



# HealthLine

A publication for Colorado state employees

April 2007

## FY08—State Contributions Improve Again

It is another year of continued progress for the State of Colorado. For the fifth straight plan year, the State has increased its employer contribution to medical insurance. As in the past, this FY08 funding is based on the passage of the Long Bill (a bill appropriating money for State purposes), which is in the final stages of the legislative process.

The chart below shows the progress the State has made in funding benefits since 2003. For the employee-only tier, the State's contributions as an employer have risen 92%, while the contribution to the family tier has gone up 113%. It is a clear illustration of the progress the State has made, but we know the work is not yet done in achieving an employer contribution on par with many other employers in the state.

While the increased contributions have partly been due to the rising costs of medical insurance and healthcare across the nation, this positive funding trend also reflects an ongoing commitment to employees and improved benefits on the part of the State Legislature and the Department of Personnel & Administration (DPA) that we hope to continue in the coming years.

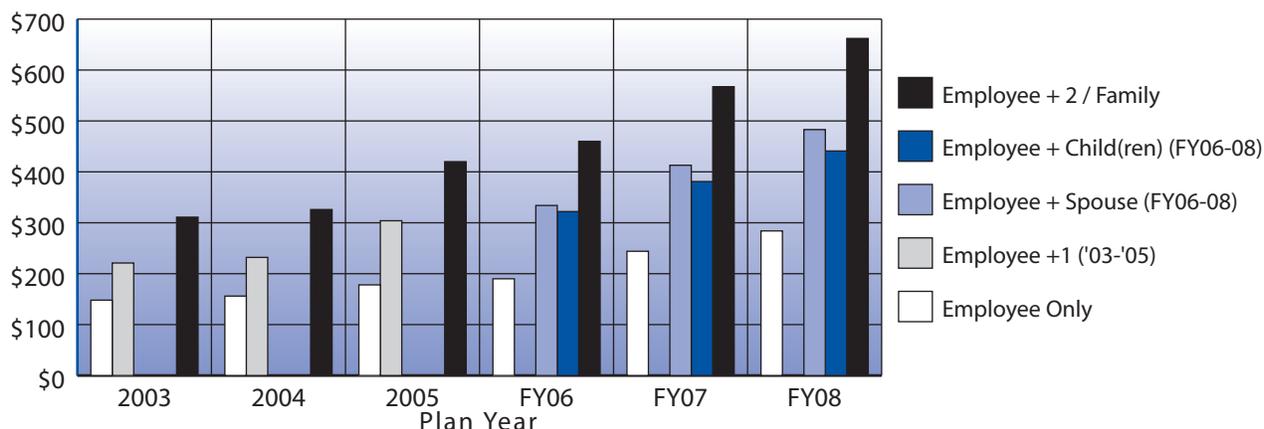
### Special Note to CU State Classified Staff

State personnel system employees with the University of Colorado **MUST** use CU's online system for open enrollment.

### FY08 Open Enrollment Facts

- Open Enrollment is **April 23, 2007–May 18, 2007** and is completed **ONLY** in the online benefit system.
- Enrollment is for the **FY08 Plan Year**—July 1, 2007–June 30, 2008.
- Our Web site:  
[www.colorado.gov/dpa/dhr/benefits](http://www.colorado.gov/dpa/dhr/benefits)
- **New**—State DC Plan participants can change providers in this Open Enrollment, **including temporary employees enrolled in the State DC Plan.**
- Open Enrollment is the **ONLY TIME** to make changes to your benefits, except in very limited circumstances. Forgetting to enroll, not confirming online elections or just a change of mind are **NOT** reasons to make changes outside of Open Enrollment.
- Complete your enrollment early.
- Open Enrollment this year is **PASSIVE**, which means that your current choices will roll into the next plan year, *except for ...*
  - ✓ Flexible Spending Accounts—FSAs must be elected every year.

