Dear City of Tacoma TERS Retiree and Family,

Open Enrollment is your opportunity to make changes to your current benefit plans for 2020. The Open Enrollment period is **Nov. 13 - Nov. 26, 2019.** All changes will be effective on Jan. 1, 2020. 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 2020 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 2019. Your election expiration date was included in the election notice you received from WageWorks, 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 2020. 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 2020?**

- There are changes to the medical, dental, and vision plan rates
- There are design changes for the medical, dental, and vision plans

**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 2020. 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 Nov. 26, 2019.**

*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
Senior Compensation & Benefits Manager
Benefit Changes for 2020

Medical Plan Changes
There are several changes taking place with the Regence BlueShield medical plans offered by the City for 2020, which are highlighted below and illustrated on page 4. You can visit the Retirement Office webpage to review the summaries for Regence BlueShield (PPO and High-Deductible Health Plans). New 2020 plan booklets will be available in the first quarter of 2020.

Addition of Telehealth Benefit
Effective Jan. 1, 2020, a new Telehealth benefit will be offered on the Regence BlueShield medical plans through MDLive. This benefit allows access to board-certified doctors, pediatricians, and licensed therapists via online video, phone, or mobile app for behavioral health and primary care 24/7, 365 days a year. The telehealth benefit allows for the convenience of visiting with a physician or counselor from your home, office, or on-the-go allowing for no travel time, shorter wait times, and a lower co-pay expense on the Regence PPO plan. When utilizing the MDLive telehealth services, prescriptions can be sent to your nearest pharmacy if medically necessary.

Regence also offers virtual care with some of the providers in their regular network that have the equipment and capability of offering this service, which is different from the MDLive program (see page 4). Additionally, Regence offers a free consulting nurse service that is available 24/7, 365 days a year.

Enhanced Benefits to Protect Members From Claims Not Covered by the Health Plan
In order to provide protection to members from paying 100% of the cost for some medical services under the Regence health plans, there will be the addition of two benefit design enhancements:

Out-of-Network Benefit Option at a 50% Coverage Level - This change not only protects members from paying the full cost for medical services, but also allows members more choice of providers when determining where they choose to receive care. (See the chart on pg. 4)

Surprise Billing Protection from Out-of-Network Providers Performing Services at an In-Network Setting - This design change will protect members from those situations where they have chosen to utilize their medical services with In-Network providers and end up receiving care unknowingly from certain Out-of-Network providers (e.g. Radiologist, Emergency Room Physicians, Anesthesiologists, Pathologists, and Independent Laboratories) that are on-call working at that facility. With this change, those provider charges would be paid at the In-Network benefit level.

Note: When utilizing the services of an Out-of-Network provider, there can be instances of balance-billing charges to the member if the amount the provider charges is considered to be over the reasonable and customary amount. However, this will not apply in cases of an emergency or as listed above for Surprise Billing Protection for care received at an In-Network facility by certain Out-of-Network providers.

Other Miscellaneous Regence Plan Changes
- Addition of travel and lodging expense benefit for organ transplants, up to $7,500.
- Addition of a pharmacy exclusion benefit which will result in certain high cost drugs no longer being covered by the plan. These prescription drugs haven’t been proven to be safer or more effective than lower-cost alternative(s). Members impacted by this change will be mailed information directly from Regence BlueShield. (Exceptions will be available to members who cannot use a lower-cost alternative prescription.)
- Addition of the requirement for Sleep Studies to be conducted at home. This change encourages more members to receive this type of service when conducted in a more familiar and comfortable environment. (Exceptions can be approved.)
- Replacement of the existing Disease Management Program offering with a voluntary, enhanced program through Livongo that focuses on diabetes prevention and management. Members identified for participation in either of these programs through Livongo will be mailed information directly from Regence BlueShield on how to register for the program next year.
  - The prevention program focuses on lifestyle changes clinically proven to help members prevent diabetes (e.g. nutrition, activity, motivation, sleep, stress). It provides a free cellular scale and app along with evidenced-based curriculum and coaching support.
  - The management program provides access to a free cellular enabled smart glucose meter and free test strips and lancets. This technology provides the ability to provide reporting to a physician, real-time data analytics and education, and real-time support with personalized coaching and live interventions triggered by acute alerts from health professionals 24/7, 365 days a year.
New Family Planning & Reproductive Health Care Benefits
Last year, several medically necessary medical and surgical services and FDA-approved contraceptive drugs/devices were mandated to be added to fully-insured medical plans by the State of Washington. As of Jan. 1, 2020, these benefits will be added to the City’s self-funded medical plans with Regence BlueShield:

