

HEALTHWatch



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CHANGES FOR 2004

The September defeat of Governor Riley's tax package had direct consequences for all state government, including the administration of your health insurance program. Spiraling health care costs, increased utilization of services, the dramatic increases in prescription drugs, and an aging state employee population has brought about double digit inflation in our program.

Without the increased revenue that the tax package would have generated, the State Employees' Insurance Board (SEIB) has been challenged to contain the costs of providing health care coverage and continuing to provide the best coverage possible, without increasing dependent coverage for the 11th straight year.

Benefit changes that will be effective January 1 are:

- Increase office visit copays from \$20 to \$25 (This includes minor surgeries.)
- Increase outpatient surgical facility copays from \$75 to \$100
- Establish a nurse practitioner network for a \$20 copay
- Decrease coverage for gastric bypass surgery
- Increase prescription copays by \$5
- Eliminate \$50 per person prescription deductible. The cost of eliminating this deductible will be offset by increasing the copay for Tier 2 drugs.
- Move non life-sustaining drugs (also referred to as lifestyle drugs) to the Tier 3 list.

*"Health
is not valued
till sickness
comes."*

*-- Thomas Fuller,
Gnomologia, 1732*

FLU SHOT SCHEDULE

Free flu shots will be available again this year to all State employees and their covered dependents through the Worksite Wellness program or at the local health departments throughout Alabama.

Call your local health department or check our website: www.seib.state.al.us for dates and times.

Open Enrollment

November is Open Enrollment time! During this month you may change your dependent coverage without the usual 270-day waiting period on pre-existing conditions. You must specify a January 1 effective date of coverage on your change form and return to the SEIB by November 30. Change forms may be obtained from your payroll/personnel officer or by download at: www.seib.state.al.us

Tax Benefits You Can't Afford To Ignore!

A message from SEIB Executive Director William L. Ashmore, CPA

You can **reduce your taxable income** and avoid paying Social Security and Medicare Tax (7.65%) and Federal Income Tax (15% to 40%) by enrolling in a State-sponsored Flexible Benefits Plan. These tax savings can apply to one or more of the following options:

Premium Conversion Account allows for YOUR SHARE of qualifying group insurance premiums to automatically be deducted from your pay with TAX-FREE dollars.

Health Care Flexible Spending Account allows you to pay for health care expenses for yourself and your family which are not covered by health insurance including dental, vision, orthodontia, etc. (and even those deductibles or "co-pays" which are the patient's responsibility) with TAX-FREE dollars.

Dependent Care Flexible Spending Account allows you to pay for child day care or dependent care expenses up to \$5,000 per year TAX-FREE.

How you save taxes...When you participate in a flexible spending account via salary reduction, you reduce your federal, FICA, Social Security, Medicare and state taxes and increase your take-home pay. The money that is deposited into your Flexible Spending Account comes straight out of your gross pay, therefore avoiding taxes.

During this time of merit freezes, state employees need to take advantage of every opportunity to increase their take-home pay. Take a look at the Flex program. It may be right for you!

Watch your mail for a packet of Flex information or call 1-888-966-FLEX (3539) or visit our website at: www.seib.state.al.us. But hurry! If you don't enroll in November, you'll have to wait another year to add "Flex"-ability to your finances!

This example shows how you can use the HCRA to pay less taxes and take home more pay. The example assumes:

- Your annual salary is \$32,000
- You claim \$4,992 (maximum allowable contribution) in health care expenses for the Plan Year.
- You pay 7.65% in Social Security taxes (FICA).
- You pay 5% in state taxes.

	Post Taxed	Pre-taxed
Salary	\$32,000	\$32,000
Less:		
Pre-taxed health insurance expenses (\$208 x 24 pay periods)	\$0	\$ 4,992
Taxable Income	\$32,000	\$27,008
Federal taxes (15%)	\$ 4,800	\$ 4,051
FICA Withholdings (7.65%)	\$ 2,448	\$ 2,066
State taxes (5%)	\$ 1,600	\$ 1,350
Income after taxes	\$23,152	\$19,541
Post taxed health expenses	\$ 4,992	\$0
Net pay	\$18,160	\$19,541
Annual savings/increased spendable income		\$ 1,381

This employee saved \$1,381 by participating in the HCRA.



