EGYPTIAN AREA SCHOOLS
EMPLOYEE BENEFIT TRUST

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Fairview Heights, IL 62208
Consultants
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Leo Hefner Phone: 618-973-8221 Email : lhefner@htc.net

DATE: April 25, 2011

TO: **All Board of Managers Members, District Superintendents and Bookkeepers**

FROM: Matt Klosterman, Chair, Jeff Dosier, Vice-Chair

RE: **May 4, 2011 Board of Managers Meeting**
Recommendations of the Benefits Committee

The next meeting of the Executive Committee and Board of Managers of the Egyptian Trust will be held on Wednesday, May 4, 2011 beginning at 10:00 a.m. at Governor's Run Golf Course, Carlyle, IL. The agenda as well as a summary of recommended benefit and premium changes is enclosed. All school districts, cooperatives and ROE's are urged to send a representative from their district.

The final meeting of the Benefits Committee was held on Thursday, April 21, 2011, at which time recommendations were finalized to present to the Board of Managers. Those recommendations are contained in a separate file included with this memo and agenda.

Claims have continued to exceed premiums and the fact that cash and investment reserves have continued to be depleted leaves no margin for error for 2011-12 finances. The committee is recommending an 18% premium increase as well as four benefit changes which are estimated to save the equivalent of about 1.5% in savings to the plans of benefits. Due to healthcare reform legislation, Wellness Benefits will be expanded and the committee is also recommending the adoption of "Consult A Doc," a program available 24/7, which should help all members with immediate access to consult with a physician when minor health problems result in the need for such a consultation. The "Consult A Doc" program also allows for prescriptions to be written when appropriate. This new program should reduce costs to both the members and the insurance plan by reducing the number of visits to the urgent care facilities, emergency rooms, and in some cases, doctor office visits.

While an 18% increase is certainly outside the norm of recent years, the most recent 8 year average premium increase, including the recommended 18% increase, is 6.6%, even below the Trust's 27 year average of just under 7%. Some may look at an 18% increase and wonder why the Trust didn't increase premiums more during the good financial years of 2005 through 2010, when the Trust had large fund balances and had premium increases which averaged 4% during that time, including increases of just 1.5% and 1.9%. However, if it had done so, that action would have taken even more dollars from Trust employers and employees to hoard in the bank, when those resources were sorely needed by those same employers and employees during those years.

High cost claims have continued from last year through this year. During calendar year 2009, the Trust had over 30 claims which exceeded the stop loss attachment point of $275,000. For 2010, the number is even greater. During 2009, 347 member claims, 1.9% of the total 18,048 members, accounted for nearly $26 million, or about 40% of total plan expenses. For 2010, 462 member claims, 2.5% of the total 18,567 members accounted for over $33 million or about 42% of total plan costs. Clearly modern medicine saves and extends human life every day. Just as clearly, modern medicine continues to increase in cost and much more rapidly than inflationary measures. This reinforces the advantage of being a part of a large insurance pool. Those of us

fortunate enough to have good health today recognize that any one of us could be one of those with the high cost claims anytime in the future. All of us benefit by sharing those costs among a large group of 185 schools and 18,000+ lives rather than sharing those costs among only the employees in any one school district.

This year's recommendations are outside the norm of the past 8 years and come during especially difficult financial times for both employers and employees. What everyone should remember though is that the commercial marketplace is one even further outside these norms. Trust consultants Leo Hefner and Tom Dahncke have worked with about 35 school districts over the past three years, of which only 25 qualified for Trust membership. On average, those districts had benefit structures which were less than the Trust's Gold Plan, yet were paying premiums which averaged 25% higher on the employee only side and 60% higher on the family side. Some statistics from those comparisons include:

- Plan Deductibles 25% Higher on Average than Gold Plan …
- Employee Only Premiums 24% Higher than Gold Plan - $598.95 vs $484 …
- Family Premiums 60% Higher than Gold Plan - $1,713.80 vs $1,073 …
- Highest Employee Only Premium ($1,000 Deductible Plan) - $819.36 …
- Highest Family Premium ($1,000 Deductible Plan) - $2,549.66 …
- Former Trust Districts denied eligibility due to high claims experience …
- Former Trust District denied eligibility on 5th re-application due to high claims experience …
- 6 of 29 District Premiums used in the averages were Current 2010-11 Premiums
- 8 of 29 District Premiums were from 2009-10
- 8 of 29 District Premiums were from 2008-09
- 7 of 29 District Premiums were from 2007-08

Given the great diversity in the way member districts pay for employee benefits, the Committee has attempted to share the need for increased revenue with benefit adjustments, which reflect the notion that those who use the plan the most should, perhaps, pay a little more of the cost. Still, deductibles, out of pocket maximums, co-insurance percentages and other benefits fare significantly better than the commercial marketplace for school employees. The Committee has made every attempt to keep the premium increase recommendation to a minimum in light of the extremely difficult financial times districts find themselves in and in light of uncertain state funding, however, as stated earlier in this memo, there is little margin for error with next year's recommendation.

The Benefits Committee's recommendations on Wellness Benefits should also be noted. The current $500 benefit for Routine Lab and X-ray will become $100; however, many additional wellness benefits, as well as those that Trust members have enjoyed for many years will now become mandatory with no office co-pay required. Although this is a nice benefit enhancement for the members, it will increase costs for the insurance plans.

The Committee is also recommending the implementation of electronic payment of premiums at the earliest possible date, but no later than January 1, 2012. When electronic payment becomes available for all, the committee also recommends the implementation of the Trust's current by-law which initiates a penalty for late submission of premiums. Premium payments are due by the 5th of the month for that month's coverage.

The Trust's size, spreading the risk of high cost and shock loss claims across all employees; low overhead operating expense; decision making ability; expansive benefits and multiple coverage options continue to make it an option many districts seek out when their commercial coverages skyrocket in cost.

Questions and comments regarding this memo or proposed recommendations should be directed to Tom Dahncke at **tdahncke@charter.net** (618-791-5541) and/or Leo Hefner at **lhefner@htc.net** (618-973-8221).

EGYPTIAN AREA SCHOOLS
EMPLOYEE BENEFIT TRUST
BOARD OF MANAGERS MEETING

Wednesday, May 4, 2011
10:00 a.m.

Governor's Run Golf Course
Carlyle, Illinois

AGENDA

1. Call to order – 10:00 a.m.

2. Approval of minutes: March 16, 2011

3. Financial Reports

4. Business Items

   A. Report of TPA services: **Meritain Health – Karen Giles**
   B. Report of prescription card services: **ExpressScripts – Jessica Renfeldt**
   C. Report of voluntary dental services: **Delta Dental – Deb Ulmer**
   D. Report of network services: **HealthLink – Susan Lehne**
   E. Report of actuarial services: **Ingenix Consulting – Jim Drennan**
   F. Report of legal services: **Husch, Blackwell LLP – Ruth Hays**
   G. Report of flexible benefits & 403b administration**: American Fidelity – Kim Pugliese**
   H. Report of Benefits Committee: **Matt Klosterman**
   I. Report of consultants: **Tom Dahncke and Leo Hefner**
   J. Report of the Nominating Committee: **Jeff Strieker**

   Any other business which might come before the Board of Managers

5. Future Meeting Dates: 2011-12

   Wednesday, September 28, 2011 (First Meeting of 2011-12)
   Wednesday, December 7, 2011
   Wednesday, January 25, 2012
   Wednesday, March 21, 2012
   Wednesday, May 9, 2012

