2010 Renewal Recommendations

PROPOSED BENEFIT CHANGES FOR

EVERETT SCHOOL EMPLOYEE BENEFIT TRUST'S MEDICAL BENEFIT PLAN

CURRENT BENEFIT	RECOMMENDATION	BENEFIT ACCEPTANCE
SCHEDULE OF BENEFITS		
CHEMICAL DEPENDENCY TREATMENT	On 10/03/08 the Paul Wellstone and Pete Domenici Mental Health Parity and Addition Equity Act of 2008 was passed, which essentially requires full parity for chemical dependency and mental health benefit. The legislation doesn't require coverage of Chemical Dependency treatment or Mental Health Treatment, but if a plan does cover such services, they must be treated the same as substantially all other medical or surgical benefits under the plan. This is effective on the first day of the first plan year following 10/3/09.	On **page 12** of the Summary Plan Description, within the **Schedule of Benefits**, replace the **Chemical Dependency Treatment** benefit with the following: **CHEMICAL DEPENDENCY TREATMENT** **Plan 1:** **Inpatient** Preferred Network – $100 Copay per day, then 100% Out of Network - $100 Copay per day, then 80% $300 maximum copay per admit. **Outpatient** Preferred Network – $15 Copay, then 100% Out of Network - $25 Copay, then 100% **Plan 2:** **Inpatient** Preferred Network – 90% Out of Network – 70% **Outpatient** Preferred Network – $25 Copay, then 100%, deductible waived Out of Network - $35 Copay, then 100%, deductible waived **Plan 3:** **Inpatient** Preferred Network - 80% Out of Network – 60% **Outpatient** Preferred Network – $30 Copay, then 100%, deductible waived Out of Network - $40 Copay, then 100%, deductible waived **MANDATORY CHANGE**
MENTAL HEALTH TREATMENT **Inpatient** **Plan I** In network – $100 copay/day, then 100% Out of network – $100 copay/day, then 80% ($300 maximum per admit copay) **Plan II** In network – 90% Out of network – 70% **Plan III** In network – 80% Out of network – 60%	On 10/03/08 the Paul Wellstone and Pete Domenici Mental Health Parity and Addition Equity Act of 2008 was passed, which essentially requires full parity for chemical dependency and mental health benefit. The legislation doesn't require coverage of Chemical Dependency treatment or Mental Health Treatment, but if a plan does cover such services, they must be treated the same as substantially all other medical	On **page 13** of the Summary Plan Description, within the **Schedule of Benefits**, replace the **Mental Health Treatment** benefit with the following: **MENTAL HEALTH TREATMENT** **Plan 1:** **Inpatient** Preferred Network – $100 Copay per day, then 100% Out of Network - $100 Copay per day, then 80% $300 maximum copay per admit. **Outpatient** Preferred Network – $15 Copay, then 100% Out of Network - $25 Copay, then 100% **Plan 2:** **Inpatient**

Limited to 20 days per calendar year. **Outpatient** **Plan I** In network – $15 copay, then 100% Out of network – $25 copay, then 100% **Plan II** In network – $25 copay, then 100% Out of network – $35 copay, then 100% **Plan III** In network – $30 copay, then 100% Out of network – $40 copay, then 100% Limited to 20 visits per calendar year.	or surgical benefits under the plan. This is effective on the first day of the first plan year following 10/3/09.	Preferred Network – 90% Out of Network – 70% **Outpatient** Preferred Network – $25 Copay, then 100%, deductible waived Out of Network - $35 Copay, then 100%, deductible waived **Plan 3:** Preferred Network - 80% Out of Network – 60% **Outpatient** Preferred Network – $30 Copay, then 100%, deductible waived Out of Network - $40 Copay, then 100%, deductible waived **MANDATORY CHANGE**
CURRENT BENEFIT	**RECOMMENDATION**	**BENEFIT ACCEPTANCE**
Schedule of Benefits - Prescription Benefits	Currently, the SPD only references medical in regards to the lifetime maximum; however, the maximum also includes prescription drug card expenses. To avoid confusion and to ensure clarity of the plan's intentions, we recommend adding language to the SPD.	On **page 14** of the Summary Plan Description, within the **Schedule of Benefits**, add the following to the **Prescription Benefits**: Subject to the combined lifetime maximum of $1,000,000 for Major Medical/Prescription Drug charges. ☒ Yes, Accepted ☐ No, Decline
Transplants ***There is a $225,000 lifetime maximum on the combination of all transplant and transplant related services.***	The current transplant limit may not cover the costs for more expensive transplants such as a bone marrow transplant which could potentially leave the participant without a center willing to provide treatment. We recommend increasing the transplant limit to a minimum of $350,000. ***Note: All transplants are case managed and are under a transplant network case rate.***	On **page 16** of the Summary Plan Description, within the **Schedule of Benefits,** revise the **Transplant Lifetime maximum** as follows: **TRANSPLANTS** ***There is a $350,000 lifetime maximum on the combination of all transplant and transplant related services.*** ☒ Yes, Accepted ☐ No, Decline

