

Alliance Alert

The Public Employee Benefits Alliance (PEBA) was created by a group of Texas Government leaders working together since January 2006 to develop strategies to manage the rising costs of healthcare benefits. PEBA was established pursuant to Chapter 791 of the Texas government Code, the Purchasing Program Chapter 271 of the Texas Local government Code and all other applicable provisions of Texas Law. PEBA membership is open to all Texas local governments who pay an annual membership fee and execute a PEBA Participating Interlocal Agreement. The annual membership fee and Pre/Post Retiree proposal fees are shown below. However, local governments who are members of one of the political subdivision Pools will obtain automatic annual PEBA membership through the participating Pool.

PEBA ANNUAL MEMBERSHIP FEE SCHEDULE

Annual Membership Fees	2006	2007	2009	2010	2011	2011 Out of Texas	2012	2012 Out of Texas	Late Fee
Employer									
0-100 Lives	\$150	\$150	\$150	\$150	\$150	\$250	\$150	\$250	\$250
101-500 Lives	\$300	\$300	\$300	\$300	\$300	\$450	\$300	\$450	\$250
501-1000 Lives	\$500	\$500	\$500	\$500	\$500	\$750	\$500	\$750	\$250
1,001-5,000 Lives	\$700	\$700	\$700	\$700	\$700	\$900	\$700	\$900	\$250
5,001-15,000 Lives					\$750	\$1,250	\$750	\$1,250	\$250
15,001-25,000 Lives					\$1,000	\$3,000	\$1,000	\$3,000	\$250
>25,000					\$1,750	\$3,500	\$1,750	\$3,500	\$250

PEBA PROPOSAL FEES

Benefit Product	Proposal Costs 2012	Proposal Costs 2012 Out of Texas	Late Fee
Pre/Post 65 Retiree Benefits (combined)	0-100 Active EE Lives: <u>\$500</u> 101-500 Active EE Lives: <u>\$750</u> 501-1000 Active EE Lives: <u>\$1,250</u> 1001-5,000 Active EE Lives: <u>\$1,750</u> 5,001-15,000 Active EE Lives: <u>\$2,250</u> 15,001-25,000 Active EE Lives: <u>\$2,750</u> >25,000 Active EE Lives: <u>\$3,250</u>	0-100 Active EE Lives: <u>\$550</u> 101-500 Active EE Lives: <u>\$800</u> 501-1000 Active EE Lives: <u>\$1,300</u> 1001-5,000 Active EE Lives: <u>\$1,800</u> 5,001-15,000 Active EE Lives: <u>\$2,300</u> 15,001-25,000 Active EE Lives: <u>\$2,800</u> >25,000 Active EE Lives: <u>\$3,300</u>	0-100 Active EE Lives: <u>\$1,000</u> 101-500 Active EE Lives: <u>\$2,000</u> 500-1000 Active EE Lives: <u>\$3,700</u> >1000 Active EE Lives: <u>\$5,000</u>
Pre 65 Retiree Benefits (Pre only)	0-100 Active EE Lives: <u>\$450</u> 101-500 Active EE Lives: <u>\$700.00</u> 501-1000 Active EE Lives: <u>\$1,200</u> 1001-5,000 Active EE Lives: <u>\$1,700</u> 5,001-15,000 Active EE Lives: <u>\$2,200</u> 15,001-25,000 Active EE Lives: <u>\$2,700</u> >25,000 Active EE Lives: <u>\$3,200</u>	0-100 Active EE Lives: <u>\$500</u> 101-500 Active EE Lives: <u>\$750.00</u> 501-1000 Active EE Lives: <u>\$1,250</u> 1001-5,000 Active EE Lives: <u>\$1,750</u> 5,001-15,000 Active EE Lives: <u>\$2,250</u> 15,001-25,000 Active EE Lives: <u>\$2,750</u> >25,000 Active EE Lives: <u>\$3,250</u>	0-100 Active EE Lives: <u>\$700</u> 101-500 Active EE Lives: <u>\$1,200</u> 500-1000 Active EE Lives: <u>\$2,050</u> >1000 Active EE Lives: <u>\$2,700</u>
Post 65 Retiree Benefits (Post only)	0-100 Active EE Lives: <u>\$450</u> 101-500 Active EE Lives: <u>\$700.00</u> 501-1000 Active EE Lives: <u>\$1,200</u> 1001-5,000 Active EE Lives: <u>\$1,700</u> 5,001-15,000 Active EE Lives: <u>\$2,200</u> 15,001-25,000 Active EE Lives: <u>\$2,700</u> >25,000 Active EE Lives: <u>\$3,200</u>	0-100 Active EE Lives: <u>\$500</u> 101-500 Active EE Lives: <u>\$750.00</u> 501-1000 Active EE Lives: <u>\$1,250</u> 1001-5,000 Active EE Lives: <u>\$1,750</u> 5,001-15,000 Active EE Lives: <u>\$2,250</u> 15,001-25,000 Active EE Lives: <u>\$2,750</u> >25,000 Active EE Lives: <u>\$3,250</u>	0-100 Active EE Lives: <u>\$500</u> 101-500 Active EE Lives: <u>\$1,000</u> 500-1000 Active EE Lives: <u>\$1,850</u> >1000 Active EE Lives: <u>\$2,500</u>

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PEBA has offered the membership Retiree Benefits since January 2007. Initially, PEBA offered the membership an Advantage Benefit Plan. Due to membership requests, in January 2008 PEBA expanded the options available to include a Pre Sixty-five retiree benefit plan, a Post Sixty-five Advantage Benefit Plan with a Medicare Part D creditable coverage prescription plan and a Medicare Medical Supplemental Plan options with a Medicare Part D creditable coverage option.

