AlaskaCare Employee Health Plan

STATE OF ALASKA

Division of Retirement and Benefits

Select Benefits Enrollment Guide

What Is In This Enrollment Guide?

This enrollment guide provides the choices available to you under the State of Alaska Select Benefits plan. Details on the costs and how to use the internet enrollment system, which will calculate premiums for you, are available online at *alaska.gov/drb*. In addition to enrolling when you are first eligible, benefits may be changed during annual Open Enrollment in May and June for the subsequent benefit year beginning July 1, or within 30 days of a qualified change in family or employment status.

Select Benefits — Benefits to Suit You

Select Benefits allows you to choose your benefit plans. Because you may have needs that are different from your coworkers and friends, you can create a personal benefit program from a range of benefits and levels of coverage.
Best of all, you can spend your dollars – and the State's – for benefits that better meet your needs.
Here's how it works:

1. With Select Benefits, the State allocates the money it spends on your health benefits as "Benefit Credits." If you work part-time, you get Benefit Credits only if you elect health coverage.
2. You consider the monthly cost of each option and decide which benefits to purchase.
3. After making your choices, if the total (excluding any contributions to the Dependent Care Assistance Plan), is:
   - the same as your Benefit Credit amount, there is no affect on your pay.
   - more than your Benefit Credit, you pay the difference through pretax payroll deductions. This means deductions are withheld from your pay before federal taxes are applied. The difference is deducted from your paychecks twice per month in equal amounts throughout the benefit year.

The online enrollment system will automatically calculate your Benefit Credits and premiums as you make selections, allowing you to change your choices until you are satisfied with the choices and cost. A list of Benefit Credits and premiums is available online at *alaska.gov/drb* or at *alaskacare.gov.*

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Consider Your Choices

Listed below are the Select Benefits for which decisions will be required. More details about these important benefits are provided later in this guide. You may enroll in or change these benefits when first hired into an eligible position, following a qualified change in family or employment status or during the Open Enrollment.

Your Select Benefits Choices

AlaskaCare Health

- Medical
- Dental
- Vision
- Health Flexible Spending Account (HFSA)*

Optional Benefits

- Supplemental Life Insurance
- Supplemental Accidental Death and Dismemberment Supplemental Survivor Benefits
- Disability Benefits (short-term and long-term)
- Dependent Care Assistance Plan (DCAP)*

*You must elect these benefits each Open Enrollment period; they do not automatically continue from one benefit year to the next. Limitations to these plans may apply; refer to the Select Benefits Information Booklet for greater details about these plans.

Special Open Enrollment Note:
Failure to enroll during the Open Enrollment period will result in continued coverage at your current level of coverage, excluding enrollment in the Health Flexible Spending Account or Dependent Care Assistance Plan, effective July 1.

Changing Your Coverage

You may change your mind about any benefit choices as long as you re-enroll in your final choices before the enrollment deadline. Reminder—each time you re-enroll, a new enrollment is processed. The previous enrollment will no longer exist. Make sure to reselect each of your elections.

The only time you can change your coverage other than during Open Enrollment is within 30 days of a "qualified status change."

These include:

- gaining or losing a dependent through birth, adoption, marriage, divorce, or death.
- dependent is no longer eligible under the terms of the plan.
- spouse terminating employment, beginning an extended period of layoff or leave without pay, or beginning new employment.
- you or your spouse changing employment status from full-time to part-time or vice versa.

Dental and Vision Plan decisions remain in effect for at least 18 months (see pages 4 and 5). Your change in benefits must be consistent with the status change. For example, if you had a baby, you could elect Dependent Care. You also may change life insurance or disability selections due to a qualified status change. However, rules prohibit addition, cancellation, or changes in the Health Flexible Spending Account at any time during the year.