CURRENT BENEFIT	RECOMMENDATION	BENEFIT ACCEPTANCE
Transplant – Transportation Expenses (Travel and lodging) **Plan I** In network – 100% Out of network – 80% **Plan II** In network – 90% Out of network – 70% **Plan III** In network – 80% Out of network – 60% Available only when required to travel more than 30 miles or more outside the service area. Limited to $2,500 per transplant.	There aren't any preferred hotels or transportation carriers; as such, claims aren't processed based upon in network and out of network. We are recommending a change to neutralize the benefit.	On **page 16** of the Summary Plan Description, within the **Schedule of Benefits,** revise the **Transplant Transportation Expenses** as follows: **TRANSPLANTS** **Transportation Expenses** **Plan I** In network – 100% Out of network – 100% **Plan II** In network – 90% Out of network – 90% **Plan III** In network – 80% Out of network – 80% Available only when required to travel more than 30 miles or more outside the service area. Limited to $2,500 per transplant. ☒ Yes, Accepted ☐ No, Decline
LIFETIME MAXIMUM BENEFITS Transplants $225,000		On **page 16** of the Summary Plan Description, within the **Schedule of Benefits,** under **Lifetime Maximum Benefits,** revise the **Transplant** benefit as follows: **LIFETIME MAXIMUM BENEFITS** Transplants $350,000 ☒ Yes, Accepted ☐ No, Decline
LIFETIME MAXIMUM BENEFITS Major Medical $1,000,000	Currently, the SPD only references medical in regards to the lifetime maximum; however, the maximum also includes prescription drug card expenses. To avoid confusion and to ensure clarity of the plan's intentions, we recommend adding language to the SPD.	On **page 16** of the Summary Plan Description, within the **Schedule of Benefits**, revise the **Lifetime Maximum Benefit** as follows: **LIFETIME MAXIMUM BENEFITS** Major Medical/Prescription Drugs $1,000,000 ☒ Yes, Accepted ☐ No, Decline

CURRENT BENEFIT	RECOMMENDATION	BENEFIT ACCEPTANCE
PLAN PAYMENT PROVISIONS		
MAJOR MEDICAL LIFETIME MAXIMUM BENEFIT The Major Medical Lifetime Maximum Benefit per participant covered under the Everett School Employee Benefit Trust's Medical Plan is $1,000,000.	Currently, the SPD only references medical in regards to the lifetime maximum; however, the maximum also includes prescription drug card expenses. To avoid confusion and to ensure clarity of the plan's intentions, we recommend adding language to the SPD. We have also added language to clarify that the lifetime maximum does not start over if an individual loses coverage and subsequently regains coverage.	On **Page 45** of the Summary Plan Description, within the **Plan Payment Provisions,** under the **Major Medical Lifetime Maximum Benefit**, replace the current language with the following: **MAJOR MEDICAL/PRESCRIPTION DRUG LIFETIME MAXIMUM BENEFIT** The Major Medical/Prescription Drug Lifetime Maximum Benefit per participant covered under the Everett School Employee Benefit Trust's Medical Plan is $1,000,000. This maximum applies to all benefits combined provided under this Plan. The lifetime maximum does not restart if you terminate employment or lose eligibility for coverage under this Plan and are subsequently rehired/reinstated by the Everett Public School District. ☒ Yes, Accepted ☐ No, Decline
REINSTATEMENT OF LIFETIME MAXIMUM The total benefits provided under this Plan for any participant for all Illnesses, accidental Injuries, and physical Disabilities combined during the Participant's lifetime shall not exceed a cumulative maximum cost of $1,000,000; provided however, that on January 1 of each Calendar Year the cost of benefits received by the patient under this Plan and charges against the Participant's Lifetime Maximum Benefit shall automatically be forgiven up to the amount of $200,000. This reinstatement does not apply to any benefit provision within the Plan that has a separate Lifetime maximum and will not apply to extended benefits.	Currently, the SPD only references medical in regards to the lifetime maximum; however, the maximum also includes prescription drug card expenses. To avoid confusion and to ensure clarity of the plan's intentions, we recommend adding language to the SPD.	On **Page 45** of the Summary Plan Description, within the **Plan Payment Provisions,** under the **Reinstatement of Lifetime Maximum**, replace the current language with the following: **REINSTATEMENT OF LIFETIME MAXIMUM** The total benefits provided under this Plan for any participant for all Illnesses, accidental Injuries, physical disabilities, and Prescription drug charges combined during the Participant's lifetime shall not exceed a cumulative maximum cost of $1,000,000; provided however, that on January 1 of each Calendar Year the cost of benefits received by the patient under this Plan and charges against the Participant's Lifetime Maximum Benefit shall automatically be forgiven up to the amount of $200,000. This reinstatement does not apply to any benefit provision within the Plan that has a separate Lifetime maximum and will not apply to extended benefits. ☒ Yes, Accepted ☐ No, Decline