For the Calendar Year 2012, PEBA requested the current carriers to propose pricing for the second year of a three contract. Effective January 1, 2012 PEBA will offer the following Pre and Post 65 Retiree benefit options:

CALENDAR YEAR MEDICAL AND PRESCRIPTION BENEFIT IMPLEMENTATION TIMELINE

Function	Pre Sixty-five Date	Post Sixty-five Dates
PEBA Board Decision	Sept 9, 2011	Sept 9, 2011
Alliance Alert Distribution	Sept 13, 2011	Sept 13, 2011
WebX with PEBA members (Confirm Strategy to obtain HIC Number)	Sept 20, 2011 10:00am and 2:00 pm	Sept 20, 2011 10:00am and 2:00 pm
Letter of Intent due to PEBA	Sept 30, 2011	Sept 30, 2011
Employer Election Decision	Sept 30, 2011	Sept 30, 2011
Announcement Letter to Fund Contact and Retiree with Benefit Information and copy of formulary	After receipt of Employer election	After receipt of Employer election
CMS mandated Medicare Beneficiary Communication Timeline	N/A	Oct 10, 2011
Announcement Letter and Enrollment packages	Oct 21, 2011	Oct 25, 2011
Retiree Enrollment Date Deadline	Dec 2, 2011	Dec 1, 2011
Eligibility Information submitted to Vendor Obtain Medicare HIC Numbers for all retirees & eligible dependents; HIC Number and Name per Medicare Card	Established per Employer	Established per Employer
Welcome Packet	Week of Dec 19, 2011	Dec 11, 2011
Welcome Kit to Retirees	Week of Dec 19, 2011	Dec 11, 2011
ID cards	Week of Dec 19, 2011	Dec 11, 2011
Plan Confirmation Letter	Week of Dec 19, 2011	Dec 21, 2011

TML Intergovernmental Employee Benefits Pool (TML IEBP) will be the vendor providing the Pre 65 retiree plan options to PEBA. The four plans being offered to the employers are TML IEBP Pre Sixty-five Pool managed. The employer may offer their retirees a choice of one of the four plan options.

MEDICAL

Plan Design	Platinum Plan	Gold Plan	Silver Plan	Bronze
Cost (If the retiree wants to buy dependent coverage the composite rate is added to the retiree rate)	Retiree: \$783.72 Composite: \$840.86 If the retiree purchases the retiree benefits and family benefits the retiree and composite rate must be added together for total the cost.	Retiree: \$724.61 Composite: \$776.74 If the retiree purchases the retiree benefits and family benefits the retiree and composite rate must be added together for total the cost.	Retiree: \$668.18 Composite: \$715.75 If the retiree purchases the retiree benefits and family benefits the retiree and composite rate must be added together for the total cost.	Retiree: \$593.96 Composite: \$635.70 If the retiree purchases the retiree benefits and family benefits the retiree and composite rate must be added together for the total cost.
Benefit Percentage	90%/50%	80%/50%	70%/50%	60%/40%
Deductible: Individual/Family	\$1,000.00/\$1,250.00	\$1,250.00/1,500.00	\$1,500.00/\$1,750.00	\$1,750.00/\$2,000.00
Out of Pocket Maximum: Individual/Family	\$5,000.00/\$10,000.00	\$5,000.00/\$10,000.00	\$5,000.00/\$10,000.00	\$5,000.00/\$10,000.00

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Plan Design	Platinum Plan	Gold Plan	Silver Plan	Bronze
Wellness Plan	Healthy Initiatives, Biometric Screening and Health Power Assessment paid 100% for Choice Plus network providers.	Healthy Initiatives, Biometric Screening and Health Power Assessment paid 100% for Choice Plus network providers.	Healthy Initiatives, Biometric Screening and Health Power Assessment paid 100% for Choice Plus network providers.	Healthy Initiatives, Biometric Screening and Health Power Assessment paid 100% for Choice Plus network providers.
Health Incentives	Completion of Biometric Screening and Health Power Assessment per Calendar Year \$150.00 Incentive payment.	Completion of Biometric Screening and Health Power Assessment per Calendar Year \$150.00 Incentive payment.	Completion of Biometric Screening and Health Power Assessment per Calendar Year \$150.00 Incentive payment.	Completion of Biometric Screening and Health Power Assessment per Calendar Year \$150.00 Incentive payment.

