Health care changes: What you need to know

As the open enrollment period begins, employees will see changes resulting from the federal Health Care Reform legislation approved last March and the University’s continuing efforts to control costs in an environment where they are constantly escalating.

“The overall costs of health care continue to rise and, like most institutions, we work hard to find the balance between keeping health care costs affordable for our employees and their families and balancing the University’s needs to control its costs and grow as an organization,” says President Joel Seligman.

While we have had to increase costs for employees, we have also tried to keep the increases manageable and to offer plans and services that are competitive, if not a significant improvement, over those offered by our peers,” Seligman says.

Employee contributions
Health insurance costs for the University rose from $17 million to $84.3 million from 1998 to 2010. The University’s employment base increased substantially during that time, accounting for about 45 percent of the increase. But even with that subtracted from the total, health care costs still grew from about $17 million to $58 million during that period—the fastest growing costs in the University budget.

However, the University has been making progress in slowing the growth of health care costs. From 1998 to 2007, health insurance costs, excluding the impact of population growth, grew at an annual rate of almost 13 percent. With the implementation of new health care plans and wellness initiatives, the annual cost increase has slowed to just over 5 percent since 2007.

Adding to the pressure on costs is the provision under the federal Health Care Reform legislation passed in March allowing adult children without access to other coverage to be covered under their parents’ health insurance plans until the age of 26.

According to national estimates, about 30 percent of young adults under the age of 26 have no health insurance at all.

In addition to these changes, the University will reach the goal it announced three years ago of gradually increasing employee contributions to about 20 percent of health care costs. Employee contributions, which currently fund about 18.8 percent of the overall health care costs, will increase to about 20 percent.

“This cost-sharing percentage is consistent with other major employers in the community,” Seligman says.

While costs have increased, the University’s move to self-insurance has helped protect it from some of the larger increases seen in community-rated plans, he says.

For employees who earn less than $44,100, the University will provide an increased subsidy for health care costs to ensure that those employees can receive health insurance if they need it at affordable rates.

Access to preventive care is a key component of the University health plans. All plans will continue to provide full coverage for all in-network preventive care. In addition, the University is offering financial incentives for participation in prevention and wellness initiatives. Faculty, staff members, spouses or domestic partners, and non-Medicare eligible retirees who are enrolled in a University health care plan may be eligible for:

• $100 for completing a Personal Health Assessment
• $100 for completing a Personal Wellness Program
• $100 for completing a Personal Health Program.

See “Plans announced,” page 8

Prevention and wellness
As it works to control costs, the University is putting extra focus on prevention and wellness initiatives. “Prevention, rather than treatment of disease is not only a less expensive approach, but a smarter way to deliver care,” says Chuck Murphy, associate vice president for human resources. “Early diagnosis is one of the best ways to avoid chronic disease and all the costs associated with it.”

There are many ways to find out more about the health care options available to you. Home mailings, which began this month, provide specific details about the plans.

Updates will be posted in @Rochester throughout the open enrollment period. You can also contact the benefits office at 275-2084 or benefitsoffice@rochester.edu

Open enrollment runs from Oct. 28 to Nov. 29, 2010.
Dental plan changes

Based on employee feedback, the University is making changes in its two dental plans. Effective Jan. 1, 2011, both the Traditional Assistance Dental Plan and the Medallion Dental Plan will provide extended coverage for some dental services.

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Coverage under both plans has improved—providing coverage for up to 80 percent for basic services, such as fillings and extractions.

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“We feel that is very important for employees and this also underlines our focus on prevention and wellness.”

Also now this year:

• Those enrolled in the Traditional Dental Assistance Plan will contribute to the premium for 2011 through pre-tax payroll deductions. Prior to 2011, the traditional plan was provided to employees and their families at no cost to the employee.

• Dental coverage will extend for enrolled children until age 26. Although federal Health Care Reform does not require it, the University is using the same definition for children that applies to the medical plans.

• Under the 2011 Traditional plan, major restorative services, such as crown restoration, will be covered at 75 percent after the deductible is met. In 2010, the services were reimbursed at an average of 50 percent.

If you’re already enrolled in either dental plan, you will continue to be enrolled unless you decide to change plans or waive coverage. New employees’ dental coverage will be waived if they do not make an election to enroll in one of the two plans.