### Improving State Contributions



<b>MEDICAL PLANS</b>				
<b>Plan</b>	<b>Tier</b>	<b>Total Premium</b>	<b>State Contribution</b>	<b>Employee Contribution</b>
<b>PPO-1500</b>	Employee	\$318.96	\$283.58	\$35.38
	Employee + Spouse	\$695.86	\$488.92	\$206.94
	Employee + Child(ren)	\$570.22	\$440.58	\$129.64
	Ee + Sp + Child(ren)	\$915.70	\$661.70	\$254.00
<b>PPO-3000</b>	Employee	\$290.08	\$283.58	\$6.50
	Employee + Spouse	\$632.32	\$488.92	\$143.40
	Employee + Child(ren)	\$518.24	\$440.58	\$77.66
	Ee + Sp + Child(ren)	\$831.96	\$661.70	\$170.26
<b>PPO-H</b>	Employee	\$301.00	\$283.58	\$17.42
	Employee + Spouse	\$656.34	\$488.92	\$167.42
	Employee + Child(ren)	\$537.90	\$440.58	\$97.32
	Ee + Sp + Child(ren)	\$863.64	\$661.70	\$201.94
<b>INO-30</b>	Employee	\$539.76	\$283.58	\$256.18
	Employee + Spouse	\$1,181.64	\$488.92	\$692.72
	Employee + Child(ren)	\$967.68	\$440.58	\$527.10
	Ee + Sp + Child(ren)	\$1,556.04	\$661.70	\$894.34
<b>Kaiser HMO</b>	Employee	\$386.74	\$283.58	\$103.16
	Employee + Spouse	\$844.96	\$488.92	\$356.04
	Employee + Child(ren)	\$692.22	\$440.58	\$251.64
	Ee + Sp + Child(ren)	\$1,112.26	\$661.70	\$450.56
<b>SLVHMO</b>	Employee	\$344.84	\$283.58	\$61.26
	Employee + Spouse	\$752.80	\$488.92	\$263.88
	Employee + Child(ren)	\$616.80	\$440.58	\$176.22
	Ee + Sp + Child(ren)	\$990.76	\$661.70	\$329.06
<b>DENTAL PLANS</b>				
<b>Delta BASIC</b>	Employee	\$22.88	\$18.88	\$4.00
	Employee + Spouse	\$48.16	\$27.96	\$20.20
	Employee + Child(ren)	\$50.44	\$31.72	\$18.72
	Ee + Sp + Child(ren)	\$84.94	\$41.40	\$43.54
<b>Delta Basic PLUS</b>	Employee	\$31.14	\$18.88	\$12.26
	Employee + Spouse	\$68.58	\$27.96	\$40.62
	Employee + Child(ren)	\$68.58	\$31.72	\$36.86
	Ee + Sp + Child(ren)	\$121.60	\$41.40	\$80.20
<b>Dental DR</b>	Employee	\$27.72	\$18.88	\$8.84
	Employee + Spouse	\$58.32	\$27.96	\$30.36
	Employee + Child(ren)	\$58.32	\$31.72	\$26.60
	Ee + Sp + Child(ren)	\$105.60	\$41.40	\$64.20

This premium information reflects the State funding level as currently reflected in the Long Bill, which is in the final stages of the legislative process. Should these employer contribution amounts change, the State and employee contributions will be adjusted accordingly amongst the four coverage levels. If adjusted contributions become necessary, a revised chart will be made available on our Web site [www.colorado.gov/dpa/dhr/benefits](http://www.colorado.gov/dpa/dhr/benefits) and sent to your department's benefits, payroll, and HR staff. Watch for communication from us or from your department for any updates. We ask that you complete your enrollment early and, if necessary, make any adjustments later in Open Enrollment.

# Key Information for the Next Plan Year—FY08

The following is only a list of key changes and is by no means a complete description of the plans. Visit [www.colorado.gov/dpa/dhr/benefits](http://www.colorado.gov/dpa/dhr/benefits) to find more information about each plan.

