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A MESSAGE FROM HUMAN RESOURCES

The University of South Alabama is committed to providing its employees and their dependents with a quality health and dental plan at an affordable cost for all employees. Although health care costs have steadily risen, employee monthly premiums for coverage have increased only once in the last six years. This is due to cost-consciousness on the part of our employees and the University.

Like many health insurance programs within the state and around the nation, the USA Health & Dental Plan encountered increases in costs and claims experience in 2011. This trend is expected to continue in 2012. Blue Cross Blue Shield of Alabama projects USA's total employee health care costs to rise to \$37.3 million for the coming year, which is \$2.6 million more than the current premiums paid by the University and its employees.

To maintain the current level of health and dental coverage, your USA Fringe Benefits Committee (FBC) recommended and President Moulton approved the following changes that

have been adopted by the University for the 2012 plan year:

- The employee portion of single coverage will increase by \$13, from \$76 to \$89 per month (\$114 per month without the non-tobacco wellness incentive). The employee portion of family coverage will increase by \$17, from \$252 to \$269 per month (\$294 per month without the non-tobacco wellness incentive). Since employee contributions are exempt from taxes, the net monthly increase is approximately \$10 for single coverage and \$12 for family coverage.
- The University's monthly contribution to the USA Health & Dental Plan will increase from \$348 to \$405 for single and from \$637 to \$690 for family coverage.

The University will contribute \$28.9 million for health care coverage for current employees for the 2012 plan year. The University will also contribute approximately \$7.5 million toward the

costs of 1,492 retired employees' Public Education Employees' Health Insurance Plan (PEEHIP) health insurance benefits.

There is no easy answer to solve increasing health care costs, but with a self-funded health plan such as ours, each of us can continue to help manage claims costs by making healthy lifestyle choices.

During open enrollment, eligible faculty, staff, and administrative employees may enroll in the USA Health & Dental Plan and/or add eligible dependents with coverage to be effective January 1, 2012. If you are currently enrolled in the USA Health & Dental Plan and wish to make no change in coverage, no action is required on your part.

Please refer to the enclosure for additional information about the open enrollment period, enrollment deadlines, SouthFlex enrollment, and the Employee Benefits Fair to be held on November 3 and 4, 2011.

FORMS SUBMISSION DEADLINE

USA Health & Dental Plan Enrollment/Change forms, SouthFlex enrollments and all other related forms must be received in Human Resources no later than 4:30 p.m. on Wednesday, November 30, 2011. Please contact your Human Resources office should you have any questions.

ANNUAL OPEN ENROLLMENT PERIOD

*The open enrollment period is from
November 1, through November 30, 2011.*

During open enrollment, eligible faculty, staff, and administrative employees may enroll in the USA Health & Dental Plan and/or add eligible dependents with coverage to be effective January 1, 2012. This also applies to employees of the USA HealthCare Management, LLC. USA Health & Dental Plan enrollment forms are available online at an open enrollment link on the Human Resources website at www.southalabama.edu/hr and in the Human Resources offices. You may print, complete, sign and fax the enrollment form to (251) 460-7483. Scanned copies may be e-mailed to hmaincampus@usouthal.edu. Faxed and scanned copies of the enrollment form are accepted. If you send completed forms by fax or e-mail, it is not necessary to send the original.

If you are currently enrolled in the USA Health & Dental Plan, and wish to make no change in coverage, no action is required on your part.

THINGS TO NOTE

- Open enrollment begins Tuesday, November 1, 2011.
- All new enrollments and changes must be completed and submitted to Human Resources no later than 4:30 p.m. on Wednesday, November 30, 2011.
- You may download forms at www.southalabama.edu/hr, pick up forms from your local Human Resources Office or call to request forms.
- Forms may be hand delivered to your Human Resources Office, faxed to (251) 460-7483, or e-mailed to hmaincampus@usouthal.edu.
- You must enroll in SouthFlex if you wish to participate in 2012. Enrollment forms may be obtained on the special Open Enrollment link on the Human Resources website at www.southalabama.edu/hr.
- If you do not want to make any changes to your USA Health & Dental Plan coverage, no action is required.
- All enrollment changes take effect January 1, 2012.
- Because insurance premiums are deducted one month in advance, new premiums for 2012 will take effect during the month of December 2011 for biweekly paid employees and on January 1, 2012 for monthly paid employees.
- Outside of the annual open enrollment period, you must notify Human Resources within 30 days of a qualifying life event if you want to make changes to your benefit coverage.

