

MEMORANDUM

To: Full-time Faculty and Staff

From: Wilson “Bud” McGregor
Associate Vice President for Budget & Human Resources

Date: November 7, 2008

Subject: I. Medical Premiums and Plan changes for 2009
II. Dental Premiums and Plan changes for 2009

I. Medical Premiums and Plan changes for 2009

Medical Premiums effective December 19, 2008 (biweekly) or December 23, 2008 (monthly) for 2009

For 2009, faculty and staff contributions will increase by 6% in order to cover the anticipated costs for 2009. A 6% premium increase was made possible by updating the prescription drug copays which have not changed for three years while drug costs have increased annually. Otherwise, a 7-8% premium increase would have been needed to cover projected costs. The 6% premium increase will increase monthly charges to faculty/staff by \$2 to \$20 depending upon the salary range/coverage election. The revision to the schedule and the premium increase was approved by the Administrative Committee (faculty, staff and administrators that reviews/approves our group insurance and retirement plans). The university’s total contribution also increases for 2009 in order to cover the anticipated costs and to continue to cover 75% of the total cost. Baylor bases faculty/staff premiums on salary ranges so medical benefits will be more affordable to all. The salary ranges of the premium schedule for 2009 have been updated to reflect the 2008 pay increases. This update should minimize the possibility and frequency of paying a premium in 2009 based on the next higher pay range resulting from a typical annual pay increase. Following is the new 2009 faculty and staff monthly premium schedule:

	2009 Faculty/Staff Monthly Premiums per Annualized Salary Range						
Coverage Elections	2009 Total Premiums	Less than \$29,485	\$29,486 - \$40,404	\$40,405 - \$51,324	\$51,325- \$62,244	\$62,245- \$73,166	\$73,167 & over
Employee only	\$433	\$40	\$88	\$106	\$127	\$147	\$154
Employee + Spouse	\$867	\$80	\$176	\$209	\$253	\$292	\$306
Employee + Children	\$758	\$69	\$153	\$183	\$225	\$255	\$268
Employee + Family	\$1,085	\$87	\$186	\$241	\$297	\$333	\$345

Plan Changes approved and effective January 1, 2009

- Prescription Copays Updated - Retail: Generic remains at \$10. Brand Name Preferred increases from \$25 to \$30. Brand Name Nonpreferred increases from \$40 to \$50. Mail Order copays will remain at two times the retail copay for 2009 and are anticipated to increase to 2.5 times the retail copay in 2010.
- Ambulance Coverage Enhanced - Blue Cross Blue Shield will process claims for services provided by the local non-network ambulance service (ETMS) as if they are in network and because ETMS is the only local provider.

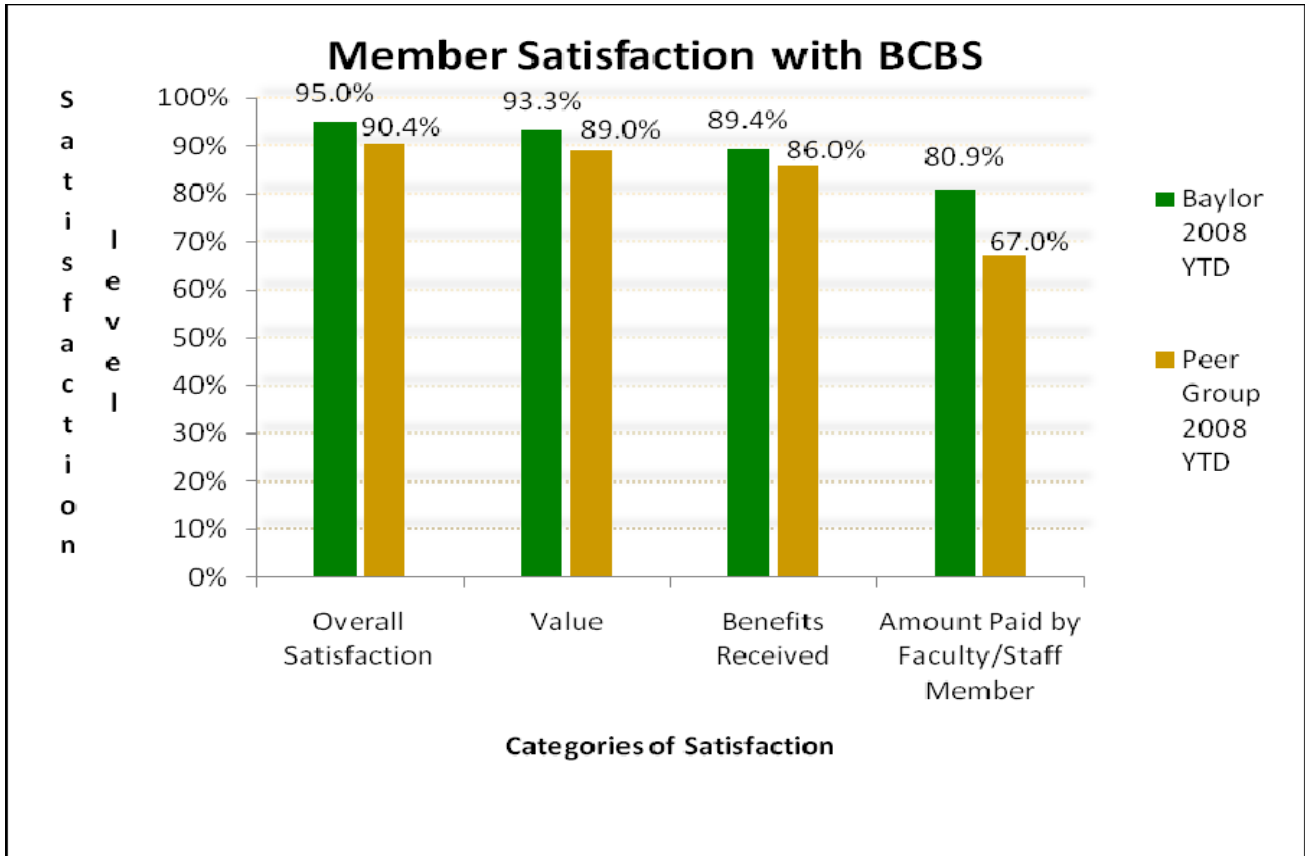
- Autism Spectrum Disorder Coverage Enhanced – Benefit coverage will expand to cover a broader range of autism spectrum disorder related services.
- Bariatric Coverage Added – A \$15,000 lifetime benefit to assist with the cost of bariatric surgical procedures.
- Serious Mental Health Coverage Enhanced – Serious mental health coverage is extended to equal medical surgical benefit coverage.