Health Care Reimbursement Account (HCRA)

- Vaccinations
- Physical therapy
- Speech therapy

TRANSPORTATION ESSENTIAL TO MEDICAL CARE

- Ambulance service
- Bus, train, taxi or plane fare

FEEES TO DOCTORS, HOSPITALS, ETC.

- Anesthesiologists
- Chiropractors
- Christian Science practitioners
- Dentists
- Dermatologists
- Neurologists
- Nursing services for treatment of specific medical ailment
- Obstetricians
- Pathologists
- Pediatricians
- Podiatrists
- Psychiatrists
- Psychoanalysts (medical care only)
- Psychologists (medical care only)
- Radiologists

OTHER MEDICAL EXPENSES

- Hospital services
- Laboratory fees
- Iron lung
- Operations and related treatments
- Oxygen equipment
- Wheelchair

MISCELLANEOUS CHARGES

- Expenses of services connected with donating an organ

Listed here are some of the examples that may be eligible for reimbursement through the HCRA if they are not paid by insurance.

DENTAL AND ORTHODONTIC CARE

- Dental care necessary for the proper function of the teeth
- Braces, orthodontic devices necessary for the proper function of the body

VISION CARE

- Ophthalmologists or optometrists' fees
- Eye glasses
- Contact lenses

HEARING CARE

- Hearing aids and batteries

PRESCRIPTION DRUGS

Exceptions are: weight loss prescriptions, Rogaine or other hair growth drugs, Retin-A or other drugs for cosmetic purposes only, or other drugs for general health and not for medical care.

CO-INSURANCE AND DEDUCTIBLES PHYSICALS

- Routine and preventive physicals
- School and work physicals

THERAPY/TREATMENT

- X-rays
- Treatment for alcoholism or drugs
- Sterilization
- Acupuncture

HEALTH OBSERVANCE CALENDAR

Please visit these websites for more information on protecting you and your family.

NOVEMBER

Child Safety and Protection Month

Children's Safety Network National Injury and Violence Prevention Resource Center – www.edc.org/HHD/csn/

National Alzheimer's Awareness Month

Alzheimer's Disease Education and Referral Center, National Institute on Aging – www.alzheimers.org

National Diabetes Month

National Diabetes Education Week
American Diabetes Association – www.diabetes.org

National Epilepsy Month

Epilepsy Foundation of America – www.efa.org

Great American Smokeout

Office on Smoking and Health, National Center for Chronic Disease Prevention and Health Promotion, CDC – www.cdc.gov/nccdphp/osh/mission.htm and www.cdc.gov/nccdphp/osh/tobacco.htm

DECEMBER

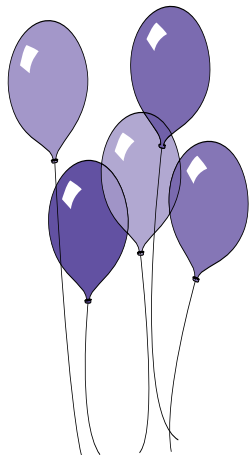
National Drunk and Drugged Driving (3D) Prevention Month

National Highway Traffic Safety Administration, US Department of Transportation – www.nhtsa.dot.gov

World AIDS Day

CDC National AIDS Clearinghouse – www.cdcnpin.org

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HAPPY BIRTHDAY

GREAT AMERICAN SMOKEOUT!

Mark your calendar: Thursday, November 20th is the 27th Great American Smoke Out for 2003. Good day to quit? You bet!

An estimated 47 million adults in the United States currently smoke, and approximately half will die prematurely from smoking. Lung cancer is the leading cause of cancer death for men and women, and this year alone, there will be about 169,500 new cases diagnosed in the U.S. More than 80 percent of lung cancers are thought to result from smoking.

The American Cancer Society's Great American Smokeout event grew out of a 1971 event in Randolph, Mass., in which Arthur P. Mullaney asked people to give up cigarettes for a day and donate the money they would have spent on cigarettes to a high school scholarship fund.

In 1974, Lynn R. Smith, editor of the Monticello Times in Minnesota, spearheaded the state's first D-Day, or Don't Smoke Day. The idea caught on, and on Nov. 18, 1976, the California Division of the American Cancer Society succeeded in getting nearly 1 million smokers to quit for the day. The first **national** Great American Smokeout was held in 1977.



For more information about the American Cancer Society's Great American Smokeout, call 1-800-ACS-2345 or visit their web site at <http://www.cancer.org/>

