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University of South Alabama

HR Update

Visit your Human Resources website at www.southalabama.edu/hr for important **OPEN ENROLLMENT INFORMATION.**

SouthFlex packets will **NOT** be mailed to home addresses.



OPEN ENROLLMENT BEGINS



OPEN ENROLLMENT ENDS



USA HEALTH & DENTAL PLAN

- ✓ 2010 Premium/Benefits Changes
See page 3 for details.
- ✓ As a cost-saving measure, in 2010, a generic Nexium replacement program will be offered. Plan members participating in this program will have copays for the generic alternative, Omeprazole, waived for six months. Blue Cross Blue Shield will provide details in the coming months.

SOUTHFLEX

- ✓ Enrollment forms are available online. Complete, print, sign and fax to HR at 460-7483.
- ✓ Adjust your SouthFlex deduction based on 2010 USA Health & Dental Plan benefit changes.
- ✓ Enrollment in SouthFlex will allow you to be reimbursed for copays and deductibles on a pre-tax basis.

Benefit Changes to the USA Health & Dental Plan Effective 01/01/2010

As you know, the University of South Alabama is committed to providing high-quality, reasonably priced health and dental insurance coverage to its employees at a cost that is competitive with peer institutions. Thanks to cost-consciousness on the part of our employees and the University, the monthly premium for coverage has not increased for almost five years. Premiums have not risen since January 1, 2005, except for the addition of the dental benefit and other benefit improvements on January 1, 2006. Additionally, there have been several benefit improvements to the Plan over the past five years.

Like many insurance plans around the nation, the USA Health & Dental Plan has experienced a major cost increase during 2009, which is projected to continue in 2010. Blue Cross Blue Shield projects USA's total employee health care costs to rise to \$37.5 million for the coming year, which is \$7.6 million more than the current premium contribution by the University and its employees. This deficit requires adjustments to the Plan if it is to remain affordable for both the employee and the University.

Your USA Fringe Benefits Committee (FBC) has recommended and President Moulton has approved allocating the cost over three areas. A portion of the increase will be funded by the existing plan reserve, a portion by benefit changes, and the remaining amount by increasing the University and employee premium contributions.

The employee portion of single coverage will increase by \$9 per month to \$76 per month. The employee portion of family coverage will increase by \$22 per month to \$252 per month. Since employee contributions are exempt from taxes, the net increase will be approximately \$6 for single coverage and \$15 for family coverage.

Under this structure, USA will contribute \$24 million for its employees for the 2010 plan year. The University also contributes \$5 million annually toward the cost of approximately 1,100 retired employees' PEEHIP health insurance benefits.

Also note, that the FBC recommended and President Moulton approved the continuance of USA Health Plan members' access to Infirmary West as a USA Network provider for the purposes of the deductible and copay.

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, 2010. 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.

If you have not done so in the past, this is 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 are 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 completed, please print, sign, and fax to Human Resources at 460-7483. Remember, even if you are currently enrolled in SouthFlex you must re-enroll during the open enrollment period in order to participate during the 2010 plan year.

**Enrollment forms must be received in Human Resources no later than
4:30 p.m. on Monday, November 30, 2009.**

Benefit Changes to the USA Health & Dental Plan Effective 01/01/2010

- ◆ The monthly employee premium will increase by \$9/single coverage and \$22/family coverage. The following provides the cost-sharing amounts effective January 1, 2010:

January 1, 2010	Single	Family
Employee	\$ 76.00	\$252.00
University	<u>\$326.00</u>	<u>\$584.00</u>
Total Cost	\$402.00	\$836.00

Remember, the new premium will be reflected in December 2009 paychecks for bi-weekly paid employees.

