Please Note: You must complete the open enrollment process online by Saturday, November 7th. Not completing open enrollment will result in the loss of benefits in 2016.

Our open enrollment process will be online again this year. Benefit information and instructions for the enrollment process are available on the website. Come to the Benefits Fair and/or the Open Enrollment meeting for more information and answers to your questions.

<table>
<thead>
<tr>
<th>Remaining Open Enrollment Meetings</th>
<th>Benefits Fair</th>
</tr>
</thead>
<tbody>
<tr>
<td>900 Room, Monday, Oct. 26, 9:30-10:30</td>
<td>Chambers Lilly Family Gallery</td>
</tr>
<tr>
<td>900 Room, Tuesday, Nov. 3, 3:00-4:00</td>
<td>Wednesday, Oct. 28, 9:30 - 3:00</td>
</tr>
</tbody>
</table>

**Health Care Costs Continue to Rise, Driven by Prescription Costs**

Davidson’s medical costs are up this year, but the rate of that rise is eclipsed by the increase in prescription costs. Prescriptions, which make up 22% of our total claims costs, are up 25.6% over last year. Costs on the Preferred Provider Plan (PPO, also referred to as OAP Plan), our more traditional plan, are still running 40% higher than costs for those on the High Deductible Plan (HDHP), and the PPO premium increases reflect that higher cost. While the premium for the employee-only HDHP is going up significantly because of increased costs in that tier, the total annual premium for the employee-only HDHP is still less than the college’s annual contribution to the employee’s health savings account. For example, the employee-only HDHP monthly premium will be $50 in 2016, and the college puts $62.50 in an employee’s health savings account monthly.

**Changes to Prescription Coverage**

As noted above, our prescription costs have gone up nearly 26% in the past year. As you’ve probably read in the news, many new drugs cost thousands of dollars per prescription (the most expensive drug used on our plan this year costs $13,000 per script). To encourage thoughtful use of pharmaceuticals we are introducing step therapy, which will sometimes require you to try a generic or less expensive name brand medicine or to get prior authorization before being prescribed a more expensive drug.
We are also expanding the specialty list, the most expensive drug class, to include more drugs; changing the copay on specialty drugs from $100 to $150 for the PPO plan; and limiting each prescription fill to 30 days at a time to avoid waste.

The final change to prescription coverage is that the HDHP plan will have a $15 copay on certain preventive generics prior to meeting the deductible.

**Changes Specific to the PPO Plan**
The deductible on the PPO plan will increase from $500 to $750 for an individual and from $1,500 to $2,250 for a family. The out-of-pocket maximum will increase from $2,500 to $3,000 for an individual and from $5,000 to $6,000 for a family.

The PPO plan copay for a specialist will increase from $45 to $50. Starting in 2016, there will be a deductible and coinsurance for MRI, PET and CAT scans on the PPO plan.

**Changes Specific to the HDHP Plan**
The coinsurance paid by the college on claims after the member has met the deductible will change from 90% to 80% on the HDHP. (It is already 80% on the PPO plan.) Also, the out-of-pocket maximum will increase from $5,200 to $5,500 for an individual and from $10,400 to $11,000 for a family on the HDHP.

**Higher Benefit When You use LabCorp or Quest**
Most medical practices already ship to LabCorp and Quest daily for lab work. If you ask your doctor to process lab work through LabCorp or Quest, the PPO plan will pay 80% of the cost for lab work. Otherwise the PPO will pay 70% for lab work done by other in-network providers, and 60% for out-of-network providers.

The HDHP will pay 100% of lab work done by LabCorp or Quest after the patient has met the deductible (the plan cannot legally pay for anything other than preventive services before someone in a HDHP has met the deductible).

**Benefits Eligibility Changing to 30 Hours per Week**
Because of the Affordable Care Act, those who work at least 30 hours per week will be eligible for “full-time” benefits, including college-paid life, short-term disability, and long-term disability, and will pay the full-time rate. Employees will continue to be eligible for retiree medical coverage or dependent tuition only if they work at least 37.5 hours per week, year round, and meet vesting requirements.

At the request of part-time employees, we reviewed the college’s healthcare coverage offered to those working 20+ hours per week and found that many of those employees would be able to secure comparable insurance at less cost through the Affordable Care Act (ACA) healthcare marketplace. Beginning on January 1, 2016, Davidson will offer part-time healthcare coverage only as required by the ACA, and only employees who will work at least 30 hours per week will be able to enroll in the college’s healthcare plan. Only a small number of employees are
affected by this change. HR and Benefit Advocates, the college-provided insurance advisor, will work with those employees who desire assistance in finding other coverage. Employees working at least 20 hours per week will still be able to enroll in dental and vision coverage through the college.

**Changes to HSA Accounts: Changing Banks and Depositing Contributions Per Paycheck**

Cigna is moving its health savings account business from Chase to HSA Bank. We took this opportunity to evaluate other options and have decided to move the college-funded HSA and HRA accounts from Chase Bank to HSA Bank with Flores as the administrator. Flores has provided excellent customer service on our flexible spending accounts, and we are confident they will be just as helpful on the HSA accounts.

If you elect the HDHP for 2016 an account will be opened for you at HSA Bank and the college will pay the HSA fees, as it did with the Chase accounts. If you already have a college-funded HSA account and you elect to stay in the HDHP for 2016, we will be asking you after open enrollment concludes for permission to move your account from Chase to HSA Bank. You may opt to leave your Chase account open if you like, but if so you will be responsible for all bank fees associated with that account after December, 2015.

