Fiscal Year 2016 Benefit Changes

Health Insurance:

- Health insurance premiums will increase as of September 1, 2015 (see table, page 2).
- Beginning January 1, 2016, HealthSelectSM of Texas medical and pharmacy deductibles, coinsurance and copays are included in the total network out-of-pocket maximum.
- HealthSelect $50 prescription drug deductibles are now based on calendar year, from January 1 to December 31. The Plan Year 2015 deductibles that started on September 1, 2014 will not reset until December 31, 2015.
- HealthSelectSM of Texas participants can call (866) 336-9371 (TTY 711) to speak with a nurse anytime, day or night.
- A referral will no longer be required to see ophthalmologists or optometrists.
- The mental health office visit copay is reduced from $40 to $25.

Dependent Eligibility Verification:

- Employees who add dependents in Texas Employee Group Benefits Program (GBP) health coverage, will be asked to provide documentation to Aon Hewitt that those dependents are eligible for coverage.
- If the participants do not respond or send the required documents, all of their unverified dependents will lose all Texas Employee Group Benefits Program (GBP) insurance, including health, dental and dependent term life.
- Documents dated after the dependent was enrolled will not be accepted, even if the date is before the coverage begin date.
- This verification happens on an ongoing basis as employees add new dependents to their coverage.

Out-of-Pocket Maximum:

- Under HealthSelect of Texas in-area plan, there is a total network out-of-pocket maximum limit of $6,450 per year for individuals that will go into effect on September 1, 2015.
- There is also a total network out-of-pocket maximum of $12,900 for families.
- Starting January 1, 2016, this total network out-of-pocket maximum will include both medical and pharmacy deductibles (if applicable), copays and coinsurance. It does not include premiums.
- Referrals will no longer be required to see ophthalmologists, regardless of whether the service is an annual preventive eye exam, a diagnostic exam or treatment.
HumanaDental Health Maintenance Organization - DHMO:

- Premiums decrease by 3.8%.
- Primary care dentist (PCD) selection is not available in ERS OnLine. Members need to contact HumanaDental to choose a PCD before they can receive benefits.

State of Texas Dental Choice Plan:

- Just as last year, in plan year 2016, benefits:
  1. Exclude Preventive Services from Annual maximums,
  2. Add an Extended Maximum to pay 40% for all the services after $1,500 standard Annual Maximum is reached,
  3. Include four periodontal cleanings per year (does not cross reduce two routine cleanings per year),
  4. Remove Crown Exclusion from Attrition and Abrasion and
  5. Cover Emergency Oral Exams on the same day as Palliative Treatment.
- Rates increase slightly.

State of Texas Dental Discount Plan:

- The State of Texas Dental Discount Plan is administered by Careington International Corporation (Careington).
- New hires and members with a qualifying life event can enroll in the plan within 31 days of the new hire or qualifying life event date.

Same-sex spouses' benefits enrollment effective July 1, 2015

Following the U.S. Supreme Courts’ ruling on June 26, 2015 regarding same-sex marriage, state agency and higher education employees eligible for the Texas Employee Group Benefits Program (GBP) are now able to enroll their same-sex spouses and dependent children of those spouses in the same coverages and services as opposite-sex spouses and at the same cost.

Benefit Cost Change Table (Cost to Member per Month)

<table>
<thead>
<tr>
<th>UnitedHealth Care (HealthSelect)</th>
<th>Dental Plans (2 insurance plans/1 discount plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full-time employees (30 or more hours per week):</strong></td>
<td><strong>State of Texas Dental Choice Plan</strong></td>
</tr>
<tr>
<td>Coverage</td>
<td>Member Pays per Month</td>
</tr>
<tr>
<td>Mbr Only</td>
<td>$0.00 (no change)</td>
</tr>
<tr>
<td>Mbr &amp; Children</td>
<td>$221.12 ($206.14 in FY15)</td>
</tr>
<tr>
<td>Mbr &amp; Spouse</td>
<td>$330.24 ($307.88 in FY15)</td>
</tr>
<tr>
<td>Mbr &amp; Family</td>
<td>$551.36 ($514.02 in FY15)</td>
</tr>
<tr>
<td></td>
<td>State pays 100% of emp premium and 50% of dependent premium.</td>
</tr>
<tr>
<td><strong>Part-time employees (less than 30 hrs per week):</strong></td>
<td><strong>Humana Dental DHMO Plan</strong></td>
</tr>
<tr>
<td>Coverage</td>
<td>Member Pays per Month</td>
</tr>
<tr>
<td>Mbr Only</td>
<td>$288.27 ($268.83 in FY15)</td>
</tr>
<tr>
<td>Mbr &amp; Children</td>
<td>$619.95 ($578.04 in FY15)</td>
</tr>
<tr>
<td>Mbr &amp; Spouse</td>
<td>$783.63 ($730.65 in FY15)</td>
</tr>
<tr>
<td>Mbr &amp; Family</td>
<td>$1,115.31 ($1,039.86 in FY15)</td>
</tr>
<tr>
<td></td>
<td>State pays 50% of emp premium and 25% of dependent premium.</td>
</tr>
<tr>
<td><strong>THE TEACHER RETIREMENT SYSTEM OF TEXAS (TRS):</strong></td>
<td><strong>State of Texas Dental Discount Plan (Careington):</strong></td>
</tr>
<tr>
<td>A defined benefit plan, employees now contribute 7.2% of their pre-tax gross salary and the State contributes 6.8% of the employee’s gross salary.</td>
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</table>