6. Adjournment

EGYPTIAN AREA SCHOOLS
EMPLOYEE BENEFIT TRUST

OFFICERS
JULY 1, 2010 – June 30, 2011

Chairman: Matt Klosterman Vice Chairman: Jeff Dosier

EXECUTIVE COMMITTEE MEMBERS

JUNE 30, 2011

Carol Elliot	Wood River – Hartford #15
Todd Koehl	O'Fallon #90
David Lett	Pana # 8
Brent O'Daniel	Nashville #49
Kevin Settle	Mt. Vernon #80
Tammy Steckel	Jersey #100
Keith Talley	Carmi-White County #5
Matt Seaton	Red Hill #10
Alison Boutcher	Mid States Special Ed
Joe Novsek	Carlyle
Jeff Fritchtnitch	Altamont

JUNE 30, 2012

Michael Smith	Oakland #5
Lisa Telford	Selmaville #10
Sam McGowen	Mascoutah #19
Matt Klosterman	Belleville #118
Robin Becker	Germantown #60
Michelle Puckett	West Frankfort #168
Becky Dimmick	Jacksonville #117
Mike Middleton	Centralia #135
Jan Bush	Murphysboro
Bill Fritcher	Teutopolis

JUNE 30, 2013

Ken Schwengel	Atwood Hammond
Diana Adams	Sandoval #501
Jeff Dosier	Belleville #201
Jim Helton	Waterloo #5
Travis Wilson	Arthur #305
Gayla Wilkerson	Salem #111
Rich Well	Vandalia #203
David Daum	Wesclin #3
John Pearson	Wood River HS
Chris Long	Kansas

Consultants & Contractors:

Meritain Health	Karen Giles; Scott Giles
Delta Dental	Deb Ulmer
ExpressScripts	Jessica Renfeldt
HealthLink	Susan Lehne
Ingenix Consulting	Jim Drennan
Husch, Blackwell LLP	Ruth Hays
Morgan Asset Management	Chad Stafko
American Fidelity	Kim Pugliese
Egyptian Trust	Tom Dahncke; Leo Hefner

EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
EXECUTIVE COMMITTEE MEETING NOTES
CARLYLE, ILLINOIS
MARCH 16, 2011

I. CALL TO ORDER:

A meeting of the Executive Committee was held on Wednesday, March 16, 2011, at Governor's Run in Carlyle. Chairman Matt Klosterman called the meeting to order at approximately 10:00 a.m. Matt asked attendees to introduce themselves. Roll call showed 76 people in attendance representing 57 districts (listed on the last page), including 17 members of the Executive Committee, 46 other district representatives, 12 advisors and 1 guest.

The notes of the joint Board of Managers/Executive Committee meeting of January 19, 2011 were approved as submitted.

II. FINANCIAL REPORT:

Tom Dahncke reported that the auditors had completed the audit for the Trust's fiscal year ending June 30, 2010. The audited financial statements will be posted on the Trust's website and hard copies were available at the meeting. Tom pointed out that compared with the prior year, revenues increased by almost $11 million, from $74 million to $85 million, but medical claims increased by over $16 million, from $72 million to over $88 million.

Tom explained that the bad debt expense of $561,000 reported on the Statements of Changes in Net Assets reflects the write off of amounts Meritain has carried as receivables due from districts but that are not actually due. Tom stated that many districts do not pay the amount billed by Meritain but instead make adjustments at the time of payment for changes in enrollment. If a district is late in making changes in the online enrollment system, the discrepancy may accumulate over several months, substantially overstating the receivables. Part of the reason the audit was so late this year is that the auditors spent a lot of time trying to reconcile contributions to amounts billed. The auditors recommend reconciling contributions paid to the invoiced amounts each month.

The bottom line is that for the year ending June 30, 2010 the Trust lost over $11 million, ending the year with a negative fund balance of ($860,281). This takes into account the reserve of $10.5 million which is the amount the actuary estimates is required to cover incurred but not reported claims.

Tom stated that he and Leo Hefner have called all districts that have not been paying by the 5th of each month as required. A few districts were paying as much as a month late and have been required to catch up. Some years ago the Board adopted a penalty of 10% of the amount due if contributions were not paid when required, but the penalty has never been enforced. Given the current negative fund balance, it is critical that districts pay on time. When the new electronic payment system is implemented, the Board should start enforcing the penalty.

