



**SEIU Special Open Enrollment
Employee Benefit
Educational Sessions
November 2008**

Information Covered Today

- Introductions
- Information regarding medical and dental benefit changes effective between now and January 2009
- Open Enrollment Dates
- What you can do during this Special Open Enrollment
- The effective date of the changes
- Section 125 Tax Saving Programs and How They Work
- Questions and Answers

What is changing?

- 1) Medical Plan Options*
 - County Health Plan Original #1 (CHPO) is being replaced by:
 - » County Health Value Plus Plan #2 (CHVPP) and
 - » County Health Value Plan #3 (CHVP)
- 2) The Co-Pay on the Kaiser and PacifiCare Plans is Changing*
 - Kaiser: \$0 to \$10 (Office visit)
 - PacifiCare: \$5 to \$10 (Office visit)
- 3) The County's Medical Insurance Contribution is Changing*
 - 85% of the lowest cost plan, Y-rated (frozen at the 07/08 rates)
- 4) The Employee's Dental Contribution is Changing
 - \$12.00 biweekly effective on pay date November 26, 2008

*Medical Plan and Cost Changes are effective January 7, 2009

Special Enrollment Period

- This Special Enrollment period is your opportunity to review your benefit options and enroll in or change your **medical plan benefit election or change the dependents on your medical plan**
 - No changes to dental, vision, or life insurance enrollments at this time.
- The Special Enrollment period runs from November 19 through December 15, 2008
- The elections you make during this Special Enrollment period are effective January 7, 2009 through June 1, 2009
- In the Spring, there will be another open enrollment when you will have the opportunity to make new benefit elections – including medical, dental, and life insurance – during the County's general Open Enrollment period; the elections you make at that time will be effective in June 2009.
 - Note: Change in plan year in 2009. The 09-10 plan year will begin in June rather than July so Open Enrollment will be early to allow plenty of time to evaluate options.

Special Enrollment Medical Plan Options

➤ Choose from four plans

- **County Health Value Plus Plan #2 (CHVPP)**
 - Annual Deductible: \$300 Indiv/\$900 Family
 - \$20 Office visit co-pay
 - Dependent up to age 19, 23 if full time student
 - \$3 Million Life Time Max
 - Out of pocket max \$2000 Indiv/\$4000 Family/Yr
- **County Health Value Plan #3 (CHVP)**
 - Annual Deductible: \$500 Indiv/\$1500 Family
- **Kaiser HMO**
 - Co-pays for most services increase from \$0 to \$10
 - Rx is \$5 generic and \$10 preferred
- **PacifiCare HMO**
 - Co-pays for most services increase from \$5 to \$10
 - Rx is \$5 generic and \$15 preferred/\$30 non-preferred

Plan changes are noted in bold on your Medical Plan Comparison chart, included with the Special Enrollment booklet.

Changes to County Contribution Methodology

- A new medical plan contribution methodology is effective for your medical plan benefit, effective January 7, 2009
- Under this methodology, the County contribution for employee medical coverage is equivalent to 85% of the lowest cost medical plan (Kaiser Permanente)
- County contributions for the higher cost plans—the County Health Plans and the PacifiCare plan—are Y-rated (i.e., frozen at 2007/08 benefit plan year rates for each level of coverage)
- Employees are responsible for the balance between the total premium cost and the frozen County contribution amount

Changes to County Contribution Methodology

➤ What this means for employees:

- **Kaiser is the lowest cost plan, and there is a lower premium**
 - The County continues to fund 85% of the total premium; employees pay 15%
 - Since the \$10 co-pay plan costs less than the \$0 co-pay plan, the premiums are lower.
- **No change to County Health Plan premiums**
 - County Health Value Plus Plan, when compared to the County Health Plan Original, has a combination of benefit enhancements and reductions that bring it in line with our labor market average and result in no total premium change.
 - For the 08/09 plan year, there was no rate increase. Therefore, the County will continue to pay the same amount through June 1, 2009 that it is currently paying. Since there is no increase in the total premium cost, employees will also pay the same premium cost.
- **Increase in PacifiCare premium cost**
 - PacifiCare increased their premiums 9.9% for the 08/09 plan year. The combination of the premium cost increase and the County's contribution methodology change has resulted in the employee contribution cost increasing.

Considering a Medical Plan Change?

