



Feb. 9, 2011

TO: All Benefits-eligible Employees

FROM: Beth E. Behner, Chief Human Resources Officer

SUBJECT: FY12 Health Care Plan Changes

In a memo Jan. 31, President Gamble noted that changes in the University of Alaska's health care plan are necessary to avoid an unsustainable doubling of costs in seven years. After consulting with two employee health-care committees in a long process that began last fall, difficult decisions were recently made by the UA administration. The purpose of this memo is to let you know what those decisions are, and how these changes will affect you.

This is unpleasant news to share. But it's important you have all the facts prior to the Open Enrollment period that runs mid-April to mid-May, so that you can choose an option that works best for you, your spouse and your family. These new health-care changes will go into effect July 1, 2011.

The changes include several medical and pharmacy plan modifications. Deductibles and out-of-pocket maximums will be increased for all plan tiers. The current plan tiers had not undergone significant revisions for many years. For a chart that illustrate the new tiers, please go to:

<http://www.alaska.edu/files/benefits/FY12Deductibles.pdf>

How much will new employee charges be? The biweekly employee health care deductions have not been determined yet, but we hope they will remain as close as possible to the current employee charges. The charges will be finalized in March.

Yesterday, I communicated to you about the dependent audit that's ongoing, and the rationale behind it. A number of you asked if we'll report back the savings from the audit and the audit's actual cost. Yes, we will. Currently, the audit is projected to cost \$65,000 and we estimate we will save a minimum of \$500,000 annually because of this audit. If we don't realize at least \$500,000 in savings, the audit's cost will be discounted. We'll share final numbers when we have them in early June.

For a power point presentation on the FY 12 health plan changes, please go to:

<http://www.alaska.edu/files/benefits/FY12HCOverview.pdf>

It's never easy communicating bad news. I understand these changes affect your lives and your pocketbooks. More information will be forthcoming. In the meantime, if you have questions, please contact your local HR offices:

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