

**EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
BOARD OF MANAGERS**

ACTIONS

2010/2011

The Egyptian Trust Board of Managers took the following actions at their May 5, 2010 meeting. The Trust's next Newsletter edition will also detail these actions.

Prescription Drug Benefit Changes Effective September 1, 2010

- **Cover Certain OTC Drugs.** Certain over-the-counter (OTC) drugs will now be covered for heartburn/reflux under the prescription drug card at \$0 copay. Those drugs include the following OTC medications.
 - Famotidine (Pepcid)
 - Omeprazole OTC (Prilosec OTC)
 - Lansoprazole OTC (Prevacid OTC)
 - Ranitidine (Zantac)

Members will need to obtain prescriptions for the OTC drugs to get the benefit. For these conditions, the OTC drug will also be the first step in step-therapy.

- **Reduce Generic Copay in Silver and Bronze Plans.** The generic copay in the Silver and Bronze Plans were reduced to match the generic copay in the Platinum and Gold Plans. This would reduce the copay from \$20 to \$12 for a 30-day supply and from \$45 to \$30 for a 90-day supply. This change is intended to provide a better incentive for members to use much cheaper generic drugs.
- **Require Home Delivery (Mail Order) for Scripts over 30 Days.** The Board (a) eliminated the option of purchasing more than a 30-day supply of any prescription drug at retail pharmacies and (b) implemented a higher copay for purchasing maintenance drugs at retail pharmacies. Members will still be able to buy a 30-day supply of maintenance drugs at retail pharmacies, but after the first two fills, the copay for maintenance drugs purchased at retail will be double the normal copay for a 30-day supply, as shown below. Express Scripts will send targeted mailings to members who are purchasing maintenance drugs at retail in advance of the September 1 effective date.

Platinum and Gold Plans	Retail 30 day supply (no change)	Retail 30 day supply Maintenance drugs after first 2 fills	Home Delivery up to 90 day supply (no change)
Generic	\$12	\$24	\$30
Preferred Brand	\$25	\$50	\$55
Non-Preferred Brand	\$40	\$80	\$100
Injectables	Copay plus 3%	Copay plus 3%	Copay plus 3%

Silver and Bronze Plans	Retail 30 day supply	Retail 30 day supply Maintenance drugs after first 2 fills	Home Delivery up to 90 day supply
Generic	\$12	\$24	\$30
Preferred Brand	\$30	\$60	\$70
Non-Preferred Brand	\$45	\$90	\$110
Injectables	Copay plus 3%	Copay plus 3%	Copay plus 3%

- **Require Specialty Drugs to be purchased through Curascript Specialty Pharmacy.** The plans now require that all specialty drugs be purchased through Curascript. Specialty drugs are very high cost biologic and injectable drugs that are not typically stocked by retail pharmacies. If a member tries to fill a specialty script at retail, the pharmacy will notify the member that the drug must be ordered from Curascript. Express Scripts will send targeted mailings to members who are purchasing specialty drugs at retail pharmacies in advance of the September 1 effective date.
- **Add Additional Step-Therapy Modules.** For calendar year 2009 the Trust saved over \$750,000 through the step-therapy program. All step-therapy modules will be added as Express Scripts makes them available.
- **Require Prior Authorization for Additional Drugs.** The Plan currently has a base list of drugs that require prior authorization (PA). All of the PA programs available from Express Scripts will be added.
- **Coverage Changes.** Express Scripts' pharmacist has recommended some relatively minor changes in what is covered and not covered under the drug card. Additional information will be provided separately.

Medical Benefit Changes Effective September 1, 2010

- **Eliminate Dental Benefit.** The dental benefit was eliminated from the Medical Plans. The voluntary insured dental benefit has been improved to add a second exam and cleaning per year through Delta Dental of Illinois, the Trust's new carrier. Other benefit increases include the elimination of the Low Plan \$50 deductible for preventative services; the elimination of the High Plan one year waiting period for Major Services as well as the elimination of the 2 year phase in of the calendar year maximum benefit of \$1,500. The full \$1,500 benefit is now available the first year of coverage. Low Plan premiums were reduced by about 15% on average and High Plan premiums essentially stayed the same as current pricing. Premiums for both plans are guaranteed for 2 years, so there will not be any premium increase in 2011. All members currently covered under the voluntary dental will be automatically enrolled in the new plans unless they request a change in coverage. There will also be an open enrollment for September 1, 2010 for those not currently enrolled in the voluntary dental plan.
- **Increase Copay and Coinsurance for Emergency Room Visits.**
 - **Copay – All Plans:** The ER copay was increased from \$100 to \$200 in all Tiers. (The ER copay is waived if the patient is admitted, but the patient will pay the hospital admission copay instead.)
 - **Coinsurance – Platinum, Gold and Silver Plans:** The coinsurance for ER visits was decreased from 95% to 90% in all Tiers. (ER visits in the Bronze Plan are currently paid at 80% and will remain at that level.)
- **Increase Copay for Inpatient Hospital and Outpatient Surgery Services.**
 - **All Plans:** The per admission or per procedure copay for inpatient hospital admissions and outpatient surgical procedures was increased from \$50 to \$150 for network providers (Tiers 1 and 2) and from \$150 to \$450 for out-of-network providers (Tiers 3 and 4). (Maximum 3 copays per calendar year.)