## Self-Funded Plans Administered by Great-West Healthcare

- PPO-3300 changes to **PPO-3000**, which means the individual, in-network deductible **goes down to \$3000**, while the family, in-network deductible **is reduced to \$6000**. The out-of-pocket maximum will remain unchanged.
- All four self-funded plans (PPO-1500, PPO-3000, PPO-H, INO-30)
  - Increase of Durable Medical Equipment (DME) maximum from \$3000 to \$5000.
  - Diabetes Initiative continues for FY08, except for PPO-H plan. This is an initiative that aims to improve the treatment of diabetes by reducing costs of diabetic medications and supplies.
  - No changes to prescription program, other than regular changes and updates to formulary list. Those with questions about their particular prescriptions should contact Great-West directly at **1.888.ST8.OFCO (1.888.788.6326)** or visit their Web site via the Employee Benefits Web site ([www.colorado.gov/dpa/dhr/benefits](http://www.colorado.gov/dpa/dhr/benefits)).
- INO-30: No changes
- PPO-1500: No changes
- PPO-H: No changes to plan. Participants who meet their deductible no longer have to pay for prescriptions up-front and wait for reimbursement from the medical plan. Health Savings Accounts (HSAs) contribution limits will be increased. See "Health Savings Accounts and PPO-H Plan" on page 5.

**What is Durable Medical Equipment (DME)?** DME includes such things as crutches, wheelchairs, breathing equipment and hospital beds, if medically necessary and prescribed by a physician. DME generally can withstand repeated use and must serve a medical purpose.

**PREVENTATIVE CARE—DON'T WORRY ABOUT DEDUCTIBLES**—In the PPO-1500/3000 and PPO-H plans, medical services considered preventative are covered at the appropriate percentage for the plan **EVEN BEFORE THE PLAN'S DEDUCTIBLE HAS BEEN MET**.

**Example**—Joe and his family have the PPO-1500 Plan. In August, Joe takes his two-year-old daughter in for her annual check-up. It's less than two months into the Plan Year, so no individual or family deductible has been reached, yet the plan will still cover 80% of the cost of the visit (80% is the PPO-1500, in-network coverage for a child's preventative service).

**DON'T PUT OFF PREVENTATIVE CARE, EVEN IF YOU HAVEN'T REACHED YOUR DEDUCTIBLES.**

## Kaiser HMO

- Increase of Durable Medical Equipment (DME) maximum from \$2000 to \$5000.
- For FY08, colonoscopy will be subject to the Outpatient Surgery co-payment of \$150. Currently, in FY07, it is covered as an adult preventative screening with a \$15 co-payment.
- For those enrolled in Kaiser, they must understand an important new distinction should they ever need to continue coverage under federal COBRA regulations. (COBRA is a federal law that allows employees and their dependents to continue coverage in circumstances such as leaving employment, death, divorce or a dependent child losing eligibility.)
  - If the person continuing coverage under COBRA regulations moves out of the state, even if they move to another state where another Kaiser branch conducts business, they cannot continue the Kaiser plan with the State of Colorado under COBRA.

(see **Key Info** on page 4)

(Key Info from page 3)

- If the person wishes to continue under COBRA with a plan from the State, they must elect one of the self-funded plans administered by Great-West. These plans use a nation-wide network of providers. This is also true if the person stays in Colorado, but moves out of the Kaiser areas of coverage at the time of the COBRA event.

### San Luis Valley HMO

- Increase of Durable Medical Equipment (DME) maximum from \$3000 to \$5000.

### Delta Dental Plans

- No changes to any of the three self-funded dental plans administered by Delta Dental or the premiums.

### Optional Life Insurance

- No changes to plan or premiums. See our [Web site](#) for premiums.
- Medical History Statements MUST be filled out when an employee or spouse is applying for new coverage or increasing coverage during Open Enrollment.
- Open Enrollment is good time to confirm or change life insurance beneficiaries.

### Long-Term Disability (LTD) Insurance

- No changes to plan or premiums. See our [Web site](#) for premiums.
- Medical History Statements MUST be filled out when LTD is elected.

