



Health Plan Update

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Attention: Medicare Retirees

As you prepare to make your health-care plan decisions for the year 2002, there are a number of important information items to be considered.

As you may recall, last year, participation in the Preferred Provider Organization (PPO) network was limited to those members/retirees who had access to the MRN/Georgia First network service area. For Plan Year 2002, **the Board of Regents has expanded its PPO network to include national coverage.**

The national PPO network will be provided by a firm called Beech Street. Beginning Jan. 1, 2002, employees, retirees and dependents will be able to access this network, comprised of 354,000 physicians, 3,400 hospitals and ancillary providers, and a comprehensive chiropractic network. Beech Street providers are located in every state.

Due to the fact that Medicare retirees who lived outside of Georgia could not access the PPO healthcare network during Plan Year 2001, the University System kept Medicare retiree premiums for

continued on Page 2

As the cost of health care has soared, so too has the cost of providing health insurance to employees. Across the nation, insurers are increasing premiums 13 percent, 20 percent, even 50 percent. These increases are the highest seen in the past decade.

The Board of Regents, in conjunction with the Georgia Department of Community Health, has worked hard to make quality health care available to University System of Georgia employees at reasonable prices. This cost-containment effort has paid off — the board has announced that it has successfully kept increases in health-insurance premiums that take effect on Jan. 1, 2002, below the national average.

Which health-care plans will be available to USG employees this fall?

During the annual open-enrollment period, scheduled for Oct. 15-Nov. 15, University System employees will be asked to consider the following options in health-care coverage for 2002:

- **the System's self-insured indemnity plan;**
- **an expanded Preferred Provider Organization (PPO) plan that now offers covered services virtually anywhere in the United States; and**
- **two health maintenance organization (HMO) plans that are available to employees in certain areas of the state.**

How much more will I pay for my health insurance next year?

Premiums for employees who remain with the indemnity plan will increase an average of 10.6 percent, as of Jan. 1, 2002. Premiums for the PPO will increase an average of 5.5 percent; and premiums for the Kaiser Permanente and BlueChoice HMOs will increase an average of 5.5 percent and 9 percent, respectively. **A chart listing the premiums for each category of participation in the USG health plans is included on Page 3.**

What is the University System doing about the cost of pharmacy drugs?

Consumer spending on prescription drugs in the United States jumped 19 percent to \$132 billion in 2000, with treatments for arthritis, depression, cholesterol and ulcers most responsible for the increase, according to a recent study by the National Institute for Health Care Management. The study showed that the average retail price per prescription rose 10.5 percent to \$45.27.

continued on Page 2

Pharmacy Drug Costs (continued from Page 1)

In recognition of the continuing increases in prescription drug costs, the Board of Regents has implemented an important benefit enhancement for all of its members who participate in the indemnity and PPO health-care plans. Effective Jan. 1, 2002, the Board of Regents will contain employees' costs by capping the monthly out-of-pocket expenses for **generic and preferred brand-name prescription** medications. The following monthly out-of-pocket maximum amounts (stop loss) will apply:

Employee:	\$100 per month
Family:	\$200 per month

Once a member reaches that monthly out-of-pocket maximum, co-payments for any additional generic and preferred brand-name medications will be waived for the remainder of that month. Member co-payments will resume at the beginning of the next calendar month and will be charged until the maximums are reached for that month. Co-payments for **non-preferred brand-name medications** will not apply to the monthly out-of-pocket maximum benefit.

How will the new national PPO network work?

Last year, for the first time, the University System contracted with a statewide PPO — MRN/Georgia First — and more than 16,000 (40 percent of) USG employees elected to receive coverage from this organization. This year, the Department of Community Health is expanding the plan by adding a national PPO called Beech Street. The Board of Regents' addition of the Beech Street national PPO is expected to appeal to employees who travel a lot, employees with children attending out-of-state schools, and retired employees living outside of Georgia.

Participants in the PPO plan have the potential to receive coverage from both MRN/Georgia First and Beech Street. Health-care services based within the state or in a number of bordering communities will be covered by MRN/Georgia First, whereas those offered by providers located anywhere else in the United States will be covered by Beech Street. The two networks offer similar coverage of health-care services.

What if I want to keep the health-care coverage I have now?

You need not do a thing if you're satisfied with your current coverage and costs. Only employees who want to change plans or change the level of their coverage need participate in the open enrollment period this year. ☝

A University System of Georgia website address with complete information on Plan Year 2002 Open Enrollment — including links to each of the plans mentioned above — will be included in the next issue of *Health Plan Update*.

Medicare Retirees

(continued from Page 1)

both the indemnity plan and the PPO plan identical. Now that access to the national PPO has been made available, Medicare retirees will witness a difference in the premiums for the indemnity plan and the PPO plan. Just as active employees did for Plan Year 2001, Medicare retirees will have to consider both healthcare plan network access and premium costs for Plan Year 2002.

