

ELKHART COMMUNITY SCHOOLS  
Elkhart, Indiana

November 1, 2016

TO: Eligible Employee Plan Participants

FROM: Douglas A. Hasler  
Chief Operating Officer

SUBJECT: Medical/Dental Insurance and Section 125 Enrollment

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Included with this packet is information relating to the 2017 group medical/dental insurance program and other employee benefits. This communication is going to all eligible participants in Elkhart Schools' benefit program.

Please note – Open Enrollment for 2017 medical/dental and other benefits begins on **Wednesday, November 9<sup>th</sup> and ends on Tuesday, November 15<sup>th</sup>**. All 2017 benefit elections must be completed through the Benefits Connect on-line enrollment system by November 15<sup>th</sup>. After that date, the enrollment process is closed, all benefit elections at that time will be considered final, and employees will not be able to make further benefit changes for the 2017 plan year.

I want to begin by highlighting various changes to our benefits, and our open enrollment process this year.

- For the first time in many years, we will conduct an “active” open enrollment process this year. All eligible individuals must access the on-line enrollment system and make benefit elections this year. This requirement applies even to those employees who are declining benefit coverage.
- We are introducing a 4-tiered coverage model for the medical/dental benefits this year. All employees will have the opportunity to select coverage from the following classifications: employee only, employee/spouse, employee/child(ren), and family (employee/spouse/child(ren)). Premium rates are structured to correspond to these coverage levels.
- While 4 high-deductible health plan (HDHP) options will be available once again, options 1, 2, and 3 have been modified to include an employee co-pay applicable for plan costs falling between the deductible and the out-of-pocket maximum. This plan design was previously in place only for HDHP #4.
- Elkhart Schools will be increasing its contribution toward the cost of medical/dental benefits in 2017. As a result, no employee who maintains the same level of coverage under the same coverage option (HDHP #1, 2, 3, or 4) will see an increase in their annual premium costs. In fact, most employees will realize a cost savings in their annual premium costs.

- For the first time, employees will have the option to purchase life insurance coverage for themselves, for a spouse, and for children. This option is voluntary to employees, and represents life insurance coverage in addition to the existing level of coverage that employees have had in the past. The purchase of additional life insurance coverage under this option will be at the sole cost of the employee.
- Elkhart Schools has contracted with Rx Help Center to provide employees with an option that could generate significant cost savings to participating employees. This program is voluntary to employees, and is available at no cost to the employee. Those employees who are most likely to receive cost savings are those individuals (including spouses, and covered dependents) who are prescribed with multiple and/or expensive medical prescriptions.

Detailed information about each of the items summarized above follow.

### **MEDICAL INSURANCE**

For the second year, Elkhart Schools continues its partnership with United HealthCare/UMR to provide all plan participants with access to their network of health care providers, and to administer claim benefits.

Our Insurance Committee has approved a number of changes to the Elkhart Schools medical benefit plan effective for the 2017 plan year. The coverage levels available for ECS employees to enroll in will increase from the single/family options that have been available in the past to a four-tier structure: single, employee & spouse, employee & child(ren), and family. In addition, High Deductible Health Plans 1, 2, and 3 will now include an 80%/20% co-insurance after the employee has met their deductible, and will remain in place until the out of pocket maximum has been met.

For example, an employee who enrolled in family coverage under the HDHP 2 option would have a family deductible of \$6,000, and a family out of pocket maximum of \$7,150. The employee would be responsible for paying the first \$6,000 in plan costs, and 20% of additional plan costs until the employee has paid \$7,150. After reaching the out of pocket maximum, all further plan costs are covered in full without payment by the employee.

With these plan design changes, and based on claims experience through the end of September 2016, it will be necessary for total premium costs to increase by approximately 2.3%. However, Elkhart Schools will absorb the full premium cost increase. In 2017, no employee who chooses to enroll in the same plan option will see an increase in their annual premium costs, and most employees will realize a cost-savings in their annual premium costs. Please refer to the separate attachment with specific information on 2017 plan designs, and premium rate information.

### **HSA ACCOUNTS**

Most Elkhart Schools participants will qualify to make and receive cash contributions into an HSA account. In general, federal tax law specifies that individuals who have medical coverage through a high-deductible health plan, and who do not have "other coverage" are eligible to establish an HSA account, and may make or receive cash contributions on a pre-tax basis into their account. For

purposes of determining this eligibility, “other coverage” would include coverage through a spouse’s (non-HDHP) insurance benefit, Medicare/Medicaid, VA benefits (within three months prior to establishing the HSA account), and having current access to VEBA moneys to pay for current medical costs.

In 2017, Elkhart Schools will make contributions into the HSA account of participating employees (at Teachers Credit Union, for most employees). These contributions will be **\$250** for single coverage participants, and **\$500** for family coverage participants. The full amount of these contributions will be made on the date of the first January 2017 payroll.