- **Consider premium costs**—they vary, based on the plan and coverage level you select
- **Consider covered services and the benefits provided under each plan**
 - **County Health Plans**—deductibles, co-insurance, co-payments, in-network/out-of-network benefits
 - **Kaiser and PacifiCare**—co-payments, use of Kaiser or PacifiCare providers
- **Where you live or work may also be a factor**—eligibility for Kaiser and PacifiCare plans is based on your zip code

**Consider enrolling in the Health Care Reimbursement Account (HCAP) to save tax dollars on your out of pocket expenses.
More details later.**

Dental Plan Benefits

- Employee's share of Dental Insurance Premiums will increase to
 - \$12 per pay period effective November 26, 2008
- Your current dental insurance election will remain in place through June 1, 2009
- If you previously waived your dental coverage, you will have the opportunity to enroll during the Open Enrollment period in Spring 2009

Making Your Medical Plan Election During the Special Enrollment Period*

- You must take action during this Special Enrollment period if you wish to:
 - Change your medical plan election
 - Enroll in a medical plan if you previously declined coverage
 - Add or drop medical coverage for your eligible dependents
- You must act by December 15, 2008, to take advantage of these options
- No action is required unless you are making a change
- You will transfer automatically to the new applicable plan if you make no open enrollment plan change

*For coverage January 7, 2009 through June 1, 2009

Use the County of Sonoma Benefits Enrollment Form to make your medical, benefit election.

The form is available from your Payroll Clerk or the Human Resources Department Benefits Unit.

Return all forms to Human Resources by
5:00 p.m.
Monday
December 15, 2008.



Questions?

What are Flexible Benefits and Section 125 Plans

➤ Section 125 of the Internal Revenue Code established the flexibility of the employer to offer certain taxable and non-taxable benefit choices

- **Premium Conversion**

- Pre-tax treatment of your medical, dental, and vision premiums for you and your IRS Qualified Dependents

- » **Automatically**

- **Health Care Reimbursement Accounts (HCAP)**

- Out of Pocket Medical, Dental, and Vision Expenses

- **Dependent Care Account Program (DCAP)**

- Child and Adult Dependent Care Expenses

Open Enrollment for the HCAP and DCAP Plans

- The County is currently conducting its annual Open Enrollment for its
 - Health Care Reimbursement Account Program (HCAP) and
 - Dependent Care Reimbursement Program (DCAP)
- You can elect to contribute to one or both programs
- You contribute pre-tax dollars to the account(s) and use your contributions to reimburse yourself for eligible expenses
- Contributions are deducted from your paycheck in equal amounts on a before-tax basis during the plan year
 - January 1 – December 31

Why use a Health or Dependent Care Reimbursement Account?

- It lowers your expense through the “tax savings” for you and your eligible dependents

Example: Your Current Tax Bracket at \$32,000 Adjusted Gross Income

Federal: 15.00%

State: 8.00%

FICA: 7.65%

Total Tax Rate: 30.65%

Do I Save?

- For every \$1.00 deposited, your take home pay is only reduced \$0.69 (example)
- For every \$1.00 of expense paid from either HCAP or DCAP Plan, your cost is only \$0.69
- That represents a 31% discount
- Higher wage brackets save more because of higher tax rates

What is New for 2009?

- Higher limit per pay period and per year for HCAP - \$150 per pay period, or \$3,900 per year
- 14.5 month period for incurring expenses, March 15, 2010 (overlap period)
- 15 month period for filing claims – March 31st deadline
- Same extended periods for DCAP

About the Reimbursement Account Programs

HCAP

- Contribute up to \$3,900 during the plan year (\$150 biweekly)
- Reimburse yourself for eligible medical, dental, and vision care expenses, as allowed by the IRS
- Eligible expenses include the medical and dental plan deductibles, co-payments, and expenses that are higher than reasonable and customary fees thus excluded from coverage under the plan
- Your total plan year contribution is available for immediate use

DCAP

- Contribute up to \$5,000 during the plan year, as allowed by the IRS
- Reimburse yourself for eligible dependent care expenses, as allowed by the IRS
- Eligible expenses include in-home services provided by a baby-sitter, nursing aide or attendant, and eligible services provided outside of your home by a day care center (for children or adults), baby-sitter, or attendant