Medical Benefit Changes Effective January 1, 2011

- **Increase Annual Deductible. (See Appendix A)**
 - **Platinum, Gold and Silver Plans:** The individual deductible was increased by \$100 in all Tiers and the family deductible was increased by \$300 in all Tiers.
 - **Bronze Plan:** Consistent with rules previously adopted by the Board of Managers, the annual deductibles in all Tiers for the Bronze Plan will be increased by the dollar amount required to make the Tier 1 individual and family deductibles comply with IRS rules for high deductible plans. The 2011 limits have not yet been published.
- **Increase Out-of-Pocket Maximum (OOP). (See Appendix A)**
 - **Platinum, Gold and Silver Plans:** The individual OOP was increased by \$300 in all Tiers. The family OOP is a multiple of the individual OOP.
 - **Bronze Plan:** Consistent with rules previously adopted, the Bronze Plan individual and family OOP will be increased in Tiers 1 and 2 to two times the individual and family annual deductibles and in Tier 3 to the IRS maximum individual and family OOP for high deductible health plans.
 - **Tier 4:** The OOP maximum for Tier 4 (metro St. Louis area) was eliminated in all Plans. Members have many good network providers to choose from in the metro St. Louis area. Some members continue to use out-of-network providers in the metro area and those charges are now being paid at 100% after the member meets the Tier 4 out-of-pocket maximum. By eliminating the Tier 4 OOP, members will continue to share in the cost if they choose to use out-of-network providers in the metro St. Louis area.
- **Coinsurance. (See Appendix A)**
 - **Platinum and Gold Plans:** Coinsurance was reduced by 5 points in all Tiers.
 - **Silver and Bronze Plans:** No change in coinsurance was made.

Appendix A: Attached as Appendix A are schedules showing the Deductible, OOP and Coinsurance changes effective January 1, 2011.

Rate Increases Effective September 1, 2010

The Board adopted an overall rate increase of 9.9%. The new rates are as follows:

	Platinum Plan		Gold Plan*		Silver Plan		Bronze Plan	
	Current	2010-11	Current	2010-11	Current	2010-11	Current	2010-11
Employee	\$488	\$536	\$440	\$484	\$380	\$418	\$324	\$356
EE + Spouse	\$1,006	\$1,106	\$908	\$998	\$788	\$866	\$666	\$732
EE + Children	\$972	\$1,068	\$876	\$963	\$760	\$835	\$654	\$719
Family	\$1,084	\$1,191	\$976	\$1,073	\$848	\$932	\$720	\$791

Plan Language Changes

- Language was added to modify the definition of Genetic Information and to describe the circumstances in which genetic testing is a covered benefit. This is not a change in benefits, but simply a clarification of when genetic testing is covered by the Plan.
- Districts will now be allowed to change to the Bronze Plan effective any January 1, provided the Bronze Plan will be the only Plan option offered by the district. The Bronze Plan is designed to meet IRS requirements for a high deductible health plan that can be paired with Health Savings Accounts. These plans typically operate on a calendar year basis. This action was taken as an exception to the normal requirement that Plan changes must be made September 1.
- The Board added language to clarify that a child for whom an employee has legal custody prior to age 18 will continue to qualify as an eligible dependent child of the employee (if otherwise eligible) even though the child is no longer technically in the employee's legal custody due to reaching age 18.
- The Board added language to clarify that patients with catastrophic or extended illnesses or injuries are required to cooperate with case management as a condition of receiving benefits.