SOUTHFLEX

If you have not already done so, now may be a good time for you to consider participating in SouthFlex, a plan designed to increase your disposable income by reducing the amount of taxes you pay. Enrollment in SouthFlex will allow you to be reimbursed for copays and deductibles on a pre-tax basis. SouthFlex information and enrollment forms will be available online at an open enrollment link on the Human Resources website at www.southalabama.edu/hr. The enrollment form may be completed online. Once complete, please print, sign, and fax the form to Human Resources at (251) 460-7483. You may also scan and e-mail your form to hmaincampus@usouthal.edu.

Remember, even if you are currently enrolled in SouthFlex you must re-enroll during the 30-day open enrollment period beginning November 1, 2011, in order to participate during the 2012 benefit year.

Over-the-counter drugs are no longer eligible for reimbursement without a doctor's prescription. This was eliminated as a benefit under the Plan by the federal Health Care Reform Act (PPACA).

EMPLOYEE BENEFITS FAIR

As your work schedule permits, we encourage you to attend the Employee Benefits Fair to be held on:

Thursday, November 3, 2011, at
USA Children's and Women's Hospital
at CWEB2 – Atlantis Room from
8:00 a.m. to 11:00 a.m.

and on

Thursday, November 3, 2011, at
USA Medical Center in the Cafeteria
from 2:00 p.m. to 4:30 p.m.

and on

Friday, November 4, 2011, at
USA Main Campus in
Human Resources,
TRP III, Suite 2200 from
8:00 a.m. to 1:00 p.m.

The Benefits Fair is a good opportunity for you to submit your USA Health & Dental Plan Enrollment/Change forms, SouthFlex enrollment forms, PTO Cash-out Election Forms and other benefits-related forms directly to Human Resources staff who will be available on-site to answer your questions. It is also a good time to speak directly with vendor representatives from Blue Cross Blue Shield of Alabama, Teachers' Retirement System, TIAA-CREF, Standard Insurance and Reliance Standard Insurance, as well as representatives from USA departments that provide services to University employees.

*Vendor Sponsored Door Prizes and
Refreshments Provided!*

EMPLOYEE RESPONSIBILITY FOR A CHANGE IN DEPENDENT STATUS

It is required that you notify the Human Resources Department if you have a change-in-status event such as:

- Marriage
- Divorce
- Death of a covered dependent
- Child reaching age 26 years
- Child over age 19 eligible for other employer sponsored health coverage due to employment
- Birth or adoption of a child

It is the employee's responsibility to notify the Human Resources Department when a change occurs. Failure to provide notice within 30 days of the change will result in the employee becoming liable for claims paid by the USA Health & Dental Plan on behalf of an ineligible individual.

Even in the case of a divorce, when the employee is court ordered to provide health insurance for the divorced spouse, the member is required to notify the Human Resources Department of the divorce so that the ex-spouse can be removed from the USA Health & Dental Plan. The USA Health & Dental Plan does not consider an ex-spouse an eligible dependent. The ex-spouse has the opportunity to keep coverage through COBRA continuation of coverage if the Human Resources Department is notified within 30 days of the divorce date.

You are required to remove an ineligible dependent covered by the USA Health & Dental Plan during the open enrollment period. Removal of dependents during the open enrollment period will not result in any liability for the employee. After that period, the USA Health & Dental Plan will seek reimbursement from the employee for any benefits paid on behalf of an ineligible dependent.

Did you know?

You can find a USA provider by calling
(251) 434-3711 or by visiting
www.usahealthsystem.com

HIPAA - CERTIFICATES OF CREDITABLE COVERAGE

The USA Health & Dental Plan has a 270-day waiting period for any pre-existing medical condition. However, effective January 1, 2012, the USA Health & Dental Plan will accept Certificates of Creditable Coverage to reduce or eliminate the 270-day waiting period for a pre-existing medical condition for employees and their dependents who are currently serving the waiting period.

New employees hired on and after January 1, 2012, may present a Certificate of Creditable Coverage to the University's Human Resources Office for reducing or eliminating the waiting period for a pre-existing medical condition.

