UA CHOICE

Higher Health Plan Costs Coming in July

The cost of health care continues to rise nationally and the University of Alaska health plan is not immune to this trend. Because UA's health claims have increased significantly, both the University's contribution and the employee contributions will increase.

Who Pays for the Health Care Plan?

The University of Alaska health care plan is self-funded. This means that the health plan costs include actual claims amounts and administrative fees from vendors that administer the plan. The costs are paid by two groups, the university and the employees enrolled in the health care plan:

- The University will be contributing 83% of total net costs during FY11. This means that the University will be paying 83% of the increased plan costs.

- The employees pay the remainder of the health plan costs. The employee rates will be increasing in FY11 due to increasing health plan costs. There are some funds left over from prior fiscal years that will be used in FY11 to help offset these costs. So, even though the employee rates will increase, it is not as dramatic an increase as it could have been.

The new employee rates will be effective with the pay received on July 2, 2010. See exact rates by plan and coverage level on page 2

What's Behind the High Cost of Health Care?

Increased health care costs are an unfortunate fact of life throughout the U.S., not just at the University. Here are some of the key reasons our costs went up:

- University employees are using more healthcare services. Last year, inpatient days went up 24 percent, outpatient services 25 percent, radiology and pathology 56 percent and surgery 8 percent.
- Prescription drugs are more expensive and we're not using enough generics. Each 1 percent increase in the overall use of generic medication may reduce the plan's cost by over $75,000. We need to resist the advertising for newly approved (and *expensive*) brand-name drugs.
- We don't take our medications like the doctor told us to. Our adherence rate (proper use of a medication) for asthma/COPD is 27 percent; diabetics 60 percent, hypertension 65 percent and high cholesterol 65 percent. The result? More doctor's visits, emergency room visits and hospital stays than necessary. We all need to take our medications as directed.
- Technology is expensive. All the hospitals in the State of Alaska continue to add new medical technology and clinical space. That's good because advanced technology can improve treatment and save lives. But additional medical tests also contribute to plan costs.
- We're not as healthy as we could be. Our wellness programs run by Win for Alaska continue to show that 30 percent of our employees have high cholesterol, 30 percent have high blood pressure and 40 percent have a weight problem. Health claim costs are higher when these risk indicators exist.
- University health plan participants are older than most groups. Our average age is almost 46 while the average age in Premera's other groups is 44. We are also seeing more employees continue to work past age 60 and into their 70s. Older workers tend to have more health needs. On average, a 35-year-old costs $3,900 in health care costs in a year, while someone over 65 costs $13,200 a year. As UA's workforce ages and delays retirement, our costs will continue to increase.

What Can You Do?

- Take a fresh look at your *UA Choice* plan options during open enrollment and choose the plan that best fits your needs. Look closely at deductibles, out-of-pocket maximums, benefits, and how you tend to use health care. You may find you're already in the best plan for you — but you could discover that it's to your benefit to switch to a different plan.
- Use the plan wisely — be a good steward in the way you use your benefits. Get recommended screenings so that if you do develop a health issue, you and your doctor can tackle it early.
- Use generic drugs, whenever possible. Little things like these make a big difference.
- Live well! Whether you want to focus on eating better, dropping a few pounds, increasing your exercise or managing a health risk, the UA Wellness Program offers resources to help you get and stay healthy. Learn more at http://www.alaska.edu/benefits/wellness-programs.

Remember, Open Enrollment is April 15-May 14

Enrollment information will be available online at www.alaska.edu/benefits/

This year, open enrollment packets will not be mailed out. By providing everything you need to enroll online, we save trees and we save money on printing and postage. A limited number of printed copies will be available at your local Human Resources office.