Employees are able to make their own contributions into their HSA accounts. When done through payroll deduction, such contributions are made on a pre-tax basis. Federal tax law establishes maximum annual contribution amounts for HSA accounts. In 2017, the maximum HSA contribution for employee-only coverage is \$3,400; the maximum HSA contribution for family coverage is \$6,750. Employees over the age of 55 and not enrolled in Medicare are eligible to make “catch up” contributions in their HSA account of \$1,000. These contribution limits apply to employee and employer contributions (including any incentive payments relating to wellness services received at the Health and Wellness Center) into an individual’s HSA account. **Employees are responsible for compliance with the maximum annual contribution limits established under federal tax law.**

ECS employees who participate in our medical/dental benefits plan, but who are not eligible to receive contributions into an HSA will pay a reduced premium cost (of \$250 for single coverage, or \$500 for family coverage).

### **DENTAL PLAN**

For the second year, MetLife will be responsible for administering dental plan benefits for participating employees. Under this fully-insured benefit, the annual plan maximum cost covered is \$1,250. While employees (and dependents) may receive dental services from any dentist, dental care received from a dentist who is part of the MetLife PDP Plus network will be most cost effective. A current provider listing is available through [www.metlife.com/dental](http://www.metlife.com/dental). The Employee Benefits Guide includes additional information on covered benefits.

### **Rx Help Center**

Elkhart Schools has contracted with Rx Help Center to provide ECS employees with an opportunity to save money on prescription medication costs. Participation in this program is voluntary, and at no cost to ECS employees. If you and/or covered family members spend \$75 for any one prescription, or \$100 or more per month for all prescriptions, the Rx Help Center program may be able to save you money on your prescription drug costs. For more information on the Rx Help Center program, please access the link (through Google Chrome) below to view a short video about this program.

<https://goanimate.com/videos/0nROvKLCPeA0>

## **VOLUNTARY LIFE INSURANCE**

Elkhart Community Schools offers a life insurance benefit to all eligible employees. Beginning this year, employees will have the opportunity to purchase additional life insurance coverage in excess of the coverage provided by ECS. Coverage may be purchased for the employee, the spouse, and dependents. The cost of such coverage is the responsibility of the employee. Cost will vary based on the age of the covered individual, and the amount of additional coverage requested.

Employees may elect to purchase coverage up to a guaranteed amount (which is \$100,000 for employees). Coverage in excess of the guaranteed amount may be requested, but is subject to an "Evidence of Insurability" evaluation by Cigna.

This voluntary life insurance program is being offered to all eligible employees this year for the first time. Employees have the opportunity to take advantage of this program during this year's Open Enrollment process. In future years, only new employees will have the opportunity to purchase additional life insurance on a guarantee issue basis.

## **INSURANCE MEETINGS/ENROLLMENT DATES**

Employees are invited to attend one of the following meetings which will include presentations on medical and dental benefits, and on-line enrollment procedures: Thursday, November 3<sup>rd</sup> at the EACC Auditorium at 3:15 pm; Monday, November 7<sup>th</sup> at the Central Cafeteria at 4:15 pm; Tuesday, November 8<sup>th</sup> in Room A111 at the Elkhart Area Career Center at 9:15 am; and Tuesday, November 8<sup>th</sup> in Room A111 at EACC at 10:15 am. Employee attendance at these meetings is **voluntary**.

On-line enrollment will be available for employees beginning Wednesday, November 9<sup>th</sup> and will continue through Tuesday, November 15<sup>th</sup>. Please refer to the benefitsCONNECT Enrollment Guide (included as an attachment) for on-line enrollment procedures.

Unlike in prior years, we will be conducting an "active enrollment" for medical/dental, and other benefit elections. This means that all eligible employees will be required to login to the benefitsCONNECT on-line system this year to complete their benefit elections. This applies to those employees who are declining coverage as well.

All eligible employees will be able to log in to benefitsCONNECT, review plan elections, and make changes at their discretion, **beginning on Wednesday, November 9<sup>th</sup>, and continuing through Tuesday, November 15<sup>th</sup>**.

## **OPEN ENROLLMENT**

As required by the federal Affordable Care Act, this year's annual enrollment process is an "open enrollment" opportunity for all eligible employees to enroll in the ECS medical/dental benefits plan. The November 2016 open enrollment process will be open to all eligible employees, whether they are current participants in the ECS medical/dental benefits plan or not.

Under current law, employees who decline to enroll between the dates of Wednesday, November 9<sup>th</sup> and Tuesday, November 15<sup>th</sup> will have another opportunity to enroll in the ECS

medical/dental benefits plan in November 2017 (for coverage beginning in January 2018). In addition, those eligible employees who choose not to enroll in November 2016 may be eligible for a “special enrollment” over the course of the 2017 plan year.