MAC A PRESCRIPTION

	Retail: Covered Individual OOP (34 days supply max unless noted otherwise)	Mail/Maintenance 84/90 day dispensement Biotech/SpecialtyRx 34 day dispensement Covered Individual Out Of Pocket
Over the Counter Alternates: <u>Non-Sedating Antihistamines</u> (Claritin®, Alavert®, Allegra®, Allegra-D®, Zyrtec®, Zyrtec-D®) per prescription <u>Stomach and Ulcer</u> (Prilosec®, Prevacid®, Zegerid®) per prescription <u>Smoking Cessation</u> (Nicorette Gum) Quantity Limit - 3 boxes per plan year	\$0.00	N/A
Align Network Value Tiered 34 day <u>non Cost Share generic</u> dispensement	\$0.00 (up to 34 days supply)	N/A
Align Network Value Tiered up to 90 day <u>non Cost Share generic</u> dispensement	\$9.00 (35 to 90 days supply)	N/A
Broad Network <u>non Cost Share Generic</u>	\$10.00	\$25.00
Broad and Align Network <u>non Cost Share</u> Best Price Brand List	\$38.00	\$95.00
Broad and Align Network <u>non Cost Share</u> Non-Best Price Brand List	\$60.00	\$150.00
Broad and Align Network Cost Share	\$120.00	\$300.00
Specialty/Biotech Prescriptions	N/A	\$100.00 for up to 34 day supply

The Prescription plan offered by TML IEBP is a Medication Therapy Management Program (MTMP) that promotes Cost Efficiency, Consumer Education, Cost Effective Alternate Prescription Options and Evidence Based Prescription Utilization. Coverage for prescriptions and biotech prescriptions that are available through the Pharmacy Benefit Manager will be paid per the prescription schedule of benefits. Eligible Biotech prescriptions may be purchased from network providers per the prescription schedule of benefits.

For eligible prescriptions purchased outside of the Pharmacy Benefit Manager or the Network Providers, the plan will pay at the out of network benefit percentage and will not, at any time, pay at 100%.

This plan does require Prior Authorization and Step Therapy compliance. *If you would like more information about the prescription plan or to obtain a copy of the Formulary list or SpecialtyRx Biotech drug listing please contact PEBA.*

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PRE SIXTY-FIVE RETIREE SUPPLEMENTAL PLAN OPTIONS

Dental Plan Options

Employers that offer one or more of the TML IEBP Pre Sixty-five retiree plans will also have the option of making available to their retirees a fully funded Dental plan option.

Dental II Plan (Fixed Dental ADA code fee schedule)	Mandatory*	Voluntary
Pre Sixty-five Retiree	\$ 7.90	\$11.94
Composite	\$13.92	\$20.10
Spouse	\$11.09	\$16.02
Child(ren)	\$ 9.51	\$13.74
Family	\$16.30	\$23.52
* 100% Employer subsidy required for Pre-Sixty-five Retiree participation		

Dental III Plan (Includes orthodontia)	Mandatory*
Pre Sixty-five Retiree	\$29.68
Composite	\$46.60
Spouse	\$31.28
Child(ren)	\$34.40
Family	\$61.44
* 100% Employer subsidy required for Pre-Sixty-five Retiree participation	

Dental IV Plan (does not include orthodontia)	Mandatory*	Voluntary
Pre Sixty-five Retiree	\$21.22	\$27.56
Composite	\$35.00	\$45.48
Spouse	\$28.62	\$37.22
Child(ren)	\$24.38	\$31.70
Family	\$42.40	\$55.12
* 100% Employer subsidy required for Pre-Sixty-five Retiree participation		

Vision Plan Options

Employers that offer one or more of the TML IEBP Pre Sixty-five retiree plans will also have the option of making available to their retirees a fully funded Vision plan option.

Vision A Plan	Mandatory*	Voluntary
Pre Sixty-five Retiree	\$7.10	\$9.86
Composite	\$14.18	\$19.70
* 100% Employer subsidy required for Pre-Sixty-five Retiree participation		

Vision B Plan	Mandatory*	Voluntary
Pre Sixty-five Retiree	\$9.46	\$13.14
Composite	\$18.90	\$26.26
* 100% Employer subsidy required for Pre-Sixty-five Retiree participation		

Retiree Reimbursement Account Option

To compliment the Pre Sixty-five plans, the employers may also elect to purchase a Retiree Reimbursement Account (RRA) option for a rate of \$3.70 PRPM (per retiree per month).

Medical/Rx Plan Rates

The TML IEBP Pre Sixty-five plans are group plans that provide guarantee issue. Pre sixty-five benefit coverage will continue until the end of the month of the covered retiree's 65th birthday. Coverage for Early Retirees under these plans will require that the Early Retiree enroll in the TML IEBP plan within 31 days of commencement of their Pre 65 retirement, meet the Plan's definition of Retiree, per the employer's Retiree Policy, Ordinance or Resolution. In addition for eligibility under the plan, TML IEBP will require that the early retiree meet the employer's definition of a retiree and that the retiree receive all other applicable benefits provided to retiree population.

