

For Beth Israel Medical Center, Long Island College Hospital, St. Luke's Hospital and Roosevelt Hospital employees covered by Continuum's benefits program

## WHAT TO CONSIDER WHEN CHOOSING A MEDICAL PLAN

Choosing a medical plan is a personal decision based on an individual's unique medical needs and preferences. The Empire EPO and PPO plans each have features that may be considered advantages by some employees or limitations by others. No one can tell you which plan to select, but here are some things to consider.

Features that employees may perceive as positive under both the EPO and PPO:

- Freedom to choose your own providers without using a PCP or obtaining referrals
- Empire has a very large national network of physicians and hospitals, especially in the New York tri-state area.
- Participating Continuum providers include "voluntaries", not just providers employed by the hospitals. Voluntaries are physicians who have independent practices and who have admitting rights to our hospitals.

Features that employees may perceive as positive under the EPO:

- Most services are covered at 100% in the CHP network (BI/LICH/SLR/NYE&E). Others have small co-payments.
- Laboratory services (performed at Empire participating labs) are covered at 100% in both the CHP network (BI/LICH/SLR/NYE&E) and Empire BC/BS network.
- There are out-of-pocket maximums to limit your financial responsibility in the Empire BC/BS network.

Features that employees may perceive as positive under the PPO:

- You may receive benefits from Out-of-Network providers if you are willing to pay significantly higher out-of-pocket costs (e.g. high deductible, higher coinsurance, amounts above reasonable and customary (R&C), and higher out-of-pocket maximums).
- There are out-of-pocket maximums to limit your financial responsibility in the Empire BC/BS network and Out-of-Network.

### COMPARING THE TOTAL PLAN COST

Your total cost of a medical plan option includes both the contribution out of each paycheck and the out-of-pocket costs when you receive services. Some employees only look at the payroll contribution when deciding on a medical plan. Other employees reject a plan due to higher out-of-pocket costs for services. Looking only at one cost does not give a complete picture of costs. Instead, you need to look at both costs.

$$\begin{array}{c} \text{Out-of-Pocket Costs} \\ + \\ \text{Out-of-Pocket Contribution} \\ \hline \text{Total Plan Cost} \end{array}$$

You should also consider your total exposure in each plan. Your total exposure is the *maximum* out-of-pocket costs you would incur during a plan year for covered services plus your pay period by pay period payroll contributions.

#### Example:

Assume you earn \$68,500 and you cover a family. Your bi-weekly contribution for the EPO would be \$86.12 and \$193.82 for the PPO.

Your annual contribution would be:

EPO	\$2,239.12	
PPO	<u>\$5,039.32</u>	
	\$2,800.20	the annual contribution cost difference between the PPO and the EPO

The contribution costs for PPO family coverage is more than double that of the EPO. You must pay your contribution just to have coverage, regardless of whether you utilize the plan. You can equate this to car insurance – you pay the premium even if you do not have an accident.

Remember, this is just one component of our Total Cost equation.

Let us look at potential medical plan out-of-pocket costs for services. Of course, no one can absolutely predict their costs, but we can certainly consider those that may be known to us. For example, if you have a chronic condition, such as hypertension or diabetes, you may know how often you are required to go to your physician's office to be monitored. You may also wish to include services such as annual physicals for you and your covered family members, and visits for your child's typical winter illnesses.

For the purposes of this exercise, let's assume providers are from the Empire BC/BS network:

<b>Service</b>	<b>Negotiated Fee</b>	<b>EPO Cost</b>	<b>PPO Cost</b>
Chronic condition – 4 office visits	\$80 per visit = \$320	\$30 co-pay per visit = \$120	\$30 co-pay per visit = \$120
Well-child care – newborn – 7 visits with immunizations		\$0	\$0
Annual Physicals for two individuals	\$300	\$30	\$30
Lab tests associated with physicals (blood taken at an Empire participating lab)	\$350	\$0	\$35
Annual well-woman visit	\$85	\$30	\$30
Annual pap test	\$150	\$30	\$15
Other services that are not basic office visits	\$800	\$160	\$80
<b>Total estimated annual out-of-pocket</b>		<b>\$370</b>	<b>\$310</b>

So, let's go back to our original equation:

	<b>EPO</b>	<b>PPO</b>
Out-of-Pocket Costs	\$ 370.00	\$ 310.00
+	+	+
<u>Out-of-Pocket Contribution</u>	<u>\$2,239.12</u>	<u>\$5,039.32</u>
Total Plan Cost	\$2,609.12	\$5,349.32

You can see in this example that given these typical medical services and your contributions to participate in the plans, the EPO would cost you significantly less than the PPO.

Let's look at your *total exposure*. This would take into account your out-of-pocket (OOP) should the worse case scenario occur during the year as well as your payroll contributions to participate in the plan.

<u>Maximum Family OOP</u>	<u>Payroll Contributions</u>	<u>Total Exposure</u>
EPO \$4,000	EPO \$2,239.12	= \$6,239.12
PPO \$4,000	PPO \$5,039.32	= \$9,039.32

As you can see, your overall out-of-pocket responsibility is less in the EPO.

You will have an opportunity to change your medical plan option during the upcoming open enrollment in October. This will be your only chance to change your benefit elections for the 2009 plan year unless you have a qualified family status change. We are providing you with information and tools to assist you in deciding which plan may be best for you. Remember, no one can dictate which plan to choose. It is an individual decision based on your own needs and peace of mind. We encourage you to review your options in advance of the open enrollment and to get answers to your questions before making your final decisions. Watch for the open enrollment meetings scheduled for October and November. Please feel free to contact our Benefits Call Center at (212) 523-5193 with any questions related to your benefits.

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