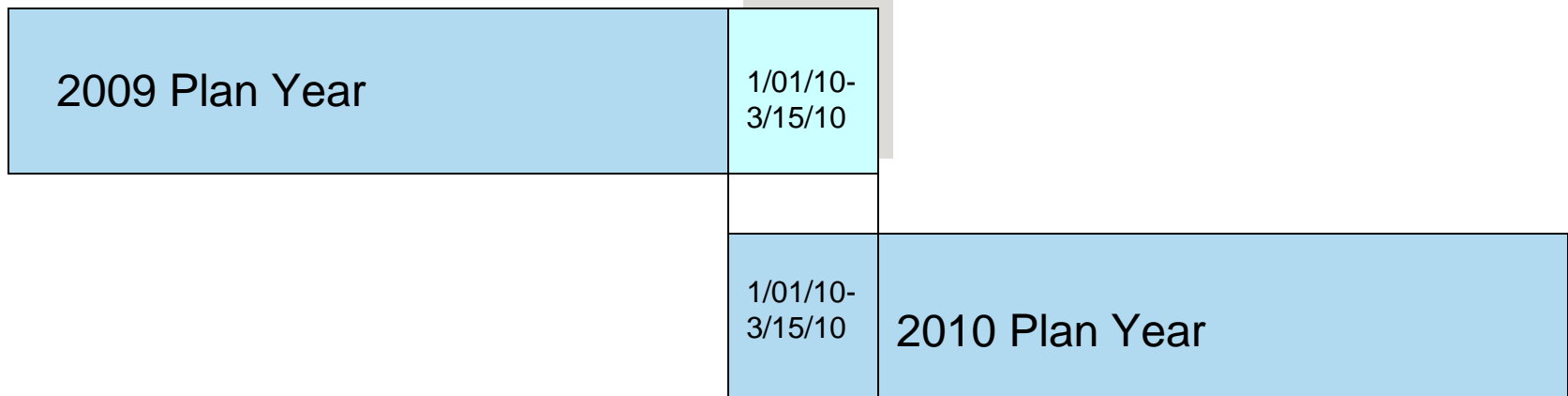
The Risk/Reward

- Unused amounts are forfeited and divided equally among all participants as per IRS guidelines
- Risk is minimized with new Plan provisions for extended period beyond the end of the year
- Submission period is 15 months
- Expense period is 14.5 months
- Expenses can be submitted before payroll deduction is made and will be paid (HCAP only)
- Planning is required and now, it just got easier

Planning Worksheet HCAP

Medications - Self					
a. Lipitor Monthly	\$	15.00	12	\$	180.00
b. Prilosec	\$	14.95	12	\$	179.40
Medications - child/spouse					
a. Allergy	\$	5.00	12	\$	60.00
b. Asthma	\$	15.00	12	\$	180.00
Doctor's Visits					
Annual Deductible					
- self	\$	300.00	1	\$	300.00
- child	\$	300.00	1	\$	300.00
Eyeglasses					
- self - sunglasses	\$	249.00	1	\$	249.00
- child - spare	\$	125.00	1	\$	125.00
- spouse computer	\$	125.00	1	\$	125.00
Total					
				\$	1,698.40
Estimated HCAP per pay				\$	65 (1698.40 / by
Total Annual Amount				\$	1,690.00 26 pay periods)

New Extended Year for HCAP and DCAP



New rules on extended year allow you to incur expenses from 1/01/10 through 3/15/10 and file claim against either plan year

Testing the Waters-HCAP

- Begin by listing the known expenses from this plan year
- Consider plan election for next year
- Review expected co-payments for visits to doctor
- Look at OTC expenses for regular medications
- Determine any special needs
- In CHP, look at deductibles, co-pays, and co-insurance
- Look at prescription co-payments
- And, start small

Enrolling in the HCAP and/or DCAP

- Enrollment is required each year
- If you are currently contributing to the HCAP or DCAP, and want to contribute in 2009, don't forget to re-enroll
- Return your HCAP and/or DCAP enrollment forms to your department's payroll clerk or the Auditor-Controller Treasure-Tax Collector's Central Payroll Office by
 - Wednesday, November 26, at 5:00 p.m.

Important Contact Information

Who	Contact Information
CareCounsel Health Care Advocates	Phone: 888-227-3334 Web: www.carecounsel.com
Human Resources Department Benefits Unit	Phone: 707-565-2900 E-mail: Benefits@sonoma-county.org Web: http://www.sonoma-county.org/employees/emp_benefits_index.htm
County Health Plans	Phone: 800-759-3030 Web: www.anthem.com/ca
PacifiCare	Phone: 800-624-8822 Web: www.pacificare.com
Kaiser Permanente	Phone: 800-464-4000 Web: www.kp.org
Delta Dental	Phone: 800-765-6003 Web: www.deltadentalins.com
Employee Assistance Program (MHN)	Phone: 800-227-1060 Web: www.members.mhn.com
HCAP/DCAP County of Sonoma Auditor-Controller Treasurer-Tax Collector Payroll Office	Phone: 565-4690 or 565-6024 Web: http://sc-intranet/acttc/payroll_docs.htm http://sc-sharepoint/acttc/divisions/Payroll/default.aspx

➤ Questions?