Tom also reviewed the January 2011 unaudited statements. Claims have continued to exceed premiums. Through January the Trust had a negative fund balance of ($4.3 million). The Trust had a loss of about $200,000 in February.

Tom stated that the Benefits Committee has been looking closely at large claims. For calendar year 2009, the Trust had 347 individuals with paid claims over $30,000. This represents 1.9% of the membership but 40% of the total dollars paid in claims. For 2010, 462 individuals had claims over $30,000, representing 2.5% of the membership but 42 % of the dollars paid in claims. The Trust buys stop loss insurance to cover catastrophic claims. All amounts paid in excess of $275,000 for any one individual are accumulated. If the total of all amounts over $275,000 exceeds $850,000, the Trust will be reimbursed by the stop loss carrier for amounts paid over the $850,000 corridor. For the year ending June 30, 2010 the Trust received over $700,000 in stop loss reimbursements. Karen Giles stated that the Trust has continued to have an unusual number of large claims. Through February the Trust is already $374,000 into the stop loss corridor for the current year.

Chad Stafko from Regions Bank reported that the Trust has $5.37 million in investment assets held in short term US Treasuries and intermediate government bonds. The average yield on the intermediate bonds is 3.2%.

III. BUSINESS ITEMS:

A. Report of TPA Services – Meritain Health.

Karen Giles reported that the spring newsletter should be issued by March 31. She asked districts to be sure to distribute the newsletter to employees and let them know copies are on the Trust's website at www.egtrust.org. Karen stated that the spring newsletter will again highlight important information about the changes in the prescription drug benefit and the new option for buying maintenance drugs at MDN retail pharmacies.

B. Report of Prescription Drug Services – Express Scripts.

Jessica Renfeldt reported that the January 1 addition of the MDN retail option for 90 day maintenance drugs has gone reasonably smoothly given the size of the group. She reiterated that after two 30-day fills, any maintenance drug must be purchased in a 90-day supply through MDN retail pharmacies or through Express Scripts home delivery. Only drugs on Express Scripts' maintenance drug list can be filled for 90 days at MDN pharmacies. No other drugs can be filled for more than 30 days at retail. Members can obtain a 90-day supply of any drug through the home delivery program.

Jessica also reminded members about the Bill Me Later option which allows members who use home delivery to pay copays for a 90-day supply in three monthly installment payments.

C. Report of Voluntary Dental Program – Delta Dental.

Deb Ulmer from Delta Dental stated she was available to answer questions about the voluntary dental program.

D. Report of PPO Services – HealthLink.

Susan Lehne stated that HealthLink continues to try to get more HealthLink doctors into Tier 1 and to bring new providers into the HealthLink network. She stated that HealthLink has made improvements in the case management program. Any member may ask to be screened for case management. Some members may hesitate to respond to case management, but the case manager is intended to assist the patient and the family in understanding and evaluating alternative courses of care and can be a very helpful resource.

Susan stated that HealthLink offers free products and materials intended to encourage healthy habits, including pedometers, coloring books for children, information about nutrition and guidelines on preventive care for adults and children. Members can contact Susan if they are interested in these items. Susan can also provide print copies of the information distributed on e-housecalls. Susan is also available to answer questions about HealthLink or about the voluntary vision program.

E. Report of Actuary – Ingenix.

Jim Drennan explained that claims are now running about $8 million each month so the estimate of $10.5 million in incurred but not reported claims represents about one and one-quarter months claims. Jim stated that through the first half of the year claims are up only about 6% on an incurred basis, but it is still too early to estimate what premium increases will be required.

F. Report of Flexible Benefits Administration – American Fidelity.

Kim Pugliese introduced Elizabeth Rogers who will be the new Illinois state manager for American Fidelity beginning April 1. Kim noted that for the last couple of years American Fidelity's focus has been on 403(b) plan compliance, but the focus now is on federal Health Care Reform. American Fidelity provides Section 125 plan services to about 75% of the districts in the Trust. American Fidelity has developed brochures and a new website at HCReducation.com to provide education about the new requirements. A district must use American Fidelity for its Section 125 plan in order to access this information.

