

MEMORANDUM

To: All Faculty, Staff and Retirees who Participate in the Group Medical Plan

From: Richard Anderson, Elma Benavides, and Gary Logan

Date: February 10, 2011

Re: Change to Basic Plan

During the 2011 health renewal process, we announced that the Basic Plan would be considered a “grandfathered” plan as defined by the federal Health Care Reform. After further review, including information received from Blue Cross and Blue Shield of Texas, Inc. early in January, 2011, it has now been determined that it will not be grandfathered.

What does this mean? It means that the University’s medical plan will now meet all of the requirements of Health Care Reform beginning January 1, 2011 (or later dates, as noted in the law) instead of transitioning into those requirements over the next few years.

The Senior Staff discussed this change and recommended that it be reviewed in detail by the Fringe Benefits Committee at its January 31, 2011 meeting. It was agreed, by consensus, that this change should be communicated to participants as soon as possible and that both the positive and negative impacts should be included.

The one change which will most impact participants (in a positive way) is that the Preventive Care benefit will now be offered **without cost sharing**, making preventive services 100 percent paid by the Plan. **PLEASE NOTE: We have arranged with Blue Cross and Blue Shield of Texas, Inc. to automatically reprocess any Preventive Care claims incurred since January 1, 2011, and to reimburse participants as necessary.**

One major negative aspect of making this change is that it adds costs to the Plan that were not anticipated during the renewal process for 2011. **PLEASE NOTE: The University has chosen to not increase premiums to participants nor make other (non-regulatory) changes to the design of the benefits of the Basic Plan for the 2011 Plan year – in other words, no costs will be passed along to participants and, other than the additional benefits, participants should not notice any difference in the Plan** . The Fringe Benefits Committee wanted to emphasize that increased costs to the Plan may affect the renewal process for 2012, but that there are too many unknowns to know exactly what the impact might be.

We are working with Blue Cross and Blue Shield of Texas, Inc. to develop a revised Basic Plan Summary of Benefits, a short narrative about each of the changes being made, and a listing of the most commonly used preventive care services. These documents will be posted on the Human Resources web-site at www.southwestern.edu/hr as soon as possible. Hard copies of these documents will also be available in the Human Resources department.

If you have any questions, please contact the Human Resources department at Ext. 1435.