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INFORMATION ON WHAT THE TML IEBP PRE SIXTY-FIVE ENROLLMENT PACKETS WILL CONTAIN

First Phase of Open Enrollment

- Retiree Plan Overview Letter
- Pre Sixty-five Reminder Notice
- Pre Sixty-five Medical Benefit Plan Document
- Initial Notice Disclosures
- Personal Health Record
- Passport to Health
- UnitedHealthcare Choice Plus Group Network Information
- Retiree Plan Overview Premiums/Contributions
- Retiree Medication Therapy Management Program: Step Therapy, Prior Authorization, Cost Share Documents
- Enrollment Form
- Other Insurance Form
- Pre-Existing Benefit Limitation Form
- Privacy and Protection Statement
- Privacy Authorization Form
- Notice of Privacy Practices

Second Phase of Open Enrollment

- ID Card
- Debit Card if Retiree Reimbursement Account Access
- MyTML IEBP Website Guide

UnitedHealthcare Group (UHC) will be the vendor providing the Post 65 retiree plan options to PEBA. UHC is offering the employers two Medicare Supplement Plans and two stand-alone Medicare Part D Plans that are available nationwide. In addition, UHC will offer two Medicare Advantage HMO Plans that are available in designated geographic areas in Texas. Employers will be able to offer one Supplement plan with one stand-alone Medicare Part D plan and one HMO with integrated Medicare Part D (MAPD) plan to their retirees.

A. Post Sixty-five Retiree Benefits

UnitedHealthcare Group (UHC) will be the vendor providing the Post 65 retiree plan options to PEBA. UHC is offering the employers two Medicare Supplement Plans and two stand-alone Medicare Part D Plans that are available nationwide. In addition, UHC will offer two Medicare Advantage HMO Plans that are available in designated geographic areas in Texas.

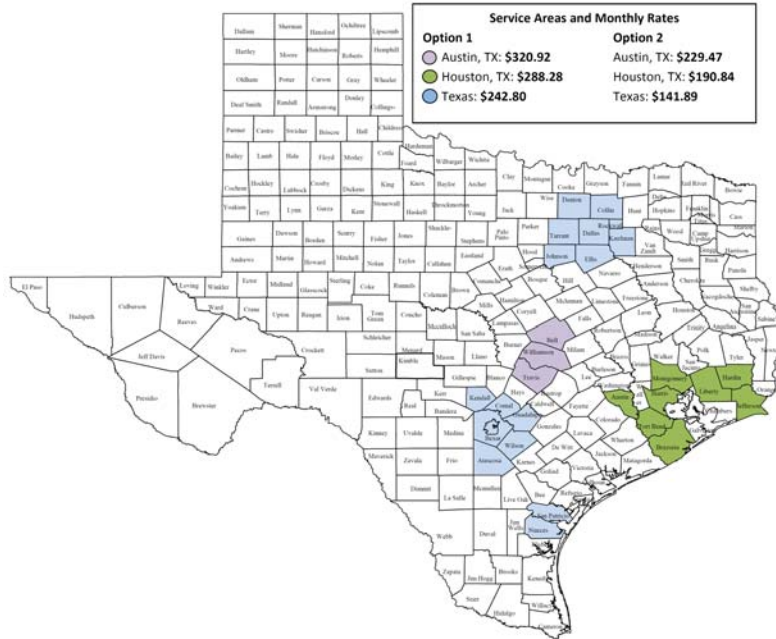
Vendor	Contact(s)
UnitedHealthcare Group Phone: (830) 249-2396	<ul style="list-style-type: none"> ▪ Patricia S. Brown ~ Senior Client Manager for Retiree Solutions

UHC Post Sixty-five Retiree Benefit Menu Options

Guidelines

1. Employers eligible to select a HMO Advantage Option and a Medicare Supplemental Option are required to have more than fifty eligible retirees enrolling in the health plans. The prescription plans must be the same for both options.
2. The HMO Advantage Plan will only be available to retirees who reside in the county specific area.
3. The HMO Advantage Plans are bundled with the prescription plan of choice, but the Medicare Supplemental Plans may be Medical only or Medical and Prescription bundled.
4. Pools will select one HMO Advantage Plan one Supplemental Plan and one Prescription Plan for the TML IEBP Employers to choose.
5. Each **Pool** employer will have to identify one benefit Plan option for the Post Sixty-five Retiree population.

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Medicare Advantage HMO With Integrated Medicare Part D Plan Options

Medical Plan with	HMO Option 1 3A	HMO Option 2 3A
Prescription Plan	Custom Plan <u>Full Gap Coverage (requires employer subsidy of 35% excluding TML IEBP)</u>	Custom Plan <u>Tier 1 Generic Gap Coverage</u>
Service Area:	Austin TX: Bell, Travis, Williamson counties	Austin TX: Bell, Travis, Williamson counties
Monthly Rate*	\$320.92	\$229.47
Service Area:	Houston TX: Austin, Brazoria, Fort Bend, Hardin, Harris, Jefferson, Liberty, Montgomery counties	Houston TX: Austin, Brazoria, Fort Bend, Hardin, Harris, Jefferson, Liberty, Montgomery counties
Monthly Rate*	\$288.28	\$190.84
Service Area:	Texas: Corpus Christi: Nueces, San Patricio; Dallas/Fort Worth: Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Rockwall, Tarrant counties; San Antonio: Atascosa, Bexar, Comal, Guadalupe, Kendall, Wilson counties	Texas: Corpus Christi: Nueces, San Patricio; Dallas/Fort Worth: Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Rockwall, Tarrant counties; San Antonio: Atascosa, Bexar, Comal, Guadalupe, Kendall, Wilson counties
Monthly Rate*	\$242.80	\$141.89

* The monthly rate is per Retiree. The Retiree needs to be entitled to Medicare Parts A & B, and continue to pay the Part B premium.