Coordination Between State Employees' Health Plans

Under the authority of 2 AAC 39.920, Select Benefits will only pay 30 percent of covered charges for your dependents if your spouse or children are covered by a State employee health trust and that coverage:

- has been waived,
- pays less than 70 percent of covered expenses, or
- has an individual out-of-pocket maximum, including deductible, of more than $3,500.

This applies to any dependent covered by Select Benefits as the secondary plan under the standard Coordination of Benefits rules and where the trust plan would normally pay first if you hadn't reduced or waived coverage. When your spouse or the parent of any of your children selects coverage under a State employee health trust, they must ensure they are electing a plan that covers at least themselves and any dependents for which they have primary responsibility and that coverage provides full family coverage. Failure to do so will result in less coverage for your dependents in the coming year.

For examples and more information, please see the Coordination of Benefits brochure online at *AlaskaCare.gov*.

Medical Plan

Your medical coverage helps you and your eligible dependents pay for hospital, surgical, and other medical expenses. You can choose from the three different *Select Benefits* medical options listed in the comparison chart below.

Your dependents, if any, are automatically covered in *Select Benefits* medical plans, as follows:

- When you choose Standard or Economy medical coverage, you and your eligible dependents are covered under the same option.
- If you select the Premium Employee/Standard Family Plan, you will be covered under the Premium Plan, while your dependents, if any, will be covered under the Standard Plan. If you select Employee and Family coverage under the Premium Plan, you and your family will be covered under the Premium Plan.

You'll see that the deductible, coinsurance, and out-of-pocket maximums are different for each option. To determine which plan is right for you, think about how much you can afford out of your own pocket to pay for medical expenses. Also consider the difference in premium cost to you, the total premium for the health options you select less the State's Benefit Credits. We want to be sure all eligible State employees have medical coverage in the event of serious illness or injury, so you are required to choose a medical option, unless you are a part-time employee for whom coverage is optional.

A Comparison of Medical Plans

	Premium	***Standard***	***Economy***
Annual Deductible *Individual* *Family*	 $250 $500	 $250 $500	 $500 $1000
Coinsurance	90%	80%	70%
Annual Out-of-Pocket Maximum	$300 per person; plus deductible	$1,000 per person; plus deductible	$2,000 per person; plus deductible

Note: Preventive benefits, including one annual routine exam and related tests, are paid at 100% of the recognized charge with no deductible.

Prescription Drugs

Prescription drugs are the fastest growing cost in most health plans, including ours. Higher claim costs from prescription drugs, as with any other expense, means higher premium payments to all participants in the plan. There are several ways to save on prescription drug costs including purchasing a generic or lower cost brand name drug, using the mail order pharmacy for maintenance drugs, or both.

The mail order pharmacy is simple to use for maintenance drugs. You need a prescription from your doctor which allows you to receive a 90-day supply at a time for up to one year. The mail order pharmacy form, available on *AlaskaCare.gov,* should be sent with the prescription and your copayment. The pharmacy will send your prescription by return mail along with information on ordering refills. You'll save money on the copays, too!

Prescription Drug Coverage

		Up to 30-Day Supply	***31 to 90-Day Supply***
Participating Pharmacy	All Drugs Minimum Maximum	20% copay $8 copay $50 copay	20% copay $16 copay $100 copay
Mail Order	Generic	$8 copay	
	Brand Name	$20 copay	
Annual Copay Maximum	$1,000 Individual / $2,000 Family		

Prescriptions filled at a nonparticipating pharmacy or without using your health identification card are subject to deductible and paid at 60 percent when you submit the claim for your prescription.

Audio Plan

The Audio Plan covers hearing and ear exams and hearing aids up to $800 maximum every three consecutive years. The audio benefit is included in the medical coverage. You do not need to enroll separately for this benefit.

Benefits are described in your health booklet which is available online at *AlaskaCare.gov*, or from the Division.

Dental Plan

Dental Plan decisions must remain in effect at least 18 months. You may make changes to your Dental level of coverage only after this 18-month period.