- Contraceptive drug refills for a 12-month supply (no cost to the member)
- Addition of maternity coverage for dependent daughters
- Addition of sterilization and contraceptives for males covered at no member cost (deductible applies on HDHP plan)

Dental Plan Changes
To help address chronic health conditions, the plan will move the coverage level for Evidence Based Care for treating Periodontal Disease to Class I (preventive) coverage, which will cover the cost at 100%. This benefit change includes coverage for periodontal gum maintenance, prescription-strength fluoride toothpaste, and antimicrobial rinses provided during a dental visit.

Vision Plan Changes
The Vision Services Plan (VSP) in-network frames and contact lens hardware allowance will increase from $130 to $150 in 2020. Visit the Benefits webpage under Plan Information to review the complete summary for the VSP vision plan coverage.

Plan Enrollment Deadlines Changing 2020
Beginning next year, there will be some modifications to the deadlines for some qualifying life event changes. The City will modify any current enrollment deadline from 31 days to 30 days to align with requirements of Section 125 of the Internal Revenue Service (IRS) code.

The City’s webpage and forms will be updated prior to next year to reflect this change. The IRS has established rules for your benefit elections that require that once you have made your elections for the qualifying plan year, you cannot change them until the next annual Open Enrollment period, unless you experience a qualifying life event. A qualifying life event allows for a special enrollment period when dependents can be added and removed from your benefit elections. Any change in election must be on account of, and consistent with, the qualifying life event.

New Regence Medical ID Cards in 2020
All health plan participants enrolled in a Regence BlueShield health plan for 2020 will receive new medical insurance identification cards in January. Keep an eye out for these cards and remember to pull the old cards from your wallet and replace them with these new cards.

Additionally, make sure to provide your new card to your providers and pharmacy so they can update your information. Effective Jan. 1, 2020, the cards will include a new customer service number as well as website information for prescription mail order. There has been some confusion with the regular Walgreens website and our medical plans’ mail order website, which is through Walgreens AllianceRx Walgreens Prime.

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 of Tacoma as of Dec. 31, 2016, OR, after 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 disabled dependent 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.

Note: You are required to contact the Retirement Office immediately to report any dependents on your plans that no longer meet the above definitions.
Within 30 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 will no longer be 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 eligible dependents.

### Medical Plan Options (Participant Plan Costs)

<table>
<thead>
<tr>
<th></th>
<th>Regence PPO</th>
<th>Regence HDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Premium</td>
<td>$1,605.71</td>
<td>$1,032.61</td>
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<tr>
<td>Office Visit Co-pay</td>
<td>$20</td>
<td>N/A</td>
</tr>
<tr>
<td>Deductible</td>
<td>$250 Individual/ $500 Family</td>
<td>$1,500/$3,000</td>
</tr>
<tr>
<td>Telehealth (through MDLive)</td>
<td>$10 copay</td>
<td>After Deductible 20%</td>
</tr>
<tr>
<td>Telehealth (Virtual Visit)</td>
<td>$10 copay / $10 copay / 50%</td>
<td>After deductible 20% / After Deductible 20% / After Deductible 50%</td>
</tr>
<tr>
<td>Out-of-pocket maximum</td>
<td>$1,500 Individual/ $3,000 Family</td>
<td>$3,000 Individual/$6,000 Family</td>
</tr>
<tr>
<td>Hospital Coinsurance</td>
<td>10% Preferred Network 40% Participating Network 50% Out-of-Network</td>
<td>20% Preferred Network 40% Participating Network 50% Out-of-Network</td>
</tr>
<tr>
<td>Rx Co-pay</td>
<td>$5 Generic $35 Brand $60 Non-formulary $75 Specialty – Formulary $150 Specialty – Non-Formulary Mail Order: 2x Rx co-pay 90 day supply *Low Value Drug Exclusion List added to exclude high-cost drugs that have a lower cost alternative</td>
<td>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. *Low Value Drug Exclusion List added to exclude high-cost drugs that have a lower cost alternative</td>
</tr>
</tbody>
</table>

