

WHAT'S CHANGING FOR ME IN PLAN YEAR 2011?

Health coverage

■ Health insurance cost increases for certain services (see page 2) go into effect on September 1, 2010. The ERS Board of Trustees approved these changes to cover the insurance funding gap predicted for Plan Year 2011.

■ Your full health insurance premium will continue to be paid by the State if you are a full-time employee. The State will also pay 50 percent of the premium cost for your eligible dependents. If you are covering dependents, your 50 percent share will increase slightly.

■ New health ID cards will be sent to you reflecting new copay amounts.

■ HMOs participating in the GBP for Plan Year 2011 are Scott & White Health Plan in the Austin/San Angelo/Temple/Waco service areas and Community First in the San Antonio service area.

■ FirstCare will no longer participate after August 31, 2010. If you and your eligible dependents are currently enrolled in FirstCare, you should have received a letter in the mail. You and your eligible dependents

will be automatically enrolled into HealthSelect on September 1.

■ A bariatric surgery program will be offered for HealthSelect only.

Short- and Long-term Disability Insurance

■ Good news. Premium rates will be 10 percent lower with no change in coverage.

TexFlex (Flexible Spending Accounts)

■ Good news. The ERS Board of Trustees cut TexFlex account fees in half. The account fee will go from \$2 to \$1 a month, beginning September 1, 2010. This saves you \$12 a year for each health care or day care account. The TexFlex debit card one-time fee of \$15 will stay the same.

■ When deciding how much to contribute to your health care account this year, take into account that federal law has changed. Starting January 1, 2011, federal law requires a doctor's prescription for reimbursement of certain over-the-counter (OTC) medicines and drugs—like pain relief, allergy, and cold medications.

We are Partners

ERS Annual Enrollment • July 5-30, 2010

New! Discount Purchase Program

■ Starting September 1, 2010, the BenePlace, Inc. Discount Purchase Program will be available to you at no charge.

Dependent eligibility law changing

■ The dependent eligibility law changes on September 1, 2010. Make sure to check the chart at www.ers.state.tx.us/insurance/dependent_eligibility.aspx to see if your dependents are still eligible. If not, drop them during the enrollment period before a dependent eligibility audit occurs this fall. More information is provided on page 4.

See more information in the **Guide for Active Employees** on the ERS website in July.

Annual Enrollment is July 5-30. Enclosed is your *Personal Benefits Enrollment Statement*. Your statement shows you the insurance coverage you and your family will be enrolled in and the monthly cost for that coverage beginning September 1, unless you make a change. Changes you make that do not require proof of good health, also known as evidence of insurability (EOI), will be effective **September 1, 2010**. Your eligible coverage choices are shown on page 2 of your statement.

How to use ERS OnLine

If you want to change your coverage, the fastest way to do it is to go online. Make changes until July 30 at 7 p.m. CT.

- Visit www.ers.state.tx.us and click User Login in the top right corner. You may need to register your account. You can select your own user name and password and a security question to help you remember your password. Once you are logged on to the secure site, click **Benefits Enrollment** under My Insurance Information. Please double check any Annual Enrollment changes you make.
- When you enter the secure system, you'll see your insurance enrollment and personal contact information. Check and update your address, phone number, email address, and eligibility county under **My Personal Information**.

- New this year: When you go to ERS OnLine to make benefit changes, a pop-up screen will require you to certify that each of your dependent children is eligible for GBP coverage. You must completely answer the questions and click the Submit button to complete your elections. New dependents cannot be enrolled until the certification is completed. This online process is legally binding.
- **Check out the new ERS retirement feature!** While you are logged into your ERS OnLine account, you can estimate your first retirement date with your actual account information by clicking **Retirement Estimate** under My Retirement Information.

DURING ANNUAL ENROLLMENT, YOU CAN:

Health Insurance -

■ Change your health coverage or who's covered. If you choose to change your coverage, you may move yourself and your covered dependents from Scott & White or Community First to HealthSelect without proof of good health, also known as evidence of insurability (EOI). If you live in an HMO service area, you and your eligible dependents can move from HealthSelect to the HMO.