Your first opportunity to change your Dental level of coverage will be the first Open Enrollment period or qualified status change following your 18-month mandatory wait period.

You are required to choose a dental plan unless you are a part time employee who is not enrolling in health coverage. When making your choice, be sure to consider any other dental coverage available such as from a spouse's plan.

Dental Service Types

- Preventive Services include regular exams, x-rays, and routine cleanings.
- Restorative Services include fillings, extractions, oral surgery, and periodontics (gum work).
- Prosthetic Services include crowns, bridges, inlays, and dentures.
- Orthodontia Services include braces (installation, adjustments, and removal) and retainers.

A Comparison of Dental Plans

	Premium	***Standard***	***Preventive***
Annual Individual Deductible			
Preventive	$0	$0	$25
Restorative	$25	$25	N/A
Prosthetic	with restorative	with restorative	N/A
Orthodontia	$0	N/A	N/A
Coinsurance			
Preventive	100%	100%	100%
Restorative	85%	85%	N/A
Prosthetic	75%	50%	N/A
Orthodontia	50%	N/A	N/A
Annual Individual Maximum Benefit	$2,500 per person	$1,500 per person	$500 per person
Orthodontia Individual Maximum Lifetime Benefit	$2,000 per person	Not covered	Not covered

Vision Plan

Vision Plan decisions must remain in effect at least 18 months. You may make changes to your Vision Plan level of coverage only after this 18-month period.

Your first opportunity to change your Vision level of coverage will be the first Open Enrollment period or qualified status change following your 18-month mandatory wait period.

You are not required to choose a vision plan. Be sure to consider any other vision coverage available such as from a spouse's plan.

The Standard Plan is processed by the health claims administrator. You may use any licensed provider in the Standard Plan, but may be required to file a claim for reimbursement.

The Managed Care Plan, administered through Vision Service Plan (VSP), requires that you use a participating provider in order to receive the highest level of benefits. Choose a VSP doctor online (see VSP.com) or by calling VSP prior to making your appointment. Make an appointment with the VSP doctor and tell the doctor you are a VSP member. Please refer to the VSP brochure at *alaskacare.gov* for more details.

A Comparison of Vision Plans

	Standard Plan	***Managed Care Plan***
Provider	May use any qualified provider	Use VSP providers for best benefits
Annual Individual Deductible	$0	$10 exam $25 for lenses/frames combined
Exam *Frequency* *Reimbursement*	 One per benefit year 90%	 One per benefit year 100% at preferred provider
Lenses *Frequency* *Reimbursement*	 One pair per benefit year 90%	 One pair per benefit year 100% at preferred provider
Contacts *Frequency* *Reimbursement* *Annual Maximum*	 One pair per benefit year 90% up to the annual maximum $170 per individual	 One pair per benefit year $105 in lieu of lens/frame benefit $105 per individual
Frames *Frequency* *Reimbursement* *Annual Maximum*	 One pair every two benefit years 90% up to the annual maximum $90 retail maximum per individual	 One pair every two benefit years Up to $130 retail allowance 20% discount on amount over allowance
Optional Items	None covered	Covers: Anti-reflective coating Progressive lenses Scratch-resistant coating Polycarbonate lenses Additional options provided at a discount
Corrective Laser Eye Surgery	Not covered	Not covered but discounts available at preferred providers
Annual Individual Maximum Benefit	$350 per person	N/A

Options such as tinting or oversized lenses are not covered under either vision plan.

Life Insurance

The plans you make now—and the benefits you choose—can make a difference to your family later. Select Benefits lets you customize the amount of life insurance that is right for your situation. There are several plans available to you. For examples and more information, please see the Life Insurance brochure online at *alaska.gov/drb*.

Basic Life/AD&D

Under the Group Life Insurance Plan, the State automatically provides you with:

- $2,000 Basic Life Insurance.
- $5,000 Accidental Death and Dismemberment (AD&D) coverage.

