

Your Benefits News

Dear City of Tacoma TERS Retiree and Family,

Open Enrollment is your opportunity to make changes to your current benefit plans for 2018. The Open Enrollment period is **October 30 - November 13, 2017**. All changes will be effective on January 1, 2018. You are only eligible to make changes to your medical and dental coverage if you are currently enrolled.

Medical and Dental Coverage

TERS Retirees with current City of Tacoma Retiree coverage and their eligible dependents are eligible for the medical and dental plans offered by the City of Tacoma if they are currently enrolled in these plans. You cannot elect this plan coverage for 2018 during Open Enrollment, if you are not currently enrolled in medical and/or dental coverage.

Vision

Vision coverage is only offered through COBRA. If you recently retired and you are within your initial 60-day COBRA election period, you will have until the end of your election period to make your elections for the remainder of 2017. Your election expiration date was included in the election notice you received from WageWorks (formerly known as Conexis), our COBRA Administrator, at the time of your initial COBRA eligibility.

If you are currently enrolled in COBRA for your VSP vision coverage, or you do elect COBRA coverage within your 60-day election period, WageWorks will mail you an Open Enrollment Notification, which allows you to make changes in your plan elections for 2018. Please review this information to ensure you are enrolled in the correct plan(s) and the correct dependents are covered on your plan(s).

What is Changing in 2018?

- There are changes to the medical plan rates
- There are design changes for the medical plans in 2018
- There are no plan design changes for the dental or vision plans in 2018

What Changes Can I Make During Open Enrollment?

- Change your medical plan option
- Change your dental plan option
- Add or remove dependents
- Cancel your medical, dental or vision plan (if applicable)

If you do not want to make any changes to your plans or the dependents that are currently covered, you do not need to take any action. Your current plans, and covered dependents, that remain eligible, will continue in 2018. If you are in your 60-day COBRA election period for VSP vision coverage, and you do not wish to elect coverage, you do not need to take any action.

If enrolled on the medical insurance and/or dental insurance, you can make changes to your coverage and/or covered eligible dependents during Open Enrollment by completing and submitting a City of Tacoma Enrollment/Change Form and any other required documents to the City of Tacoma, Retirement Office no later than November 13, 2017.

Note: If you wish to add eligible dependents to your coverage, you must also complete a Dependent Verification Form along with required documentation to verify dependent eligibility.



Kari L. Louie
Benefits Manager

City of Tacoma

2018

Open

Enrollment

October 30

Through

November 13

TERS

Inside This Issue	Pg
2018 Medical Plan Changes	2
Understanding HDHPs	3
Dependent Eligibility	3
HSA limits for 2018	3
HSA Eligibility	4
Benefits at a Glance	4 & 5
Alternative Coverage Info	5
Contact Information	5

DEADLINE:

You must complete the Open Enrollment change form and submit all supplemental dependent eligibility verification paperwork to the City of Tacoma Retirement Office

NO LATER than

Monday,

November 13, 2017

Benefit Changes for 2018

New Regence BlueShield Prescription Partners

In response to customer feedback, Regence is changing their prescription providers for 2018. Please read below to learn about how this change may affect you:

Retail Prescriptions—Beginning January 1, 2018, OmedaRx will sunset and prescription coverage will be offered through **Regence Pharmacy Services**. This change will be in the background and will have no impact on Regence BlueShield participants.

Mail Order & Specialty Prescriptions—Beginning January 1, 2018, Regence will change to **AllianceRx Walgreens Prime** as their preferred home delivery and specialty medication provider.

For Mail Order Services:

- ✓ Members will receive a letter containing instructions regarding their mail order prescription 60 days in advance of this change.
- ✓ Transferable prescriptions currently dispensed from OptumRX Home Delivery will transfer to the new mail order pharmacy automatically.
- ✓ **Members will need to obtain a new prescription for non-transferable prescriptions** such as controlled substances (i.e. narcotics), compounds, drugs without refills, and expired prescriptions.



For Specialty Pharmacy Services:

- ✓ Members will receive a letter containing instructions regarding their specialty prescription at 60 days and 30 days in advance of this change. Additionally, they will receive personalized outreach weeks before the change takes place to assist with registration.

Change in Network for Vision Services

Your network provider for **vision exam (only) services** in 2018 will be Regence Choice Vision in partnership with Vision Services Plan (VSP). There is no vision hardware coverage (e.g. glasses or contacts) under this benefit. Note: Medically-covered vision services (e.g., conjunctivitis, glaucoma, cataracts, etc.) network benefits will remain the same.

Your vision exam benefit will not be changing, but VSP's network is slightly different. Make sure to check if your vision exam provider is in the network on regence.com, vsp.com, or by calling VSP at 844-299-3041. Accessing VSP for a vision exam will be an easy process for members next year. You simply choose a VSP provider, provide your member ID number (which is your current subscriber ID number on your Regence medical ID card plus the Dependent Code), and visit them to receive care. The provider will bill VSP directly. You will receive a new medical ID card the beginning of 2018 from Regence which will have the VSP phone number on the back.