If you have had other health insurance coverage within 63 days of your effective date of coverage with the USA Health & Dental Plan, you may obtain a Certificate of Creditable Coverage from your prior employer or insurance carrier to present to the University's Human Resources Office. **Your prior employer or health plan is required by federal law to provide you with a Certificate of Creditable Coverage when your coverage terminates or upon request.** The University's Human Resources Office will review the information you present and make a determination for reducing or eliminating the 270-day waiting period for a pre-existing condition. You must submit the Certificate of Creditable Coverage; this is the only evidence that will be accepted.

Employees currently serving the pre-existing condition period may submit the Certificate of Creditable coverage from January 1, 2012 – January 31, 2012.

New employees must present the Certificate of Creditable Coverage at the time of enrollment in the Plan. The application for coverage and the Certificate of Creditable Coverage must be filed with the Human Resources Office within 30 days of becoming an employee of the University. Failure to file in a timely manner will void any reduction in the waiting period and delay your coverage under the Plan. Additional information can be found in the Member Handbook or by calling your local Human Resources Office.

Did you know?

USA's Employee Assistance Program provides counseling and referral as appropriate, for employees who are experiencing personal problems which are likely to impact their work performance and quality of life. Please call (251) 461-1346 for more information.

WELLNESS INCENTIVE – JANUARY 1, 2012

The USA Health & Dental Plan initiated a Tobacco Cessation Program to help participants stop the use of tobacco. This program includes a Wellness Incentive that reduces the employee cost sharing by \$25 per month if both the employee and spouse are tobacco free.

To qualify for the Wellness Incentive, both the employee and spouse (if covered by the Plan) must declare that they do not use tobacco products (and have not for at least six months). Employees who have previously certified their tobacco-free status do not need to re-certify unless there has been a change in the status.

An employee and spouse (if covered by the Plan) who have been tobacco free for six months may file a new Tobacco Declaration Form and receive the \$25 monthly Wellness Incentive credit toward the cost of the USA Health & Dental Plan.

The Wellness Incentive will reduce the monthly cost from \$114 to \$89 for single coverage and from \$294 to \$269 for family coverage.

The Tobacco Declaration Form must be filed with the Human Resources Office. The employee may only qualify for the Wellness Incentive if the Tobacco Declaration Form is filed and accepted by the Human Resources Office.

There is only one \$25 per month Wellness Incentive credit applied to each single or family contract. In order to receive the Wellness Incentive, the employee must complete the Tobacco Declaration Form and return it to the Human Resources Office. The form is available online at an open enrollment link on the Human Resources website at www.southalabama.edu/hr.

BENEFICIARY INFORMATION UPDATE

Is your Beneficiary Information Up-to-Date?

Have you had any life changes or updates to your beneficiary information since you began employment with the University? Each time there is a life change event such as a marriage, birth, divorce, death of a spouse or a designated beneficiary, you should update your information. To ensure your survivors receive the benefits to which they are eligible, we suggest that you periodically review and update your beneficiary information. All benefits-eligible employees should have designations of beneficiary information on file for their University Group Term Life Insurance, Teachers' Retirement System Benefits, and TIAA-CREF Retirement Program, if applicable.

Contact Human Resources for information and the proper forms.

GENERIC PROTON PUMP INHIBITOR (PPI) PROGRAM SAVES YOU MONEY

Proton Pump Inhibitors such as Nexium are prescribed to treat heartburn, gastroesophageal reflux disease (GERD) and ulcers.

If you have been prescribed a PPI, you can save up to \$300 in 2012 because for the first six months you save \$30 per month while your copay is waived. The following six months you save by paying only a \$10 copay for the generic brand.

You may take advantage of the opportunity to be copay-free for six months by:

- switching from your current brand name PPI to the generic PPI omeprazole;
- receiving omeprazole on any new, first time PPI prescription,
- taking omeprazole as your current PPI prescription.

Talk to your physician at your next visit and ask if this generic omeprazole is right for you. You will need a new prescription for omeprazole if you are currently taking any other brand name PPI.



Quit For Life[®] Program

FOR USA HEALTH & DENTAL PLAN MEMBERS AND THEIR COVERED SPOUSES

1-888-768-7848

The Quit for Life Program is a telephone-based tobacco cessation counseling program that helps guide USA Health & Dental Plan members and their covered spouses on a path to a tobacco-free life. This program can help keep employees and their spouses healthier and more productive. The Quit for Life Program is a clinically proven program that provides support to the participants to help them focus on their personal reasons for quitting tobacco use. There are two levels of benefits for this program, counseling only or counseling with nicotine replacement therapy.

