

# 2007 OPEN ENROLLMENT NEWS

## *IMPORTANT BENEFIT INFORMATION FOR ALL EMPLOYEES*



**November 29th—December 13th 2006**



## Your New Benefits Year Starts February 1, 2007

Each year, you are offered the opportunity to review your health plans and make changes to your current elections. This year, our Open Enrollment Meetings will take place on November 29th, and your forms will be due on December 13th. This is your opportunity to make any changes you need, such as switching medical plans, adding or deleting dependents or adding coverage.

We have **exciting** news this year! We are able to offer Delta Dental at a competitive price. We will also continue to offer you the option of a PPO plan and a DHMO plan to choose from. Delta Dental will replace United Concordia

More **exciting** news, STEP, Inc is offering a voluntary vision plan with VSP! Should you elect the vision insurance, STEP will pay for 25% of the monthly premiums! You will also have the opportunity to pay your portion of the monthly premiums with pre-tax dollars.

And since we are on a roll with **exciting** news, STEP will be increasing the company sponsored life insurance to \$25,000 per

employee from \$15,000 per employee!

We will continue to use Genworth for our company sponsored Life insurance, AD&D, as well as the Voluntary Life Insurance. As a reminder, the Voluntary Life gives you the opportunity to buy additional life insurance beyond the company sponsored \$25,000.

You can also buy life insurance for your spouses and dependents. Genworth will be present during the Open Enrollment meetings to answer your questions.

The company sponsored Employee Assistance Program (EAP) will continue to be run through Harris, Rothenberg, International.

Conveniently, we are continuing our medical insurance with both Western Health Advantage and Kaiser. The Western Health Advantage plan remains identical to the current plan. There have been a couple of benefit design changes to the Kaiser plan to help control cost. Please be sure to review the information contained in this newsletter carefully.

### WHAT IS MY COMPANY SPONSORED LIFE INSURANCE?

All eligible employees are covered for Life and Accidental Death & Dismemberment benefits through Genworth Financial. Your new, and higher benefit amount is **\$25,000** per employee!

And again this year you will have the opportunity to purchase additional life insurance coverage at affordable prices in \$10,000 increments. You will also have the opportunity to buy life insurance for your spouse and dependents.

#### REMEMBER

**Life situations can change overnight.**

**Be sure to keep your beneficiary designation up to date.**

#### Who can I name as my beneficiary?

Anyone you like such as:

- ◆ Spouse, Domestic Partner, or Fiancé
- ◆ Children (certain rules apply regarding payments)
- ◆ Parents or Grandparents
- ◆ Friends or Neighbors



# WHO'S MY NEW DENTAL INSURANCE COMPANY?

Our dental benefits will be provided by **Delta Dental** this year! We continue to offer the choice of a DHMO or PPO plan. The PPO benefit plan design, deductibles, and co-insurances are the same as your current dental PPO benefit plan. The DHMO, which has a fee schedule will have differences from your current plan, please review the fee schedule for more details. Whichever plan you select, your spouse and dependents must be on that same plan. To locate an In-Network dentist you can go to Delta Dental's website at:



[www.deltadental.com](http://www.deltadental.com)

| Dental Benefit Highlights | DHMO   | PPO In-Network                          | PPO Out-of-Network                      |
|---------------------------|--|---|---|
| Deductible                | None   | \$50 per individual<br>\$150 per family | \$50 per individual<br>\$150 per family |
| Preventive Services       | 100%   | 100%<br>no deductible                   | 80%<br>after deductible                 |
| Basic Services            | Fee Schedule                                       | 90%<br>after deductible                 | 60%<br>after deductible                 |
| Major Services            | Fee Schedule                                       | 60%<br>after deductible                 | 40%<br>after deductible                 |
| Orthodontia               | \$2,270 copay for child<br>\$2,470 copay for adult | None                                    | None                                    |
| Cal. Year Max.            | None   | \$1,500 per individual                  | \$1,500 per individual                  |

## Employee Assistance Plan (EAP)

The EAP benefits will continued to be covered by Harris, Rothenberg International through Genworth Financial. The plan covers up to 3 face-to-face, confidential, counseling sessions, per family member, per issue, each year. The plan also provides 24 hours a day, 7-days a week telephone access to counsel on topics such as:

- ◆ Relationship counseling
- ◆ Financial and Legal counseling
- ◆ Life Changes
- ◆ Crisis Intervention
- ◆ Child and Elder Care Referrals
- ◆ Stress/Emotional Issues

**Phone: 1-800-223-2271**

**[www.harrisrothenberg.com](http://www.harrisrothenberg.com)**

**TTY: 1-800-256-1604**



## WHAT ARE MY MEDICAL PLAN BENEFITS?

Our benefit package continues to offer you and your family the choice of two (2) Health Maintenance Organization (HMO) plans, one from Western Health Advantage and one from Kaiser. Additionally, and specifically, only for those employees that live in a county that Western Health Advantage and Kaiser do not offer their HMO products, you will have a Preferred Provider Option (PPO) plan available to you.