New UA Choice Plan Rates Effective July 1, 2010

Deluxe Plan	26 Pay Periods Bi-weekly	19 Pay Periods Bi-weekly	FY11 Annual Charge
Employee Only	$ 97.97	$ 134.06	$ 2,547
Employee + Spouse	$195.94	$ 268.12	$ 5,094
Employee + Child(ren)	$176.32	$ 241.28	$ 4,584
Employee + Family	$274.28	$ 375.33	$ 7,131

Standard Plan			
Employee Only	$ 42.93	$ 58.74	$ 1,116
Employee + Spouse	$ 85.86	$ 117.48	$ 2,232
Employee + Child(ren)	$ 77.28	$ 105.74	$ 2,009
Employee + Family	$120.20	$ 164.48	$ 3,125

Economy Plan			
Employee Only	$ 15.20	$ 20.79	$ 395
Employee + Spouse	$ 30.40	$ 41.58	$ 790
Employee + Child(ren)	$ 27.36	$ 37.43	$ 711
Employee + Family	$ 42.55	$ 58.22	$ 1,106

Questions? Contact your local Human Resources office or Statewide Human Resources.

UA CHOICE

Benefit Change Preview: Open Enrollment is April 15 – May 14

Open enrollment is coming next month: your annual opportunity to review your benefits and make changes for the coming plan year (July 1, 2010-June 30, 2011). This year there are also some benefit changes and rate increases starting on July 1 that you will need to know about, even if you don't make any changes during open enrollment.

Why change? Necessity. We need to find ways to keep our health care plans affordable for you and for the University, while continuing to provide comprehensive healthcare benefits. We've carefully targeted the changes to areas where our current costs are higher than average *and* there's a solution that can lower the cost without lowering the quality of care – solutions like encouraging use of generic drugs. Even so, bi-weekly contribution rates are going up, as our claims costs continue to rise.

What's Changing

Beginning on July 1, bi-weekly employee contribution rates will be going up and there will also be a few benefit changes, especially for prescription benefits. Here are the highlights:

Prescription Copays Increase (Except for Generics)
To encourage use of less expensive generic drugs, copays for generic drugs will stay the same, but copays for non-generic drugs will increase to reflect their higher cost:

Prescription copays	Current (through 6/30)	New (starting 7/1)
Network pharmacy (30 day supply)	$5 copay for generic $20 copay for brand $35 copay for non-preferred brand	$5 copay for generic (no change) **$25** copay for brand **$40** copay for non-preferred brand
Home delivery (100 day supply) through CVS Caremark	$10 copay for generic $40 copay for brand $70 copay for non-preferred brand	$10 copay for generic (no change) **$50** copay for brand **$80** copay for non-preferred brand

If you get prescriptions at a non-network retail pharmacy, you will still pay the full retail price at the time of purchase. Then you submit a claim for reimbursement. You'll be reimbursed for covered prescriptions at the negotiated (network pharmacy) price, minus the applicable copay (so in most cases, you will pay more than the copay).

New Rules for Brand and Non-Preferred Drug Copays
Starting July 1, 2010, if you get a brand or non-preferred brand name drug when there is a generic drug available, you will pay the difference in cost between generic and brand name drugs ***in addition to*** the applicable higher copay (even if your doctor writes "dispense as written" on the prescription).

In a small number of cases, there can be a valid medical reason to use a brand or non-preferred drug instead of a generic. If you are in this situation, you and your doctor can make a medical necessity appeal to CVS Caremark (our pharmacy benefit manager) for a 12-month exception. If the appeal is approved, you will still pay the applicable copay, but will avoid the difference in cost penalty for up to 12 months. (You'll need to submit another appeal once every year in order to continue this arrangement.)

Out-of-Pocket Maximum for Prescriptions Will Increase
The annual out-of-pocket maximum for prescription drugs will increase from $800 per person to $1,000 per person.

Other Prescription Changes
We're also introducing two new pharmacy programs from CVS Caremark beginning July 1 that will affect some but not all participants:

Pharmacy step therapy – this program will encourage participants to try a generic or preferred brand-name drug ***first***, before trying a more expensive non-preferred drug. It only affects people who take prescriptions for certain conditions, and there will be exceptions in cases of medical necessity.

New specialty guideline management program – this program is designed to assist participants, dependents and their medical providers with issues that arise from treatment, and focuses on quality of life. It only impacts a few participants; you'll be notified if you are eligible.

Watch for more information on the prescription changes

You'll receive more information about prescription benefits from CVS Caremark and on the University's open enrollment web site at www.alaska.edu/benefits. Be sure to read this information carefully and keep it on hand for future reference.