If you have eligible dependents, your spouse is insured for $1,000 and each dependent child is insured for up to $500 under the Group Life Insurance, Basic Life Plan.

Travel Accident

An additional $100,000 is payable if your death is accidental and occurs while in travel status for the State.

Select Life/AD&D

In addition, you may choose to enroll in Select Life (formerly Optional Life) also provided under the Group Life Insurance Plan. The amount available is equal to your annual income rounded to the next highest $1,000. The maximum amount is $100,000 for Supervisory Union (SU) and Confidential Employees Association (CEA) members and $60,000 for all others.

If you die from any cause, Select Life pays your beneficiary the full amount of your insurance. If you die from an accident, Select AD&D pays your beneficiary an additional benefit equal to the value of your Select Life benefit.

If you wish to enroll in Select Life, complete the enrollment form online at *alaska.gov/drb* and send it to the Division using the address at the top. Your form must be received by the enrollment deadline or you must wait until you have a qualified status change or enroll during the next annual Open Enrollment period.

To determine if you are currently enrolled, check your first pay stub of the month for the deduction 'LIFE INS' or contact the Division.

Supplemental Life

Additionally, you may choose from one of the following Life Insurance coverage levels offered through Select Benefits:

- No coverage
- $10,000
- $20,000
- $30,000
- $40,000
- $48,000

There are a few rules to keep in mind when selecting your coverage level:

- No more than $10,000 of Supplemental Life Insurance may be selected if you are electing Supplemental Survivor Benefits. (See page 7 for information on Supplemental Survivor.)
- If you wish to elect Accidental Death and Dismemberment, you must select at least $10,000 of Supplemental Life Insurance. (See page 7 for information on AD&D).

Accidental Death and Dismemberment (AD&D) Insurance

Life Insurance provides benefits if you die for any reason. Accidental Death and Dismemberment insurance helps provide even more financial protection if something happens to you. If you die because of an accident, your beneficiary will be paid by your Life Insurance and your AD&D Insurance. AD&D also pays if you suffer certain injuries as the result of an accident, such as the loss of a limb or your eyesight. You may also select coverage for your family members.

When purchasing AD&D coverage, you have a choice of coverage levels:

- Employee Only
  The full benefit amount for Employee Only coverage is $100,000.
- Employee and Family
  The benefit amounts that are paid to you or your beneficiaries are based on the make-up or composition of your family at the time of the loss.

If you want to purchase AD&D coverage, you must also elect at least $10,000 of Supplemental Life Insurance coverage for yourself.

AD&D Coverage Options

Family Composition at Time of Loss	Full Benefit Amount
Employee, Spouse/Same Sex Partner and Dependent Children	
Employee	$ 100,000
Spouse/Partner	$ 40,000
Each child	$ 5,000
Employee and Spouse	
Employee	$ 100,000
Spouse/Partner	$ 50,000
Employee and Dependent Children	
Employee	$ 100,000
Each child	$ 10,000

The amount of the benefit is also based on the severity of the loss.

Type of Permanent Loss	Percentage of AD&D Full Benefit Amount Paid
Life	100%
Both eyes, feet, hands, or any combination thereof	100%
One eye, one foot, or one hand	50%
Thumb and index finger of the same hand	25%

Survivor Benefits

Survivor Benefits pay your designated beneficiary an ongoing monthly payment, rather than a one-time life insurance payment. The amount of the monthly payment depends on how long you elect to have the payments made. Your Survivor Benefit options are listed to the right.

If you enroll in Survivor Benefits, you cannot enroll in more than $10,000 of Supplemental Life Insurance coverage.

Survivor Benefit Options

- 5 years at $765 per month
- 10 years at $455 per month
- 15 years at $360 per month
- 20 years at $315 per month
- 25 years at $290 per month
- 30 years at $275 per month
- No coverage

Disability Benefits

The State recognizes that one of the most important assets you have is your ability to earn a living. You want to protect your family, your home, and all the things for which you have worked so hard. Short and Long-Term Disability Insurance can provide you with income if an illness or injury keeps you from working.