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HMO Plan Options

MEDICARE ADVANTAGE - HMO - MAPD	MEDICAL
	Plan Tier 3A
Plan Name	Group Standard Plan 3A
Plan Benefit Package (PBP)	800 Series
Annual Deductible In-Network	None
Annual Out-of-Pocket Maximum In-Network	\$3,600
PHYSICIAN SERVICES	
Primary Care Physician Office Visit (includes Non-MD office visits)	\$15
Specialist Office Visit	\$25
PART B DRUGS AND BLOOD	
Part B Drugs - Immunosuppressives, Oral Chemotherapy, Anti-nausea, Inhalation Solutions, Hemophilia Clotting Factors	20%
Part B Drugs - Antigens	20%
Part B Drugs - Outpatient Injectable Medications - Administered in a Physician's Office	20%
Outpatient Injectable Medications - Self-Administered	20%
Part B Drugs - Outpatient Injectable Medications - Home Health	20%
Home Infusion Drugs	20%
Blood	\$0
Blood 3 pint deductible waived	Yes

PRESCRIPTION CREDITABLE COVERAGE PART D PLANS	PDP OPTION 1	PDP OPTION 2
Prescription Drug Plan Type	Custom	Custom
Part D Gap Coverage	Full Gap Coverage (requires employer subsidy of 35% excluding TML IEBP)	Tier 1 Generic Gap Coverage
Formulary	Formulary H	Formulary G
Bonus Drug List	None	None
Rx Deductible	\$0	\$0
Rx Out-of-Pocket Maximum	None	None
Part D Retail (Member Cost Share Before Pharma Brand Discounts)		
Tier 1	\$5	\$5
Tier 2	\$25	\$25
Tier 3	\$60	\$60
Tier 4	33%	33%
Part D Mail Order (Member Cost Share Before Pharma Brand Discounts)		
Tier 1	\$10	\$10
Tier 2	\$50	\$50
Tier 3	\$120	\$120
Tier 4	33%	33%
Initial Coverage Limit	\$2,840	\$2,840
TrOOP Threshold	\$4,550	\$4,550
Catastrophic Coverage over TrOOP (greater amount of)		
Copay for generics	\$2.50	\$2.50
Copay for all other drugs	\$6.30	\$6.30
OR Coinsurance	5%	5%

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Medicare Supplement Plan and Stand-Alone PDP Options

Supplement Plan: Plan F	Supplement Plan: Plan K
Prescription Plan: Not included in price	Prescription Plan: Not included in price
Service Area: National	Service Area: National
Rate: Composite	Rate: Composite
Employer Funding Requirement: None	Employer Funding Requirement: None
Monthly Rate* \$191.36	Monthly Rate* \$109.34
* The monthly rate is per Retiree. The Retiree needs to be entitled to Medicare Parts A & B, and continue to pay the Part B premium.	

BENEFITS "Plan Pays"	PLAN F	PLAN K
Part A and Part B CALENDAR YEAR PLAN DEDUCTIBLE	N/A	N/A
Part A and Part B MOOP ANNUAL LIMIT (Medicare copayments, coinsurance and deductibles)	N/A	\$4620 per year (2010 amount shown)
LIFETIME POLICY MAXIMUM	N/A	N/A
Part A - Hospital (Part A Deductible) - Days 1 - 60	Covered 100% by Plan	Covered 50% by Plan
Part B - DURABLE MEDICAL EQUIPMENT		
Part B - Medicare Part B Deductible (Applicable to Part B DME)	Covered 100% by Plan	Not Covered
Part B - DME Remainder of Medicare Approved Amounts (After Part B Deductible Has Been Met)	Remainder After Medicare Payment Covered 100% by Plan.	Remainder After Medicare Payment Covered 50% by Plan.
Part B - Medicare Part B Deductible (Applicable to Part B Medical Services)	Covered 100% by Plan	Not Covered
Part B - Medical Services Remainder of Medicare Approved Amounts (After Part B Deductible Has Been Met)	Remainder After Medicare Payment Covered 100% by Plan.	Remainder After Medicare Payment Covered 50% by Plan.
PART B EXCESS CHARGES - (The Difference Between Medicare Allowable Amount and Up to 115% of Medicare Allowable Amount)	Covered 100% by Plan	Not Covered
FOREIGN TRAVEL: Medically Necessary Emergency Care Services, applicable only during the first six months of each trip outside of the United States.		

