Open Enrollment is April 15 – May 16, 2011

Open enrollment is here: your annual opportunity to review your benefits and make changes for the coming plan year (July 1, 2011-June 30, 2012). The UA Choice health plans are changing this year and we want everyone to make an informed decision to choose the plan that’s right for you.

UA Choice still offers three levels of coverage, but the deductibles and out-of-pocket maximum coinsurance limits have been increased. We now offer a High Deductible Health Plan (HDHP), a mid-level plan with a $750 deductible (the 750 Plan), and a high-level plan with a $500 deductible (the 500 Plan). Details about the three plans can be found in the UA Choice Enrollment Guide booklet, enclosed with this letter and available online at www.alaska.edu/benefits.

The bi-weekly charge for the three plan levels will not be changing this year. For example, if you currently have the Economy Plan and elect the HDHP for your new plan, the amount deducted from your pay will not change as long as you are not changing your coverage level (such as switching from employee plus spouse to full family).

Do I need to return an enrollment form?

This year is different! In the past, if you did not return an enrollment form, your current plan election and dependent coverage level continued into the new plan year. The current plans are changing so everyone should review their options and turn in an enrollment form. Choose your new plan and positively enroll your dependents. If you do not return an enrollment form by May 16, you and your currently covered dependents will be enrolled in the mid-level 750 Plan, regardless of the plan you had before. Remember that if you’re enrolling dependents who were not a part of the dependent audit, you will need to include copies of supporting documentation, such as marriage or birth certificates, adoption papers, etc.

If you’ve waived coverage (opted out) in the past and do not want to enroll in a plan now, you do not need to return an enrollment form. Your waived status will continue into the new plan year.

What else is changing?

Beginning on July 1, there will be some other changes you need to be aware of. Some changes are plan modifications designed to improve performance of the plan, and others are because of health care reform. Here are the highlights:

Pharmacy Plan Changes
To encourage use of generic and less expensive brand name drugs, copays for non-preferred brand name drugs (also called Tier 3 drugs) will increase to reflect their higher cost:

<table>
<thead>
<tr>
<th>Prescription copays</th>
<th>Current (through 6/30)</th>
<th>New (starting 7/1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network pharmacy (30 day supply)</td>
<td>$40 copay for non-preferred brand</td>
<td>$50 copay for non-preferred brand</td>
</tr>
<tr>
<td>Home delivery (90 day supply)</td>
<td>$80 copay for non-preferred brand</td>
<td>$100 copay for non-preferred brand</td>
</tr>
</tbody>
</table>

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).

In addition, brand name proton-pump inhibitors (PPI, such as Nexium), and non-sedating antihistamines (NSA, such as Clarinex) will be moving from Tier 2 (preferred) to Tier 3 (non-preferred) because of the wide availability of generic and over-the-counter options.
Mail Service Pharmacy Quantity
Starting July 1, 2011, the maximum supply you can get at mail order will be 90 days. The old limit of 100 days' supply was rarely used by physicians and most medications are packaged in 30-day quantities. This change makes our plan more consistent with other plans and easier for pharmacy benefit managers to administer.

Incentivized Mail Order
Maintenance medications, the kind you take on a regular basis over long periods of time, will now need to go through mail order to avoid an increased copay. The retail copay for maintenance medications will double with the third refill if you don’t use mail order. For example, the third refill of your $25 preferred brand drug will cost $50 at the retail pharmacy for a 30 day supply. That same $50 copay would get you a 90-day supply from the Mail Service Pharmacy. A list of maintenance medications is available on the benefits web site at www.alaska.edu/benefits/pharmacy-benefits. Please note that medications that can be damaged by freezing temperatures are exempt.

Physical Therapy Benefit Changes
Last year we introduced a 26-visit limit on chiropractic, massage therapy and physical therapy benefits. Unfortunately, this resulted in some members having difficulty getting the rehabilitative care they needed after an accident or surgery. To fix this, we’re moving the physical therapy benefit into the rehabilitation benefit category and increasing the limit to 45 visits. As before, you may request an exception for medical necessity if you need additional treatments beyond this limit. The 26-visit limit on chiropractic and massage therapy is unchanged.

Health Care Reform
July 1, 2011 is the effective date for the University of Alaska to implement some changes due to health care reform.

Dependents Covered to Age 26
If you had a dependent child who was not eligible for coverage because they were not a full-time student, were married or reached age 24, you may enroll that child now for coverage effective July 1, 2011. Coverage may continue until they reach age 26. You must return an enrollment form to enroll these dependents; coverage for former dependents removed from the plan earlier will not be reinstated automatically. Remember to include a copy of their birth certificates or adoption papers to verify eligibility.

Expanded preventive services (wellness) benefit
The $750 cap on preventive benefits is gone and the list of covered services has been expanded. See the complete list of preventive benefit services on our web site at www.alaska.edu/benefits.

Unlimited Lifetime Maximum Benefit
The $2,000,000 lifetime maximum benefit has been removed. As of July 1, 2011, there is no maximum benefit limit.

No pre-existing conditions exclusions for children under age 19
This change primarily affects new employees enrolling dependents on the plan, but it could also be important if you’re enrolling a child on UA Choice for the first time. Effective July 1, there are no pre-existing condition exclusions for children under age 19.

For More Information
You can find more details and information about these changes on the benefits web site at www.alaska.edu/benefits.

If you have additional open enrollment questions you may call your regional Human Resources office:

- UAA (907) 786-4608
- UAF (907) 474-7700
- UAS (907) 796-6263
- SW (907) 450-8200