### Flexible Spending Accounts (FSAs)

- Flexible Spending Accounts (FSAs) do not roll over to the next plan year, even in a passive Open Enrollment. **Those who want an FSA in FY08 must enroll in the FSA during Open Enrollment.**
- Remember, Dependent Care FSA **does not** cover *medical* expenses for dependents. It can ONLY be used for reimbursement of eligible child care, for children under 13, and elder care expenses that allow you and your spouse to work.

### Health Savings Accounts (HSAs)

- HSA maximum contributions for FY08 will be increased to the federal statutory limits for individuals (\$2,850) and family (\$5,650). See "Health Savings Accounts & PPO-H Plan" on page 5.
- Unlike FSAs, HSAs *do* continue from plan year to plan year and participants in the HSA do not need to re-enroll for the HSA each Open Enrollment.
- The catch-up provision allows participants age 55 or older to contribute an additional \$800 for the new FY08 Plan Year.



### Questions?

- **Technical questions about the online system? 1.888.460.9627**
- **Questions about the benefits themselves? Contact Great-West, Kaiser, San Luis Valley, Delta Dental or Standard Insurance directly. See our [Web site](#) for phone numbers.**
- **Questions about eligibility or Internet access? Contact your department's HR office. See our [Web site](#) for phone numbers.**

# Health Savings Accounts (HSAs) and the PPO-H Plan

- New for FY08, HSA *ANNUAL* maximum contributions will be increased to the federal statutory limits for individuals and families. (HSA rules categorize anything other than employee-only coverage as “family” coverage.)
- New annual maximums: Individual—\$2850 / Family—\$5650
- New monthly maximums: Individual—\$237.50 / Family—\$470.82
- PPO-H deductible amounts WILL NOT CHANGE.
- Reimbursement from Mellon’s HSA is easy and fast. Once your claim has been received, it is processed overnight and you receive a check within five days.

The **PPO-H plan** is designed primarily for those who will enroll in a Health Savings Account (**HSA**). It is also designed to meet the federal regulations for such plans. An HSA is a tool for saving for future medical expenses. You cannot enroll in an HSA without being enrolled in an HSA-qualified plan (sometimes called a high deductible health plan). For the State, that is the PPO-H plan.



## Important Factors When Considering the PPO-H Plan

### *Prescriptions and PPO-H*

- Unlike the other plans, **THE ENTIRE DEDUCTIBLE AMOUNT MUST BE MET BEFORE ANY PORTION OF PRESCRIPTIONS ARE COVERED BY THE PLAN.** This feature is due to federal regulations for HSA-qualified plans.
- Once the deductible has been met, the plan pays 85% of the cost of prescriptions (out-of-network, the plan pays 65% after the out-of-network deductible has been met).

### *Diabetes Initiative NOT a Part of the PPO-H*

The Diabetes Initiative, which aims to improve the treatment of diabetes by reducing costs of diabetic medications and supplies, **IS NOT AVAILABLE TO MEMBERS OF THE PPO-H PLAN.** This is due to federal constraints on how an HSA-qualified plan can be designed.