PDP Plan Option 1: Full Gap Coverage (requires employer subsidy of 35% excluding TML IEBP)	PDP Plan Option 2: Generic Gap Coverage
Service Area: National	Service Area: National
Rate: Composite	Rate: Composite
Employer Funding Requirement: None	Employer Funding Requirement: None
Monthly Rate* \$179.99	Monthly Rate* \$68.06
TAC Supplemental F \$201.36 due to Pool administrative fee	
* The monthly rate is per Retiree. The Retiree needs to be entitled to Medicare Parts A & B, and continue to pay the Part B premium.	

PRESCRIPTION CREDITABLE COVERAGE PART D PLANS	PDP OPTION 1	PDP OPTION 2
Prescription Drug Plan Type	Custom	Custom
Part D Gap Coverage	Full Gap Coverage	Tier 1 Generic Gap Coverage
Formulary	Formulary H	Formulary G
Bonus Drug List	None	None
Rx Deductible	\$0	\$0
Rx Out-of-Pocket Maximum	None	None
Part D Retail (Member Cost Share Before Pharma Brand Discounts)		
Tier 1	\$5	\$5
Tier 2	\$25	\$25
Tier 3	\$60	\$60
Tier 4	33%	33%
Part D Mail Order (Member Cost Share Before Pharma Brand Discounts)		
Tier 1	\$10	\$10

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PRESCRIPTION CREDITABLE COVERAGE PART D PLANS	PDP OPTION 1	PDP OPTION 2
Tier 2	\$50	\$50
Tier 3	\$120	\$120
Tier 4	33%	33%
Initial Coverage Limit	\$2,840	\$2,840
TrOOP Threshold	\$4,550	\$4,550
Catastrophic Coverage over TrOOP (greater amount of)		
Copay for generics	\$2.50	\$2.50
Copay for all other drugs	\$6.30	\$6.30
OR Coinsurance	5%	5%

A. Post Retiree Value Added Supplemental Benefits

1. Post Sixty-five Retirees: Benefit Update for January 1, 2012

UnitedHealthOne: Dental and Vision Supplemental Benefit Option for Post Sixty-five Supplemental Benefits. Vision is only an option under the Dental Plan. The waiting period is extensive, and retirees were educated to obtain services under the TML IEBP Benefit Plan prior to the close of December so the transition would not be as difficult.

a. Dental Benefit Options

- i. TML IEBP is transitioning their post sixty-five Benefit Programs to UnitedHealthOne. The value added benefit options will be available as an individual choice per retiree.
- ii. *Please contact UnitedHealthOne*
- iii. Call: (800) 321.1957 ~ Ask for "Dental Benefits"
- iv. Online: www.uhone.com "get quote" (pink tab has sample brochures)

b. Vision Benefit Options

- i. TML IEBP is transitioning their post sixty-five Benefit Programs to UnitedHealthOne. The valued added vision benefit is available at an individual choice per retiree contingent on the retiree's purchase of Dental Benefits
- ii. *Please contact UnitedHealthOne*
- iii. Call: (800) 321.1957 ~ Ask for "Vision Benefits"
- iv. Online: www.uhone.com "get quote" (pink tab has sample brochures)

B. The Medicare Plan for 2011

Medicare announce Medicare Premiums and Deductibles	2007	2008	2009	2010	2011	2012
Part A Premium						Awaiting CMS information
>40 quarters of Medicare covered employment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
30-39 quarters	\$226.00	\$233.00	\$244.00	\$244.00	\$248.00	
<39 quarters	\$410.00	\$423.00	\$443.00	\$443.00	\$450.00	
Part A (1-60 day Deductible) (Inpatient hospital, skilled nursing, hospice, certain HHC services)	\$992.00	\$1,024.00	\$1,068.00	\$1,068.00	\$1,132.00	
Inpatient Charges						
61-90 days	\$248.00/day	\$256.00/day	\$267.00/day	\$267.00/day	\$283.00/day	
>90 days	\$496.00/day	\$512.00/day	\$534.00/day	\$534.00/day	\$566.00/day	
Skilled Nursing						
21-100 days	\$124.00/day	\$128.00/day	\$133.50/day	\$133.50/day	\$141.50/day	
Part B Premium (Physician, outpatient, certain HHC, DME and other services)	\$93.50	\$96.40	\$96.40	\$96.40	\$96.40 or \$110.50	
Part B Deductible	\$131.00	\$135.00	\$135.00	\$135.00	\$162.00	

CMS allows 14 days for Carriers to process enrollments - receipt of following items is dependent on clean enrollments without necessity of additional information for processing (i.e. correct Medicare Claim Numbers).

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C. Medicare Part D Overview - Benefit Options