This change in banks and administrators means that you will no longer be able to see your HSA account through the MyCigna website. You will, however, be able to use a Flores App to see and manage your HSA account from your phone or other mobile device.

Finally, starting in January 2016, the college will contribute to HSA accounts every pay period rather than quarterly. Once the money goes into the employee’s HSA account, the money legally belongs to the employee. Funding per pay period prevents the college from losing money when an employee has received an HSA contribution for the whole quarter and leaves the college. Benefit Advocates will help employees negotiate with benefits providers if they incur medical expenses before their HSA account balances have had time to accumulate sufficient funds to cover their expenses.

**Round the Clock Access to Doctors by Phone or Videoconference through MDLive**

Beginning in January, those enrolled in the healthcare plan will have access to MD Live, a 24/7 service that allows employees and family members to talk by phone or videoconference with a doctor about minor health issues (such as sinus infections or poison ivy). This will cost employees on the HDHP $38 per call and those on the PPO plan a $15 copay. If the doctor is unable to help, there will be no charge for the MDLive service. We plan to treat this as a pilot for a year and look forward to hearing whether you find this service helpful.

**Life, Disability, and Leave Management Moving to Prudential Means New Opportunity for Guaranteed Coverage**

The Hartford’s proposed renewal was extremely expensive, so starting in January Prudential will be the vendor for our college-paid life insurance, optional life insurance, accidental death
and dismemberment (AD&D) insurance, and long-term disability insurance. Prudential will also manage our staff FMLA leaves and short-term disability plan.

For supplemental life this means that there will be a true open enrollment with guaranteed issue coverage for employees up to $200,000 and for spouses up to $50,000. Any additional amounts of coverage beyond the guarantee issue will be subject to medical underwriting. Employees who wish to keep their same coverage will not need to do anything except follow a link to enter their beneficiary elections.

**Workout for Wellness**
You can still earn a $10 discount on your premiums by exercising at least 150 minutes per week and turning in your minutes quarterly. We will request your minutes for October, November and December in early January 2016.

**Dental Premiums Increasing Slightly**
Our dental plan will continue to be with Cigna and because of a rate guarantee our costs are increasing less than 1%. Coverage will now cover porcelain crowns rather than requiring metal crowns in some situations.

**Adjusted Health Premium for Those with Household Income Less Than $45,000**
The college again this year will offer a premium subsidy based on household income. Please take a minute to learn about this important benefit, and call HR if you have questions. All current adjustments will end in December. You must complete a new form and return it to HR to receive an adjusted premium for 2016.

**Benefits that are not changing:**
- Vision coverage
- Long-term care
- Long-term disability buy-up
- Cancer coverage

**Medical and Dependent Care Spending Accounts Must Be Elected Each Year**
If you want to participate in a Medical or Dependent Care Flexible Spending Account (FSA) in 2016, you must re-enroll. Remember as you plan that over-the-counter drugs are no longer eligible for reimbursement without a doctor’s prescription.

**Changes in Benefit Elections Not Allowed Except During Open Enrollment**
Open Enrollment is the period when eligible employees may enroll, terminate or change their benefit elections. In most cases, the required premiums/contributions are deducted on a pre-tax basis according to Section 125 of the Internal Revenue Code. Elections made under Section 125 rules remain in effect for the entire plan year unless you experience a change in family circumstances.
Your coverage goes into effect January 1, unless otherwise indicated. You will not be able to make changes to your benefit choices after the open enrollment period unless you experience a change in family circumstance or experience a life event such as marriage, divorce, legal separation, gain or loss of an eligible dependent, change in employment or change in spouse’s benefit coverage. Even if you experience such a qualifying change in status during the year, you must turn in your enrollment changes within 30 days of the event to make a change in your coverage.

Outside of a change in family circumstances, employees will be unable to elect benefits after the enrollment period deadline of Friday, Nov. 6. This is a government regulation and not a college policy, and it applies to healthcare, dental and vision coverage, and health and dependent care flexible spending accounts. These government guidelines do not apply to your health savings account, and you may make changes to the amount you are deferring to your HSA during the year by emailing Rene Baker in HR.

**IRS Announces 2016 Maximum Annual Contributions to Retirement Accounts**
The 2016 limit for retirement accounts is $18,000. Participants, who are age 50 or older by December 31, may contribute an additional $6,000.

**Notices about your Employee Rights are Available on our Website**
We are required to share the following legal documents, which you will find on the Benefits website:
- Notice of the Group Health Plan’s Pre-Existing Condition Limitation
- Notice of Your HIPAA Special Enrollment Rights
- Notice of Compliance with the Women’s Health and Cancer Rights Act
- Notice of Your COBRA rights
- Notice of the Availability of our HIPAA Privacy Policy
- Medicare Part D Notices

**Retirement Changes**
You cannot make changes to your retirement plans through the Banner Self-Service Open Enrollment screens. If you wish to make changes to your deferral amounts or where you are investing your money, please go to [www.netbenefits.com/davidson](http://www.netbenefits.com/davidson), or see the TIAA-CREF or Fidelity representative at the benefit fair.

If you have any questions about the information in this document or about your benefits, please contact HR at extension 2213.