COUNSELING PROGRAM

Tobacco Treatment Telephone Counseling

5 counseling sessions, self-help materials, and 12 months of unlimited inbound calls for members who currently use tobacco or who have recently quit and need additional support.

COUNSELING PLUS NICOTINE

REPLACEMENT THERAPY PROGRAM

<i>Nicotine patches</i>	21 mg / 8 week supply
	14 mg or 7 mg / 8 week supply
<i>Gum</i>	4 mg or 2 mg / 8 week supply
<i>Lozenges</i>	4 mg or 2 mg / 8 week supply

As an additional incentive, the USA Health & Dental Plan will cover tobacco cessation prescription drugs including waiving the co-pay for a two-month supply for the tobacco cessation drug Chantix.

HELPFUL TIPS TO MAXIMIZE YOUR BENEFITS AND SAVE MONEY

- Enroll in the SouthFlex Healthcare and/or Dependent care flexible spending accounts. You can save 30 percent or more by paying for eligible out-of-pocket healthcare and daycare expenses with tax-free dollars.
- Ask your doctor to prescribe generic drugs when available and appropriate. Generic prescriptions have lower co-pays.
- Use a USA Health System provider or a BCBS participating network physician, dentist or vision provider. In-network providers have agreed to lower contracted rates.
- Become familiar with your health and dental benefit plan design and review your explanation of benefits forms from Blue Cross Blue Shield of Alabama. Do not pay more for services than you should.
- Visit the Employee Benefits Fair to meet benefit representatives and ask questions about your benefits.
- Take advantage of the free flu shot provided by USA Health System for USA Health & Dental Plan members.
- Use the Employee Assistance Program (EAP) benefits. Coping with life events can sometimes be difficult. EAP is an outstanding benefit provided to you at no cost.
- Be a judicious user of health care. Go to the doctor only when it is appropriate to do so.

Identity Theft Recovery Services: Helping Reclaim Your Life



The Identity Theft Crisis

Identity Theft is the fastest growing crime in the United States. The statistics are staggering and getting worse. So far this year over 55 million people have had their identities stolen or made public, due to a corporate data breach, costing individuals and businesses billions of dollars*.

One out of every 14 adults...

...has fallen victim to identity theft*. It typically takes an individual over 500 hours and more than \$3,000 to restore their identity, credit standing and good name. According to the U.S. Federal Trade Commission, First Data, and the Consumer Sentinel, over 41% of identity theft victims are still dealing with the crime more than two years after discovering it.

What can you do?

To protect you and your family from this devastating loss of time, money and security, Reliance Standard and your employer have provided you with a full service ID Recovery Program that will perform the recovery process for you should you or a member of your family fall victim to ID Theft.

ID Theft Recovery Services

Should you or anyone in your family fall victim to Identity Theft an "ID Recovery Kit™" is sent overnight, with all the necessary forms completely filled out and ready for signatures. You need only to follow the enclosed instructions, notarize the forms and obtain a police report.

Once received, National ID Recovery, LLC (NIDR) performs 100% of the recovery process for you. In the majority of cases their representatives can reduce the ID Recovery process down to hours, rather than six to nine months, or more, it will take to try to do this on your own.

**One call is all it takes: Call toll-free:
888-345-7912 to speak to a
Recovery Specialist.**



National ID Recovery, LLC

RELIANCE STANDARD

Did you know?

The cost of the USA Health & Dental Plan is directly related to the medical, dental and pharmacy claims of those covered by the plan. One of the best ways to reduce claims cost and the rising cost of health care is by practicing prevention and making healthy choices.

TRS RETIREMENT POINTS TO CONSIDER

- Can you afford to retire now? Can you live on what you would draw in retirement?
- Do you have less than 25 years of service? If so, then the service penalty will apply for Public Education Employees' Health Insurance (PEEHIP) for life.
- Are you at least 65 years of age? If not, then age penalty will apply for PEEHIP until you are age 65 or Medicare-eligible.
- Are you, or any of your dependents, Medicare-eligible?
- If you do not retire, you will be contributing 2.25% more in retirement contributions beginning October 2011, with an additional .25% increase in October 2012 for a total of 7.5% in contributions. You will not receive additional retirement income due to this increase in contributions.
- The chart below describes the increase in retirement earnings versus increase in PEEHIP premiums.