Chiropractic Care and Physical/Massage Therapy Each Limited to 26 Sessions
The number of office visits for chiropractic care will be limited to 26 per person per plan year beginning on July 1. Likewise, the combined number of office visits for physical therapy and massage therapy will be limited to 26 per person per plan year. You may request an exception for medical necessity if you need additional treatments beyond these limits.

Deluxe Plan Out-of-Pocket Maximums Increase
The annual out-of-pocket maximum for the Deluxe Plan will increase to $500 per person, up to a maximum of $1,000 per family.

New 30-Day Eligibility Waiting Period for New Hires
Starting July 1, there will be a 30-day waiting period for new hires before they become eligible for *UA Choice* benefits. This will also apply to re-hired employees who have had over a one-year break in coverage.

Check Your Dependents

Open enrollment is a good time to review not only your benefit elections but the family members you are covering. If you are covering dependents, make sure they meet the eligibility criteria for the plan. Go to www.alaska.edu/benefits and click on "The Handbook" for eligibility details.

For More Information

Watch for more information from CVS Caremark and from the University between now and April 15, when open enrollment begins. If you have questions, contact your local Human Resources office or Statewide Human Resources.

No Need to Wait Until July to Start Using Generics!

Five Facts About Generic Drugs
Generic drugs are cheaper than brand name drugs, but are they as safe and effective? The fact is, the Food and Drug Administration (FDA) regulates these drugs closely to ensure that:

1. **Generics work just as quickly in the body as brand name drugs.** Generic drugs deliver the same amount of active ingredients in the same time frame as a brand name equivalent.
2. **Generics are just as powerful as brand name drugs.** Generic drugs have the same quality and strength as their brand name counterparts.
3. **Generics are just as safe as brand name drugs.** Since generic drugs contain the same active ingredients as the brand name counterpart, they are equally as safe and effective.
4. **Generics have no additional side effects.** There is no proven difference in side effects between generic and brand name drugs.
5. **Generics cost less.** Generic drugs cost less because manufacturers of generics don't have to spend the hundreds of millions of dollars it takes to discover the new, original drug. The savings are passed on to you.

A mailing UNAC will be doing to its members

Twenty Amendments to Keep UA Choice Affordable

At its current growth rate, in the next 7 years the cost of UA Choice could double from $60 million to $120 million, making healthcare costs unsustainable for both the University and its employees. Substantial changes need to be made to reduce utilization and improve the risk profile of the population. Identifying plan design modifications for cost saving is a priority of the Joint Health Care Committee (JHCC).

At the request of the JHCC, UA engaged an external consultant to conduct a broad assessment of the performance of UA healthcare and wellness plans. After several months of review, the Fall River Consulting Group offered 20 actions for formal consideration by the JHCC. Because the JHCC believes we need a long-term, proactive strategy to control healthcare costs, these 20 recommendations were endorsed. They have now been accepted by UA and most will be put into effect beginning July 1, 2010.

Several of these changes will affect plan pricing. An increase of $5 in the co-pay for name brand prescription drugs is intended to improve members' utilization of generics, which our pharmacy provider, Caremark, and Fall River found has been less than optimal. Just a 1% increase in the use of generics can save UA Choice $75,000 a year. In addition to this pricing adjustment, the out-of-pocket limit on co-pays will be raised from $800 to $1,000 to account for inflation. These changes are intended both to bridge the growing deficit and to encourage members to consider more thoughtfully their utilization practices.

Another important pharmacy change concerns practices regarding "dispense as written" instructions from your doctor. Starting July 1, 2010, if you get a brand or non-preferred band name drug when there is a generic drug available, you will pay the difference in cost between generic and brand name drugs in addition to the applicable higher co-pay (even if your doctor writes "dispense as written" on the prescription). A medical necessity exception may be requested, if justified. Requiring a valid medical reason for the use of more expensive brand or non-preferred drugs will result in a savings for the plan and all of us.

To help temper overutilization of certain treatments, visits for chiropractic care and physical and massage therapy will be capped at 26 per year, with a recertification option for enrollees who can demonstrate a medical need for additional treatment.