Understanding A High-Deductible Health Plan with a Health Savings Account

A **high-deductible health plan (HDHP)** is similar to a traditional health plan. There is an annual deductible that must be satisfied before the health plan will begin to contribute toward the cost of an individual's health claims. However, in-network preventative care services are covered at 100 percent by the health plan and not subject to the annual deductible. Once the deductible is met, the health plan shares in the cost of an individual's health claims till the out-of-pocket maximum (OOPM) limit has been satisfied. After the OOPM is satisfied, the health plan will cover the remainder of the in-network health claims for the rest of the plan year. So what is different with an HDHP? With a HDHP, the annual deductible and the OOPM levels are *much larger* and they are often combined with a health savings account (HSA) feature.

A **health savings account (HSA)** is a savings account that gives you tax advantages. In order to have an HSA you must be enrolled in a qualified HDHP. Retirees can make contributions to an HSA post-tax and claim a tax deduction for the contributions made even if they do not itemize their deductions on their annual tax return. Any interest and earnings through investment on the funds are non-taxable. Similar to a flexible spending account (FSA), the money accumulated in an HSA can be used for out-of-pocket qualified medical expenses. However, unlike an FSA, the

"use-it-or-lose-it" rule doesn't apply. The HSA account is a savings account and the money accumulated belongs to the individual. The account will earn interest and if it reaches a certain threshold, the money can even be invested. As long as the funds are used to pay for qualified out-of-pocket medical expenses, the funds stay sheltered from being taxed.

An HDHP may not be the right fit for everyone and some individuals cannot establish an HSA (see "Are you eligible to establish an HSA?" on page 4). Additionally, the IRS may not allow you to use your HSA account to pay for qualified health expenses for some of your dependents (e.g. domestic partners and adult children), unless they are claimed on your tax return and meet the requirements of Internal Revenue Code (IRC) Section 152.

With an HDHP, an individual may not have enough funds accumulated in their HSA to pay their responsibility for their health claims before the health plan begins to share in the cost. However, with this type of a health plan, an individual may be able to reduce their expenses and build up their HSA account balance while at the same time reducing their taxable earnings. An individual may accomplish this by spending wisely and researching their plan options to ensure they are getting only the needed care at the best price and with the right provider.

If you are considering enrolling in one of these plan options during Open Enrollment, we strongly urge you to contact the HSA plan administrator to learn about these plans so you are fully informed on how they work.

Who Can I Cover on my Benefits?

Spouse: Your current legal spouse.

Domestic Partner: Your grandfathered domestic partner who met the requirements of the City of Tacoma Affidavit of Domestic Partnership and was registered and on file with the City as of Dec. 31, 2016, OR, as of Jan. 1, 2017, is registered with the State of Washington under chapter 26.60.030 RCW.

Child under age 26: Your children up to age 26 may include: a natural child, adopted child, or a child legally placed with you for adoption, including a child for whom you have assumed a total or partial legal obligation for support in anticipation of adoption, a stepchild or domestic partner's child, or a child for whom you have legal guardianship or court-ordered custody.

Child age 26 and over: Any dependent disabled child over the age of 26 who otherwise meets the criteria for "child" and is incapacitated due to developmental disability, physical handicap, or mental health diagnosis that would prevent the child from establishing and maintaining consistent employment or independence, provided the child was covered on the day before the 26th birthday and the incapacity occurred prior to the 26th birthday.

Health Savings Account Contribution Limits for 2018

The Internal Revenue Service (IRS) has increased the Health Savings Account (HSA) annual limits for 2018.

The High-Deductible Health Plan (HDHP) medical plan with an HSA is very different from the traditional health plans the City offers and they may not be the right fit for everyone:

- ✓ Due to some IRS requirements, you may not qualify to sign up for an HSA.
- ✓ The IRS may not allow you to use your HSA account to pay for qualified health expenses for some of your dependents (e.g. domestic partners and adult children), unless they are claimed on your tax return and meet the requirements of Internal Revenue Code (IRC) Section 152.

Coverage	2017	2018
Single	\$3,400	\$3,450
Family	\$6,750	\$6,900

If you are considering enrolling in this plan, you can also speak to our Health Savings Account Administrator, HealthEquity 24/7, 365 days a year with your questions toll-free at (866) 346-5800 or www.healthequity.com/HSAlearn.

Are you eligible to establish an HSA?

The Internal Revenue Service has established rules for health savings accounts (HSAs) that restrict who can establish an account and make contributions:

- ✓ You must be enrolled in a qualified high-deductible health plan (HDHP)
- ✓ You cannot be covered by another health insurance plan (such as a spouse's plan), unless it is a qualified HDHP
- ✓ You cannot be enrolled in a general purpose flexible spending account (FSA) or have coverage through a spouse's FSA*
- ✓ You cannot be enrolled in a health reimbursement arrangement (HRA) or have coverage through a spouse's HRA*
- ✓ You cannot be covered by other health insurance through Medicare, TRICARE, or Indian Health Services
- ✓ You cannot be claimed as a dependent on someone else's tax return. You can be listed as a spouse filing jointly

*Individuals can be enrolled in or covered through a spouse's limited purpose FSA or HRA.