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“What’s New?

University Dental Plans

The rates represented below reflect the amount that would be deducted each month from employees’ paychecks from Jan. 1-Dec. 31, 2011.

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Effective April 1, Excellus will be the Pharmacy Benefit Manager for all prescription drug coverage.

You will continue to receive prescription drug coverage when you choose a University health care plan, and the plan design will remain the same as 2010. The only change is that prescription drug benefits will be managed by Excellus regardless of whether your health plan is administered by Aetna or Excellus. The Excelsior drug formulary will be used to determine the copay you pay for your medication. The Excelsior drug formulary will no longer be used. You will receive a new pharmacy benefits card by April 4.

If you are currently enrolled with Activa, you will be transitioned to the new pharmacy benefits manager with no gap in care. Details on the transition and how it may affect you will be sent to you soon.

“The pharmacy plan is a separate plan that will provide better service at a substantial savings for the University,” says Chuck Murphy, associate vice president for human resources.

Employee pharmacy offers new delivery service

Beginning in January, those who work outside the Medical Center campus will be eligible to receive free prescription delivery services from the Employee Pharmacy in the Medical Center.

Employees at the River Campus, Clinton Crossings, Corporate Woods, Eastman School, Brooks Landing, and Red Creek will be able to order their prescriptions from the pharmacy and have them delivered to their workplace by University courier service.

Employees enrolled in one of the University’s health care plans receive a 25 percent discount off their copays if filling their prescriptions through the Employee Pharmacy.

Those not enrolled in one of the University’s health care plans can still use the delivery service but will not receive the discount. Payment for prescriptions will be limited to credit cards, and payments will be processed online. More information will follow.

Changes to HSA

If you are enrolled in the University’s ESA-Eligible plan, you can elect to participate in a 2011 Health Savings Account. It’s like a personal, tax-free savings account for health care expenses that earn interest. For 2011, you can contribute up to $3,050 for yourself or up to $6,150 for your family. Any unused money can be rolled over from year to year.

There are several changes in store for HSAs under the federal Health Care Reform legislation passed in March 2010.

• Beginning Jan. 1, 2011, you’ll need a prescription to use HSA dollars to pay for over-the-counter medications. In previous years, you could use your HSA to pay yourself back for over-the-counter items such as cough, cold, and flu remedies, allergy and sinus medicine, digestive aids, sleep aids, and other products. Ask your doctor for a prescription for these medications.

• Although dependents up to age 26 can be covered by your health plan in 2011, the tax law did not change the definition of dependents for HSAs. You could have an adult dependent covered under your health plan who is not a dependent for tax purposes. If you use pre-tax dollars from your HSA to pay for health care expenses for a non-tax dependent child, you’ll be subject to a penalty plus taxes for any related expenses.

• To avoid tax penalties, your covered adult dependent child may open his or her own HSA and contribute up to the allowed family maximum of $1,510 for 2011.

• The penalty for nonqualified expenses is higher. Effective Jan. 1, 2011, the penalty for using HSA funds for nonqualified medical expenses will be increased from 10 percent to 20 percent. See the Activa member Web site or visit the IRS Web site (www.irs.gov) for a copy of Publication 502.

For more information, consult the 2011 edition Health Program Decision Guide at www.rochester.edu/benefits/health or call the Benefits Office at ASK-URBIR (275-8745).

Changes to FSA

Flexible Spending Accounts (FSA) offer another way to save on eligible health care or dependent care expenses. You can choose how much to contribute for the plan year, and your contributions are automatically deducted from your paycheck in equal amounts—before taxes—and deposited into your FSA. For 2011, you can con-tribute up to $5,500 to a Health Care FSA, and up to $5,000 to a Dependent Care FSA.

You are reimbursed from the account for eligible expenses. The accounts give you an opportunity to set aside and use tax-free dollars for eligible expenses while reducing your taxable income and increasing your take-home pay.

As of Jan. 1, 2011, you will need a doctor’s prescription when you use your Health Care FSA dollars to pay for certain over-the-counter medicines. Other health care products, such as contact lens solutions or bandages, can be purchased with FSA money without a prescription.

