

Dear Co-worker:

Few things are as important as your health. Healthy choices and smart decisions are the way to impact your quality of life and your future health costs. Being a wise consumer just makes sense. As open enrollment approaches and you plan your health care for next year, I encourage you to take a proactive approach. Develop a relationship with a physician that can identify and help you manage your health conditions. Get INShape. And, please, do the math to determine which health care alternative is best for you. This letter contains resources to help you do this.

In just the third year of being offered, more than one-third of all state employees (11,241) are taking advantage of High Deductible Health Plans (HDHPs) together with Health Savings Accounts (HSAs). This migration to HDHPs has helped slow the rate of increase in our health care costs and will again allow employees to enroll in HDHP 1 (single or family coverage) for free. The employee contribution to HDHP 2 will increase no more than \$4.00 biweekly.

As an additional incentive to consider an HDHP/HSA combination for 2009, the Governor has authorized the state to pre-fund half of the employer contribution to the employee's HSA. With the first pay in January, those with HDHP/HSAs will receive a lump sum contribution, then equal biweekly contributions, in the following amounts:

- HDHP 1/HSA lump sum: single \$687.96; family \$1,375.14
- HDHP 2/HSA lump sum: single \$468.00; family \$935.22
- Bi-weekly state contributions: HSA 1: single \$26.46; family \$52.89
- Bi-weekly state contributions: HSA 2: single \$18.00; family \$35.97

This front-loading of your account will make funds available to pay medical bills, as early as January 7, 2009, for those on the "A" payroll and January 14, 2009, for "B" payroll.

Predictably, the greatest premium increases are being experienced in the Traditional and HMO models. Because of this, I encourage everyone to study and compare the Traditional and HMO plans with the HDHPs and consider whether an HDHP may be right for you and your family. Attached are a few tools to help you get started and additional resources will be available on our Web site and in informational sessions in the next few weeks. One new tool will be an online calculator to show you how your take-home pay will be impacted by the plan you choose.

As you are aware, the state offers two other programs to put more dollars in your pocket. If you have completed the One Care Street Program, you will receive \$260 for single coverage or \$390 for family. This program also gives you the opportunity to have professional health coaching available to you on health and healthy living issues. Also, if you avoid tobacco products in 2009, you'll receive a \$500 reduction in your health insurance deductible. Finally, we should all understand and appreciate that for 2009, the state will pay over 80 percent (at least \$12,500/ family or \$4,545/ single) for our health coverage.

Thank you for the work you do everyday. I am glad we can offer these benefit alternatives as compensation for your service to our fellow Hoosiers.

Sincerely,



Daniel L. Hackler

Director, State Personnel Department

Four steps to help you compare health insurance options:

1) Determine maximum personal cost [premium plus maximum out of pocket]. This is the cost of your health plan in a year in which you incur a large number of expenses. This really is the worst case scenario assuming you use in-network providers.

Single				
	Traditional II	HDHP 1	HDHP 2	Welborn
Employee Premium	\$1,630.98	\$0.00	\$502.32	\$858.78
Out of Pocket Maximum	\$2,000.00	\$4,000.00	\$2,400.00	\$2,000.00
State's HSA Contribution		(\$1,375.92)	(\$936.00)	
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Maximum Personal Cost	\$3,630.98 + prescription co-pays	\$2,624.08	\$1,966.32	\$2,858.78 + all co-pays
Family				
	Traditional II	HDHP 1	HDHP 2	Welborn
Employee Premium	\$4,806.38	\$0.00	\$1,237.08	\$2,378.22
Out of Pocket Maximum	\$4,000.00	\$8,000.00	\$4,800.00	\$4,000.00
State's HSA Contribution		(\$2,750.28)	(\$1,870.44)	
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Maximum Personal Cost	\$8,806.36 + prescription co-pays	\$5,249.72	\$4,166.64	\$6,378.22 + all co-pays

2) Use online calculator to understand how each plan impacts your take home pay and how you can put money into your HSA via payroll deductions. The calculator can be found at www.in.gov/spd/2527.htm

3) Create a comparison using your anticipated expenses. Here is a sample case to help you get started.

The Smiths, a family of four

- Married couple
- 2 school-age children – Abe and Maria

Mr. Smith had back surgery in April

All family members had annual physicals in January

Abe had strep throat in September and needed an antibiotic

Maria had a wart removed in December

Two additional prescriptions when Mr. Smith had surgery

Which is the best plan for the Smiths?

