Dear colleagues,

Last month we promised to give you more details about the status of our medical insurance plan, specifically the rate increase, by May 1. Click here to re-read that announcement. We now have the details on how we will cover the additional $12.9 million needed in our medical plan.

**July Medical Rate Increase**

Historically UAMS has picked up 75 percent of the total medical premium, with the employee paying 25 percent. This formula was applied to all four tiers of the Classic plan – employee only, employee + spouse, employee + child(ren), and employee + family. Employees who elected Point of Service picked up the difference so that UAMS subsidized the same dollar amount for both plans. But because UAMS absorbed the last three rate increases, we have strayed from this formula.

**Effective July 1, 2015:** We will realign the premium split back to 75% / 25%. This results in a premium increase for employees. Click here to see the new rates

**Future Increased Cost to Cover Spouse**

Effective January 2016, medical premiums will be adjusted for those who cover their spouses. UAMS’ subsidy on the spouse portion of the premium may reduce from 75% to 72% at that time, resulting in a premium increase for those with employee + spouse or employee + family coverage. We are delaying this until January for two reasons: first, to see if we are on track financially; and second, because January is the time of year when most employers offer open enrollment, thereby giving working spouses the option to move to their own employer plan.

**July Dental Rate Increase**

Currently UAMS picks up one-half, or 50 percent, of the total dental premium. Effective July 1, this subsidy will drop to 25 percent. Therefore employee premiums will increase. Click here to see the new rates

**July Medical Benefit Changes**

The UA System has announced the following benefit plan changes to further address the issue of high claims. These changes take effect on July 1, 2015. Click here to see the new medical comparison sheet which shows the changes in red.
Copays for doctor office and therapy visits will increase by $5 to $10.
Co-Insurance will increase from 20% to 30% in-network (remains 20% under UAMS SmartCare).
Copays for Tier 2 drugs will increase by $10.
Deductible and Co-Insurance will now apply to services provided in an office visit, such as labs, x-rays and surgical procedures. However, the Deductible and Co-Insurance will not be applicable if the office visit is coded as preventive care (i.e. annual physical).

Please note that there are no changes to the deductible or out-of-pocket maximums at this time. If you have already met your deductible or hit your out-of-pocket maximum this year, additional expenses will not apply.

There is one benefit enhancement — The benefit for treatment of temporomandibular joint disorders (TMJ), formerly only available under the Point of Service plan, will be available in the Classic plan starting July 1, 2015. Pre-authorization is required before treatment is provided.

Employees currently enrolled in our medical plan will receive a new Summary of Benefits and Coverage (SBC) from our plan administrator, UMR. The SBC is standardized, federally required document to help health insurance consumers better understand the coverage they have and allow them to easily compare different coverage options. For example, if your spouse has coverage through their employer, you could compare their SBC to ours, side-by-side.

**Your Option to Change Coverage**

While we are not offering open enrollment at this time, there are a few changes that can be made effective July 1, 2015, in compliance with Section 125 IRS regulations.

The deadline for Human Resources to receive these changes is **Friday, June 5, 2015**.

Click here to access forms. Contact Human Resources at 686-5650 or AskHR@uams.edu if you have questions.

1. **Drop all coverage, or reduce coverage by dropping your spouse and/or children**
   The July premium increase is a qualifying event to drop or reduce your coverage, even if you pre-tax your premium deduction. This applies to both medical and dental.

2. **Change from Point of Service (POS) to Classic**
   UAMS SmartCare and In-Network benefits will be exactly the same under the Classic and POS medical plans on July 1. If you don’t need the out-of-network benefits offered under POS, you should consider changing to the less expensive Classic plan. Please remember that the change to UMR in 2013 expanded our network nation-wide. Click here to search for doctors, hospital and other providers.

3. **Change from post-tax to pre-tax premium deduction**
   Most employees elect to pre-tax their premium deductions because it reduces their taxable income. Log into Employee Self Service and look at your last paycheck to see if your medical and dental premiums are pre-tax. If not, you may change to pre-tax...
effective July 1. Click here for more information about this benefit. Note that once you pre-tax your premium, you cannot make changes unless you are within 31 days of qualifying event (such as marriage, divorce, birth).

The medical plan changes noted above are not qualifying events that would allow one to enroll in or change their Flexible Spending Account (FSA). However, be thinking about what you want to put into your FSA next year. Keep in mind that the new $500 carryover means lesser risk of forfeiting any balance you have left at the end of the year. Click here for more information about FSAs.

We realize that most of the above information is not good news. Rate increases and benefit reductions never are. We want you to have the opportunity to voice your opinion, get answers to your questions, and better understand the reason behind these changes. Three town hall meetings are scheduled. These are open to all employees and will be broadcast to off-site locations.

- Tuesday, May 5, 1 p.m., College of Public Health Building, Room G225
- Tuesday, May 12, 8:30 a.m., Wilson Education Building, Room 126
- Monday, May 18, 2 p.m., Fred Smith Auditorium, 12th floor of the Spine Institute

We will post a Frequently Asked Questions list following these meetings so that information can be shared with employees who are unable to attend.

Sincerely,

Jeff Risinger
UAMS Associate Vice Chancellor, Chief Human Resources Officer