

M E M O R A N D U M

DATE: October 28, 2011
TO: Benefit Eligible Participants
FROM: Maria Boggs, Senior Benefits Analyst
SUBJECT: **2012 Benefits Open Enrollment Guide**

IMPORTANT OPEN ENROLLMENT DATES

EVENT	DATE
Open Enrollment Period	November 1, 2011 – November 30, 2011
Informational Meeting <ul style="list-style-type: none">• Medical Plan Premium Changes• Individual Policies and Medicare• 125 Flexible Spending Account Information	November 2, 2011 <ul style="list-style-type: none">• 7:00 a.m. Public Works Maintenance Shops• 9:00 a.m. 7th Floor Conferencing Center (#726)
Last Day to Make Changes	November 30, 2011

Open enrollment is your opportunity to make changes to your benefits program, update beneficiaries and personal information, and enroll or re-enroll in the Flexible Spending Account (healthcare or dependent care accounts). This year open enrollment is **November 1 to November 30, 2011**. This 2012 Benefits Open Enrollment Guide includes a brief overview of the benefits available during this open enrollment period, a summary of other benefit programs, and important insurance updates, including changes due to the new healthcare reform regulations. If you have any questions about your benefits, please contact me at mboggs@rentonwa.gov or 425-430-7659.

Before you enroll or make changes to your benefit plans, you'll want to give careful consideration to your choices for 2012. Please read the following carefully and make your selections accordingly!

Enrollment and change forms are available at the City of Renton website under the Human Resources Risk Management department page. A link to all Open Enrollment materials is available in the Benefits section.

2012 BENEFITS OPEN ENROLLMENT GUIDE

FREQUENTLY ASKED QUESTIONS

Is it necessary to turn in an enrollment form if I don't have any changes?

- No - it is only necessary to turn in enrollment forms if you need to make changes to your existing medical and dental coverage.
- **However, to continue to participate in the Flexible Spending Account you must re-enroll each year.** For more information about the Flexible Spending Account, see page 4 and the insert included with this packet.

What types of changes can I make during Open Enrollment?

- Add or remove eligible dependents to your medical, dental, and vision plans.
- Switch from the City of Renton Self-Insured plan to Group Health Cooperative, or vice versa.
- Participate in the Flexible Spending Account - this is an opportunity to set aside funds on a pre-tax basis to reimburse yourself for dependent care or healthcare expenses.
- Apply for Additional Group Life Insurance – supplement your City provided basic life insurance coverage.

Are changes allowed during the year?

You can only add or remove a dependent outside of Open Enrollment due to a qualifying event:

- Within **60 days** following the birth, adoption or placement for adoption of a child.
- When you marry, your spouse needs to be added within **31 days** of the event and coverage becomes effective the date of marriage.
- You have **31 days** when losing coverage for you or your dependent(s) under your spouse's medical plan.
- If you need to drop dependent coverage due to divorce, legal separation or death or because the dependent no longer meets the dependent eligibility rules (for example, over the age 26 limit), you have **31 days**.
- Within **31 days** from any other change allowed by Internal Revenue Service (IRS) rules and regulations.

MEDICAL, DENTAL & VISION PLANS

The Renton Employees' Health Plan Board of Trustees, comprised of Union leadership and Management, met regularly through the year to address the costs and impacts of healthcare reform to the healthcare plan. Premiums for most coverage levels will increase for 2012, however, **there are no benefit plan changes.**

As a reminder, in response to ongoing healthcare reform, in 2011 the Board of Trustees voted to "Grandfather" the healthcare plan which allows the City to preserve certain basic health coverage that was in effect when the Federal Affordable Care Act was enacted. More information about these provisions can be found in the *Other Important Notices* section on page 6.

EMPLOYEE PREMIUMS

Self-Funded Plan through HMA

During the most recent negotiations, the bargaining units and the City agreed upon a new method for determining the employee portion of the medical premium. In 2012, HMA rates are as follows:

MONTHLY PREMIUM AMOUNT INCLUDING DENTAL

	Total Premium	Employee Share
Employee	\$577.57	\$46.00
Employee and Spouse	\$1,311.32	\$62.29
Employee, Spouse and Child	\$1,706.93	\$81.08
Employee, Spouse and 2+ Children	\$2,022.75	\$96.09
Employee and Child	\$973.18	\$46.23
Employee and 2+ Children	\$1,289.00	\$61.23

Group Health Cooperative

Due to a significant difference between the premium for the Self Funded Medical Plan and the Group Health Cooperative Medical Plan, employees who select Group Health will be required to pay the difference between the City's contribution toward the Self Funded plan and the total cost of the Group Health Plan. In 2012 the Group Health premium increased by 5%. The rates are:

MONTHLY PREMIUM AMOUNT INCLUDING DENTAL

	Total Premium	Employee Share	
		Hired Prior to 11/2004	Hired After 11/2004
Employee	\$677.16	\$46.00	\$145.59
Employee and Spouse	\$1,686.14	\$62.29	\$437.11
Employee, Spouse and Child	\$2,192.93	\$81.08	\$567.08
Employee, Spouse and 2+ Children	\$2,638.96	\$96.09	\$712.30
Employee and Child	\$1,183.97	\$46.23	\$257.02
Employee and 2+ Children	\$1,630.03	\$61.23	\$402.26

OTHER BENEFIT OPTIONS

FLEXIBLE SPENDING ACCOUNT

You must re-enroll in the Flexible Spending Account each year if you wish to utilize the pre-tax feature of setting funds aside to reimburse yourself for healthcare expenses (co-pays and prescription drugs) and dependent care expenses. To enroll, you must turn in a Flexible Spending Account enrollment form if you want to continue or begin participating in the program in 2012.

Flexible Spending Account expenses are reimbursed on a calendar year basis, meaning expenses submitted for reimbursement must have occurred within the year that coverage is elected. Any money left in your account at the end of the year will be forfeited; however, you have up to 90 days after the year in which expenses were incurred to submit for reimbursement. Before you enroll, please carefully estimate the dollar amount of the eligible charges you expect to incur in 2012. **The “use it or lose it” rule makes it essential to plan carefully.** A full description of the Flexible Spending Account is included with this packet.

ADDITIONAL GROUP LIFE INSURANCE PROGRAM

If you would like to supplement your City provided Basic Life and AD&D insurance, you may purchase additional life insurance through our current provider, the Standard Insurance Company. Additional life insurance coverage is available in increments of \$25,000 up to \$250,000 at competitive rates based on your age. Spousal and dependent additional life is also available.

Additional group life insurance becomes effective on the first of the month following the date your application is approved by the insurance company. To apply for additional life insurance, complete and submit the Standard Insurance Company Enrollment and Change form to HRRM prior to November 30, 2011. When applying for additional coverage during open enrollment, you will be required to complete the Medical History Statement. **Reminder: It is important to notify HRRM if a covered dependent is no longer eligible, i.e., a divorced spouse or ineligible child, to make adjustments to your additional life payroll deductions.**

DEFERRED COMPENSATION 457 PLAN

The City continues to offer both the Hartford and ICMA deferred compensation plans to employees. The purpose of deferred compensation is to supplement income in retirement by reducing current earnings and investing over the long term. You may choose Hartford or ICMA or both and make a voluntary contribution with pre-tax dollars into your selected plan. The amount you contribute can be changed at any time during the year. **The maximum allowable contribution for 2012 is increasing to \$17,000** per year for participants under the age of 50, and \$22,500 per year for participants over the age of 50, which includes the employer and employee contributions. For participants within three years of normal retirement age, the Catch Up Provision is allowed to a maximum of \$34,000. For assistance in determining your eligibility for this provision, please contact your deferred compensation plan representative.

EMPLOYEE ASSISTANCE PROGRAM

The Employee Assistance Program (EAP) is a confidential resource outside of the workplace that assists you and your family in coping with life's many complexities and challenges. Professional help is available by calling a 24-hour, seven days a week toll-free number. That telephone number is 1-800-777-4114 and the web address is www.FirstChoiceEAP.com.

24-HOUR NURSE ADVICE LINE

This service is available to all employees and dependents to answer questions regarding your family's health. A flyer covering this service is included in this packet. To reach the Nurse Advice Line, contact 1-800-807-1370.

TOBACCO CESSATION PROGRAM

In keeping with the City of Renton's commitment to the health of employees and their families, we have partnered with Alere Wellbeing to offer the Quit For Life® Program. This program is available at **No Cost** for all City of Renton regular employees and their spouse or domestic partner. When you join, a Quit Coach® will help you create an easy-to-follow Quit Plan and will show you how to get ready, take action and then live the rest of your life as a non-smoker. Call **1-866-QUIT-4-LIFE (866-784-8454)** for more information.

The program includes:

- Free nicotine replacement therapy (patch/gum) mailed directly to your home if appropriate.
- Access to Web Coach®, a private, online community where you can complete activities, watch videos, track your progress and join in discussions with others in the program.
- An easy-to-use printed workbook that you can reference in any situation to help you stick with your quitting plan.
- Recommendations on type, dose and duration of nicotine replacement if appropriate.
- Unlimited toll-free access to Quit Coaches, who offer as much or as little support as you need.