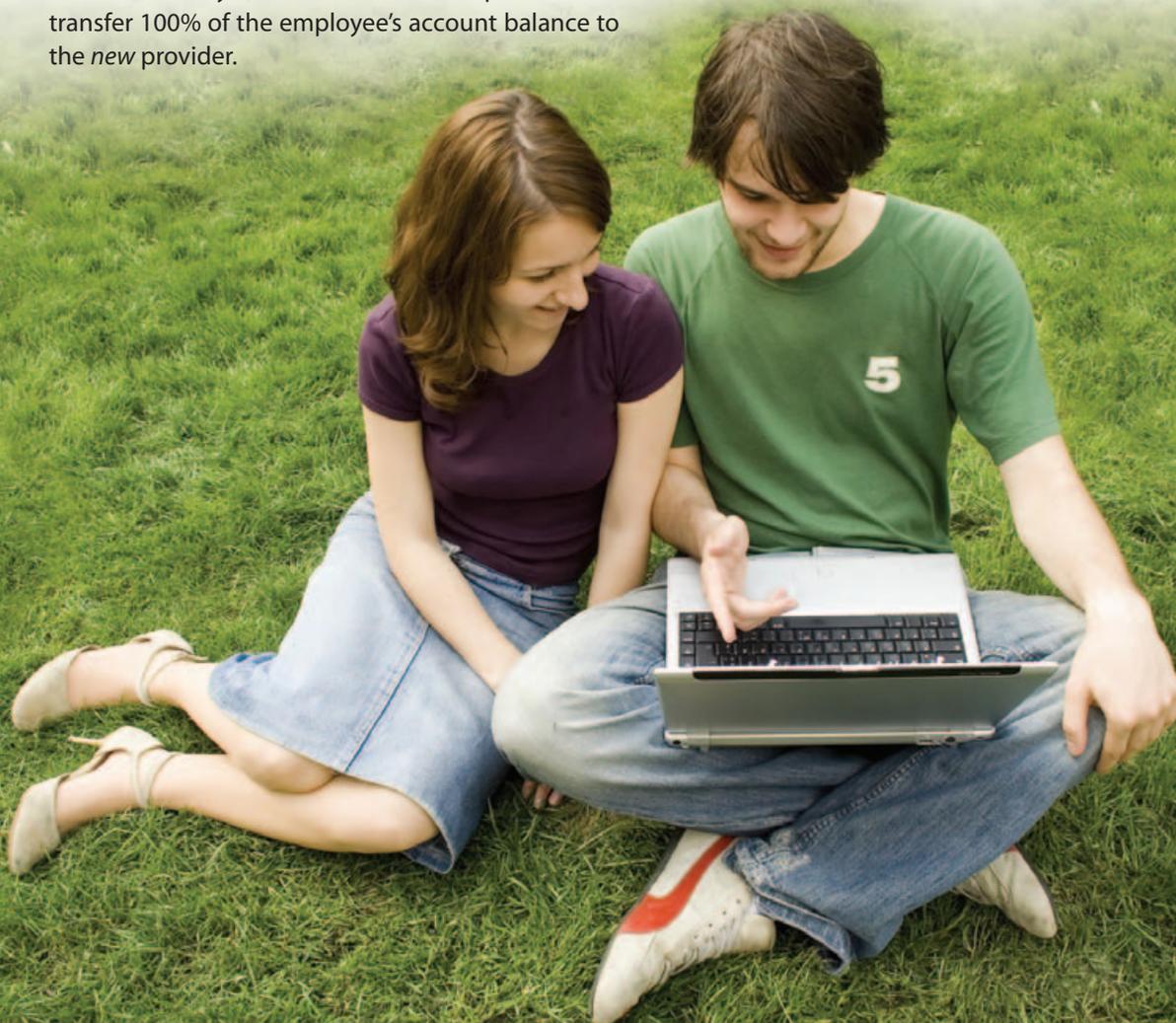
### *Individual vs. Family Deductibles*

For employees who choose the PPO-H plan at a level of employee plus any dependent (spouse and/or any number of children), **the entire family deductible must be met before the plan begins to pay for any covered services** (outside of what the plan determines to be preventative care).

Those who want an HSA should know that they are not required to enroll in the State’s HSA, but can use any HSA program they would like. For some, the convenience of a payroll deduction for the State’s program is an advantage; others may find it easier to use another HSA program where they can contribute directly to the bank. To review more information about the plan and about **HSAs**, visit our Web site [www.colorado.gov/dpa/dhr/benefits](http://www.colorado.gov/dpa/dhr/benefits).

# New! Make Changes to State DC Retirement Plan in Open Enrollment

- **Employees enrolled in the State Defined Contribution Plan (State DC Plan) as their retirement plan are eligible to change amongst the three bundled providers for that plan (Great-West Retirement Services, ICMA-RC, or The Hartford) during Open Enrollment.**
- Only employees who have elected the **State DC Plan as of March 31, 2007**, will be eligible to make changes as part of Open Enrollment. ***This includes TEMPORARY EMPLOYEES who have elected the State DC Plan.***
- If a change is made, contributions to the new provider are effective July 1, 2007 and the *current* provider will transfer 100% of the employee's account balance to the *new* provider.
- Employees enrolled in either of the PERA retirement plans (PERA Defined Benefit or PERA Defined Contribution) DO NOT make changes as part of Open Enrollment.
- For more information on Retirement Choice, click on the "Retirement Plans" button on the Employee Benefits Web site—[www.colorado.gov/dpa/dhr/benefits](http://www.colorado.gov/dpa/dhr/benefits).