Details are available at the IRS Web site, [http://bit.ly/bm2z0](http://bit.ly/bm2z0). To use your FSA:

• Ask your doctor for a prescription, even if it is an over-the-counter product.

• Pay for the item.

• Download a FSA claim form at www.activa.com or www.excellusbcbs.com or the Benefits Office Web site at https://www.rochester.edu/ working/hr/benefits/forms.html.

• Send your cash register receipt, the prescription, and a completed claim form to the address on the claim form.

• The money will be deducted from your FSA. Your reimbursement will be deposited directly to your bank account, or you will receive a check.

For more information, visit www.actsfa.com or www.excellussbcbs.com, consult the 2011 Health Program Decision Guide at www.rochester.edu/benefits/health or call ASK-URBIR (275-8745).

To enroll in one of the plans, employees must do so by Nov. 2, 2010, or be immediately eligible for coverage under the plans. Employees have until Nov. 30 to terminate coverage under one plan.

If you are currently enrolled in a University health care plan, you must enroll in one of the two plans. If you do not enroll, you will lose your University health care coverage.

What’s New?

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University health care plans: How they work and what it means for you

University High Deductible Plan
The High Deductible Plan provides a higher deductible and out-of-pocket maximum, which requires the member to potentially pay higher overall costs for services incurred under the plan. However, there are lower payroll deductions associated with enrollment.

<table>
<thead>
<tr>
<th>Deductible</th>
<th>SINGLE</th>
<th>FAMILY</th>
<th>Out-of-Pocket Maximum</th>
<th>Out-of-Network</th>
<th>In-Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Network (Earnings less than $44,100)</td>
<td>$1,000</td>
<td>$2,500</td>
<td>$4,000</td>
<td>$1,000</td>
<td>$2,500</td>
</tr>
<tr>
<td>In-Network (Earnings $44,100 or more)</td>
<td>$5,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$5,000</td>
<td>$10,000</td>
</tr>
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- Co-insurance: 80% In-Network / 60% Out-of-Network
- Prescription Drugs: $15.52 / $46.54 / $27.94 / $34.14

Employee Contributions (Monthly Pre-Tax Payroll Deductions)
- Scott's total cost: $18.52
- Family's total cost: $46.54
- Employee and Child(ren): $27.94
- Single Family: $34.14

Office Visit (PCP and Specialist)
- Subject to deductible and co-insurance

Well Care (Preventive Care)
- 100% no deductible

Flexible Spending Account (FSA)
- FSA Eligible
- LSM 56,000

Prescription Drugs
- $10/$20/$35
- 2 times retail

Ron's Choice

Ron, his wife, and two children stayed healthy over the year and only sought minimal care.

What each plan will cost Ron

University Low Deductible
- Contributions: $3,022
- Cost of care: $2,255
- Out of pocket maximum: $3,250

University High Deductible
- Contributions: $1,931
- Cost of care: $1,300
- Out of pocket maximum: $4,000

Ron's total cost: $6,872

University HSA-Eligible
- Contributions: $2,498
- Cost of care: $1,899
- Out of pocket maximum: $2,200

University Copay
- Contributions: $1,899
- Cost of care: $1,250
- Out of pocket maximum: $1,500

Ron's total cost: $4,010

Kim's Choice

Kim maintains a healthy lifestyle and works regularly, but recently broke her leg.

What each plan will cost Kim

University Low Deductible
- Contributions: $3,800
- Cost of care: $2,100
- Out of pocket maximum: $5,000

University High Deductible
- Contributions: $2,000
- Cost of care: $1,100
- Out of pocket maximum: $2,000

Kim's total cost: $5,800

University HSA-Eligible
- Contributions: $2,000
- Cost of care: $1,100
- Out of pocket maximum: $2,000

University Copay
- Contributions: $2,000
- Cost of care: $1,100
- Out of pocket maximum: $2,000

Kim's total cost: $5,100

What each plan will cost Scott

University Low Deductible
- Contributions: $3,500
- Cost of care: $2,500
- Out of pocket maximum: $3,500

University High Deductible
- Contributions: $2,500
- Cost of care: $1,500
- Out of pocket maximum: $4,000