SKIP -

■ Apply for the State Kids Insurance Program (SKIP), which will help you pay for your children's monthly health coverage cost.

Dental -

■ Enroll in a dental plan, or switch plans.

TexFlex -

■ Enroll in a TexFlex account to help you budget for your health or day care expenses. If you already have a TexFlex account, your current contribution and debit card choice will continue unless you make a change. Review your contribution to make sure this is enough for next plan year's expenses—but remember it's a use it or lose it program.

Other Insurance -

■ Apply for Short- and Long-term Disability Insurance, Optional Term Life Insurance, or Dependent Term Life Insurance (EOI required for these benefits).

Voluntary AD&D -

■ Enroll in Voluntary Accidental Death & Dismemberment (AD&D) Insurance.

Drop Coverage -

■ Drop yourself and/or a dependent from coverage.

YOU CAN HAVE NEWS TOPICS SENT TO YOU DIRECTLY

Want to keep up to date on benefit news? Sign up for the ERS digital subscription service. On the ERS homepage at www.ers.state.tx.us, click the green envelope next to Sign up for ERS Email Updates. Subscribe to the topics you're interested in. After you have signed up, an invitation email will be sent to the address you provided. You must confirm within 48 hours, or you will need to repeat the subscription process.

After you are signed up, you'll get an email whenever new information is posted on the ERS website. From the ERS Subscription Management page, you can manage your preferences and delivery methods, add topics to your subscription, or stop subscriptions. If you accidentally delete an email or want to review past emails, you can view the last 30 days of emails from the ERS Subscription Management page, under Subscription Updates.

Starting June 1, 2010, at some retail pharmacies, HealthSelect members can buy a 31- to 90-day supply of maintenance drugs with no retail maintenance fees. For a list of participating pharmacies, go to www.ers.state.tx.us, or call Caremark at (888) 886-8490.

CHANGES FOR PLAN YEAR 2011

Current	Effective September 1, 2010
COPAYS	
Office Visits	
HealthSelect \$20 PCP/\$30 Specialist HMOs \$30 PCP/\$40 Specialist HealthSelect has coinsurance for some services	HealthSelect \$25 PCP/\$40 Specialist HMOs \$25 PCP/\$40 Specialist HealthSelect and HMOs have coinsurance for some services
In-Patient Hospitalization	
\$100 a day (\$500 maximum benefit per stay) plus coinsurance for HealthSelect	\$150 a day (\$750 maximum benefit per stay) plus coinsurance for HealthSelect and HMOs
Out-Patient	
\$100 a day plus coinsurance for HealthSelect	\$100 a day plus coinsurance for HealthSelect and HMOs
Emergency Room	
\$100 plus coinsurance for HealthSelect	\$150 plus coinsurance for HealthSelect and HMOs
Prescription Drugs up to a 30-day supply	
\$10-Tier 1 \$25-Tier 2 \$40-Tier 3	\$15-Tier 1 \$35-Tier 2 \$60-Tier 3
COINSURANCE (Your share of service costs) Calendar Year Maximum Amount Paid by Participant	
HealthSelect Network	
\$1,000	\$2,000
HealthSelect Non-Network	
\$3,000	\$7,000
HealthSelect Out-of-Area (Medicare eligible or out-of-state residents)	
\$1,000	\$3,000
HMOs	
None	\$2,000

Additional plan design changes:

- Radiology (CT scan, MRI, Nuclear Medicine) – \$100 copay (new) plus coinsurance. Does not apply to hospital stays and ER visits.
- For HealthSelect—Limits annual visits and lowers allowable charges for chiropractic care.
- Save money—go to an urgent care facility for a \$50 copay plus coinsurance, half the price of an ER visit.