Displayed on page five (5) is a general summary of your plan options. For a complete disclosure of all of the plan benefits, please refer to the Western Health Advantage and Kaiser materials.

**Please Note:** There are two changes to the Kaiser HMO plan design. The co-payment fee for being admitted into the hospital has increased from \$250 to \$500 and the co-payment fee for an emergency room visit has increased from \$50 to \$100. The emergency room fee continues to be waived if you are directly admitted into the hospital.

***DID YOU KNOW THAT YOUR OFFICE VISIT COPAY COULD SAVE YOUR LIFE?***

**A trip to your Doctor for a routine physical may catch the early stages of a more serious illness.**

The Western Health Advantage HMO plan provides fixed co-payments for a wide range of benefits, including doctor visits, hospital services and emergency care. You and each member of your family will need to choose a Primary Care Physician (PCP). A PCP coordinates all of your care including urgent care. Except in an emergency, you must contact your PCP prior to receiving care.

The Kaiser HMO plan requires that you use their facilities for all of your care. People who use this plan like the idea that most of their providers are in one location.

You can view the most current list of contracted providers and facilities at:

[www.westernhealth.com](http://www.westernhealth.com) or [www.kaiserpermanente.org](http://www.kaiserpermanente.org)

### But I don't want the coverage. What do I do?

You can waive your rights to the medical and dental insurance by completing a Waiver of Coverage form during Open Enrollment. Keep in mind, you won't be able to re-join the plan until February 1, 2008 or unless you have certain "Life Events".

Remember—healthcare is expensive. Consider your options carefully.

## WHAT IS THE NEW VOLUNTARY VISION INSURANCE?

New this year, you have the opportunity to buy vision insurance through VSP! It is your choice to buy the insurance or not. If you elect to purchase the vision insurance, STEP, Inc. will pay for 25% of the monthly premiums. If you use in-network providers in the very large VSP network, the plan allows Eye Exams every 12 months at a \$10 copay. Lenses and contacts every 12 months for a \$25 copay and Frames every 24 months for a \$25 copay. Your monthly costs are shown on page 6 in the cost contributions table. For more detailed information, please review the VSP plan summary provided at your Open Enrollment meetings. You can also visit the VSP website at [www.vsp.com](http://www.vsp.com).





| Medical Benefit Highlights  | Western Health                       | Kaiser HMO                           |
|---|--------------------------------------|--------------------------------------|
| Provider Choice   | Must use PCP                         | Must use PCP                         |
| Deductible  |                                      |                                      |
| Individual  | None                                 | None                                 |
| Family  | None                                 | None                                 |
| Out-Of-Pocket Max.  | Per Person / Family                  | Per Person / Family                  |
| In-Network  | \$1,500 / \$2,500                    | \$1,500 / \$3,000                    |
| Out-of-Network  | N/A                                  | N/A                                  |
| Office Visits   |                                      |                                      |
| In-Network  | \$15 co-pay                          | \$15 co-pay                          |
| Out-of-Network  | N/A                                  | N/A                                  |
| Inpatient Hospital  |                                      |                                      |
| In-Network  | \$250/day(3 days max/admit)          | \$500/admittance                     |
| Out-of-Network  | N/A                                  | N/A                                  |
| Emergency Room  |                                      |                                      |
| Co-pay  | \$100 co-pay<br>(waived if admitted) | \$100 co-pay<br>(waived if admitted) |
| Prescription Drugs  |                                      |                                      |
| Generic   | \$10 co-pay                          | \$10 co-pay                          |
| Brand-Name  | \$20 co-pay                          | \$20 co-pay                          |
| Non-Formulary   | \$30 co-pay                          | N/A                                  |
| Benefits shown are for illustration purposes only.<br>In case of discrepancy, the policy/certificate will prevail |                                      |                                      |



**Forms are due no later than  
Wednesday,  
December 13th, 2006**



## HOW MUCH DOES IT ALL COST?

STEP, Inc. will continue to pay 100% of the cost for your Life Insurance and Employee Assistance Program.