Average Final Salary	10 Years	15 Years	20 Years	25 Years	30 Years	Approx. increase in salary/month for each add'l year of service
20,000	\$335	\$503	\$671	\$839	\$1006	\$33
25,000	\$419	\$629	\$839	\$1048	\$1258	\$42
35,000	\$587	\$881	\$1174	\$1467	\$1761	\$59
50,000	\$839	\$1258	\$1677	\$2096	\$2516	\$84
60,000	\$1006	\$1509	\$2013	\$2516	\$3019	\$101
70,000	\$1174	\$1761	\$2348	\$2935	\$3522	\$118
80,000	\$1509	\$2264	\$3019	\$3774	\$4528	\$151

FAQ's

- *What will be deducted from my retirement check?* PEEHIP health insurance, if elected, and federal income taxes.
- *What is the amount I can earn as a retiree if I return to employment with an employer in the Retirement Systems of Alabama?* The current amount is \$22,000 per year, prorated to \$1,833.33/month in the year of retirement. You must also have at least a one pay period break in service prior to re-employment.
- *What is the amount I can earn as a retiree if I am employed in private industry?* The amount is unlimited and you may start immediately upon retirement.
- *When am I eligible to draw Social Security benefits?* Age 62, assuming you have met the other criteria. Please see www.ssa.gov for more information.
- *What is the amount I can earn as a retiree if I am also drawing Social Security benefits?* Currently, \$14,160/year until you reach full retirement age. Please see www.ssa.gov for more information.
- *What if I am in DROP or have finished DROP, but continued to work?* If you are currently in the DROP program, and you retire immediately following the completion of DROP, you are under the current legislation. However, if you have finished DROP but have continued to work, and you do not retire by December 1, 2011, you are under the new legislation.
- If you work for private industry and your employer pays at least 50% of the cost for single coverage health insurance, then you must enroll in the private employer's insurance.

TAKE ADVANTAGE OF THE TIAA-CREF LEARNING CENTER

Get the financial information you need to create a plan for your financial future —
and how you can put that plan into action.

TIAA-CREF offers you a wide array of online educational resources that can help you plan effectively for retirement. This table highlights the resources available to you, including the URLs that will take you to the planning information you need.

Topic	Sub-topic	Overview	URL
Saving for Retirement	The basics	Helps you understand the importance of saving for retirement, and the choices available to help you plan for the retirement you envision. Education models are available for asset allocation, debt reduction, investment basics and much more.	http://www.tiaa-cref.org/public/advice-planning/education/saving-for-retirement/basics/saving-enough/index.html
	Understanding IRAs	Everything you want to know about IRAs: <ul style="list-style-type: none"> ■ Reasons to consider investing in an IRA ■ Consolidating retirement savings in an IRA ■ Roth, Traditional, SEP IRAs ■ What you need to know 	www.tiaa-cref.org/iras
	Family matters	Covers various topics related to retirement savings and various family events and/or milestones: <ul style="list-style-type: none"> ■ Back in the Workforce ■ Spousal IRA ■ IRA and Divorce ■ IRA Bankruptcy 	www.tiaa-cref.org/public/advice-planning/education/saving-for-retirement/family-matters/index.html
	Tax considerations	Learn about the tax benefits and rules associated with retirement savings and products.	http://www.tiaa-cref.org/public/advice-planning/education/saving-for-retirement/tax-considerations/index.html
Investing for Life's Goals	N/A	"Start saving today for the things you want tomorrow." This section shows you how TIAA-CREF mutual funds and Brokerage Services can help you put aside money for the things that are important to you.	http://www.tiaa-cref.org/public/advice-planning/education/investing-for-life/index.html
Building your Legacy	The importance of estate planning	This section guides your employees through the basics of Estate Planning. Whether single or a member of a family of five, everyone should have a solid estate plan in place.	www.tiaa-cref.org/public/advice-planning/education/building-your-legacy/index.html
Living Well in Retirement	Retirement income	Retirement income is an important concept if you are thinking seriously about retiring or changing to part-time work over the next five to 10 years, or even sooner. Now is the time for you to start figuring out how much income you'll need. This section breaks down the facts and myths about annuities, retirement income strategies, and much more.	www.tiaa-cref.org/public/advice-planning/education/living-in-retirement/index.html
Investment Insights	Investment tips	Read up on investment tips from Brett Hammond, TIAA-CREF's Chief Investment Strategist. Topics are updated regularly. Examples include: <ul style="list-style-type: none"> ■ Tax Savings Opportunities During the IRA Season ■ How to Find More Money to Save 	http://www.tiaa-cref.org/public/advice-planning/market-commentary/index.html
Watch Financial Education Seminars online.		TIAA-CREF's financial education Web seminars provide a convenient alternative for those who cannot or do not want to attend a live seminar.	http://www.tiaa-cref.org/public/advice-planning/webinars-seminars/index.html