Other Issues

- **2008 Mental Health Parity Act.** At this time, the Board did not act on making any changes to comply with the federal Mental Health Parity Act. As a nonfederal governmental plan, the Trust has the right to opt out of compliance with this law. The current interim regulations create a number of difficulties for the Trust's plan design. The Committee recommends waiting until final regulations are issued to make a decision on whether and how to change the mental health and substance abuse benefits provided under the Plan. To opt out, the Trust will be required to file a notice with CMS and provide a notice to participants before September 1, 2010 explaining the decision to opt out of the parity requirements.
- **2010 Health Care Reform Law.** Certain provisions of the new federal Health Care Reform law apply to plans that were in existence when the law was enacted on March 23, 2010. Provisions that apply to grandfathered plans generally apply effective the first plan year beginning 6 months after enactment. For the Trust, that will be September 1, 2011, so changes that will be required by health care reform are not included in the actions described above.

Appendix A
2011 CHANGES IN
DEDUCTIBLES, OUT OF POCKET MAXIMUM AND COINSURANCE

Platinum	Tier 1		Tier 2		Tier 3		Tier 4	
	Current	2011	Current	2011	Current	2011	Current	2011
Deductible								
Individual	\$300	\$400	\$500	\$600	\$500	\$600	\$500	\$600
Family	\$900	\$1,200	\$1,500	\$1,800	\$1,500	\$1,800	\$1,500	\$1,800
OOP								
Individual	\$900	\$1,200	\$1,500	\$1,800	\$3,000	\$3,300	\$4,700	None
Family	\$1,800	\$2,400	\$3,000	\$3,600	\$6,000	\$6,600	\$9,400	None
Coinsurance	95%	90%	90%	85%	75%	70%	65%	60%
ER Visit	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200
(9/1 change)	then	then	then	then	then	then	then	then
	95%	90%	95%	90%	95%	90%	95%	90%

Gold	Tier 1		Tier 2		Tier 3		Tier 4	
	Current	2011	Current	2011	Current	2011	Current	2011
Deductible								
Individual	\$500	\$600	\$800	\$900	\$800	\$900	\$800	\$900
Family	\$1,500	\$1,800	\$2,400	\$2,700	\$2,400	\$2,700	\$2,400	\$2,700
OOP								
Individual	\$1,000	\$1,300	\$1,600	\$1,900	\$3,200	\$3,500	\$5,000	None
Family	\$3,000	\$3,900	\$4,800	\$5,700	\$9,600	\$10,500	\$15,000	None
Coinsurance	90%	85%	85%	80%	70%	65%	60%	55%
ER Visit	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200
(9/1 change)	then	then	then	then	then	then	then	then
	95%	90%	95%	90%	95%	90%	95%	90%

Silver	Tier 1		Tier 2		Tier 3		Tier 4	
	Current	2011	Current	2011	Current	2011	Current	2011
Deductible								
Individual	\$1,000	\$1,100	\$1,500	\$1,600	\$1,500	\$1,600	\$1,500	\$1,600
Family	\$3,000	\$3,300	\$4,500	\$4,800	\$4,500	\$4,800	\$4,500	\$4,800
OOP								
Individual	\$2,000	\$2,300	\$3,000	\$3,300	\$5,500	\$5,800	\$7,500	None
Family	\$6,000	\$6,900	\$9,000	\$9,900	\$16,500	\$17,400	\$22,500	None
Coinsurance	80%	80%	75%	75%	60%	60%	50%	50%
ER Visit	\$100	\$200	\$100	\$200	\$100	\$200	\$100	\$200
(9/1 change)	then	then	then	then	then	then	then	then
	95%	90%	95%	90%	95%	90%	95%	90%

Bronze	Tier 1		Tier 2		Tier 3		Tier 4	
	Current	2011	Current	2011	Current	2011	Current	2011
Deductible								
Individual	\$1,200	a	\$1,600	b	\$1,600	b	\$1,600	b
Family	\$2,400	a	\$3,200	b	\$3,200	b	\$3,200	b
OOP								
Individual	\$3,600	c	\$4,800	c	\$5,950	d	\$5,950	None
Family	\$7,200	c	\$9,600	c	\$11,900	d	\$11,900	None
Coinsurance	80%	80%	75%	75%	60%	60%	50%	50%
ER Visit (9/1 change)	\$100 then 80%	\$200 then 80%	\$100 then 80%	\$200 then 80%	\$100 then 80%	\$200 then 80%	\$100 then 80%	\$200 then 80%

- a Minimum high deductible health plan (HDHP) individual and family deductibles set by IRS for 2011 (not yet published)
- b Tier 1 individual deductible plus \$400; family deductible is 2 x individual deductible
- c OOP is 3 x individual or family deductible, as applicable
- d Maximum HDHP individual and family out-of-pocket maximum set by IRS for 2011