This year, STEP, Inc is providing \$337.69 to each eligible employee, each month, to apply towards your medical insurance premium cost. Please review the table to determine your new contributions which start on February 1, 2007 and will effect your February 7, 2007 paycheck.

STEP, Inc. is providing \$31.08 to each eligible employee, each month, to apply towards your dental PPO insurance premium cost. Or, STEP, Inc is providing \$11.98 to each eligible employee, each month, to apply towards your dental DHMO insurance premiums cost. Please review the table to determine your new contributions which start on February 1, 2007 and will effect your February 7, 2007 paycheck.

STEP, Inc. will pay for 25% of your vision insurance should you elect that benefit. And, like medical and dental, your new contributions which start on February 1, 2007, will effect your February 7, 2007 paycheck.

| Per Month       | Western Health HMO | Kaiser HMO    |               | VSP Voluntary Vision |
|-----------------|--------------------|---------------|---------------|----------------------|
| STEP, Inc. Pays | \$337.69           | \$337.69      |               | 25% of Premium       |
|                 | Employee Cost      | Employee Cost |               | Employee Cost        |
| EE Only         | \$2.00             | \$62.29       | EE Only       | \$6.46               |
| EE + Spouse     | \$253.38           | \$353.31      | EE + One      | \$11.07              |
| EE + Child(ren) | \$171.85           | \$256.32      | EE + Children | \$11.30              |
| EE + Family     | \$463.98           | \$605.54      | EE + Family   | \$18.21              |

| Per Month       | Delta Dental DHMO | Delta Dental PPO | \$15K Life    | EAP           |
|-----------------|-------------------|------------------|---------------|---------------|
| STEP, Inc. Pays | \$11.98           | \$31.08          | 100%          | 100%          |
|                 | Employee Cost     | Employee Cost    | Employee Cost | Employee Cost |
| EE Only         | \$2.99            | \$7.78           | \$0           | \$0           |
| EE + One        | \$14.78           | \$38.66          | \$0           | \$0           |
| EE + 2 or more  | \$27.62           | \$76.88          | \$0           | \$0           |



## WHY PAY MY PREMIUMS WITH PRE-TAX DOLLARS?

As a reminder, paying the employee’s share of the premiums with pre-tax dollars is called a Premium Only Plan. They were authorized by Congress in 1978 to help reduce employees’ premium costs for group medical and dental insurance plans.

This is accomplished because there are no payroll taxes (Fed, State, FICA, etc.) assessed on the amount of the premium that employees pay under the Premium Only Plan (POP). The W-2 form that employees receive at the end of the year will reflect a wage base that is your regular base pay minus the amount of insurance premiums that you paid through the POP. In other words, you do not pay any taxes at all on your health insurance premiums paid under the POP. There is nothing for you to do at year-end; even if you file the short form tax return, you will still get the savings.

There is nothing you need to do to enroll. You are automatically enrolled to take advantage of the tax-free treatment of any premiums related to eligible plans. Once enrolled, you will remain in the plan each year unless you choose to waive. If insurance contribution rates change, the new rate will be automatically adjusted in this plan. You cannot make changes mid-year (i.e. stop contributions) unless you have a qualifying change of status. Examples are employment status changes for you, a dependent or termination of a specific plan. A complete list of approved status changes can be found at [www.changeofstatus.com](http://www.changeofstatus.com). If you do not wish to take advantage of the tax savings, you must complete the waiver form (see Patti Dixon) and return the form to Patti in the Human Resources Department prior to the beginning of the Plan Year.

### Example of how it works:

Employee with Dependent Coverage – For illustration purposes only!  
Using a 25% Withholding Rate

|                          | W/Out Plan   | With Plan    |
|--------------------------|--------------|--------------|
| Gross Monthly Salary     | \$1,500      | \$1,500      |
| Ins. Premiums (pre-tax)  | \$0          | \$200        |
| Taxable Salary           | \$1,500      | \$1,300      |
| Taxes(Fed,State,FICA)    | \$375        | \$325        |
| After Tax Income         | \$1,125      | \$975        |
| Ins. Premiums(after-tax) | \$200        | \$0          |
| <b>TAKE HOME PAY</b>     | <b>\$925</b> | <b>\$975</b> |

This employee makes \$50 more per month based on POP participation.



[www.genworth.com](http://www.genworth.com)



[www.harrisrothenberg.com](http://www.harrisrothenberg.com)



[www.deltadental.com](http://www.deltadental.com)



[www.vsp.com](http://www.vsp.com)



[www.kaiserpermanente.org](http://www.kaiserpermanente.org)



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