A Final Determination Notice will be mailed by Secova to those members who are in a "no response" status and have not responded to the audit at all and to those members who are in an "incomplete status" and have not provided all of the required documents. This notice will advise these members that their account has been placed on claim hold. Unfortunately, if members fail to complete the verification process after their account is placed on claim hold, PEEHIP will have no choice but to ultimately cancel the account upon the expiration of the claim hold period.

Our goal in conducting this Dependent Eligibility Verification Audit was to remove ineligible dependents from PEEHIP coverage and thereby control healthcare costs for our members as well as taxpayers. PEEHIP has limited funds to cover the high cost of claims and coverage, and covering ineligible dependents unnecessarily raises costs for all eligible PEEHIP members. PEEHIP is committed to providing its active and retired employees and their eligible dependents with quality, affordable health insurance coverage and removing ineligible dependents allows PEEHIP to continue to do so.

Preliminary results of the audit verification process indicate PEEHIP members voluntarily removed over 2500 ineligible dependents due to divorce, death or no longer eligible for other reasons, and the removal of these ineligible dependents is estimated to save the PEEHIP plan over $5.5 million annually. The savings generated by the audit will go back into the program and will benefit all PEEHIP members by keeping your premiums and copays low.

Again, we want to thank each and every one of you for your cooperation, patience and for your participation in the PEEHIP Dependent Eligibility Verification Project. If you have any questions regarding the dependent verification process please contact Secova at 877.616.6345 (toll-free). ■

Update on Changes in the PEEHIP Pharmacy Network

PEEHIP and MedImpact have diligently worked together over the last six months to restructure the reimbursement rates for pharmacies while maintaining a high level of network access and quality of care for PEEHIP members. As a result, we have identified that Walgreens is a higher cost provider of generic medications than other pharmacies participating in the PEEHIP network.

Due to its higher cost to PEEHIP, we have no other alternative but to increase the generic drug copayments for prescriptions filled at Walgreens. Generic copayments at other, lower cost participating pharmacy providers will not increase. Effective August 1, 2011, the new generic copayments at Walgreens are shown below:

Pharmacy	Generic 30-day supply copay	Generic 90-day supply copay
Walgreens	$7.00	$14.00
Network Pharmacies (Excluding Walgreens)	$6.00	$12.00

All members who had a prescription filled with Walgreens within the period of January 1 through June 30, 2011, were properly notified by written letter of this change in the generic copayment.

If you have prescriptions with unexpired refills at Walgreens that you would like to transfer to a lower cost pharmacy in the network, simply contact the nearby participating pharmacy of your choosing. Show them your prescription labels, and they will typically be able to assist you with contacting the other pharmacy to transfer your prescriptions. A Pharmacy Locator link to help you find participating pharmacies is available on the PEEHIP Web site at www.rsa-al.gov/PEEHIP/pharm-benefits.html. If you choose to continue filling your generic medications at Walgreens, you will pay the higher copays as shown above.

MedImpact employs a team of trained Customer Service Representatives who are available to assist you 24 hours a day, 7 days a week with questions about the PEEHIP Prescription Drug Plan. You can call the MedImpact toll-free number 877.606.0727, or you can visit the MedImpact Web site for self-assistance at https://mp.medimpact.com/ala.

Please be assured that all decisions made by PEEHIP are designed to provide the best possible benefits to all members and to ensure the financial sustainability of the plan. ■

Notice to Enrollees in a Self-Funded Non-Federal Governmental Group Health Plan

Under a Federal law known as the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, as amended, group health plans must generally comply with the requirement listed below. However, the law also permits state and local governmental employers that sponsor health plans to elect to exempt a plan from the requirements for any part of the plan that is "self-funded" by the employer, rather than provided through a health insurance policy. The Public Education Employees' Health Insurance Board has elected to exempt the PEEHIP from the following requirement:

- Protections against having benefits for mental health and substance use disorders be subject to more restrictions than apply to medical and surgical benefits covered by the plan.

The exemption from this federal requirement will be in effect for the Plan Year beginning October 1, 2011. The election will be for every subsequent plan year.

HIPAA also requires PEEHIP to provide covered employees and dependents with a "certificate of creditable coverage" when they cease to be covered under the Plan. There is no exemption from this requirement. The certificate provides evidence that you were covered under this Plan, because if you can establish your prior coverage, you may be entitled to certain rights to reduce or eliminate a preexisting condition exclusion if you join another employer's health plan, or if you wish to purchase an individual health insurance policy.

For more information regarding this notice, please contact PEEHIP.

Important Notice About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with PEEHIP and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan or keep your PEEHIP drug coverage. If you are considering joining a Medicare drug plan, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. PEEHIP has determined that the prescription drug coverage offered by the PEEHIP is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing PEEHIP coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

When Can You Join A Medicare Drug Plan? You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15th to December 7th. However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

What Happens To Your Current PEEHIP Coverage If You Decide to Join A Medicare Drug Plan? If you do decide to join a Medicare drug plan and drop your PEEHIP drug plan, your current PEEHIP drug coverage will terminate on the date that you enroll in a Medicare drug plan. Please be aware that you and your covered dependents will lose the PEEHIP drug coverage and you will not be able to get this coverage back until you drop the Medicare Part D coverage. You cannot have PEEHIP prescription drug coverage and Part D coverage at the same time. If you enroll in a Medicare drug plan, you and your dependents will still be eligible for your current PEEHIP **health** benefits but will have no **prescription drug** coverage under PEEHIP.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan? You should also know that if you drop or lose your current coverage with PEEHIP and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

For More Information About This Notice Or Your Current Prescription Drug Coverage... Contact the PEEHIP office at 877.517.0020 for further information. **Note:** You will receive this notice each year and you may request a copy of this notice at any time.

For More Information About Your Options Under Medicare Prescription Drug Coverage... More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You will get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 800-Medicare (800.633.4227). TTY users should call 877.486.2048.

An exception may apply to certain "low-income" individuals who may be eligible for prescription drug subsidies, and thus may be better off applying for a subsidy and Part D (two separate steps). For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 800.772.1213 (TTY 800.325.0778).

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty). ■

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