Alicia's total cost: $6,872

University HSA-Eligible
- Contributions: $2,940
- Cost of care: $1,440
- Out of pocket maximum: $4,380

Alicia's total cost: $4,694

What each plan will cost Alicia

University Low Deductible
- Contributions: $1,931
- Cost of care: $1,300
- Out of pocket maximum: $4,000

University High Deductible
- Contributions: $1,300
- Cost of care: $850
- Out of pocket maximum: $2,000

Alicia's total cost: $5,072

University HSA-Eligible
- Contributions: $95
- Cost of care: $494
- Out of pocket maximum: $4,830

Alicia's total cost: $4,949

What each plan will cost Alicia

What each plan will cost Scott

University Low Deductible
- Contributions: $563
- Cost of care: $390
- Out of pocket maximum: $1,000

University High Deductible
- Contributions: $186
- Cost of care: $110
- Out of pocket maximum: $1,500

Scott's total cost: $743

University HSA-Eligible
- Contributions: $95
- Cost of care: $240
- Out of pocket maximum: $698

Scott's total cost: $210

Employee Contributions (Monthly Pre-Tax Payroll Deductions)
- Scott is single and tends to seek health care services infrequently.
- Family is married with four children. Her family tends to seek health care services frequently.

Employee examples

Salary and expected annual health care costs will determine which plan works best for you. Visit https://youhealth.rochester.edu/.

What if you're married?

What if your family is large?

What if you have children?

What if you're single?

What if you're young?

What if you have a health condition?

What if you're a high user?

What if you're a low user?

What if you have a spouse?

What if you have a child?

What if you have a parent?

What if you have a partner?
Money smarts: Ways to trim health care costs

Complete a Chronic Condition or Life-style Management program

The data you submit via your personal health assessment could qualify you for a Chronic Condition (asthma control, diabetes, heart disease, etc.) or Lifestyle Management (smoking cessation, stress management, etc.) program. Options range from biometric screening to face programming at the new Healthy Living Center, to telephone or electronic interventions, through the Healthy Living Center or Carevue. In addition to proratable monetary incentives for completing the programs (usually $100), you may qualify for discounted prescription drugs to treat these conditions.

Save up to 25 per cent on prescription copays

The University’s Employee Pharmacy, housed in the Medical Center, promises potential savings for employees and their families who are enrolled in University health care plans (read more on page 3). It’s also convenient, with four customer parking spots in the Citation Loop (directly across from Helen Wood Hill). Employees covered by the three-tier copay structure under University health care plans, for instance, will receive a 25 percent reduction in copays. To learn more, call 276-3900.

Stay fit with Well-U

An ounce of prevention goes a long way in cutting health care costs and staying well. Well-U, the University’s award-winning employee wellness program, can show you how with offerings like workplace yoga, free flu shot clinics, healthy eating challenges, and more. To learn more, visit www.rochester.edu/ working/healthwellness.

FAQ: Health care plans

Do employees have to choose a new health care plan for 2011?

No. If you’re happy with your current health plan, no action is needed. The open-enrollment period provides you with a chance to change plans, if desired.

When is the open-enrollment period?

The University’s 2011 Health Care Program Open Enrollment will be held Thursday, Oct. 28, through Monday, Nov. 29, 2010.

How do I make changes to my current plan?

Make your 2011 health, dental, FSA, and HSA changes and elections online at http://rochester.edu/people/periodic-open-enrollment.

What are the plans offered?

There are four health care plans for employees to choose from. The plans are designed to provide an equitable distribution of costs across all employee levels but also provide plenty of flexibility for people to find a plan that works well for them.

The four plans are: Preferred Provider Organization (PPO), which includes a low deductible plan, a high deductible plan, a HSA-eligible account, and a copay plan.

Will I be able to use my doctor?

Yes. Aetna and Excellus will continue to be the University’s third-party administrators (TPA), and both offer national provider networks. Under the four options, you will have the freedom to visit any provider you choose, no matter which plan you select. But if your doctor is a participating provider in Aetna’s or Excellus’s networks, you will generally save on out-of-pocket expenses. Visit Aetna’s Web site, www.aetna.com, and the Excellus Web site, www.excellushealth.org, to view the doctors and facilities that are participating in-network providers for each TPA.

