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To: Agency Directors

From: Marie Isaacson, Benefits Director

Date: September 18, 2017

RE: Important Rate Changes for 2018 Benefits

The Benefits Services Division’s goal is to provide cost effective comprehensive benefits to all State employees, retirees, and their families. There are important changes being made this year which will impact all employees who elect State benefits.

While the State has worked hard to insulate employees from skyrocketing healthcare costs that have been felt throughout the public and private sectors, out of necessity there will be a change to premiums and copays. The benefit packages offered by the State of Arizona continue to be among the most competitive and attractive in both the private and public sectors.

We appreciate your help in distributing this memo to all your employees and directing any questions to your agency's benefits liaison, or to a Benefit Options representative, by phone 602-542-5008, toll-free 800-304-3687, or by email at benefitsissues@azdoa.gov.

Premium Changes for 2018					
Plan Type	Tier	2017 EE Cost/Paycheck	2018 EE Increase/Paycheck	2018 EE Cost/Paycheck	FY2018 State Cost/Paycheck
Exclusive Provider Organization (EPO) Aetna, BCBSAZ, Cigna, UnitedHealthcare	EE only	\$18.46	\$1.85	\$20.31	\$285.88
	EE + Adult	\$54.92	\$5.50	\$60.42	\$587.38
	EE + Child	\$46.62	\$4.66	\$51.28	\$381.54
	Family	\$102.00	\$10.20	\$112.20	\$643.54
Preferred Provider Organization (PPO) Aetna, BCBSAZ, UnitedHealthcare	EE only	\$47.08	\$4.70	\$51.78	\$290.58
	EE + Adult	\$99.23	\$9.92	\$109.15	\$614.42
	EE + Child	\$66.46	\$6.65	\$73.11	\$411.15
	Family	\$115.85	\$11.58	\$127.43	\$716.81
Health Savings Account (HSA) Aetna	EE only	\$9.23	\$0.92	\$10.15	\$193.38
	EE + Adult	\$27.69	\$2.77	\$30.46	\$400.77
	EE + Child	\$23.54	\$2.35	\$25.89	\$262.00
	Family	\$51.23	\$5.12	\$56.35	\$446.50

What is changing:

- **Premiums are increasing:** For the first time since 2011, there will be an increase in employee premiums. Each plan differs slightly and the average increase is \$5.82 per paycheck. The chart above details the premium changes for 2018.
- **Copays are increasing:** No copay changes have occurred since 2009. Increased copays for medical visits and prescriptions are needed due to higher costs. The chart below details the copay changes for 2018. These costs can be managed by using generic drugs, visiting a primary care physician first instead of a specialist, and using urgent care or Doctor on Demand instead of the emergency room when appropriate.
- **Routine preventive care is now free:** As indicated below, the plan changes also include providing preventive care with no copay. This includes routine wellness exams, a wide range of screening tests, immunizations and preventive care medications.

Copay Changes for 2018 – EPO & PPO Plans		
SERVICES	2017	2018
Routine Preventive Health Care	\$15	\$0
Office Visit		
Primary Care Physician (PCP)	\$15	\$20
Doctor on Demand video telehealth	\$15	\$20
Mental Health Provider	\$15	\$20
OB/GYN	\$10	\$20
Specialists (all other)	\$30	\$40
*Chiropractor	\$15	\$40
*Therapist: Occupational, Physical, Respiratory, Speech	\$15	\$40
Emergency Room	\$125	\$200
Urgent Care	\$40	\$75
Radiology (CAT, MRI, PET)	\$0	\$100
Outpatient Surgery Copay	\$50	\$100
**Inpatient Hospital Admission	\$150	\$250
<i>*This provider is now included in the specialist category. **Not applicable for maternity.</i>		

Pharmacy Changes for 2018 – EPO & PPO Plans						
Amount	Generic		Preferred Brand Name		Non-Preferred Brand Name	
	2017	2018	2017	2018	2017	2018
Retail 30 Days	\$10	\$15	\$20	\$40	\$40	\$60
Retail 90 Days	\$25	\$37.50	\$20	\$100	\$100	\$150
Mail Order 90 Days	\$20	\$30	\$40	\$80	\$80	\$120

- **Why are the increases necessary?** Rising healthcare costs have been a reality for the past decade. The state is self-insured, which means that employees, retirees and the State pay into the plan to cover the claims. For the past six years, the state has paid approximately 90 percent of the plan's premium costs. This year, we have reached the point where we must ask our employees and retirees to share more of the costs to meet the plan's expenses.

The good news:

- **Flexible Spending Accounts (FSA) debit card:** To help manage costs, FSA funds are available through a convenient debit card, replacing the reimbursement process. Rather than having to submit a paper claim form for reimbursement, your debit card will be pre-loaded with the entire amount of the deductions you selected for the plan year. This eliminates the need for you to remember to file claim forms, making it much more convenient to use your FSA.
- **Dental:** Delta Dental will remain as our PPO dental provider at the same rates and same coverage. Our pre-paid dental plan is moving to Cigna with reduced rates.

What is staying the same:

- **Medical coverage and carriers:** The State is proud to offer employees an excellent benefits package with a variety of medical carriers and plans to choose from. All medical carriers and coverage plans are staying the same.
- **HIP rewards:** The Health Impact Program will continue to offer up to \$200 to all employees who complete the requirements each year. To learn more, visit totalwellbeing.az.gov.

Next steps:

- **Visit benefitoptions.az.gov** to read the Frequently Asked Questions (FAQs), find important dates for open enrollment and see the premium and copay increases.
- **Watch for the 2018 Benefits Enrollment Guide**, which will be mailed to all state employee homes the week of October 9 to help you determine what plan is best for your family.
- **Enroll for your benefits during Open Enrollment October 30 - November 17.**
 - Since premiums have changed, each employee **MUST** actively enroll this year if you want to participate in the plan. Visit yes.az.gov between October 30 - November 17 at 5 p.m. Arizona time and choose the coverage you want.
 - ***If you do not actively enroll, you will be dropped from your current coverage as of January 1, 2018.***
- **New premiums take effect January 1:** The new premiums will be deducted through payroll deductions starting with the first paycheck of 2018.
- **Questions?** Please contact your agency's benefits liaison, or contact a Benefit Options representative by phone 602-542-5008, toll-free 1-800-304-3687, by email benefitsissues@azdoa.gov or visit benefitoptions.az.gov.