CURRENT BENEFIT	RECOMMENDATION	BENEFIT ACCEPTANCE
COMPREHENSIVE MAJOR MEDICAL BENEFITS		
Home Health	Case management often utilized a Masters of Social Work (MSW) to assess the psycho-social issues going on in the home that may be interfering with patient compliance or set-backs in their care. Since the Home Health benefit currently does not specifically list MSW (although they are covered under the definition of covered physician/provider) it presents as an issue of whether our case managers can recommend and authorize an MSW under the home health benefit.	On **page 51** of the Summary Plan Description, within the **Comprehensive Major Medical Benefits,** under **Home Health Care** add the following as an additional bullet under **Eligible Expenses:** • Assessment by a Masters of Social Work (M.S.W.). ☒ Yes, Accepted ☐ No, Decline

CURRENT BENEFIT	RECOMMENDATION	BENEFIT ACCEPTANCE
PRESCRIPTION DRUG CARD PROGRAM		
Prescription Drug Card Program	Currently, the SPD only references medical in regards to the lifetime maximum; however, the maximum also includes prescription drug card expenses. To avoid confusion and to ensure clarity of the plan's intentions, we recommend adding language to the SPD.	On **Page 66** of the Summary Plan Description, within the **Prescription Drug Card Program Provisions,** add the following as the first paragraph: Benefits will be provided as described below and as shown in the Schedule of Benefits for state and federal approved legend drugs requiring a prescription and for other items as specifically provided, when such drug or other items are furnished by an approved pharmacy or an approved mail order supplier. Benefits will be subject to any waiting periods, limitations and exclusions, including the Lifetime Major Medical/Prescription Drug Maximum, except that prescription drug benefits will not be subject to Coordination of Benefits provisions or to any deductible or out of pocket maximums. ☒ Yes, Accepted ☐ No, Decline

GENERAL PROVISIONS

CURRENT BENEFIT	RECOMMENDATION	BENEFIT ACCEPTANCE
MEDICARE **Eligible Expenses** - As used in this section with respect to services, supplies and treatment shall mean the same benefits, limits, and exclusions as defined in this Plan Document. However, if the provider accepts Medicare assignment as payment in full, then Eligible Expenses shall mean the lesser of the total amount of charges allowable by Medicare, whether enrolled or not, and the total eligible expenses allowable under this Plan exclusive of coinsurance and deductible.	This item is included to ensure the SPD language complies with the Medicare Secondary Payor regulations and matches our operational processes.	On **page 81** of the Summary Plan Description, within the **General Provisions**, under **Medicare**, replace the paragraph for **Eligible Expenses** with the following: **Eligible Expenses** - As used in this section with respect to services, supplies and treatment shall mean the same benefits, limits, and exclusions as defined in this Plan Document. However, for participants with End Stage Renal Disease (ESRD), if the provider accepts Medicare assignment as payment in full, then Eligible Expenses shall mean the lesser of the total amount of charges allowable by Medicare, whether enrolled or not, and the total eligible expenses allowable under this Plan exclusive of coinsurance and deductible. **MANDATORY CHANGE**