A “special enrollment” opportunity occurs upon loss of eligibility for other coverage, and upon certain life events. “Loss of eligibility” for other coverage may occur under the following circumstances:

- Divorce or legal separation resulting in loss of coverage under a spouse’s health insurance;
- A young dependent, because of age, work, or school status, is no longer a covered “dependent” under a parent’s plan;
- Your spouse’s death leaves you without coverage under his or her plan;
- Your spouse’s employment ends, resulting in loss of coverage under his/her employer’s health plan;
- Your employer reduces your work hours to the point where you are no longer covered by the health plan.

In addition, an employee, a spouse, or a dependent is permitted a “special enrollment” in the event of marriage, birth, or adoption.

**An individual seeking a “special enrollment” must notify Elkhart Schools of their request for such enrollment within 30 days of the event that triggers the “special enrollment.”**

### **SECTION 125 BENEFITS**

Section 125 (reference to the U.S. tax code) plan benefits are available to eligible ECS employees. ECS employees have the opportunity to pay their employee-share of health insurance premiums with pre-tax dollars. Election of this benefit is included in the on-line enrollment system that employees will use to make their insurance benefit elections. **The election that an individual makes to participate in this plan remains in place for one year, and may not be discontinued mid-year under federal tax law requirements.**

The use of a Flexible Spending Account (“FSA”) is another Section 125 benefit that Elkhart Schools continues to offer. For many years, Elkhart Schools has offered employees the opportunity to participate in separate flexible spending account programs for unreimbursed medical costs, and for dependent care (child care) costs. These programs allow employees to pay for allowable medical/dependent care costs with pre-tax dollars. Federal tax law does not allow an individual who makes/receives contributions into an HSA to also contribute money into an FSA account for unreimbursed medical costs. Accordingly, only those individuals who are **not eligible** to make/receive contributions into an HSA will be able to enroll in the standard unreimbursed medical FSA this year. HSA participants will be able to enroll in an FSA for dependent care.

The limit for FSA contributions for Unreimbursed Medical is \$2,600; the limit for FSA contributions for Dependent Care is \$5,000. In the past, FSA contributions have been subject to the federal “use it or lose it” rule. Funds not used within a calendar year were forfeited to the plan. This federal rule was revised in 2014, and contributions (not to exceed \$500) which are not used may be rolled over into the next plan year. **Unused contributions in excess of \$500 are forfeited to the plan, and cannot be refunded or returned to you.**

Participation in the Flexible Spending Account options is optional and separate from the health insurance plan offered by the school corporation. If you want to make FSA contributions in 2017, you must complete your on-line enrollment through Benefits Connect to do so.

### **HEALTH AND WELLNESS CENTER**

The Health and Wellness Center has been in operation since August 2012. Employees (and covered dependents) who participate in the ECS group medical benefits plan are eligible (and encouraged!) to take advantage of the health care services that are available through our Health and Wellness Center.

The Health and Wellness Center provides primary care services at low (\$20 for a standard office visit), or no cost (if services are considered “preventive” care). Employees and covered spouses are eligible to receive incentive payments (generally into the employee’s HSA account) when taking advantage of wellness services such as completing a physical (\$100), achieving, or making progress toward achieving health goals (up to \$300), tracking progress on health goals (\$120 annually), etc.

The Health and Wellness Center was established to assist employees in managing their health, to improve employee wellness, and, ultimately, to reduce claims costs for employees and Elkhart Schools.

If you have taken advantage of primary care and wellness services through the Health and Wellness Center in the past year, please continue doing so. If you, and/or your covered spouse have not taken advantage of the opportunities available through the Health and Wellness Center, please consider doing so, and join with others who are working to improve their personal wellness, and receive incentive contributions as a reward for your efforts.

### **SHORT-TERM DISABILITY**

Elkhart Community Schools continues to offer eligible employees the opportunity to enroll in a **Voluntary** short-term disability plan administered through Cigna. Two plan options are available to employees, each with different elimination periods intended to coordinate with the individual employee’s available sick, personal business, and vacation leave benefits. The short-term benefit payable under this plan will replace 60% of annual income, not to exceed \$1,000 per week. Before deciding to enroll in this plan, employees should evaluate their available sick leave accumulation to determine whether a short-term benefit is needed. **In most cases, an employee with adequate sick leave accumulation benefit will have no need for a short-term disability benefit plan.** Employees should also be aware that their participation in this benefit is funded entirely at the employee’s cost.

Your assistance in completing the on-line enrollment by Tuesday, November 15<sup>th</sup> is essential, and appreciated.