Beginning July 1, newly-hired employees will not immediately be eligible for UA health care, but will have a waiting period of about 30 days. This will allow new employees more time to review plan options and submit their election forms. This change will also help avoid the duplication of effort now occurring when the University must enroll employees in a default plan before elections are made. Finally, the delay in eligibility deters job applicants from seeking UA employment primarily to obtain immediate healthcare benefits for a current condition.

Changes will also be instituted regarding eligibility of dependents. An estimated 3% to 8% of all dependents currently covered by our plan may not be eligible. Providing proof of a dependent's eligibility upon enrollment will become a requirement as of July 1, 2010, for new dependents an employee seeks to have covered by UA's plan. Additionally, beginning next year, employees will need to verify their enrolled dependents' eligibility annually by signing a form. At this time, the JHCC has not recommended that the University conduct a dependent eligibility audit regarding employees' listed dependents.

While only 14% of UA employees chose the Deluxe Plan last year, nearly half of all claims in 2009 that were over $50,000 were from participants on the Deluxe Plan. The FY11 employee rates for the Deluxe Plan more closely reflect the high costs of this plan.

Prevention and wellness remain the preeminent means of saving cost. Several of Fall River's recommendations focus on increasing employee engagement through the wellness plan. Authorizing the Wellness Initiative Network for Alaska (WIN) to share participants Personal Wellness Profile information (formerly called "Health Risk Assessments") with UA's disease management program provider (Accordant) is intended to help identify members who might benefit from these programs. Similarly, expanding the requirements for the $100 wellness incentive to include a biometric screening that would be available to WIN and Accordant will help ensure that incentive participants are willing to more actively consider next steps toward healthy lifestyles and needed treatment. Implementing recommendations from UA's pharmacy vendor (CVS/Caremark) concerning communication and specialty guideline management programs will help keep members and their healthcare providers educated and motivated regarding proper use of medication and other treatments.

Fall River has also recommended that UA Choice coordinate a "Value Based Benefit" program to ensure that those with chronic conditions remain compliant with their drug regimens, which benefits the individual as well as the plan. By switching our disease management vendor from Premera/Healthways to Caremark/Accordant, UA's disease management provider will have access to real-time pharmacy data, allowing Accordant to assist employees more promptly. The University will also obtain more favorable pricing from Accordant, as well as better and timelier reporting.

Fall River's recommendations also focus on increased, direct communication with UA Choice participants. Beginning this summer, WIN has been authorized to conduct additional messaging via mail and email to members with high risk scores in order to help alleviate chronic conditions before they arise. Also, the JHCC intends to establish a monthly healthcare and wellness newsletter to increase awareness regarding life style choices and how we can all be better healthcare consumers. Chancellors, Vice Chancellors, Vice Presidents, Provosts, Deans and Department Heads will emphasize active and open support at the executive level.

For a full explanation of Fall River's 20 recommendations, please visit: http://www.alaska.edu/benefits/joint-health-care-committ/downloads/Final-Recommendations-from-Fall-River-and-JHCC-12-09-09.pdf. Information about these changes will also be included in your open enrollment information.

Fall River
CONSULTING GROUP LLC™

Date: December 7, 2009
To: Members of the Joint Health Care Committee
From: Kristen Russell, Fall River Consulting Group LLC
Re: Suggestions and Motions Developed at 11/20/09 Meeting for Consideration at 12/7/09 Meeting

Background

Since the beginning of the 2010 Fiscal Year, the UA Systemwide Benefits Department has facilitated a number of presentations to the JHCC by Blue Cross, Caremark and WIN for Alaska for the purpose of identifying cost savings through plan design modifications. In addition, at the recommendation of the JHCC, UA engaged Fall River Consulting Group LLC, an external consultant, to do a holistic review of the performance of UA health and wellness plans.

The Fall River analysis, in conjunction with the information from Blue Cross and Caremark, indicates that unless there is prompt and substantial intervention, the cost of the UA Choice plan could double over the next 7 years from $60 million to $120 million. Such an outcome would be untenable for the University and all employees. The goal is to make changes that will reduce utilization and improve the risk profile of the population, so that all employees benefit over time by lower premiums and ensuring the University can continue to contribute at such a strong level to the employee health plan.