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Financial Services

ANNUAL NOTICE CONCERNING FEDERAL LAWS & ACTS AND POLICIES OF YOUR EMPLOYER-SPONSORED HEALTH PLAN FOR CALENDAR YEAR 2012

WHAT YOU SHOULD KNOW

The University of South Alabama is pleased to provide its employees and their dependents with a quality health and dental plan at an affordable cost to all employees.

This newsletter provides important information about federal laws and acts that affect your coverage. It also includes information about the policies and procedures of your Plan. You should read this notice carefully and keep it with your important papers. This notice, along with your USA Health & Dental Plan Member Handbook, will assist you in understanding your rights under the Plan and your responsibilities to the Plan.

Privacy Notice

The USA Health & Dental Plan and its associates like Blue Cross Blue Shield of Alabama adhere to and comply with the Privacy Act. The Plan and its associates have adopted practices and procedures to protect the privacy of your medical information. The Plan's privacy policy in its entirety is available from the Human Resources Department and is included in your Member Handbook. Blue Cross Blue Shield of Alabama also states its privacy policy on the company website at www.bcbsal.com.

Patient Protection

The Plan does not restrict coverage to any specific physician and the individual may designate any primary care, pediatrician, obstetric, gynecological, or specialty care provider in the network. A list of covered physicians, hospitals, and other medical providers may be obtained from Blue Cross Blue Shield of Alabama and is stated on its web site at www.bcbsal.com.

Grandfathered Status

The USA Health & Dental Plan is a "grandfathered plan" under PPACA. As permitted by the Act, a "grandfathered" plan can preserve certain basic health coverage that was already in effect when that law was enacted. As a "grandfathered" health plan, the Plan may not include certain consumer protections of the Act that apply to other plans; for example, the requirement for the provision of preventive health services without any cost sharing. Questions regarding which protections may or may not apply to a "grandfathered" health plan and what might cause a plan to change its status can be directed to the Human Resources Department. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform.

Pre-Existing Waiting Period

The USA Health Plan has a 270-day waiting period for pre-existing medical conditions and does accept (effective January 1, 2012) Certificates of Creditable Coverage to reduce/eliminate the waiting period. Effective January 1, 2011, the waiting period no longer applies to any covered person who is under the age of 19, whether it is an employee or dependent.

Notice of the Plan's Opt-Out of Some Federal Regulations

The USA Health & Dental Plan has elected to opt-out of certain federal regulations including: the Health Insurance Portability & Accountability Act of 1996 (HIPAA) as amended by the Patient Protection and Affordable Care Act (PPACA), the Newborns' and Mothers' Health Protection Act of 1996 (NMHPA), the Mental Health Parity Act of 1996 (MHPA), the Mental Health Parity and Addition Equity Act of 2008, and Michelle's Law (2008). The Plan does comply with the HIPAA provisions for pre-existing condition exclusion rules, the special enrollment rules and the discrimination based on health status rules.

Health Insurance Portability and Accountability Act ("HIPAA"):

Many of the provisions of HIPAA do not apply to the Plan, or the Plan is already in compliance with these provisions. For example, HIPAA requires a special enrollment period for employees who incur a change-in-status event concerning eligibility of family members. This benefit has always been offered under the Plan. HIPAA prohibits group health plans from discriminating against employees on the basis of health status. The Plan has never imposed discriminatory rules.

Current employees who have already served the 270-day waiting period for a pre-existing medical condition, as explained in the USA Health & Dental Plan Member Handbook will not be affected by the University's decision to opt-out of HIPAA.