OTHER IMPORTANT NOTICES

COORDINATION OF BENEFITS

Coordination of Benefits applies when a participant has coverage under more than one plan. When this occurs, one plan acts as the primary payer and the other plan acts as secondary payer. The primary plan is usually the participant's own coverage, and a secondary plan may be through a spouse or domestic partner. A secondary plan will typically pay claims when dollar amounts are not covered by the primary plan, such as deductible amounts or co-insurance amounts. **Secondary plans limit benefits payable to any applicable annual, lifetime or procedure limit, and do not typically cover co-payments.**

Coordination of Benefits – Dental

Our plan allows couples who are both employed by the City to cover each other on the dental program. COB under the Dental plan means:

- The Annual Dollar Maximum (\$1,600 per calendar year in 2011), as well as of the Lifetime Orthodontia Maximum (\$1,250 per lifetime in 2011) are 'doubled' for each insured.
- Services that are covered at less than 100% (Type III & IV services), will be processed under both members' coverage. This will generally result in services that would otherwise be covered at 50%, to be covered at 100% (50% covered under primary plan, secondary plan picking up the other 50%), up to the annual/lifetime maximums discussed above.
- Any benefits with procedure limits are not doubled. For instance, an Oral Exam benefit under Preventive Services would still only provide two exams per calendar year, not four.

Coordination of Benefits – Medical

Our plan does not allow two Renton employees who are a couple, to cover each other under the medical program and thus COB does not apply. Because our plan currently covers most services at 100% with no deductible or coinsurance amounts, the benefits for couples would be minimal. The only areas of coverage that would offer additional coverage would be benefits with dollar limits. These include:

- Alternative Medicine-\$400/calendar year;
- Hearing Aids-\$500/36 months;
- Vision Hardware-\$550/2 calendar years; and
- Supplemental Accident-\$300/incident.

It is the Board's position that these additional benefits do not support the additional premium cost (for both the employee and employer) of double coverage. Allowing for double coverage of such employees would require substantial additional funding on the part of the City, but provide very little benefit to the participant and would not justify the overall cost to the City budget.

Co-pay Reimbursement

Keep in mind, however, that based on current policy, our plan *does* reimburse office visit co-pays for couples, as follows:

The City will reimburse the office visit co-pays (excluding prescription drug co-pays) above the family office visit maximum, which are not reimbursed by the City of Renton's self-funded medical plan and are not reimbursed under the Flexible Spending Account, when both employees of a married couple or domestic partnership are employed and enrolled in the City's plan. A request for reimbursement will be allowed one time per year for the total sum of that year's out-of-pocket expenses, as listed above. The reimbursement is due to the City's Human Resources Department by January 31st of each year for the previous calendar year's expenses; this will be allowed when both individuals work at the City for the full, previous 12-month period. The employee bears both the responsibility and the burden to provide full documentation to Human Resources.

MENTAL HEALTH PARITY OPT-OUT NOTICE

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 this requirement for any part of the plan this is "self-funded" by the employer rather than provided through a health insurance policy. City of Renton has elected to exempt the "City of Renton Employee Health Care Plan" from the following requirement:

1. Parity in the application of certain limits to mental health benefits. Group health plans (of employers that employ more than 50 employees) that provide both medical and surgical benefits and mental health or substance use disorder benefits must ensure that financial requirements and treatment limitations applicable to mental health or substance use disorder benefits are no more restrictive than the predominant financial requirements and treatment limitations applicable to substantially all medical and surgical benefits covered by the plan.

The exemption from this Federal requirement will be in effect for the 2012 plan year beginning January 1, 2012 and ending December 31, 2012. The election may be renewed for subsequent plan years.

HIPAA also requires the Plan 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. Our Third Party Administrator, Healthcare Management Administrators (HMA) is available toll-free at 1-800-869-7093 to answer further questions regarding "certificates of creditable coverage."

CHANGES DUE TO THE PASSAGE OF THE AFFORDABLE CARE ACT

Dependent Children Coverage:

Dependent children up to age 26 may be covered on the employee's healthcare plan without being a taxable benefit. Coverage can be extended to age 26 even though the dependent may have his or her own coverage or is married.

Grandfathered Plan Status:

The City of Renton believes this plan is a "grandfathered health plan" under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to Maria Boggs at 425-430-7659.

THE WOMEN'S HEALTH AND CANCER RIGHTS ACT OF 1998

City of Renton Employee Health Plan is required by law to provide you with the following notice. This does not represent a change in your coverage. The Women's Health and Cancer Rights Act of 1998 (WHCRA) includes important protections for patients who elect breast reconstruction with mastectomy.

For a member who receives benefits in connection with a mastectomy and who elects breast reconstruction, coverage will be provided in a manner determined in consultation with the attending physician and the patient for:

1. Reconstruction of the breast on which the mastectomy was performed;
2. Surgery and reconstruction of the other breast to produce a symmetrical appearance;
and
3. Prosthesis and treatment of physical complications at all stages of the mastectomy including lymph edemas.

Benefits for the above services will be subject to the same subscriber cost-sharing provisions (i.e., deductible, copayment, and coinsurance) as may be deemed appropriate and as are consistent with those established for other covered services. Your plan is already in compliance with this mandate and provides coverage for this benefit.