How to Establish a Health Savings Account

If you decide to elect a high-deductible health plan for 2018, you can open an HSA with any banking institution to align with your high-deductible health plan. The City of Tacoma is using HealthEquity as their HSA administrator. If you are interested in opening an individual HSA at Health Equity it is easy.

Go to this page to open an account:

<https://publichsa.healthequity.com/Signup/Member#/signup>

If you have questions about opening an HSA, Health Equity is available 24/7, 365 days a year and can be reached at:
(866) 346-5800 or www.healthequity.com/HSAlearn



Benefits at a Glance

Within 31 days of retirement, retirees may elect medical and/or dental coverage. If you do not elect to enroll or continue the City of Tacoma's group health insurance, or if you elect to cancel your coverage at any time, you are no longer eligible to return to a City of Tacoma plan.

Regence BlueShield PPO or High-Deductible Health Plan (HDHP) plans are available to retirees. During our annual open enrollment period, retirees who maintain medical coverage may switch plans and add or drop dependents.

Medical Plan Options <i>(Participant Plan Costs)</i>	Regence PPO	Regence HDHP
Monthly Premium	\$1,480.01	\$1,239.20
Office Visit Co-pay	\$20	N/A
Deductible	\$250 Individual/ \$500 Family	\$1,500/\$3,000
Out-of-pocket maximum	\$1,500 Individual/ \$3,000 Family	\$3,000 Individual/\$6,000 Family
Hospital Coinsurance	10% Preferred Network 40% Participating Network 100% Out-of-Network	20% Preferred Network 40% Participating Network 100% Out-of-Network
Rx Co-pay	\$5 Generic \$35 Brand \$60 Non-formulary \$75 Specialty – Formulary \$150 Specialty – Non-Formulary Mail Order: 2x Rx co-pay 90 day supply	After Deductible has been met, coverage is: 20% member may be balance-billed when non-participating pharmacy is used. Retail or Mail Order: Up to 90-day supply and up to 30-day supply for covered self-administrable injectable medication. Note: RX list includes drugs in certain categories that will not be subject to the plan deductible. It includes generic medications and formulary brand-name medications specifically designated for treatment of chronic diseases.
HSA IRS Annual Contribution Limits	N/A	\$3,450/\$6,900**

***Annual limits are subject to change by the IRS. Individuals age 55 and over can make an additional annual \$1,000 catch-up contribution.*

Benefits at a Glance continued

Delta Dental of Washington and Willamette Dental plans are available to retirees. The annual open enrollment period will only apply to those who maintain coverage, which includes adding or dropping eligible dependents and/or switching plans between Delta Dental and Willamette. If you cancel your coverage at any time, you are no longer eligible to return to a City of Tacoma dental plan.

Dental Plan Options	Delta Dental	Willamette Dental
Monthly Premium	Retiree only: \$61.46 Retiree plus spouse: \$122.96 Retiree plus children: \$85.77 Retiree plus spouse and children: \$147.27	Retiree only: \$89.53 Retiree plus spouse or one child: \$172.93 Retiree plus family: \$242.97
Office Visit Co-pay	None	\$10 general / \$30 specialty
Deductible	\$0 – Network Provider \$50 Individual /\$150 Family - Out-of-Network Provider	None
Annual Benefit Maximum	\$2,000 per person	None
Diagnostic & Preventive Care	0%	0%
Basic Services	20%	0%
Major Services	50%	0%
Orthodontia	Not covered	Pre-Orthodontic Service Co-Pay: \$150 \$1,800 Orthodontic Co-pay

Alternative Individual Health Care Resources

Under the Affordable Care Act, participants eligible for retiree medical can now also access public exchanges, where they may qualify for tax credits that immediately lower health insurance costs. Reminder: Open Enrollment for the public exchanges is from (11/01/17 – 01/31/18). If you do not enroll in a 2018 health insurance plan by January 31, 2018, you cannot enroll in a health insurance plan for 2018 unless you qualify for a Special Enrollment Period. You can contact Washington Health Plan Finder for assistance. Additional alternative health care resources are also listed below for your information.

- Washington Health Plan Finder: www.wahealthplanfinder.org or 1-855-WAFINDER (1-855-923-4633)
- Washington Basic Health: www.basichealth.hca.wa.gov
- Statewide Health Insurance Benefits Advisors (SHIBA) www.insurance.wa.gov/shiba or 1-800-562-6900
- Medicare: www.medicare.gov
- Social Security: www.ssa.gov
- Federal Healthcare Resource: www.healthcare.gov

Benefit Forms:

Forms can be found by visiting www.cityoftacoma.org/TERS or you may request a paper form(s) be mailed to you.

Questions/Additional Information?

Please contact City of Tacoma for Benefit Plan Information: at benefits@cityoftacoma.org, 253-573-2345, visit the benefits website at www.cityoftacoma.org/benefits, or visit the Human Resources Benefits staff at the Tacoma Municipal Building.

If you have additional questions about making changes during open enrollment, please contact the Retirement Office: 253-502-8200 or TERSretirement@cityoftacoma.org.