Benefits are payable only if you are "totally disabled." You are considered totally disabled if you are unable to work at any gainful occupation (not just your own occupation) and are under the care of a physician.

Other Points to Consider

When selecting disability coverage that is right for you, please remember:

- For the first 24 months of disability coverage, no benefits are payable if you are disabled due to a pre-existing condition. A pre-existing condition is an illness or injury which was diagnosed, treated, for which you have been taking medication, or for which a reasonable person would have sought treatment in the 12 months before your coverage began. At the end of 24 months of coverage, the limitation is canceled.
- The amount of your Short-Term and Long-Term Disability benefit is reduced by the amount of benefits available from any retirement plan, including your retirement system, Social Security disability, other group disability plan, workers' compensation, or other sources (see your Select Benefits Information Booklet for details).

  Note; Disability benefits provided under the retirement systems differ depending on system, Tier, and vesting status. You should check what disability retirement benefits are available to you for both occupational and non-occupational disabilities to make the best choice for disability insurance benefits.

Short-Term Disability

Short-Term Disability (STD) provides you continuing income if you become injured or disabled and are unable to work. Benefit payments begin after 30 days of disability and after all paid leave is exhausted. You receive benefits for up to 180 days from the date of your disability.

Short-Term Disability Options
• Plan A – $210 per week • No coverage

Long-Term Disability

If you remain totally disabled after 180 days, Long-Term Disability (LTD) coverage pays you a continuing monthly benefit. The length of time your benefit is paid depends on how old you are when you became disabled.

Long-Term Disability Options
• Plan B – 50% of base monthly pay • Plan C – 70% of base monthly pay • No coverage

- The minimum monthly Long-Term Disability benefit payable after all offsets is $100.
- The maximum monthly Long-Term Disability benefit payable is $8,000.

For more information about the disability plans, please see the Disability brochure online at *alaska.gov/drb*.

Reimbursement Accounts

With the *Select Benefits* Reimbursement Accounts, you can set aside money to pay for certain health or day care expenses on a tax-free basis.

Here's How They Work

Each benefit year, you decide the amount you want to contribute, up to the limits, on a pretax basis. During the benefit year, you file claims and are reimbursed with tax-free dollars from the account. You benefit from reduced taxes, because you don't pay taxes on the dollars you contribute to your accounts.

Some Important Rules

The government imposes certain restrictions on Reimbursement Account plans to give you these pre-tax advantages.

- You cannot enroll in, cancel or change your Health Flexible Spending Account (HFSA) amount at any time during the year except during Open Enrollment.
- You must elect these benefits each open enrollment period, they do not automatically continue from one benefit year to the next.
- Amounts are held in separate Health and Dependent Care accounts. Balances cannot be moved back and forth.
- Our benefit year runs from July 1 to June 30. Therefore, you forfeit any portion of your account balance not used for expenses incurred by June 30. You must budget contributions carefully.
- Services for eligible expenses must be received while you are covered by the plan—coverage stops during periods of leave without pay and at termination. Under HFSA, coverage also stops when you move to a bargaining unit which doesn't participate in the Select Benefits /AlaskaCare health plan. In addition, services must be received prior to the end of the benefit year, June 30. Claims for the benefit year must be filed within 90 days of the end of the benefit year.

Health Flexible Spending Account

The Health Flexible Spending Account (HFSA) lets you pay for health care expenses not covered by your insurance. You choose how much to contribute to the account. The minimum contribution is $20 per month, the maximum is $208 per month.

What Are Eligible Health Care Expenses?