The approved plan for 2009 will enable Baylor to maintain a very strong medical insurance benefit at a competitive value. The following table illustrates how Baylor University’s 2009 medical insurance plan compares to a typical 2009 benchmark plan representing higher education and other institutions.

Benefit Category	Baylor 2009 Plan		* 2009 Benchmark Plan Comparison	
	Network	Non Network	Network	Non Network
Deductible (applies to all medical services)				
Individual	\$400	\$700	\$300 - \$500	\$500 - \$1,000
Family	\$1,200	\$2,100	\$750 - \$1,200	\$1,300 - \$2,000
Coinsurance (Plan Pays)	90%	70%	80%	60%
Inpatient Hospital Services	90% after deductible + \$200 hospital copay	70% after deductible + \$350 hospital copay	80% after deductible + \$200 - \$250 hospital copay	60% after deductible + \$300 - \$500 hospital copay
Other Outpatient Services	90% after deductible	70% after deductible	80% after deductible + \$100 - \$200 outpatient surgery copay	60% after deductible + \$300 - \$500 outpatient surgery copay
Physician Office Visits	\$20 copay	70% after deductible	\$20 copay	60% after deductible
Out-of-Pocket Maximum (excluding deductible)				
Individual	\$2,500	\$3,500	\$2,000 - \$2,500	\$4,000 - \$5,000
Family	\$5,000	\$10,500	\$4,000 - \$6,000	\$8,000 - \$10,500
**Pharmacy Copays	<u>Retail (30-day supply)</u>		<u>Retail (30-day supply)</u>	
Generic	\$10		\$10	
Brand Formulary	\$30		\$25 - \$30	
Brand Non-formulary	\$50		\$40 - \$50	
	<u>Mail (90-day supply)</u>		<u>Mail (90-day supply)</u>	
Generic	\$20		\$20 - \$25	
Brand Formulary	\$60		\$50 - \$60	
Brand Non-formulary	\$100		\$90 - \$100	
** (CVS Caremark, formerly PharmaCare)			* Information provided by Buck Consultants	

BlueCross BlueShield Survey Results

BlueCross BlueShield (BCBS) conducts ongoing customer satisfaction surveys and compares Baylor (green bar on graph) with its book of business which includes several major Texas higher education institutions (gold bar on graph). Baylor faculty and staff satisfaction with the medical insurance plan is favorable by comparison especially with the amount paid by faculty and staff. The survey results cover the period from January through June, 2008.



II. Dental Premiums and Plan changes for 2009

Direct Reimbursement Dental Benefit Plan and the QCD White Dental Plan

- No increase in premiums for either plan.
- No decrease in benefits provided by either plan.
- The QCD Red plan (funded by Baylor University) remains available.

If you have questions or comments, please contact Beverly Tieman, Benefits Coordinator (710-2218) or Richard Amos, AVP/Director of Compensation & Benefits (710-8577).