“Retiree with Medicare” premiums for the **indemnity plan** will increase from \$34.00 to \$52.06 and “retiree+1 with Medicare” premiums will increase from \$67 to \$104.14 for Plan Year 2002 to reflect the actual costs of the plan. Medicare retiree premiums for the **PPO plan** will increase moderately from \$34.00 to \$35.34 and from \$67 to \$70.68. The increase in Medicare retiree indemnity plan premiums reflects a national industry trend in response to the spiraling cost of providing health-care services.

Medicare retirees who participate in the **Kaiser Permanente Health Maintenance Organization (HMO)** plan also will see an increase in premiums. “Retiree with Medicare” premiums for **Kaiser** will increase from \$22.30 to \$28.74 for Plan Year 2002. “Employee only” Medicare retiree premiums for the **BlueChoice HMO** will remain unchanged at \$22.50.

You'll find a chart listing the premiums for these plans on Page 3. ☝

University System of Georgia -- 2002 Health Care Plan Premiums

<i>Current premium</i>						<i>Premium as of 1/01/02</i>				
<i>Plan Option</i>	<i>Employee</i>	<i>Employee +1</i>	<i>Family</i>	<i>Retiree w/ Medicare</i>	<i>Retiree +1 w/Medicare</i>	<i>Employee</i>	<i>Employee +1</i>	<i>Family</i>	<i>Retiree w/ Medicare</i>	<i>Retiree+1 w/Medicare</i>
Indemnity										
Employee	\$87.00	\$165.00	\$243.00	\$34.00	\$67.00	\$95.98	\$182.24	\$268.90	\$52.06	\$104.14
Employer	\$260.00	\$494.00	\$729.00	\$100.00	\$201.00	\$287.94	\$546.74	\$806.68	\$156.22	\$312.42
Total	\$347.00	\$659.00	\$972.00	\$134.00	\$268.00	\$383.92	\$728.98	\$1,075.58	\$208.28	\$416.56
PPO										
Employee	\$62.00	\$117.00	\$173.00	\$34.00	\$67.00	\$65.14	\$123.68	\$182.50	\$35.34	\$70.68
Employer	\$185.00	\$352.00	\$519.00	\$100.00	\$201.00	\$195.44	\$371.08	\$547.50	\$106.02	\$212.04
Total	\$247.00	\$469.00	\$692.00	\$134.00	\$268.00	\$260.58	\$494.76	\$730.00	\$141.36	\$282.72
PPO Consumer Choice Option										
Employee	\$74.34	\$140.46	\$207.60	\$40.70	\$80.40	\$78.10	\$148.48	\$219.00	\$42.30	\$84.82
Employer	\$197.36	\$375.44	\$553.60	\$106.70	\$214.40	\$208.52	\$395.76	\$584.00	\$113.20	\$226.18
Total	\$271.70	\$515.90	\$761.20	\$147.40	\$294.80	\$286.62	\$544.24	\$803.00	\$155.50	\$311.00
Kaiser HMO										
Employee	\$47.48	\$94.96	\$142.46	\$22.30*	\$44.58*	\$50.08	\$100.14	\$150.20	\$28.74*	\$57.48*
Employer	\$142.46	\$284.90	\$427.34	\$66.86*	\$133.74*	\$150.20	\$300.42	\$450.64	\$86.20*	\$172.40*
Total	\$189.94	\$379.86	\$569.80	\$89.16*	\$178.32*	\$200.28	\$400.56	\$600.84	\$114.94*	\$229.88*
Kaiser Consumer Choice Option										
Employee	\$80.72	\$161.44	\$242.16			\$85.12	\$170.24	\$255.34		
Employer	\$142.46	\$284.90	\$427.34			\$150.20	\$300.42	\$450.64		
Total	\$223.18	\$446.34	\$669.50			\$235.32	\$470.66	\$705.98		
Blue Choice HMO										
Employee	\$46.02	\$97.80	\$123.68	\$22.50*	\$45.00*	\$50.16	\$106.60	\$134.80	\$22.50*	\$45.00*
Employer	\$138.06	\$293.38	\$371.04	\$67.50*	\$135.00*	\$150.50	\$319.78	\$404.44	\$67.50*	\$135.00*
Total	\$184.08	\$391.18	\$494.72	\$90.00*	\$180.00*	\$200.66	\$426.38	\$539.24	\$90.00*	\$180.00*
Blue Choice HMO Consumer Choice Option										
Employee	\$78.24	\$166.26	\$210.26			\$85.28	\$181.22	\$229.18		
Employer	\$138.06	\$293.38	\$371.04			\$150.50	\$319.78	\$404.44		
Total	\$216.30	\$459.64	\$581.30			\$235.78	\$501.00	\$633.62		

* Blue Choice and Kaiser retiree rates are for Medicare Choice Plans. To qualify for "retiree w/Medicare" or "retiree + 1 w/Medicare" coverage, all eligible individuals must have and assign to the HMO Medicare parts A and B.