(They use network providers and participate in the non-tobacco and One Care Street incentives)

HDHP 1 vs. Traditional Plan II

Service	Network charge	HDHP 1	HDHP 2	Trad II
4 annual physicals	\$400	0	0	\$80
Routine labs w/physicals	\$250	0	0	0
Vaccines w/physicals	\$300	0	0	0
Out-patient hospital & surgery	\$14,500	\$4,500 deductible*	\$2,900 deductible*	
*Deductible was reduced by \$500 for agreeing to not use tobacco		\$2,000 co-insurance (20% - \$10,000)	\$1,900 co-insurance Out of pocket max reached	\$250 co-pay
Dr. visit (Abe)	\$80	\$16.00	\$0	\$20
Antibiotic (generic)	\$24	\$2.40	\$0	\$10
Dr. visit (Maria)	\$120	\$24.00	\$0	\$20
Prescriptions (2 brand)	\$150	\$30.00	\$0	\$40
Employee premium	----	0	\$1,237.08	\$4,806.36
Total cost	----	\$6,572.40	\$6,037.08	\$5,226.36
State's contribution to HSA	----	- 2750.28	- 1,870.44	-----
One Care Street	----	- 390.00	- 390.00	-390.00
Net cost to employee	----	\$3,432.12	\$3,776.64	\$4,836.36

4) Attend one of the HDHP/HSA Informational Sessions being held throughout the state. The most current schedule will be posted online at www.in.gov/spd/benefits. If you can not attend, you can view the full presentation online by going to the benefits Web site and clicking on the link **HDHP Primer: High Deductible Health Plans with a Health Savings Account**.

Still have questions?

Call the Benefits Hotline toll-free at 1-877-248-0007 or 317-232-1167 within the Indianapolis area. Benefit Specialists are available from 7:30 a.m. to 5 p.m. Monday through Friday to answer your questions about the benefit plans or open enrollment. If you can not access the hotline during those hours, e-mail your questions to SPDBenefits@spd.in.gov

State of Indiana 2009 Rates

Plan	Coverage	Bi-Weekly Employee Premium	Bi-Weekly Employer Premium	Bi-Weekly Total Premium	Monthly Premium Rate	COBRA
HDHP 1	Single Family	\$0.00	\$121.92	\$121.92	\$264.16	\$269.44
		\$0.00	\$375.00	\$375.00	\$812.50	\$828.75
HDHP 2	Single Family	\$19.32	\$138.84	\$158.16	\$342.68	\$349.53
		\$47.58	\$408.84	\$456.42	\$988.91	\$1,008.69
Anthem Traditional II	Single Family	\$62.73	\$174.84	\$237.57	\$514.74	\$525.03
		\$184.86	\$480.78	\$665.64	\$1,442.22	\$1,471.06
Welborn HMO	Single Family	\$33.03	\$174.84	\$207.87	\$450.38	\$459.39
		\$91.47	\$480.78	\$572.25	\$1,239.87	\$1,264.67
Delta Dental	Single Family	\$0.00	\$9.63	\$9.63	\$20.85	\$21.27
		\$0.00	\$27.57	\$27.57	\$59.73	\$60.92
Eye Med	Single Family	\$0.00	\$1.58	\$1.58	\$3.43	\$3.50
		\$2.43	\$1.58	\$4.01	\$8.69	\$8.86

Plan	Coverage	Annual Employee Premium Contribution	Annual Employer Premium Contribution	Annual Employer HSA Contribution	Annual Employer Contribution	Annual Total
HDHP 1	Single Family	\$0.00	\$3,169.92	\$1,375.92	\$4,545.84	\$4,545.84
		\$0.00	\$9,750.00	\$2,750.28	\$12,500.28	\$12,500.28
HDHP 2	Single Family	\$502.32	\$3,609.84	\$936.00	\$4,545.84	\$5,048.16
		\$1,237.08	\$10,629.84	\$1,870.44	\$12,500.28	\$13,737.36
Anthem Traditional II	Single Family	\$1,630.98	\$4,545.84	\$0.00	\$4,545.84	\$6,176.82
		\$4,806.36	\$12,500.28	\$0.00	\$12,500.28	\$17,306.64
Welborn HMO	Single Family	\$858.78	\$4,545.84	\$0.00	\$4,545.84	\$5,404.62
		\$2,378.22	\$12,500.28	\$0.00	\$12,500.28	\$14,878.50
Delta Dental	Single Family	\$0.00	\$250.38	\$0.00	\$0.00	\$250.38
		\$0.00	\$716.82	\$0.00	\$0.00	\$716.82
Eye Med	Single Family	\$0.00	\$41.16	\$0.00	\$0.00	\$41.16
		\$63.12	\$41.16	\$0.00	\$0.00	\$104.28

HSA Accounts	Coverage	Initial Contribution*	Biweekly Contribution	Monthly Contribution	Maximum Annual ER Contribution
HDHP 1	Single	\$687.96	\$26.46	\$57.33	\$1,375.92
	Family	\$1,375.14	\$52.89	\$114.60	\$2,750.28
HDHP 2	Single	\$468.00	\$18.00	\$39.00	\$936.00
	Family	\$935.22	\$35.97	\$77.94	\$1,870.44

* Initial contribution as listed above applies to employees with an HDHP plan effective between 1/1/09 thru 6/1/09 and with an open HSA account. HDHP plans effective after 6/1/09 but before 12/1/09 and with an open HSA account will receive 1/2 of the initial contribution.

Employees participating in the HDHP plans are reminded that they must open an HSA account in order to receive the state's HSA contribution.