TEXFLEX CAN HELP YOU BUDGET FOR HEALTH AND DAY CARE EXPENSES

TexFlex is the best way to help you budget for the increased insurance costs and planned out-of-pocket costs for health and day care expenses tax-free. Remember: If you already participate in TexFlex, you will be automatically re-enrolled for the same contribution amount unless you make a change (your TexFlex debit card will also remain effective, if you use one). If you aren't participating in TexFlex, enroll by July 30 to have a health care or day care account (or both). You can determine how much to contribute each month from your paycheck to set aside for TexFlex, up to \$5,000 for each account.

TexFlex health care account

- Use your tax-free money to pay for doctor copays, dentist visits, prescription drugs, glasses, contact lenses, and more.
- Your entire contribution is available to spend September 1, 2010—you don't need to wait to spend TexFlex dollars.
- You can also pay for certain over-the-counter (OTC) items like reading glasses, first-aid supplies, and contact lens solution.
- After December 31, 2010, federal law will require a doctor's prescription to

Want to add coverage?

PROOF OF GOOD HEALTH IS REQUIRED FOR SOME COVERAGE

Some coverage changes require proof of good health, also known as evidence of insurability (EOI). You don't need to apply for coverage you already have. Coverage that requires EOI:

- Optional Term Life
- Dependent Term Life
- Disability Insurance (short- and long-term)
- HealthSelect when you:
 - Want to enroll after waiving your coverage previously or selecting the Opt-Out Credit.
 - Want to add a dependent to HealthSelect who you're not currently covering and you live in an HMO service area.

To apply for coverage that requires EOI, go to www.ers.state.tx.us/Insurance/Forms and print the EOI application. To be sure your coverage change will be effective September 1, 2010, your completed application must be postmarked by July 30. If it is not, your coverage will begin the first of the following month after you are approved.

cover some OTC items like cold medicine, pain relievers, and smoking cessation aids like nicotine patches and gum.

TexFlex day care account

- Use tax-free money to pay for your child's day care or after-school care (for a child under age 13) or for day care for an adult family member.
- Get reimbursed up to the amount available in your account.

Account fees lower

It costs less to enroll in TexFlex this year: The account fee will be reduced from \$2 to \$1 a month, beginning September 1, 2010. This saves you \$12 a year for each health care or day care account. The TexFlex debit card one-time fee of \$15 will stay the same.

The more you contribute, the more you save. Use the TexFlex Savings Calculator at www.ers.state.tx.us/TexFlex to estimate how much you can save. Don't forget it's a use it or lose it program. You **must** spend your TexFlex dollars between September 1, 2010 through November 15, 2011 (which includes the grace period provided by the IRS).

BENEFIT TIPS:

State Kids Insurance Program (SKIP)—

Can't afford your children's health insurance? You may qualify for help. Apply for SKIP at any time of year. If approved, your monthly cost will be \$25 or less to cover all eligible dependents under the age of 19.

To apply for this benefit, print the SKIP application and instructions at www.ers.state.tx.us/Insurance/Forms. To make sure this benefit takes effect on your October 1, 2010 paycheck, complete and mail your application by August 1. If you were approved for SKIP before June 1, 2010, you must re-apply so your SKIP supplement will continue after September 1, 2010.

Long-term Care Insurance—

Long-term Care Insurance provides certain benefits not covered by your medical coverage, such as nursing home care and adult day care. Apply for this benefit at any time of the year from John Hancock Life Insurance Company. To learn more, go to the Long-Term Care link under Insurance on the ERS website.

TexaSaver—

Enroll or increase your contribution to TexaSaver. It helps you build personal savings for retirement in a 401(k) Plan and/or 457 Plan. Learn more at www.texasaver.com.

If you have other comparable health insurance—

If you opt-out of your current health coverage because you have other comparable medical coverage, you may be eligible for up to a \$60 credit to help you pay for your monthly cost of dental and/or Voluntary Accidental Death & Dismemberment (AD&D) coverage. Please note: Medicare and TRICARE do not qualify as comparable medical coverage.