G. Report of Benefits Committee.

Matt reported that the Benefits Committee has met a couple of times and will be meeting several more times to develop recommendations for rate increases and benefit changes. The recommendations will be provided to districts in advance of the May 4 Board of Managers meeting.

H. Report of Consultants.

Tom Dahncke reported that the Trust is making presentations to two potential new districts and has received claims information from another district to be reviewed by Jim Drennan.

IV. **NEXT MEETING AND ADJOURNMENT:**

The final Board of Managers meeting for the year is scheduled for Wednesday, May 4, 2011

There being no further business, the meeting was adjourned.

Respectfully submitted,

Ruth Hays

ATTENDANCE
March 16, 2011

Executive Committee: The following members of the Executive Committee attended the meeting: Matt Klosterman (Belleville #118), Jeff Dosier (Belleville #201), Joe Novsek (Carlyle #1), Keith Talley (Carmi-White County #5), Becky Dimmick (Jacksonville #117), Tammy Steckel (Jersey #100), Alison Boutcher (Mid-State Special Ed.), Kevin Settle (Mount Vernon #80), Jan Bush (Murphysboro #186), Brent O'Daniell (Nashville #49), Michael Smith (Oakland #5), Gayla Wilkerson (Salem #111), Lisa Telford (Selmaville #10), Bill Fritcher (Teutopolis #50), James Helton (Waterloo #5), Michelle Puckett (West Frankfort #168), Carol Elliott (Wood River-Hartford #15).

Board of Managers: 63 representatives (including Executive Committee members listed above) from the following 57 districts attended the meeting.

Altamont #10
Belle Valley #119
Belleville #118
Belleville #201
Belleville Area Special Services
Benton #103
Bond County #2
Cairo #1
Carlyle #1
Carmi-White County #5
Carrollton #1
East Richland #1
Elverado #196
Fairfield #112
Flora # 35
Grayville #1
High Mount #116
Iuka #7
Jacksonville #117
Jasper County #1
Jersey #100
Jonesboro #43
Kansas #3
Marissa #40
Martinsville #C-3
Mascoutah #19
MidState Special Ed.
Mount Vernon #80
Murphysboro #186
Nashville #49
North Greene #3
Oakland #5
Pana #8
Panhandle #2
Paris #4
Perandoe Special Ed.
Red Bud #132
Salem HS #600
Salem Elementary #111
Sandoval #501
Sangamon Valley #9
Selmaville #10
Sesser-Valier #196
Shiloh #85
South Eastern Special Ed.
Stewardson-Strasburg #5A
Teutopolis #50
Trico #176
Tri County Special Ed
Vandalia #203
Wabash #348
Waterloo #5
Wesclin #3
West Frankfort #168
West Washington #10
Wolf Branch #113
Wood River-Hartford #15

EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
BENEFITS COMMITTEE

2011/2012 RECOMMENDED AND REQUIRED CHANGES

A. Recommended Rate Increases – Effective September 1, 2011

The Committee recommends adopting an overall rate increase of 18%. The proposed new rates are as follows:

	Platinum Plan		**Gold Plan***		**Silver Plan**		**Bronze Plan**	
	Current	**2011-12**	Current	**2011-12**	Current	**2011-12**	Current	**2011-12**
Employee	$536	**$632**	$484	**$571**	$418	**$493**	$356	**$420**
EE + Spouse	$1,106	**$1,305**	$998	**$1,178**	$866	**$1,022**	$732	**$864**
EE + Children	$1,068	**$1,260**	$963	**$1,136**	$835	**$985**	$719	**$848**
Family	$1,191	**$1,405**	$1,073	**$1,266**	$932	**$1,100**	$791	**$933**

