

TO: ALL BENEFIT ELIGIBLE EMPLOYEES
FROM: EMPLOYEE BENEFITS ADVISORY COMMITTEE (EBAC)
SUBJECT: STATE OF MCCC'D'S HEALTHCARE PLAN
DATE: FEBRUARY 2007



Since Maricopa went self-insured with our medical plan in 2005, our medical claims have been well under what was budgeted based upon previously escalating costs. This self-insured strategy for these first 3 years has kept our medical increases under 4%. Considering the external healthcare market increases have hovered between 9%-14%, Maricopa has been doing great!

In 05/06, with the medical claims 6 million less than budgeted, the savings was transferred into a medical reserve account to cover potentially higher claims in future years. Since our medical claims average 2.2 million per month, we must maintain an emergency reserve and this reserve needs to be adjusted as well to keep up with healthcare inflation.

Even though Maricopa increases have been well below average, there comes a time when the cost increases in the healthcare market will catch up to Maricopa, and that is in 08/09. The actuarial consultants have forecasted a 13% - 15% premium increase for 08/09 which translates to an additional 5 million.

The Employee Benefits Advisory Committee has agreed that some copay increases are necessary beginning July 07 so they can be spread over 2 years to soften the impact on employees. The benefit changes of 07/08 include an increase in deductibles for the core plan and have added a small deductible and coinsurance to the buy up plan. In an effort to improve employee satisfaction, we eliminated the pharmacy coinsurance in the core plan and replaced it with a copay program. Our goal was to minimize cost increases to employees and maintain 100% benefit for both emergency and preventative services. Therefore, most deductibles and coinsurances do not apply to wellness and emergency services.

In a further effort to hold cost increases, we would like to share ideas that can conserve costs for yourself and the medical plan as well as improve value.

DID YOU KNOW.....

- ✦ MCCC'D RX costs for 05/06 were 5.5 million, which is well above average for a group our size;
- ✦ Our 3 largest classes of drugs are cholesterol lowering drugs (both Lipitor and Zocor which have generic therapeutic alternatives), anti-depressants, and ulcer medications;
- ✦ Employees are receiving non-formulary prescriptions (tiers 3 & 4) from physicians, who, if advised, could prescribe a formulary alternative;
- ✦ Express Scripts has a 24/7 telephone line that you can call to speak with a practicing pharmacist about specific prescriptions or alternatives you can take;

- ✦ MCCCCD has not raised mail order RX copays in 7 years and retail RX copays in 5 years; however cumulative RX costs have increased about 94% in the marketplace;
- ✦ Overweight and lack of exercise is the leading cause of health issues in America today.

WHAT CAN BE DONE??

- ✦ Talk with your physician about generic and formulary alternatives (tiers 1 & 2 drugs). A formulary can be printed off at www.maricopa.edu/hrweb/benefits/express_scripts.htm to take to your physician's visit;
- ✦ Contact Express Scripts at 1-866-888-1148 to speak with a licensed pharmacist about formulary alternatives (when calling this number speak with a "patient advocate" and ask the advocate to connect you with the pharmacist);
- ✦ Utilize the mail order program where possible - it reduces costs for both yourself and the medical plan;
- ✦ Work with your wellness representative - eat healthier, get adequate sleep, and exercise.

There will be more details coming with specifics on medical plan changes for 07/08 in your Open Enrollment information packet.

If we continue to work together to make effective healthcare service decisions, we should be able to keep our future increases at a reasonable level. Our wellness habits and activities play a very important role in keeping our medical costs intact as well. Please work with your wellness representatives to maintain a healthy lifestyle and visit the wellness website for tips at www.wellness.maricopa.edu/. By practicing both avenues, we hope to maintain our comprehensive medical plan!

Thank you for your support!!