Can I add my young adult child back as a dependent under my health care plan for 2011?

Under federal health care reform legislation, you can add your biological child, stepchild, adopted child or foster child up to age 26 as a covered dependent if he or she does not have access to other employer health coverage (except another parent’s coverage). Though not covered under federal health care reform, you can also continue coverage for other recognized children (unnamed grandchildren, nieces, nephews, or other children) up to age 24 who live with you in a parent-child relationship, whom you claim as a federal tax dependent, and who does not have access to other employer health coverage. (You will need to complete a Dependent Verification Form to continue coverage for other recognized children. The form can be found on the Benefits Office Web site, www.rochester.edu/benefits.)

Do all employees—regardless of their salary—have to contribute the same amount under the plans?

The health care plan tax force was careful to make sure that the costs of health care did not fall disproportionately on any single group of full-time employees. Full-time faculty and staff earning less than $44,000, for example, will pay less in payroll deductions and out-of-pocket costs, while those earning more than $110,000 will be required to pay more.

Are flexible spending accounts still available?

Yes. They are an option for those who want to set aside a fixed amount of pretax money to pay for eligible health care expenses. The accounts cover expenses in that calendar year.

What is the difference between HSA or FSA?

The University offers two types of spending accounts to help you save on taxes when you have eligible health care, dental, and dependent or caregiver expenses. If you participate in a Flexible Spending Account, you choose how much to contribute for the plan year. Each pay period, your contributions are automatically deducted from your paycheck in equal amounts—before taxes—and deposited into your FSA. Then, when you incur an eligible expense, you get reimbursed from your account. A Health Savings Account is likened to your own health care checking or savings account. You can make pre-tax contributions through payroll deductions to your HSA. How you use the funds is up to you—the same as you can use them to pay for eligible health care expenses until you meet your deductible, or you can save them for future expenses. You will never pay federal income taxes on your HSA as long as you use the funds for qualified health care expenses. You can contribute to a HSA only if you enroll in the University’s HSA-eligible plan.

If I had a health care and/or a dependent care FSA or an HSA account in 2010, do I need to make an election in 2011?

Yes, even if you had a health care and/or dependent care FSA or HSA account in 2010, you will need to make your 2011 contribution choice during open enrollment. Federal regulations require an annual election for the tax-free accounts. Carefully consider your anticipated 2011 FSA contribution need—an FSA can’t be changed during the year without a qualifying event such as the birth of a baby, marriage, or death of a spouse. Also, any FSA funds can’t be rolled over to the next year. Funds not used in 2011 will be lost.

How can I estimate my health care expenses in the future?

To start the process of evaluating which plan will work best for your situation, you can access past claims online through Aetna or Excellus. The Benefits Office offers an online Health Care Cost Estimator, which can help employees calculate and analyze their expected costs under each plan. The tool is available at https://www.rochester.edu.

If I change my mind, can I switch plans?

Employees may change plans during the open-enrollment period that takes place each fall. In addition, changes to health care coverage are allowed within 30 days of a qualifying event—such as the birth of a baby, marriage, or death of a spouse. Federal regulations require an annual election for the tax-free accounts. Carefully consider your anticipated 2011 FSA contribution need—an FSA can’t be changed during the year without a qualifying event such as the birth of a baby, marriage, or death of a spouse.

What personal health and wellness programs does the University offer?

If you need guidance on how to help manage a chronic condition, the University has partnered with Carevue Health to offer personal wellness and personal health programs. The programs teach strategies to make appropriate lifestyle choices and changes to help you improve your health status and reduce symptoms related to chronic conditions. The personal health programs can help you manage asthma, diabetes, low back pain, heart disease, and more. The personal wellness program can help manage stress, tobacco dependency, weight, nutrition, and more. Visit www.rochester.edu/workingshr/wellness to learn more.
A reference guide to health care lingo

Not sure what a PPO or TPA is? You’re not alone. This list of definitions will help you get familiar with some of the terms and acronyms used when discussing health care plans.