B. Recommended Medical Benefit Changes – Effective September 1, 2011

- **Increase the Office Visit Copay for Specialist Physicians to $40.** The Committee recommends increasing the office visit copay for all specialists. The copay will remain at $25 for primary care physicians, including general and family practice physicians, internists, pediatricians and gynecologists. All other physicians are considered specialists with a recommended copay of $40.
- **Increase Copay and Member Coinsurance for Emergency Room Visits.**
    - **Copay – All Plans:** The Committee recommends increasing the ER copay from $200 to $300 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 Committee recommends increasing the member coinsurance from 10% to 15% and decreasing the Plan coinsurance for ER visits from 90% to 85% in all Tiers. (ER visits in the Bronze Plan are currently paid at 80%.)
- **Increase Copay for Inpatient Hospital and Outpatient Surgery Services by $100.** The Committee recommends increasing the per admission or per procedure copay for inpatient hospital admissions and outpatient surgical procedures from $150 to $250 for HealthLink Network providers (Tiers 1 and 2) and from $450 to $550 for Non-Network providers (Tiers 3 and 4). (Maximum 3 copays per calendar year.)
- **Pre-certification of Additional Services and Certain Chemotherapy Drugs.** The Committee recommends adopting HealthLink's complete standard list of Services Requiring Pre-Certification (copy attached). HealthLink has recently expanded the list of services, supplies and procedures that HealthLink recommends for pre-certification of medical necessity. The list now includes certain chemotherapy drugs, whether

administered inpatient or outpatient. These drugs are reviewed to determine whether there is medical evidence to support the use of the proposed drug therapy for the patient's type of cancer and condition.

- **Consult A Doctor™.** The Committee recommends adopting the Consult A Doctor program. Consult A Doctor provides members with unlimited access to experienced state-licensed physicians by telephone or e-mail. Doctors are available to provide advice around the clock, including weekends, holidays or after business hours, and can prescribe medications for common conditions such as allergies, bronchitis, cold/flu, headaches, respiratory and sinus infections, stomach ache/diarrhea, urinary tract infections and many other conditions. The program is not intended to substitute for a patient's own physicians, but provides an alternative to urgent care or emergency room care when the patient is traveling or cannot reach his or her physician. The Committee believes this program will be very beneficial to members and may result in cost savings to the Trust by avoiding unnecessary office visits and ER visits.
- **Health Care Reform Recommendations.** As described below, the federal Health Care Reform law will require a number of changes in the Plan. Most of the changes are not optional. However, in connection with the required changes, the Committee recommends three changes for Board approval:
    - **Alcohol and Substance Abuse Treatment:** Substitute inpatient hospital day limits and outpatient visit limits for the current dollar limits that must be eliminated under the new law.
    - **Eliminate all Wellness Benefits in Tier 4 Non-Network.**
    - **$100 Calendar Year Benefit for Routine Diagnostic Lab and X-ray Services.**

  These recommendations are explained in part D below.

C. Change Required by the Illinois Civil Union Act – Effective June 1, 2011

- **Coverage of Civil Union Partners and their Children.** Illinois has enacted a civil union law that allows same sex and opposite sex partners to register as civil union partners. In addition, a same sex marriage or domestic partnership or civil union that was legally entered into under the laws of another state, whether or not the relationship is considered a marriage under federal law, will be recognized by Illinois as a civil union. An eligible employee's civil union partner will be eligible for coverage and the same benefits under the Plan as an employee's legal spouse. The employee will be required to provide a certificate of civil union or other documentation issued under the applicable state law.

  Children of an employee's civil union partner will also be eligible for coverage under the Plan to age 26.

  Districts should be aware that an employee's civil union partner and his or her children may not be tax dependents of the employee for federal tax purposes. If they are not dependents as defined in the Internal Revenue Code, the employer is required by federal law to report the value of coverage provided by the employer for such individuals as

taxable income to the employee. Districts should consult their own attorneys about the proper tax treatment of coverage provided to civil union partners and their children.

