

2012 Benefits Information

As the costs of medical services continue to increase, along with our claims experience, so do our medical insurance premiums. Meeting our goal of providing the best health care plans for our community at the best price while ensuring the financial health of the College is becoming increasingly challenging from year to year. And, when an expense like health care continues to rise faster than tuition, this further complicates our decisions.

To help us address this difficult challenge, we assembled a Health Insurance Study group consisting of sixteen employees from the campus community. The group attended six sessions covering eleven topics spanning five months that were facilitated by the College's insurance consultants, Charon Planning. The group assisted in analyzing the renewal data along with various scenarios to recommend a renewal strategy for January 1, 2012.

The initial aggregate renewal was close to 22% (or an increase of \$1.4 million). The final aggregate renewal is 8.9% (or an increase of \$540,000). Our health insurance coverage will continue with MVP but the final renewal is in part a result of plan design changes that begin to position the College to address future potential increases. The result is the current POS plan remains unchanged; however, the PPO plan introduces an in-network deductible and coinsurance on specific services that are outlined within this packet.

It is important to note that more aggressive plan design changes may be necessary in the future to control costs (including the possibility of applying changes similar to those being made to the PPO option to the POS option). What providers charge for health care services is difficult for us to control but the utilization of our plan is one area that we can help control. All claims generated by Hamilton employees (and their families) are the primary factor in the development of the rates that MVP will charge the College, and subsequently the contributions that will be deducted from your paycheck. Please be sure to seek health care services when needed; however, please remember to consider the following as important ways to reduce our impact to our utilization: be informed consumers, use generics, ask your doctor about possible cheaper alternatives, be cognizant of your current health status including your biometric numbers (cholesterol, blood pressure, blood sugar level, etc.) and establish a personal wellness initiative.

Medical Insurance

To assist with your medical plan selection, the following outlines some of the differences between the POS and PPO medical insurance options. (The list does not include every difference between the plans. Please see the Benefits Guidebook or contact Human Resources for additional details.)

- Both the POS and PPO options offer benefits at an in-network level using MVP's extensive local networks. The PPO option also provides benefits at an in-network level through a nationwide network (primarily the CIGNA network). Consider carefully if you and your family members need or want access to the nationwide network. Include in this consideration where you and covered family members reside.
- Certain services under the PPO option are subject to a deductible and coinsurance payment until an out-of-pocket maximum is met and then those services are covered at 100% for the remainder of the calendar year.
- Should you seek services out-of-network, the benefit level is better under the PPO option as compared to the out-of-network benefit level available under the POS option.
- The POS plan requires that you select a primary care physician. (Both plans allow you to see specialists without referrals.)

Medical Insurance (continued)

- The POS option includes coverage for routine vision exams and preventive dental care for kids.
- The PPO plan provides for earning up to \$300 in WellStyle Rewards.
- Premiums are higher for the PPO option.

Employee contributions and College contributions will increase by 12.5% for the POS option and 4.1% for the PPO option. Overall the College will pay over 80% of the total dollar increase. An updated employee premium rate chart for the 2012 plan year is included in this packet (charts for part-time employees are posted at the Human Resources website). The salary breakpoints for the contribution rate structure have been adjusted upward to a Tier 2 earnings level of \$50,000 and Tier 3 level of \$100,000. Full-time employees who have coverage under another health insurance plan will continue to be eligible for a waiver of credit of \$1,000 per year (eligible part-time employees will receive a pro-rated credit).

Coverage for Children -

In compliance with Health Care Reform legislation, coverage for children is available until a child reaches the age of 26. The child does not have to be a full-time student, does not have to be a tax dependent of the employee, can be unmarried or married (spouse or children of that child are not eligible) and does not have to accept an offer of their own employer-based coverage. The same employee contribution structure applies as applies for other dependents.

At age 26, an adult child may continue their coverage at 102% of full cost under the terms of COBRA for up to three years. Another option provided by New York State law is the “Age 29 – Young Adult Option”. Under New York State’s “Age 29 – Young Adult Option”, an unmarried young adult without access to their own employer-based coverage may enroll for coverage at full cost through age 29 (30th birthday). A child must enroll for the same plan option as their parent is enrolled. Open enrollment for children for 2012 is from November 7, 2011 through December 6, 2011 (with an effective date of January 1, 2012). Changes during the year must be requested within 60 days of an allowable change in status. Please contact Human Resources with any questions or for assistance in completing enrollment forms.