# Medical Plans: Compare & Contrast

What plan is best for you? It's a simple question with a complicated answer. What are your needs? What's best for your family? Is there a medical condition that needs to be considered? What fits best with your finances?



You know best what's important to you in a medical plan, yet knowing a few basic differences can help you choose.

## Higher Deductibles

A plan with a high deductible offers what many would consider catastrophic coverage, yet with high costs for hospital stays and other aspects of healthcare, it does not always take a catastrophic event to meet a deductible.

Those who are more interested in a lowering their monthly premium costs often favor plans with high deductibles, **especially as preventative services are not subject to the deductible**. Since monthly premiums are lower, it is often wise to use the money not spent on higher premiums in a flexible spending account or a health savings account. Some people also use a personal savings account, or dedicate a credit card to only use for medical expenses, and use the money saved on premiums to pay the account or the card.

## Lower Deductibles

As with most insurance, the lower the deductible, the higher the monthly premiums. A person interested in a lower deductible is willing to spend more on premiums as they may have enough regular healthcare needs and minor emergencies that they believe they will hit this lower deductible amount within the plan year. Of course, what one person considers a lower deductible may seem high to someone else, no matter how low it is. It's relative and of course, each person's situation must be carefully considered.

The State's self-funded plans offer three levels of deductible options—the PPO-1500, PPO-3000, and the PPO-H plan, which has deductibles of \$1,400 (single) and

\$2,800 (family). In each plan, co-insurance is a main component, meaning that even when the deductible is met, a portion of costs are still paid by the member, until the maximum out-of-pocket costs are met. Once the out-of-pocket maximum is met, 100% of eligible services are paid for by the plan. Remember that significant improvements were made last year (FY07) to the out-of-pocket maximums for these deductible plans, bringing the in-network maximums down to levels more in line with the deductible amounts.

## Co-Payment Plans

For those that want more convenience, there are co-payment plans. The State offers the regional Kaiser and San Luis Valley HMOs, as well as the INO-30 Plan that is part of the self-funded plans. Typically, there are few percentages to figure out, only simple, flat co-payments for various services. But this convenience usually costs more in monthly premiums. These plans usually do not offer out-of-network services, or do so on a very limited basis, and so your willingness to use in-network doctors and other providers must be considered when you choose.

As with any insurance, only you know what is best for you and your family. **Open Enrollment is the ONLY TIME during the year when you can make changes to your benefits, except in very limited circumstances, called qualified life events.** Dissatisfaction or financial hardships are NOT qualified events, so doing your homework now will mean getting the coverage that fits your needs and your budget in the coming year.

# Internet Access



Open enrollment can only be conducted via the online benefits administration system. If you do not have access to a computer or the Internet, please contact **your department's human resources, benefits or payroll personnel**. Departments will be offering different solutions to employees. Some will offer special computer locations, some will have special hours where employees can contact or work with HR personnel, and others will train additional personnel to help employees with their enrollment.

Additionally, your department's HR, benefits and payroll personnel have been given information about computer access at public libraries throughout the State.

No matter what choices you make for FY08 Open Enrollment, they must be entered into the online benefit administration system by the **close of Open Enrollment—May 18, 2007**.

**Eligibility Audit on Tap in the Coming FY08 Plan Year**—An audit is one of many ways we manage costs for you and Colorado taxpayers, and in FY08 we'll be checking to see if the dependents (spouses and dependent children) enrolled for the State's benefits are eligible to be covered. Now is the time to start gathering documentation (such as birth certificates and marriage licenses), as all employees will be required to document dependents. Those who cannot provide sufficient documentation will have their dependents removed from coverage. Watch for information in the coming FY08 Plan Year.

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