D. Changes Required by Federal Health Care Reform Law – Effective September 1, 2011

- **Coverage of Dependent Children to Age 26.** A child of an eligible employee will be eligible for coverage to age 26, regardless of the child's marital status, student status, residency, or dependency on the employee for support. During the open enrollment period this fall employees may enroll any child of the employee up to age 26. (As required by Illinois law, an employee's unmarried child age 26 to age 30 will be eligible for coverage if the child is an Illinois resident who was discharged from active or reserve duty in the U.S. Armed Forces or National Guard.) Districts should consult their attorneys about the proper tax treatment of coverage provided to adult children who do not qualify as dependents of the employee for federal tax purposes.
- **Overall Lifetime Dollar Limit on Benefits.** The $5 million lifetime limit on all benefits paid on behalf of any one person under the Plan will be eliminated. There will no longer be any dollar limit on the total amount of benefits the Plan may pay for any one person.
- **Pre-existing Condition Exclusions.** All pre-existing condition exclusions will be eliminated for all covered individuals.
- **Benefits for Alcohol and Substance Abuse Treatment.** The current lifetime and annual dollar limits on treatment for alcohol and substance abuse must be eliminated.

  The Committee recommends substituting the same hospital day limits and outpatient visit limits that apply for treatment of mental disorders, as follows:

  Inpatient Alcohol and Substance Abuse treatment:
  Current: $25,000 lifetime limit on all alcohol and substance abuse treatment.
  Recommended Substitute: The Plan will cover up to a total of 50 lifetime days of inpatient hospital care for treatment of all alcohol and substance abuse and mental disorders.

  Outpatient Alcohol and Substance Abuse treatment:
  Current: $5,000 annual limit on outpatient treatment.
  Recommended Substitute: The Plan will cover up to a total of 52 outpatient visits per calendar year for treatment of all alcohol and substance abuse and mental disorders.

  This will require the Trust to continue to opt out of full compliance with the federal Mental Health Parity law. The Trust is permitted to do this because it is a nonfederal governmental plan. The Trust will notify CMS and Plan participants before September 1, 2011 that the Trust is opting out of the parity requirements for another year.
- **100% Benefit for Recommended Preventive Services Provided In-Network.** As required by federal law, under the Wellness Benefit the Plan will pay 100% of the cost of certain services provided by a HealthLink Network physician or other HealthLink provider if the services are preventive services recommended under guidelines published by the U.S. Preventive Services Task Force, the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention and the Health Resources

and Services Administration (the Guidelines). The 100% benefit will include routine physical exams, some routine screening tests, immunizations and counseling to promote health or prevent health problems, as prescribed in the Guidelines. When provided by a Network provider, all preventive services recommended by the Guidelines will be paid by the Plan without any deductibles, copays or coinsurance.

Non-Network Preventive Services. Wellness services provided by Tier 3 Non-Network providers will continue to be covered by the Plan subject to the same deductibles and coinsurance (if any) as under the current Wellness Benefit. The Committee recommends amending the Plan to eliminate all Wellness Benefits for services provided by Tier 4 Non-Network providers. The rationale is that in the Metro St. Louis area members can choose from many HealthLink providers so there is no need for a Tier 4 Non-Network benefit for routine non-emergency services.

$100 Calendar Year Benefit for Routine Diagnostic Lab and X-ray Services. Under the current Wellness Benefit the Plan provides a benefit of up to $500 per calendar year that may be used for routine diagnostic laboratory and x-ray testing and the HPV and Shingles vaccines. Effective September 1, 2011, all laboratory tests and immunizations that are recommended preventive services under the Guidelines (including the HPV and Shingles vaccines at appropriate ages) will be covered at 100% without any annual dollar limit. Some services are covered under the Guidelines only if the patient meets certain criteria, including age, gender and health risk factors. The Guidelines do not recommend for all patients all of the routine lab tests that are commonly prescribed. The Committee recommends allowing a benefit of up to $100 each calendar year that can be used for any routine diagnostic laboratory and x-ray testing that is not otherwise covered as a recommended preventive service for the patient under the Guidelines.