THE TEACHER RETIREMENT SYSTEM OF TEXAS (TRS):

A defined benefit plan, employees now contribute 7.2% of their pre-tax gross salary and the State contributes 6.8% of the employee’s gross salary.
TexFlex Health Care

- TexFlex health care account contributions and TexFlex debit card elections remain the same unless the participant made a change during Summer Enrollment.
- Annual minimum contributions are $180 ($15 per month), per account. Maximum is $2550 ($212.00 per month) for health care account.
- Participants can carry over $500 of unused health care account funds into the next plan year. Participants who have between $25-$500 left in their health care account on September 1, 2015 can use the money for all plan year 2015 and plan year 2016 eligible expenses (the carryover provision does not apply to the dependent care account). Due to IRS regulations, a grace period is NOT permitted if carry-over is allowed within the plan.
- All the participants who enroll in health care account will receive the New TexFlex ADP debit card at no cost. The card needs to be activated by the participant and cannot be used before September 1, 2015.
- Each participant will receive one card, but they can request additional cards by calling TexFlex Customer Care at ADP toll-free at (844) 884-2364. All current PayFlex TexFlex debit cards will expire after August 31, 2015.

TexFlex Account Changes

- ADP, LLC will be the new third party administrator for TexFlex beginning September 1, 2015.
- Health care account - Beginning in Plan Year 2015, there will no longer be a two-and-a half month grace period for reimbursable health expenses. Instead, participants will be able to carry over up to $500 in unspent health care account funds to the next plan year.
- There is an administrative fee holiday for Plan Year 2016 for both health care and dependent care accounts. Participants will not have to pay the $12 annual administrative fee for either account.
- Claims with PayFlex will end on August 31, 2015. PayFlex debit cards will expire after August 31, 2015.
- Both health care and dependent care accounts have until December 31, 2015 to file claims for reimbursement for September 2014 thru August 31 2015 expenses.

TexFlex Dependent Care

- Maximum contribution is $5000.
- A child turning age 13 is a Qualifying Life Event (QLE) that allows a participant to drop a dependent care account.
- Participants continue to have a Grace Period, which allows them to use their Plan Year 2015 money through November 15, 2015.
- Participants cannot use the ADP TexFlex debit card due to IRS requirement that services must be provided before payment can be made. It is not possible with the use of debit card. They must submit claims online, by fax or mail. The current PayFlex Debit Card cannot be used after August 31, 2015.
New Employee Onboarding now e-Verified

Beginning September 1, 2015, all newly hired employees will be asked to come to the HR building to complete their I-9 form. Eligibility to work in the USA will be validated with the federal e-Verify system. This change is a result of a law passed in the most recent Texas legislative session, requiring all state agencies to use e-Verify.

E-Verify is an Internet-based system that compares information from an employee’s Form I-9, Employment Eligibility Verification, to data from U.S. Department of Homeland Security and Social Security Administration records to confirm employment eligibility.

By existing federal law, new employees must complete their I-9 form within three days of beginning work.

Who’s Who in Human Resources/HR Contact Information

Jeff Bell
HR Director
Title IX, Training & Development, Compliance, Special Reports

Kathy Russell
Associate Director
Compensation, Employment, Classification, Affirmative Action

Cynthia Walker
Benefits Manager
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Brenda Dixon
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Cathy Blanchard
Associate Vice President
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Lorelei Alfred
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