

## 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/](http://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

<b>Deluxe Plan</b>	<b>26 Pay Periods Bi-weekly</b>	<b>19 Pay Periods Bi-weekly</b>	<b>FY11 Annual Charge</b>
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

<b>Standard Plan</b>			
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

<b>Economy Plan</b>			
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.