Medical Insurance (continued)

MVP Health Care plan changes effective January 1, 2012:

POS Option	Provisions remain the same for 2012.
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PPO Option	Current Preferred PPO Provision	New Preferred PPO Provision for 2012
In-Network:		
Annual Deductible (per calendar year)	Not Applicable	\$500 per individual/\$1,250 per family (applies only to certain services listed below)
Coinsurance	Not Applicable	MVP covers at 90% of allowable charges, after deductible, up to the annual out-of-pocket maximum then MVP covers at 100% (applies only to certain services listed below)
Annual Out of Pocket Maximum (per calendar year)	Not Applicable	\$1,500 per individual/\$3,750 per family (applies to services subject to deductible and coinsurance)
Annual Deductible and Coinsurance apply to:		
<ul style="list-style-type: none"> - Inpatient hospital services (includes medical/surgical, maternity and inpatient physical rehabilitation) - Outpatient and ambulatory surgery at hospital or free-standing facility - Outpatient x-ray, high tech imaging services, therapeutic services (radiation, chemo, infusion and inhalation therapies), outpatient physical/occupational/speech therapy, cardiac rehabilitation and other diagnostic test or screening services provided at hospital or free-standing facility - Ambulance - Inpatient mental health and outpatient visits at a facility - Inpatient detoxification and outpatient rehabilitation at a facility - Skilled nursing facility - Home health care (not subject to deductible, subject to coinsurance only) - Hospice 		
Diagnostic X-Ray (office)	\$25	\$40
Emergency Room	\$100 copay	\$200 copay
Out-of-Network:		
Annual Deductible (per calendar year)	\$750 individual/\$1,875 family	\$1,000 individual/\$2,500 family
Coinsurance	80% of allowable charges, after deductible	70% of allowable charges, after deductible
Annual Out of Pocket Maximum (per calendar year)	\$2,250 individual/\$5,625 family	\$3,000 individual/\$7,500 family
Emergency Room	\$100 copay	\$200 copay

Dental and Vision Insurance

Dental and Vision – the benefit schedules and premium costs remain the same for 2012. New enrollees will be eligible for all allowed services without penalty for late enrollment.

Eligibility for dependent children under the voluntary dental and vision plans is up to age 19 or to age 23 if enrolled as a full-time student.

Flexible Spending Accounts (FSA)

Hamilton College offers employees the opportunity to participate in Flexible Spending Accounts (FSA). This program allows you to set aside tax-free dollars from your paycheck for eligible healthcare and dependent care expenses. The maximum amount for each account for 2012 is \$5,000 per calendar year. (Please note that for 2013, under Health Care Reform, the maximum amount allowed for a healthcare account will reduce to \$2,500.)

As a reminder, if you are a current participant, please keep your debit card when you have exhausted your 2011 funds. If you enroll for 2012, the card will be reloaded with your new election.

All amounts elected for 2012 must be used for expenses incurred January 1, 2012 through December 31, 2012 and claims must be submitted by March 31, 2013. (For 2011 participants, all amounts elected for 2011 must be used for expenses incurred by December 31, 2011 and claims must be submitted by March 31, 2012.)

Voluntary 403(b) Retirement Plan

New enrollments and changes to your voluntary retirement deductions may be made at any time throughout the year. New enrollment forms must be received at least two weeks before the requested effective pay date for employees that are paid weekly and before mid-month for employees paid monthly. If you want to make a change to your Salary Reduction Agreement, a request form must be submitted at least one week before the requested pay date for employees paid weekly and before mid-month for employees paid monthly.

The IRS annual contribution limit for voluntary contributions is changing for 2012. The limit is increasing from \$16,500 to \$17,000. For individuals age 50 and over, an additional \$5,500 catch-up contribution limit applies. The 15-year provision that provided additional contribution limits will not apply after 2011.

Life Insurance

The College provides Basic Life Insurance in the amount of one times your basic annual earnings. An employee may elect to purchase Supplemental Life Insurance in the amount of one and one-half or three times basic annual earnings. The maximum combined basic and supplemental you can have is \$500,000. Note the following applicable provisions: An equal amount of accidental death and dismemberment insurance is also provided and benefit age-reduction provisions apply at ages 70 and 75. The cost of Basic Life Insurance provided by the College for coverage amounts exceeding \$50,000 is considered imputed income and taxable to employees as calculated based on an IRS-provided table.

Effective with our policy renewal with Aetna dated January 1, 2012, the monthly premiums charged for supplemental life insurance will change from a blended rate of \$.245 per 1,000 to an age-banded rate structure as tabled below (rate changes for movements to higher age bands during the year are effective the following January 1).

<u>Age Bands</u>	<u>Rate per \$1,000</u>	<u>Age Bands</u>	<u>Rate per \$1,000</u>
< age 25	\$.042	50-54	\$.122
25-29	\$.047	55-59	\$.211
30-34	\$.056	60-64	\$.313
35-39	\$.060	65-69	\$.585
40-44	\$.064	70+	\$.936
45-49	\$.087		

Employees desiring to newly enroll for supplemental life insurance may enroll at the one and one-half level. An employee already enrolled at the one and one-half level may request an increase from the one and one-half level to the three times level. During this year’s open enrollment, these options are available without providing the evidence of insurability that is usually required. (Employees who have applied for an increase in supplemental life insurance in the past and have been declined, withdrawn an application, or provided an incomplete application, are required to still submit medical evidence of insurability.) Current participants may also elect to reduce or cancel supplemental life insurance coverage.

For those that are already enrolled, your current supplemental life insurance enrollment will continue, subject to rate change on January 1, 2012, unless you request a change. If you would like to make a change to your current life insurance enrollment effective January 1, 2012, please complete the enclosed Life Insurance Enrollment Form. If you are not requesting an enrollment change and would like to update your beneficiary, please complete the enclosed Designation of Beneficiary form.

Detailed life insurance policy information is available at the Human Resources website.