You can use the money you contribute to the account for many health care expenses including the following most common:

- Deductibles and copayments
- Amounts over reimbursed expenses
- Orthodontia
- Vision care (including eyeglasses and contact lenses)
- Hearing aids and exams
- Medicine and drugs prescribed by a physician

For a detailed listing of eligible expenses, refer to Internal Revenue Service (IRS) Publication 502, available from your local IRS office or their Website at *www.irs.gov.*

Claims Submission

Claims to the HFSA may be submitted in one of two ways. If you enroll, you must select how you want your claims to be handled.

- Streamlined claims submission—With this option, health claims are sent to the claims administrator office by you or your provider as normal. Once your claim has been processed, any amounts that are unpaid by the health plan are electronically transferred to the HFSA administrator. **You cannot elect this option if you or any of your eligible dependents have any other health coverage.** This includes a second State of Alaska plan (such as coverage through your spouse) or any other health insurance plan.
- Direct claims submission—With this option, you submit your claims to the HFSA administrator after receiving your explanation of benefits (EOB) from your group health plan(s). If you or any of your eligible dependents have more than one health plan, you must submit the claim with copies of the EOBs from all plans. **This is the only option available if you or any of your eligible dependents have more than one health plan.**

Under either option, the HFSA administrator will process the claim, sending an explanation of the payment and check directly to you. You may also sign up for direct deposit for you HFSA payments.

Special Open Enrollment Note:
You must re-enroll in the Health Flexible Spending Account during each Open Enrollment to participate during the new benefit year starting July 1.

Dependent Care Assistance Plan

The Dependent Care Assistance Plan (DCAP) lets you pay expenses on a tax-free basis for dependent day care. You can be reimbursed for these expenses if your dependents require care because you work full-time or part-time and fall under one of these categories:

- You are a single parent
- Your spouse also works
- Your spouse is a full-time student
- Your spouse is disabled

Who Are Your Eligible Dependents?

Your eligible dependents are those individuals listed as a dependent on your federal income tax return and may include:

- Your dependent children under the age of 13.
- Your spouse, parent or child over the age of 13, who is physically or mentally incapable of self-support and who lives in your home at least eight hours a day.

What Are Eligible Expenses?

You can be reimbursed for the following eligible expenses:

- Dependent care centers—if the care is for more than six individuals and complies with all state and local laws.
- In-home services—if the care of a dependent is included and the person providing services is not your dependent child under age 19, or any other person you claim as a dependent.
- Services provided by individuals—including relatives, as long as the individual providing care is not your dependent.

To pay for these expenses, contributions must be at least $25 per month. You may contribute up to a maximum of $5,000 per calendar year if you're single or if you're married and you file a joint tax return with your spouse. If you are married and you and your spouse file separate tax returns, you may contribute up to $2,500 per calendar year. Keep in mind the amount you contribute may not be greater than your annual income or the annual income of your spouse, whichever is less.

Special Open Enrollment Note:

You must re-enroll in the Dependent Care Assistance Plan during each Open Enrollment to participate during the new benefit year starting July 1.

Who Will Receive Your Benefits If You Die?

There are valuable benefits to be paid to your beneficiaries if you die. Many people complete beneficiary forms when they are first hired, but forget to update them when they marry, divorce, have a child, or experience a death in the family. Often beneficiaries move, but their addresses aren't updated. This means your benefits could be paid to someone you would prefer not to pay, or benefit payments could be delayed while attempts to locate your beneficiary are made. If you cannot remember the last time you submitted a beneficiary form or who you designated, fill out a new form to ensure your benefits go to the people you want.

The following is a list of benefits that may be available upon your death:

- Pension Benefits
- Group Life Insurance Plan
  - Basic Life and AD&D Insurance
  - Select Life Insurance
- Supplemental Annuity Plan
- Supplemental Life Insurance/AD&D
- Supplemental Survivor Benefits
- Alaska Deferred Compensation Plan
- Unpaid Compensation (last paycheck plus leave not taken) and Travel Accident Insurance

A complete packet of beneficiary forms is available from the Division or online at *alaska.gov/drb*.

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