- ◆ **Reinstate the \$25 annual deductible to the Dental Plan.** The deductible will **NOT** apply to diagnostic and preventive services. The deductible **WILL** apply to restorative, supplemental, endodontic, prosthetic, and periodontic services. The annual \$25 deductible is limited to three deductibles per family.
- ◆ Increase the major medical deductible from \$250 to **\$400**.
- ◆ Increase the non-USA physician (Blue Cross Blue Shield providers) visit copay from \$25 to **\$30**. In each case, where there is a \$25 copay for physician services it will increase to \$30. There will be **NO** change to the USA Health System providers copay of \$10.00.
- ◆ Increase the non-USA inpatient hospital (Blue Cross Blue Shield providers) cost from a \$500 deductible and \$50 copay for days 2 through 5, to a **\$750** deductible and **\$100** copay for days 2 through 5.
- ◆ Increase the non-USA outpatient hospital (Blue Cross Blue Shield providers) copay from \$150 to **\$250**. There will be **NO** change to the USA Health System providers copay.

- ◆ Increase the prescription drug copay from the current schedule of \$10/\$25/\$35 to **\$10/\$30/\$50**.
- ◆ Services provided by AirMed International since 2007 will be discontinued. Comparable coverage is currently available under the University paid group life insurance coverage.

See page 4 for details.
- ◆ Add a specialty drug copay of **\$100**.

Specialty Drugs

Specialty drugs are high-cost drugs that may be used to treat certain complex and rare medical conditions and are often self-injected or self-administered. Specialty drugs often grow out of biotech research and may require refrigeration or special handling. Some benefit plans administered by Blue Cross Blue Shield of Alabama provide a different level of coverage for specialty drugs. The Specialty Drug List that is posted on www.bcbsal.com is the most current listing, but is subject to change without notice. The change will take effect as specified by the date on the new Specialty Drug List.

To find out if your prescription is considered a specialty drug, go to www.bcbsal.com and select the PHARMACY link at the top of the page. Once you are on the pharmacy page, select the Prescription Drug Guide and Drug Lists. You may then search by drug name or select the Specialty Drug List.

Please note: Employees and/or eligible dependents who enroll during the Open Enrollment period will be subject to the 270-day pre-existing conditions exclusion waiting period.

Employee Responsibility for Notification of a Change in Dependent Status

You are required to notify Human Resources if you have a change-in-status event such as:

- ◆ Marriage or divorce
- ◆ Child reaching age 19
- ◆ Children over age 19 - 25 no longer attending school
- ◆ Birth or adoption of a child

It is the employee's responsibility to notify Human Resources when a change occurs. Failure to provide notice within 30 days of the change will result in your 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 employee is required to notify Human Resources of the divorce so the ex-spouse is removed from the employee's health plan contract. The University will then offer the ex-spouse the opportunity to maintain coverage through the COBRA continuation of coverage option.

Coming in 2011 Plan Year USA Health & Dental Plan Non-Tobacco Use Discount

The USA Health & Dental Plan will implement a non-tobacco use discount to subscribers beginning **January 1, 2011**. A premium discount will be applied to the monthly premium for employees who provide written certification that the employee and eligible spouse (if the spouse is a covered dependent) do not use tobacco products. Employees will be required to certify their tobacco status (including their spouse, if applicable) in order for the discount to be applied to their premium.

This benefit will include a tobacco-cessation program supported by the University and coordinated with the National Cancer Institute, American Lung Association, Blue Cross Blue Shield Wellness Program, and other providers of cessation programs.

Changes in Air Ambulance and Travel Insurance

Effective January 1, 2010, as an additional cost-savings measure, the University of South Alabama will discontinue the AirMed benefit provided through the USA Health & Dental Plan. However, we are pleased to announce that in coordination with Standard Insurance Company, MEDEX Travel Assist is available to all benefits-eligible employees and their eligible family members.

This valuable benefit provides an additional sense of security for employees and their eligible family members when they are traveling more than 100 miles from home or internationally for trips up to 180 days. With MEDEX Travel Assist, employees and their eligible family members can receive a full range of medical, security, legal and travel assistance services from MEDEX Assistance Corporation. MEDEX Travel Assist professionals are available 24 hours a day to answer calls and help employees respond to medical care situations and other emergencies that may arise during travel.