Preventive Drugs Required under the Guidelines. The Guidelines include as recommended preventive services the following drugs:

- **Aspirin** prescribed to prevent cardiovascular disease for men age 45 to 79 with certain health risk factors and for women age 55 to 79 years with certain health risk factors.
- **Oral fluoride supplementation** prescribed for children from birth to age 5.
- **Iron supplementation** prescribed for children from birth to 12 months of age.
- **Folic acid supplementation** prescribed for women of child bearing age.

If prescribed by a physician these drugs will be covered under the prescription drug benefit. Over the counter (OTC) versions of these drugs will be added under the OTC $0 copay program with a prescription.

- **Internal and External Claim Review Procedures.** The Plan will have more detailed procedures to allow participants to appeal claims they believe were wrongly decided. The new procedures will include the right to request an external review from a professional independent review organization (IRO) after all internal appeals are completed. The IRO must be completely independent of the Plan and the employers.

HealthLink Standard Medical Necessity Review Check List for Egyptian Trust

Effective September 1, 2011

HealthLink Utilization Management

Toll-free: **877-284-0102** • Fax Number: 800-510-2162 • Hours: 8:00 a.m. to 5:00 p.m. CST • Recorded messages after 5:00 p.m. CST

Services Requiring Pre-Certification

Inpatient Services (Medical, Surgical, Behavioral)

- Bariatric Surgery
- Elective Admissions
- Emergency Admissions
- Hospice
- LTAC Admissions
- Lumbar Spine Surgery
- Rehabilitation Facility Admissions
- Skilled Nursing Facility Admissions
- Transplants

Surgical Procedures - Ambulatory

- Bariatric Surgery
- Cartilage Transplant Knee
- Lumbar Spine Surgery
- Nasal Septoplasty
- Rhinoplasty
- Sinus Endoscopy
- Sleep Apnea Surgery - LAUP/UPPP, Nasal, and Uvulopalatoplasty

Ancillary Services

- Home Infusion Services
- Home Health Services
- Home Hospice
- Occupational Therapy
- Physical Therapy
- Speech Therapy

Durable Medical Equipment

- Bone Stimulator
- Cardio/External Defibrillator
- Cochlear Implant
- Cooling Devices (i.e. Polar Care)
- CPAP/BIPAP
- Electric Scooters
- Functional Electrical Stimulator Bikes
- Limb Prosthetics
- Myoelectric prosthetics
- Neuromuscular Stimulators
- TENS Unit
- Wheelchairs (Custom)
- Wheelchairs (Power)
- Wound Vacs

Diagnostic Imaging - Ambulatory

- MRA of the Head and/or Neck
- MRI of the Brain
- MRI of Spine – Cervical, Thoracic, Lumbar, Sacral
- PET Scans

Specialty Infusion Drugs*

- Alemtuzumab (Campath)
- Azatidine (Vidaza)
- Bevacizumab (Avastin)
- Bortezomib (Velcade)
- Fulvestrant (Faslodex)
- Mitaxantrone (Novantrone)
- Oxaliplatin (Eloxatin)
- Paclitaxel (Taxol and Abraxane)
- Panitumubab (Vectibix)
- Pemetrexed (Alimta)
- Rituximab (RituXan)
- Trastuzumab (Herceptin)
- Zoledronic Acid (Zometa)

* Covered under the medical plan.

HealthLink's Utilization Management program is designed to provide clinical review of medical care to convey information and recommendations to plan administrators and carriers in connection with their determination of benefit eligibility. Medical necessity certification does not guarantee that services are covered. Benefits are subject to the patient's eligibility at the time charges are actually incurred, and to all other terms, conditions and exclusions of the applicable health plan.

Provider tools are available to help facilitate the Pre-Certification review process. These tools include: Fax Forms, Interactive Voice Response (IVR) and online tools to determine the UM vendor. For more information visit www.healthlink.com, from the Provider home page, click on the Utilization Management link.