I facilitated a group discussion with the JHCC during a two day meeting held November 5 and 6, and a follow up meeting on November 20. The JHCC discussed a range of possible interventions during those meetings. I have taken notes of the group's discussions and have summarized the consensus opinions that developed during those meetings. As a result of that review, I am presenting the following actions for formal consideration by JHCC, so that the committee may provide a recommendation to the University. The items are in no particular order. I have provided a brief explanation of the committee's rationale for each item, from my notes of the comments during the meetings.

Recommendations

1. **Retain a consultant who can provide quarterly updates to the JHCC about plan costs and utilization patterns.** The involvement of a knowledgeable consultant will help to ensure the regular and consistent reporting and analysis of data, allowing the JHCC and other groups to work more proactively with the University on plan issues.

2. **Retain a consultant who can conduct a Return On Investment (ROI) analysis of the wellness programs.** A consultant with expertise in determining ROI will provide JHCC and University management with useful feedback on the performance of the current wellness programs and will aid decision-making regarding changes to that program.

3. **Modify the eligibility provision of UA Choice to require a 30 day waiting period prior to the effective date of health care coverage for all new employees (this would include re-hired employees who have had over a one year break in coverage). This change would go into effect 7/1/10.** This change will permit more time for newly hired employees to receive orientations, complete their selection of benefits, and will greatly simplify administration of the plan for the University, Premera, Caremark and VSP. The waiting period will also protect the plan to some extent from job applicants who seek UA employment primarily to obtain immediate health coverage because of a current condition.

4. **Increase in the retail co-pay by $5 for preferred (Tier 2) and non-preferred (Tier 3) name brand prescription drugs (with corresponding increases in mail order co-pays), and raise the Out of Pocket Limit on copays from $800 to $1000.** Caremark and Fall River have consistently stated that UA's generic utilization rate is less than optimal and just a 1% increase in the generic utilization rate can help UA Choice save $75,000 a year. Also, the $800 OOP limit on copays has been in place for a number of years and needs to be increased to $1,000 to keep step with inflation. This still provides very significant member protection.

5. **Eliminate the Dispense as Written provision and implement the Performance Step Therapy program.** The Dispense as Written provision currently allows any member to have their doctor write "DAW" on a brand name script and avoid a penalty for not using a generic drug. In order to create better incentives, the committee believes this penalty should apply to all members EXCEPT those for whom a medical necessity appeal is made by the doctor to Caremark to receive a 12 month exception. Performance Step Therapy will ask members to try a generic (Tier 1) or preferred (Tier 2) brand name drug first; prior to receiving a non-preferred (Tier 3) (an expensive brand name drug) in one of 12 targeted categories. Again, a medical necessity exception is available.

6. **Implement Caremark's no cost items communication programs.** Caremark's no cost communications will educate and motivate employees and their dependents to review with their provider which medications are right for them.

7. **Implement Caremark's Specialty Guideline Management program**. Although the savings from this change will be modest, this program is primarily focused on quality of life issues for members. It is designed to assist employees, dependents and their medical providers with issues that arise from the treatment of their condition.

8. **Modify plan coverage by implementing a plan year maximum of 26 visits per year/per enrollee for Chiropractic care and 26 visits per year/per enrollee for Physical and Massage Therapy, with a recertification process for enrollees requiring additional treatments beyond this limit.** The high utilization rates presented to the committee by Fall

River and Premera demonstrated a need for greater management of this benefit. Premera will be engaged to perform the medical necessity review/recertification process for visits over 26.

9. **Adjust the employee contribution rate on the Deluxe Plan to more closely represent the value of the plan.** Both Premera and Fall River's data demonstrated that employee rates for those selecting the Deluxe plan need to be adjusted to better reflect the high costs of this plan.

10. **Implement a Value Based Benefit programs that coordinates with the disease management vendor's programs.** Both the health plan and individuals benefit when those with chronic conditions remain current with their drug regimens. As a first step, the JHCC would like to see co-pays waived for generic and the cost of name brand medications set at $5 for qualifying employees and dependents who actively participate in the disease management program.