Benefit	2007	2008	2009	2010	2011	2012
Deductible	\$250.00	\$275.00	\$295.00	\$310.00	No deductible	
CoPay	Generic, Preferred Brand, Brand	See Aetna and CVS/Caremark SilverScript Plans	See Aetna and CVS/Caremark SilverScript Plans	See Aetna and CVS/Caremark SilverScript Plans	See UHC Group Prescription Solutions Plan	<i>Awaiting CMS information</i>
Retail Mail Service	90 day supply available at retail for 2x copay - Pathway Rx and Community Care Rx	See Aetna and CVS/Caremark SilverScript Plans	See Aetna and CVS/Caremark SilverScript Plans	See Aetna and CVS/Caremark SilverScript Plans	See UHC Group Prescription Solutions Plan	
Drug Spend	\$2,400.00	\$2,510.00	\$2,700.00	\$2,830.00	\$2,930.00	
Individual Spend	\$3,600.00	\$4,050.00 - Some plans have generic access in the gap	\$4,350.00	\$4,550.00	\$4,700.00 Total Covered Part D Drug Spending before Catastrophic Coverage \$6,657.50	
Catastrophic Copay Cost	Maximum amount of: 5% or \$2.25; Generic/ \$5.60 Brand	Maximum amount of 5% or \$2.25; Any other drugs \$5.60 or 5%.	Maximum amount of 5% or \$2.40; Any other drugs \$6.00 or 5%.	Maximum amount of 5% or \$2.50; Any other drugs \$6.30 or 5% after drug spend of \$6,440.00	Greater amount of 5% or \$2.60, Any other drugs \$6.50 or 5% after drug spend of \$6,657.50	

The "Doughnut Hole" continues to be an area of concern in Healthcare Reform discussions.

If the retiree has limited income and resources the retiree may request extra help for payment of the Medicare prescription drug coverage. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov or call them at (800) 772-1213 (TTY (800) 325-0778).

For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-0778

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TAKING ACTION TO MANAGE POST EMPLOYMENT BENEFIT OPTIONS

I. GASB Liability

A. GASB 45

1. Governmental Accounting Standards Board
 - i. Determine and recognize an actuarial value of promised (defined benefit) retiree medical and other benefits on an employers balance sheet
 - ii. Other Post Employment Benefits (OPEB) must be accounted for just like pension benefits
2. OPEB requires the cost be realized while the employee is active, not at the time of retirement
3. Could impact bond rating

II. Timeline of GASB 45 Requirement

A. Implementation in three phases:

1. 1st - \$100 million or more in annual revenue for periods after 12/15/06
2. 2nd - \$10 million or more, but less than \$100 million, for periods after 12/15/07
3. 3rd - \$10 million or less for periods after 12/15/08

III. What is the Concern?

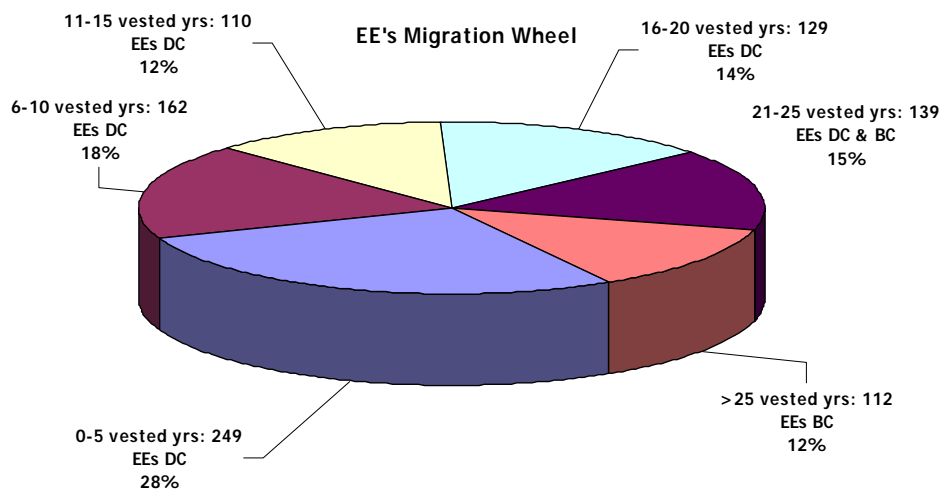
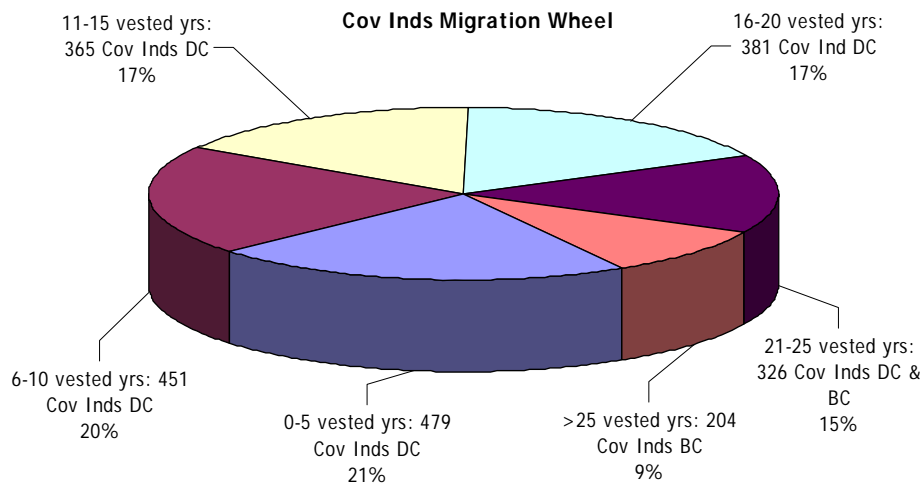
- #### A. Employers who provide post-employment medical benefits are realizing that they can no longer afford to provide a "defined benefit" solution.
1. With the Baby Boomer population entering retirement age, Political Subdivisions are faced with the liability of "defined benefit"
 2. Due to the financial requirements, the Political Subdivisions are transitioning from Defined Benefits to Defined Contribution.