Key Services of MEDEX Travel Assist include:

- **Pre-Trip Assistance** including passport, visa, weather and currency exchange information, health hazards advice and inoculation requirements.
- **Medical Assistance Services** including locating medical care providers and interpreter services.
- **Travel Assistance Services** including emergency ticket, credit card and passport replacement assistance, fund transfer and missing baggage assistance.
- **Legal Assistance Services** including locating a local attorney, consular office or bail bond services.
- **Emergency Transportation Services** including arranging and paying for emergency evacuation to the nearest adequate medical facility and medically necessary repatriation to the employee's home.
- **Personal Security Services** including evacuation and logistical arrangements in the event of political unrest, social instability, weather conditions, health or environmental hazards.

Health Insurance Portability and Accountability Act (HIPAA)

In February 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA). One section of the ARRA requires health plans to notify members when their personal information is lost, stolen, or viewed by an unauthorized party. In addition, the Act significantly broadens governmental enforcement powers and the associated monetary penalties.

Health plans must be even more vigilant to ensure that member information is always secured.

For some breaches, health plans must use public methods such as websites and news outlets to publicize the breach.

Information that is encrypted is considered to be secured and does not require reporting to members when lost or stolen.

Optional Retirement Plans

In addition to the mandatory Teachers' Retirement System Plan, the University has two types of optional retirement plans available:

- ◆ 403b
- ◆ 457

Employees can reduce their state and federal taxable income by sheltering up to \$16,500 in 2009 (\$22,000 if over age 50) to both the 403(b) and/or the 457. That is a total of \$33,000 a year (\$44,000 if over age 50) if you contribute to both plans. The annual limits will remain the same in calendar year 2010.

You will owe taxes on the distributions only for the years in which the benefits are payable.

TIAA-CREF - is a tax-sheltered annuity vendor for the 403(b) and the 457 plan and offers a variety of TIAA-CREF investments.

Visit the website at www.tiaa-cref.org.

Policies for Part-Time Employment of Retirees

Earnings Limitations

A Teachers' Retirement System (TRS) retiree employed with a TRS or ERS member agency may continue to receive full retirement benefits provided the retired member meets these conditions:

1. The retiree must not be employed or under contract for permanent, full-time employment, and cannot replace a regular employee.
2. The retiree's salary cannot exceed the limitation on earnings. The limits are subject to change each year based upon the Consumer Price Index (CPI).
3. Following the retirement date, the retiree must have a bona fide break in service and not report to work for a complete pay period (either biweekly or monthly).

Retirees who return to work with a TRS or ERS member agency in the same calendar year as their retirement are subject to a monthly earnings limitation.

- ◆ If a retiree's earnings exceed the annual limitation on earnings, the retirement benefit will be suspended.
- ◆ 2009 yearly earnings limit - \$22,000 year
- ◆ 2009 monthly earnings limit for those who return in same calendar year - \$1,833.33 per month
- ◆ No limitations on earnings for a **service** retiree employed with a non-TRS/ERS employer
- ◆ There are restrictions on hiring a retiree that previously held an administrative, managerial or executive position. Please contact your Human Resources office prior to hiring any TRS retiree.



TIAA-CREF Brokerage Services Account Now Available To University of South Alabama Employees

GREATER FLEXIBILITY

The University of South Alabama is now offering a TIAA-CREF Brokerage Services Account to your existing retirement account(s). You may transfer accumulations you have in the TIAA Traditional Annuity Account and the CREF variable annuity accounts to your brokerage account and back again, with certain restrictions (the percentage of your accumulation that you may transfer is determined by your plan). You can also schedule automatic investment transactions.

A WIDE RANGE OF MUTUAL FUND CHOICES

With your TIAA-CREF Brokerage Services Account, you can choose to invest in more than 1,000 no-transaction-fee mutual funds and more than 800 transaction-fee funds that are available on the brokerage platform. Please keep in mind that, as with the CREF variable annuity accounts, mutual fund returns are not guaranteed, and you assume all risks associated with investing in these funds.

CONTROL AND CONVENIENCE

Once you have established a TIAA-CREF Brokerage Services Account, you can place orders to buy, sell or transfer fund shares by visiting www.tiaa-cref.org/services/brokerage. You can also use TIAA-CREF's Automated Telephone Service by calling 1-800-842-2252, 24 hours a day, seven days a week.