11. **Authorize WIN for Alaska to share Health Risk Assessment and bio-metric data collected by WIN with the disease management vendor. This step would be premised on employee knowledge and consent. Confidentiality and security of this information would be strictly maintained.** JHCC believes that by allowing health care professionals in UA's disease management (DM) program to access this information, there would be greater ability to identify employees who could benefit from the DM programs.

12. **The University needs to boost its leaders' involvement in and support for Wellness activities. A leadership conference is recommended, along with periodic meetings of leaders that would focus on the importance of Wellness efforts and their role in supporting this UA system initiative.** The purpose of the conference would be to demonstrate to University executives, including Chancellors, Vice Chancellors, Vice Presidents, Provosts, Deans and Department heads the additional impact their active and open support of the wellness programs could have on overall employee health, productivity, employee charges and the budget. For example, the lack of meeting space has presented limitations on the growth of the Individual Health Planning (IHP) sessions offered as a part of the current wellness program. Meeting space is within the control of campus departments and this situation will not be solved unless senior management takes a more supportive role in prioritizing the need for space to hold these sessions.

13. **Open up IHPs to employees located at rural campuses if sessions offered at the main campuses are not filled by January 1, 2010.** JHCC supports the use of video and telephonic to offer IHP sessions to the rural campuses. JHCC agrees with Fall River's conclusion that the IHPs need to reach more employees, and ideally, spouses/partners as well. Emphasis should be placed on trying to reach more high risk individuals.

14. **Contract with a vendor for a monthly healthcare/wellness newsletter that can be posted on the web, emailed to employees and sent home to each employee in print form.** JHCC agrees with Fall River's conclusions that employees and dependents need more communications about life style issues and how to be a better health care consumers. Also, these communications need to be sent via as many modes as possible and targeted at spouses as well as employees.

15. **Conduct further analysis of the concept of "medical tourism."** The cost and access to health care in Alaska is a problem and to address it, JHCC would like to see the Systemwide Benefits Department present its ideas for a domestic medical tourism program. Also, it has been suggested that an alternate name be used to avoid confusion with an international medical tourism program.

16. **Send an annual mailing to each employee containing a list of currently enrolled dependents whom the employee has enrolled in the health plan.** The committee discussed the recommendation of hiring a vendor to do a full dependent eligibility audit. However, for current employees, JHCC would rather see an annual mailing used for verification of enrolled dependents. As part of that mailing there needs to be a clear statement of the employee's responsibility to notify the University of ineligible dependents and the actions the University will take if an employee fails to notify UA when dependents become ineligible or misstates the eligibility status of covered dependents.

17. **Require proof of a dependent's eligibility as of July 1, 2010 for all new employees, ex-employees re-enrolling in the plan and when life events occur that cause dependents to be added to the plan.** JHCC is of the opinion that this action, in conjunction with an annual mailing used for the verification of eligible dependents, should minimize the number of ineligible dependents on the plan.

18. **Authorize WIN for Alaska to begin additional messaging (email and mail only, no calls) to members with high risk scores, to encourage them to sign up for IHPs and to participate in additional health screenings, etc.** JHCC is of the opinion this action will help reach more employees who have not sought needed health care or who are in need of life style changes. WIN for Alaska, and Fall River if desired, can help the University design the optimal strategy in this area.

19. **Switch Disease Management vendors from Premera/Healthways to Caremark/Accordant effective 7/1/2010.** The JHCC has reviewed a full comparison of the two vendors and an analysis of DM offerings by Fall River. Due to more favorable pricing, better and more timely reporting and the ability to access real-time pharmacy data, it is expected that Accordant can deliver more value to the University.

20. **Expand the requirements for the $100 Wellness Incentive.** The JHCC recommends that the $100 incentive amount now provided for each member who completes the HRA, should have additional requirements: that the employee be willing to undergo a biometric screen, and consent to have both the HRA and the biometric information released to the DM vendor. Currently, an employee or covered spouse/partner each receives $100 just for completing the Health Risk Assessment. JHCC is of the opinion that the current incentive does not yield enough in terms of employee engagement. The final strategy can be developed in conjunction with WIN for Alaska, and if desired, Fall River.