IV. Texas Legal Update

- #### A. Chapter 175 of the Local Government Code-applies to a person who retires from municipal employment with a population of 25,000 or more
1. The level of coverage provided under this chapter at any given time is the same level of coverage provided to current employees of the municipality at that time
 2. The person may elect to continue coverage at a reduced level, if offered by the municipality
- #### B. Rate may be at the same rate available to active employees or a reasonable or actual utilization rate established for retirees that may be greater than the rate offered to active employees
1. Manual Rate with Retirees and Actives
 2. Manual Rates Active Only
 3. Manual Rates for Retirees only
 4. Utilization Review/Loss Ratio for Actives and Retirees
 5. Utilization Review/Loss Ratio for Actives Only
 6. Utilization Review/Loss Ratio for Retirees Only

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V. Migration Wheel



VI. Texas Legal Update

- A. Article 111.53 of the Texas Constitution prohibits employees from receiving extra compensation after the work has been performed. As interpreted by the Attorney General in JC 383, the provision prohibits retirees from getting benefits that were not a part of the retirement package when they retired (two exceptions)
1. If the political subdivision does not pay any portion of the new program
 2. If the political subdivision increases retiree benefits, the employer's retirement policy or applicable federal or state law may address the possibility of additional payments
- B. 1625.10/EEOC Costs and benefits under employee benefit plans
1. Possible discrimination against the older employee by making compensation in the form of employee and denying that compensation altogether to an older employee unwilling or unable to meet the less favorable terms. Such discrimination is not authorized by Section 4(f)(2).
 2. Awaiting final written regulations on EEOC costs and benefits

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VII. Definition of Eligibility for Post Employment Benefits

- A. GASB 45
 - 1. Retiree Definition/Employer Decisions:
 - i. Definition of Retiree
 - ii. Age
 - iii. Years of Service
 - iv. Accordance with Existing Retirement Program (TMRS)
 - v. Available Benefits
 - vi. Sample Policy/Ordinance/Resolution
 - vii. Dependent Coverage Eligibility
 - viii. Survivor Coverage Eligibility
 - 2. Disclaimer of benefit effective date and review date

VIII. Funding Option for Public Safety

- A. TMRS Annuity Fund Healthcare Premium Payment Access
 - 1. Annuity Benefit access for Public Safety Retirees
 - 2. Annuity Benefit may apply to Premium payment for Health, Part D, Vision, Dental and/or Long Term Care
 - 3. No Survivor Annuity Benefit
 - 4. IRS Tax Return Requirement/Reduction of Pension 1099 tax return completion

IX. Defined Contribution Management Options

- A. Taking Action to Managing your OPEB Obligation:
 - 1. Manage cost of current benefit offering, eligibility and caps on future promises
 - 2. Migrate from a defined benefits to defined contribution approach
 - 3. A Health Reimbursement Account (HRA)/Retiree Reimbursement Account (RRA) is an employer pre-taxed fund account for eligible medical expenses including premiums for eligible medical plans under the IRS Notice 2002-24

X. HRA Plan Document Management

- A. Covered Individual Eligibility
 - 1. Covered Individual
 - i. Active Employees
 - a. Employee
 - b. Dependents
 - c. Survivors
 - ii. Retiree
 - a. Retiree
 - b. Dependents
 - c. Retiree Survivors
 - 2. Termination of Employment
 - i. Continuation of Coverage
 - ii. Spend Down (access to fund account over a period of time)
 - iii. No Cash Distributions

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3. Death
 - i. Continuation of Coverage
 - ii. Spouse, eligible (tax) dependent
4. Continuation of Coverage/COBRA Benefits/Spend Down Option
- B. HRA Plan Document Benefit Forfeitures
 1. Payment for Qualified Expenses
 - i. Payment for Qualified Premiums
 - ii. Medical claim Administration
 - iii. Claim Reimbursements/Timeline
 2. HRA/RRA Carry Forward Option
 3. Investment Guidelines
 4. No Cash Out of Account

XI. Administrative Costs

- A. Individual Record Keeping Fee/Aggregate Record Keeping Fee
- B. Administrative Costs of Fund Management and Investments
- C. Claim Administration Sample:\$4.20 PAPM
- D. Set Up Fees
- E. Trigger/Qualifying Event Fees if Aggregate Management Option Chosen
- F. Legal Support
- G. Sample Administrative Costs
 1. Administrative Fee based on Employers Individual Funded Amounts
 - i. Up to \$500: \$2.70 PPPM Fee
 - ii. \$501-\$1,000: \$3.25 PPPM Fee
 - iii. \$1,001-\$2,000: \$3.75 PPPM Fee
 - iv. \$2,000+: \$4.75 PPPM Fee
 2. Supplemental Administrative Services
 - i. Investment Options
 - ii. Customer Service
 - iii. Fund Management
 - iv. Registered Investment Advisor