New employees and new dependents, age 19 and over, are required to serve the 270-day Pre-Existing Conditions Exclusion waiting period, as explained in your Member Handbook. Certificates of Creditable Coverage from your previous insurance plan are accepted to reduce/eliminate the Pre-Existing Condition waiting period for those individuals age 19 and over as required by the Plan. It is your responsibility to file the Certificate of Creditable Coverage with USA's Human Resources Department.

New employees and dependents should give consideration to continuing the COBRA privilege granted under a previous employer's health plan if there are any concerns that a medical condition may be considered pre-existing under this Plan.

Pre-Existing Conditions - A pre-existing condition is any condition, no matter the cause, for which you received medical advice, a diagnosis, care, or for which treatment was recommended or received during the six-month period preceding your enrollment date. Even if the condition is not diagnosed until after your date of enrollment, the Plan will treat your condition as pre-existing if treatment was recommended or received during the six-month period preceding your enrollment date for symptoms that are consistent with the presence of your condition. The waiting period for pre-existing conditions does not apply to members under age 19 who are enrolled in the Plan within 30 days of the qualifying date.

Departing employees or dependents no longer eligible will be provided a Certificate of Creditable Coverage from this Plan that can be submitted to possibly offset the waiting period for coverage of pre-existing conditions under a new health plan. Departing employees and dependents no longer eligible for coverage will be entitled to COBRA coverage.

Newborns' and Mothers' Health Protection Act ("NMHPA"):

The NMHPA establishes minimum inpatient hospital stays for newborns and mothers following delivery, based on medical necessity. The Plan has never imposed limitations regarding the length of an inpatient hospital stay following delivery. The Plan's decision to opt-out of NMHPA will have no effect on current or new employees.

Mental Health Parity and Addiction Equity Act of 2008 ("MHPAEA"):

The MHPAEA expands MHPA by establishing parity of mental health and substance use benefits to include substance use disorder benefits as well as mental health benefits; prohibits applying financial requirements or treatment limitations that are more restrictive than the predominant financial requirement or treatment limitations that apply to substantially all medical and surgical benefits. The USA Health & Dental Plan does not provide parity and has limits on certain services and a maximum dollar limit for mental and substance use treatment. These limits are explained in the USA Health & Dental Plan Member Handbook. You should read this handbook carefully to understand the benefits offered. You should consult with your medical provider and the claims administrator to coordinate your care within the benefits offered by the Plan.

Michelle's Law (2008):

Michelle's Law provides that a group health plan may not terminate the coverage of a full-time student as a result of that individual ceasing to meet the definition of a full-time student due to medically necessary leave of absence. The USA Health & Dental Plan has opted-out of this law. The Plan does not allow coverage continuation for full-time students as a result of a medically necessary leave of absence except as provided by the COBRA continuation of coverage. These limits are explained in the USA Health & Dental Plan Member Handbook.

Women's Health & Cancer Rights Act:

The Plan complies with the Women's Health and Cancer Rights Act, providing the following benefit: The USA Health & Dental Plan provides medical benefits for mastectomies for treatment of breast cancer including reconstructive surgery of the breast on which the mastectomy was performed, and of the other breast to produce a symmetrical appearance; prosthesis and coverage of physical complications resulting from all stages of the mastectomy, including lymphedema. Coverage of prosthesis includes initial placement of prosthesis and replacements as determined to be medically necessary. Coverage of prosthesis also includes the brassiere required to hold the prosthesis, limited to a Plan year maximum benefit of four (4) brassieres.

Notice of a Special Enrollment Period for a Change-In-Status Event

If you or any of your family members declined coverage under the Plan when first eligible for coverage (or during the annual Open Enrollment Period), you may enroll in the Plan or enroll your eligible dependents when certain events cause a change-in-status event. Some change-in-status events result in termination of coverage for a dependent. To make an enrollment change due to a change-in-status event, you must contact the Human Resources department within 30 days (unless otherwise noted) of the event. Change-in-status events include:

1. A change in your marital status (marriage, divorce, legal separation or death of your spouse).
2. A change in the number of your dependents (birth or adoption of a child, death of a child, or obtaining legal custody of a child who permanently resides in your home and is not a foster child, or obtaining legal guardianship of a child because the child's parents are dead or have had their parental rights terminated by court action).
3. A change in your employment status (starting/ending employment, changing from part-time to full-time or vice versa, taking or returning from an approved leave).
4. A change in your spouse's employment status (starting/ending employment, changing from part-time to full-time or vice versa, a strike or lockout, or your spouse taking or returning from an unpaid leave or leave under the Family and Medical Leave Act or USERRA).
5. Exhaustion of your coverage period under a previous employer's COBRA continuation.
6. A significant change in the costs of or coverage provided by your spouse's employer-sponsored health plan.
7. A significant change in the costs of or coverage provided by this Plan.
8. A change in the eligibility status of a dependent child (child reaching the maximum age for coverage under the Plan, or child becoming employed by an employer offering group health insurance regardless of whether or not coverage is elected).
9. An end to the disability of a disabled child enrolled as your dependent under the Plan.

10. A change in your residence or work site, or that of a spouse or dependent, which affects ability to access benefits under this or another employer-sponsored health plan.
11. A required change due to a court order.
12. You or your dependent becoming entitled to Medicare or Medicaid.
13. You or your dependent(s) loss of coverage under Medicaid or a State Children's Health Insurance Plan (SCHIP) because of loss of eligibility. Enrollment request must be made within 60 days of the termination of coverage.
14. You or your dependent(s) becomes eligible for the premium assistance under Medicaid or SCHIP. Enrollment request must be made within 60 days of becoming eligible for the premium assistance.

Employees and/or their eligible dependents age 19 and over who enroll during the Special Enrollment Period for change-in-status events will be subject to the 270-day pre-existing conditions exclusion waiting period unless a Certificate of Creditable Coverage is provided.

Section 125 Premium Conversion Plan

The Section 125 Premium Conversion Plan allows you to pay your employee contribution for the Plan with pre-tax dollars through salary reduction rather than regular pay. The employee contribution is deducted from your paycheck before taxes are withheld. This allows you to increase your spendable income by reducing your taxes (your Social Security retirement benefit may be slightly reduced).

All eligible employees are automatically enrolled in the Section 125 Premium Conversion Plan. You may change your election for pre-tax premiums for the coming year during the Open Enrollment period held in November, or during the Plan year if you incur a change-in-status event.

Notice of Your Right To COBRA Continuation of Coverage Under the Plan

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the Plan and under federal law, you should review the Member Handbook or contact the Human Resources department or Blue Cross Blue Shield of Alabama for additional information.

There are time limits for a member to apply for the COBRA continuation of coverage. It is vital that you notify the Human Resources department when there is a COBRA qualifying event that may affect your coverage or that of your dependent, such as: 1) your hours of employment are reduced, 2) your employment

ends for any reason, 3) your spouse dies, 4) your spouse's hours of employment are reduced, 5) your spouse's employment ends, 6) your spouse becomes entitled to Medicare benefits, 7) you become divorced or legally separated from your spouse, 8) the child's parent-employee dies, 9) the parent-employee's hours of employment are reduced, 10) the parent-employee's employment ends, 11) the parent-employee becomes entitled to Medicare benefits, 12) the parents become divorced or legally separated, 13) the child is no longer eligible for coverage under the Plan as an Eligible Dependent.

You can obtain COBRA Continuation of Coverage information by contacting the University's Human Resources Department at (251) 460-6133.

Important Notice

You should read the USA Health & Dental Plan Member Handbook and share it with your dependents. This booklet provides valuable information about your responsibility under the Plan, eligibility, benefits, and your rights as a participant including the right to appeal the denial of a benefit. If you do not have a copy of this booklet, you should contact the Human Resources department and one will be sent to you free of charge.

Contact the Human Resources Department

You may contact the University of South Alabama Human Resources department by calling one of the numbers listed below:

University of South Alabama Campus	(251) 460-6133
USA Medical Center	(251) 471-7325
USA Children's and Women's Hospital	(251) 415-1604

You may also contact the University of South Alabama Human Resources department at the following addresses:

Campus
650 Clinic Drive
TRP Building III, Suite 2200
Mobile, AL 36688

USA Children's & Women's Hospital
1700 Center Street
Mobile, AL 36604

USA Medical Center
2451 Fillingim Street
Mobile, AL 36617



University of South Alabama
Human Resources
TRP III, Suite 2200
650 Clinic Drive
Mobile, Alabama 36688-0002

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