There are several other ideas discussed during the earlier meetings that the JHCC does not support recommending at this time:

A. Adding a $25 per pay charge to the employee for having his/her spouse or partner on UA's health plan, if that person has other available health care coverage. This would be enforced on the honor system with caveat language stating that if false information is provided it could result in the denial of claims. While JHCC considered this suggestion, the committee does not support it.

B. Fall River presented to JHCC a number of programs that would entail using incentives for outcome based wellness behaviors. The committee is not ready to take action on those at this time.

C. The committee does not recommend the hire of a vendor to conduct a dependent eligibility audit at this time. Recommendations # 16 and # 17 above are viewed to be sufficient protection against ineligible dependents.

D. Possible pharmacy plan designs, using either coinsurance in place of co-pays and/or a highly incentivized mail order design, were considered. The committee does not recommend these changes right now, but agrees they may need to be looked at in the future.

E. Plan changes such as eliminating the deluxe plan, or creating a new plan tier using Health Reimbursement Arrangements (HRAs) and Health Savings Accounts (HSAs) were discussed and considered by the JHCC. The committee does not want to eliminate the deluxe plan in FY11, although the plan cost needs to be better matched to value. (See #9 above) Also, HRAs may be attractive in the future, but HSAs will be unworkable as long as the medical and pharmacy claims adjudication are performed by separate vendors.

I hope you find this listing useful and look forward to our further discussions of these issues at the December 7, 2009 meeting.

Sincerely,

Kristen A. Russell, FSA, MAAA
President & Founder
Fall River Consulting Group LLC

CVS CAREMARK

2010 Changes are Coming!

We are pleased to be working with the University of Alaska to administer your UA Choice prescription benefit plan.

Below is a brief overview of changes that will take effect **July 1, 2010**:

- **Prescription copays*** at Retail will increase by $5 for preferred brand-name (Tier 2) and non-preferred brand-name (Tier 3) prescriptions. Mail copays will increase by $10 for preferred brand-name and non-preferred brand-name prescriptions.

The new copays are listed below:

Drug Type	**Retail Pharmacy** (Up to a 30-day supply)	**Mail Pharmacy** (Up to a 90-day supply)
Tier 1: Generic (no change)	**$5**	**$10**
Tier 2: Preferred Brand-Name (Drugs listed on the CVS Caremark Preferred Drug List)	**$25**	**$50**
Tier 3: Non-Preferred Brand-Name (Drugs not listed on the CVS Caremark Preferred Drug List)	**$40**	**$80**

- **Pharmacy Out-of-Pocket Maximum:** This will be increasing from $800 to $1,000.

- **New Rules for All Brand-Name Copays:** If you fill a brand-name drug (either preferred or non-preferred) where there is a generic available, you will pay the difference in cost between generic and brand-name drug, in addition to the applicable higher copay. This rule applies even if your doctor writes “dispense as written” on the prescription.

- **Generic Step Therapy:** This program encourages the use of generic medicines in 11 drug categories that have a high number of generic alternatives available. The program requires the use of generic or preferred brand-name drugs before a non-preferred brand-name drug can be filled.

*Copay, copayment or coinsurance means the amount a plan participant is required to pay for a prescription in accordance with a Plan, which may be a deductible, a percentage of the prescription price, a fixed amount or other charge, with the balance, if any, paid by a Plan.

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As always, **Caremark.com** is an easy way to make the most of your prescription benefits:

- Sign up for automatic refills and renewals
- Visit the Savings Center to explore lower-cost options
- Sign up to receive alerts by e-mail, phone or text message
- Access the latest health and wellness information

Besides the communication CVS Caremark will send you, please watch for e-mails and mail from Statewide Human Resources. More information is also available on the University of Alaska benefits Web site at http://www.alaska.edu/benefits.

*Copay, copayment or coinsurance means the amount a plan participant is required to pay for a prescription in accordance with a Plan, which may be a deductible, a percentage of the prescription price, a fixed amount or other charge, with the balance, if any, paid by a Plan.

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