**Coinsurance**
A percentage of the cost for services you must pay to a provider once the deductible is met.

**Copayment or Copay**
A fixed dollar amount you must pay to a provider at the time services are received.

**Covered Health Services**
Health services, supplies, or equipment provided for the purpose of preventing, diagnosing, or treating a sickness, injury, mental illness, substance abuse, or symptoms. Covered health services are supported by national medical standards of practice and are consistent with conclusions of prevailing medical research. Covered services under the University’s health care plans are defined in the plan document.

**Deductible**
The amount of out-of-pocket expenses that you must pay for health services before the plan begins to pay benefits for many covered services.

### Health Savings Account (HSA)
A health savings account (HSA) is a tax-advantaged savings plan that individuals can use to cover current and future medical expenses. It allows you to set aside pretax money, invest the funds within a broad range of choices, and then withdraw the money tax free for qualified health care expenses. HSA funds roll over from year to year. Note: You must be enrolled in an HSA-eligible plan in order to contribute to an HSA.

**HSA-Eligible Plan**
For 2011, the federal government generally defines an HSA-eligible plan as those with an individual deductible of at least $1,200, or family deductible of at least $2,400. Other requirements must be met as well. Based on guidelines, the federal government will review these amounts each year and increase them, if appropriate.

**Negotiated Costs**
The amount the network provider has agreed with the third-party administrators (TPAs) to accept as payment in full for covered services.

### Network Provider
A provider who participates in the third-party administrator’s network. A non-network provider does not participate in the network.

**Out-of-Pocket Maximum**
The maximum amount you could pay out of your own pocket for covered health care expenses in a calendar year for deductible and coinsurance. Copays and the cost of prescription drugs are not included (with the exception of the PPO HSA-Eligible Plan).

**Preferred Provider Organization (PPO)**
A preferred provider organization, or PPO, is a health care benefit plan that allows those covered to receive care by network and non-network providers. In many cases those covered will receive a higher level of benefits for using a network provider in addition to the lower fees charged by the provider. The network provider will automatically bill the plan, and patients are not billed for charges higher than the amount allowed by the TPA.

**Reasonable Charges**
(Also referred to as “Reasonable and Customary” or “Usual, Customary, and Reasonable”)
For services provided by or on behalf of a network physician, the reasonable charge is an amount that does not exceed negotiated costs. For services provided by non-network providers, the maximum amount considered under your plan for payment is reasonable charges. The third-party administrator develops reasonable charges taking into account factors such as the complexity of the service, the range of services provided, and the prevailing charge level in the geographic area where the provider is located.

**Third-Party Administrator (TPA)**
A third-party administrator (TPA) processes health care claims and provides additional services for members. The University offers the choice of two TPAs to administer its health care plans: Aetna or Excellus BlueCross BlueShield.

### Dental care
Besides wellness incentives, employees will have the opportunity to choose from two modified dental plans (Traditional Dental Assistance Plan and the Medallion Dental Plan). Both plans will require employee contributions.

**Out-of-Pocket Maximum**
The maximum amount you could pay out of your own pocket for covered health care expenses in a calendar year for deductible and coinsurance. Copays and the cost of prescription drugs are not included (with the exception of the PPO HSA-Eligible Plan).

### The plan that’s right for you
Employees can choose from a menu of low-cost or higher-cost plans, based on their own needs and how they decide to structure their costs. “It’s important to look carefully at your health care costs, including how much in the way of out-of-pocket expenses you have had over the last year or two as well as the needs of your dependents,” Murphy says.

“...”

### The next step
After reading about the changes in this special issue of Currents and reviewing the information sent to your home by the Benefits Office, you can make your health-care elections for 2011.

If you have questions about open enrollment or the University’s health plan benefits, visit one of the upcoming information sessions listed on page 2, visit the Benefits Office Web site (www.rochester.edu), call AskURHR (275-8745), or send an e-mail to beneficoffice@hr.rochester.edu.

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Those who complete the confidential programs offered through Carewise Health, a health management program, may be eligible to receive up to $300 per covered individual (or $600 per family).

### Dental care
Besides wellness incentives, employees will have the opportunity to choose from two modified dental plans (Traditional Dental Assistance Plan and the Medallion Dental Plan). Both plans will require employee contributions.

“Improving dental care is all part of maintaining good health and wellness,” Murphy says. Read more about the dental plan changes on page 2.