Subrogation, Third Party Recovery and Reimbursement

We are seeing an increase in concern from our clients regarding the costs associated with pregnancy in the event of a surrogacy arrangement. A plan cannot deny coverage for pregnancy related services simply because the mother is a surrogate. However, we feel that with the inclusion of additional language under the Subrogation provisions, it will assist in our ability to recover some expenses related to a surrogate pregnancy, in the event that the woman is paid under a surrogacy arrangement or agreement, even if not specifically for medical expenses.

On **page 84** of the Summary Plan Description, within the **General Provisions,** under the **Subrogation, Third Party Recovery, and Reimbursement** provisions, add **Surrogacy Arrangement or Agreement** as follows:

Surrogacy Arrangement or Agreement

If you enter into a surrogacy arrangement or agreement and you receive compensation or reimbursement for medical expenses, you must reimburse the Plan for covered services you receive related to conception, pregnancy, or delivery in connection with that arrangement ("Surrogacy Health Services"), except that the amount you must pay will not exceed the compensation you receive under the surrogacy arrangement or agreement. A surrogacy arrangement or agreement, is one in which a woman agrees to become pregnant and to surrender the baby to another person or persons who intend to raise the child. Note: This "Surrogacy Arrangement or Agreement" section does not affect your obligation to pay your portion of the coinsurance for these services, but we will credit any such payments toward the amount you must reimburse the Plan under this provision.

By accepting Surrogacy Health Services, you automatically assign to the Plan, your right to receive payments that are payable to you or your chosen payee under the surrogacy arrangement or agreement, regardless of whether those payments are characterized as being for medical expenses. To secure the rights of the Plan, the Plan will also have a lien on those payments. Those payment shall first be applied to satisfy the lien. The assignment and our lien will not exceed the total amount of your obligation to the Plan under the preceding paragraph.

Within 30 days after entering into a surrogacy arrangement or agreement, you must provide written notice of the arrangement, including the names and addresses of the other parties to the arrangement, and a copy of any contracts or other documents, explaining the arrangement, to the Plan.

You must complete and provide to the Plan, all consents, releases, authorizations, lien forms, and other documents that are reasonably necessary for us to determine the existence of any rights we may have under this Surrogacy Arrangement

or Agreement section and to satisfy those rights. You may not agree to waive, release, or reduce the Plans rights under this provision without prior written consent from the Plan.

If your estate, parent, guardian, or conservator asserts a claim against a third party based on the surrogacy arrangement or agreement, your estate, parent, guardian, or conservator and any settlement or judgment recovered by the estate, parent, guardian, or conservator shall be subject to the Plans liens and other rights to the same extent as if you had asserted the claim against the third party. The Plan may assign its rights to enforce the Plans liens and other rights.

☒ Yes, Accepted ☐ No, Decline

Write new Summary Plan Description to include the above approved changes, or amend Summary Plan Description to include the above approved changes, or amend and incorporate into current Summary Plan Description.	The re-writing fee is $1,000 (for the 1st SPD and $250 for each additional SPD), plus the cost of booklet printing. The cost of an Amendment is $125. The cost of Amendment and incorporation to most recent SPD is $500.	**Write New Summary Plan Description(s):** ☒ Yes, Accepted ☐ No, Decline Document Effective Date: 01/01/2010 **Amend Current Summary Plan Description:** ☐ Yes, Accepted ☐ No, Decline Amendment Effective Date: __/__/__ **Amend and Incorporate Current Summary Plan Description:** ☐ Yes, Accepted ☐ No, Decline Amendment Effective Date: __/__/__

Summary Plan Description Amendment Approval Notification

It is agreed by, **Everett School Employee Benefit Trust** that the provisions in the Summary Plan Description are amended and that these amendments are acceptable and will be the basis for the administration of the Plan as described herein.

The effective date of this plan amendment will be no earlier than the first of the month following the date of signature below.

Signed at **Everett**, Washington, this 5th day of January 2010, for an effective date of January 1, 2010.

Everett School Employee Benefit Trust

Molly Ringo
Signature

Chair, Everett School Employee Benefit Trust
Title

Molly Ringo
Print Name