FOR BENEFITS INFORMATION

HealthSelectSM of Texas

Medical
Blue Cross and Blue Shield of Texas
(Group number—38000/38001)
(800) 252-8039

Prescription drugs
Caremark
(Group number—RX1292)
(888) 886-8490

Community First Health Plans

(Group number—0010180000)
(877) 698-7032

Scott & White Health Plan

(Group number—000058)
Temple: (800) 321-7947
Bryan/College Station:
(800) 791-8777
Georgetown: (800) 758-3012
Waco: (800) 684-7947
San Angelo: (800) 321-7947

State of Texas Dental

Choice PlanSM
Administered by HumanaDental
Insurance Company
(Group number—536957)
(877) 377-0987

HumanaDental DHMO

Insured by DentiCare, Inc. dba
CompBenefits, a member of the
HumanaDental family of companies
(Group number—538226)
(877) 377-0987

PayFlex (TexFlex)

(866) FLEX-TEX or
(866) 353-9839

State Kids Insurance Program (SKIP)

Texas Health and Human Services
Commission
(877) KIDS-NOW/(877) 543-7669

John Hancock Life Insurance Company

(Long-term care insurance)
(800) 400-9396

Fort Dearborn Life Insurance Company

(Evidence of insurability)
(800) 778-2281

Dearborn NationalTM

(Brand name for Fort Dearborn Life Insurance Company)
(Life, Disability, and Voluntary AD&D
Insurance)
(800) 778-2281

The benefit carriers have websites with
additional information. Find them on the
ERS website, www.ers.state.tx.us.

WE'RE STAYING LATE TO HELP YOU.

Annual Enrollment Hotline hours:

July 5-30
Monday-Friday,
7:30 a.m. to 7 p.m. CT
Toll-free (866) 399-6908

Lobby hours:

July 5-30
Monday-Friday,
7:30 a.m. to 5 p.m. CT
200 E. 18th Street in Austin, 78701

Or check the special
Annual Enrollment webpage
at www.ers.state.tx.us

REQUIRED NOTICE

To all participants and covered dependents in HealthSelect Effective September 1, 1998, HealthSelect began providing more comprehensive coverage for breast reconstruction in connection with a mastectomy. This notice, in accordance with the Women's Health and Cancer Rights Act of 1998, is to advise you that your health plan covers:

- reconstruction of a breast on which the mastectomy has been performed;
- surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- prostheses and physical complications at all stages of mastectomy, including lymphedemas.

All participants should notify their covered dependents of this expansion of coverage. Standard copayments, coinsurance, and deductibles will apply when appropriate. Please contact HealthSelect at (800) 252-8039 or the Employees Retirement System of Texas for more information.

NOTICE OF PRIVACY PRACTICES

Pursuant to the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), ERS is required to notify participants in Texas Employees Group Benefits Program (GBP) health plans (HealthSelect or an HMO) of the availability of its Notice of Privacy Practices. The Notice describes how ERS may use or disclose medical information about you and how you can get access to your own information. It also sets out ERS' legal obligations concerning your health information and your rights to access and control your health information. For a copy of the notice, go to www.ers.state.tx.us/htdocs/about/legislation/hipaa.aspx and click on ERS Notice of Privacy Practices. To obtain a copy by mail, or if you have questions about the privacy practices described in this Notice, please contact in writing: Privacy Officer, ERS, P.O. Box 13207, Austin, Texas 78711-3207.

DEPENDENT ELIGIBILITY LAW CHANGING

On September 1, 2010, the law that determines if a dependent is eligible for coverage will change. It's important you review your dependents to make sure they will be eligible. If you cover ineligible dependents, you risk losing your State of Texas coverage permanently. Providing false information could result in the loss of benefits for you and your dependents. Intentionally providing false information may also result in criminal penalties. To see the new dependent eligibility rules, go to www.ers.state.tx.us/insurance/dependent_eligibility.aspx

You may have to provide appropriate documents to support your dependents' eligibility. Reply immediately when you receive the request letter for documentation. If you don't respond, both you and your dependents could lose insurance benefits.