ARE THERE ANY FEES ASSOCIATED WITH MY SELF-DIRECTED BROKERAGE ACCOUNT?

An annual maintenance fee of \$40, charged in quarterly installments, will be assessed on TIAA-CREF Brokerage Services Accounts opened through a retirement plan. Where applicable, there may also be other standard fees in addition to this annual maintenance fee. Visit the TIAA-CREF Brokerage Services website at www.tiaa-cref.org/services/brokerage for more information.

DEDICATED CUSTOMER SERVICE

If you prefer, you can process your transactions with a TIAA-CREF consultant by calling 1-800-927-3059. TIAA-CREF consultants are also available at this telephone number to answer any questions you may have about your TIAA-CREF Brokerage Services Account.



**FINANCIAL SERVICES
FOR THE GREATER GOOD®**

TIAA-CREF Financial Planning Consultant on Site

A TIAA-CREF Consultant conducts quarterly visits to the University of South Alabama and is available for free one-on-one counseling sessions. These counseling sessions provide you with a confidential review of both your retirement and non-retirement assets. TIAA-CREF can also provide objective advice to ensure you are well positioned for retirement. This advice analysis is part of TIAA-CREF's commitment to USA employees in answering three basic retirement questions: Am I on the right track for retirement? Do I need to save more to reach my retirement goals? What asset allocation mix and investment strategy is best for me?

Topics of discussion may include asset allocation, coordination of different investments, and integration of family investments. Employees reaching retirement age can review income options from various sources to maximize retirement cash flow.

Our TIAA-CREF Consultant is Allyson Ray, who works in the TIAA-CREF Atlanta office. Allyson graduated from Furman University with a degree in English in 1976 and received a Master's in Management from Georgia Tech in 1979. She has worked in the financial services industry for over 30 years. She spent ten years in banking and fifteen years managing her own financial consulting business. She has taught courses for the American Institute of Banking and is affiliated with the Financial Planning Association. She earned the Certified Financial Planner (CFP(r)) designation in 2002 and has been with TIAA-CREF since 2004.

Please call 460-6133 or e-mail hrrmaincampus@usouthal.edu if you are interested in scheduling an appointment with Allyson. The counseling session usually lasts about 45 minutes.

Important Notice About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage provided by your employer and prescription drug coverage that became available January 1, 2006 for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

- 1. On January 1, 2006, Medicare prescription drug coverage became available to everyone with Medicare.**
- 2. The prescription drug coverage offered by the USA Health & Dental Plan is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay.**
- 3. Read this notice carefully – it explains the options you have under Medicare prescription drug coverage, and can help you decide whether or not you want to enroll.**

On January 1, 2006, prescription drug coverage became available to everyone with Medicare through Medicare prescription drug plans. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you decide later to enroll in Medicare coverage.

People with Medicare can enroll in a Medicare prescription drug plan from November 15, 2009 through December 31, 2009. However, because you have existing prescription drug coverage that, on average is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later.

If you drop your employer's coverage and enroll in a Medicare prescription drug plan, you may not be able to get this coverage back later. You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

Your current coverage pays for other health expenses, in addition to prescription drugs. Your employer will let you know if you will be eligible to receive all of your current health and prescription drug benefits if you choose to enroll in a Medicare prescription drug plan.

You should also know that if you drop or lose your coverage with your employer and do not enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare prescription drug coverage later. If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage, your monthly premium will go up at least 1% a month for every month that you did not have that coverage. For example, if you go 19 months without coverage, your premium will always be at least 19% higher than what most other people pay. You will have to pay this higher premium as long as you have Medicare coverage. In addition, you may have to wait until next November to enroll.

More detailed information about Medicare plans that offer prescription drug coverage is available in the "Medicare & You" handbook. You may get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare prescription drug plans. You can get more information about Medicare prescription drug plans from the following places:

- Visit www.medicare.gov for personalized help
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number)
- Call 1 800 MEDICARE (1-800-633-4227); TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

The above notice is the Medicare Part D creditability notice as required by Medicare.



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