### HSA IRS Annual Contribution Limits

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<tr>
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<th>$3,550/$7,100*</th>
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</table>

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

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 will no longer be eligible to return to a City of Tacoma dental plan.

### Dental Plan Options

<table>
<thead>
<tr>
<th></th>
<th>Delta Dental</th>
<th>Willamette</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Premium</td>
<td>Retiree only: $60.26 Retiree plus spouse: $120.56 Retiree plus children: $84.10 Retiree plus spouse and children: $144.40</td>
<td>Retiree only: $89.53 Retiree plus spouse or one child: $172.93 Retiree plus family: $242.97</td>
</tr>
<tr>
<td>Office Visit Co-pay</td>
<td>None</td>
<td>$10 general / $30 specialty</td>
</tr>
<tr>
<td>Deductible</td>
<td>$0 – Network Provider $50 Individual /$150 Family - Out-of-Network Provider</td>
<td>None</td>
</tr>
<tr>
<td>Annual Benefit Maximum</td>
<td>$2,000 per person</td>
<td>None</td>
</tr>
<tr>
<td>Diagnostic &amp; Preventive Care</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Basic Services</td>
<td>20%</td>
<td>0%</td>
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<tr>
<td>Major Services</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>Orthodontia</td>
<td>Not covered</td>
<td>Pre-Orthodontic Service Co-Pay: $150 $1,800 Orthodontic Co-Pay</td>
</tr>
</tbody>
</table>

Changes denoted in red
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 remaining 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?”) below. 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.

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 2020, 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: 1-866-346-5800 or www.healthequity.com/HSAlearn

Health Savings Account Contribution Limits for 2020

The Internal Revenue Service (IRS) has increased the Health Savings Account (HSA) annual limits for 2020.

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 1-866-346-5800 or www.healthequity.com/HSAlearn.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>2019</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td>Single</td>
<td>$3,500</td>
<td>$3,550</td>
</tr>
<tr>
<td>Family</td>
<td>$7,000</td>
<td>$7,100</td>
</tr>
<tr>
<td>Catch-Up Contribution (Age 55-65)</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
**Benefit Forms:**
Forms can be found by visiting [www.cityoftacoma.org/TERS](http://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: benefits@cityoftacoma.org, 253-573-2345, visit the benefits website at [www.cityoftacoma.org/benefits](http://www.cityoftacoma.org/benefits), or 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.

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**Alternative Individual Health Care Resources**
Under the Affordable Care Act, individuals 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 11/01/19 – 12/15/19. If you do not enroll in a 2020 health insurance plan by Dec. 15, 2019, you cannot enroll in a health insurance plan for 2020 unless you experience a qualifying life event which allows you to take advantage of 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.hca.wa.gov
- Statewide Health Insurance Benefits Advisors (SHIBA): www.insurance.wa.gov/shiba or 1-800-562-6900
- Medicare: www.medicare.gov or 1-800-MEDICARE (1-800-633-4227)
- Social Security: www.ssa.gov or 1-800-772-1213
- Federal Healthcare Resource: www.healthcare.gov or 1-800-318-2596