



STATE AND SCHOOL
EMPLOYEES'

Life AND Health

P L A N

Know Your Benefits

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Who Pays for Health Care?

In 2002, approximately 193,000 participants were covered under the Plan. In that same year, nearly \$902 million dollars in medical and prescription drug claims were submitted to the Plan for payment. Who paid these charges?

The Plan's discount arrangements with many providers and pharmacies helped to reduce the amount paid on claims for both participants and the Plan. After you paid your deductibles, co-insurance, and co-payments, most remaining costs were paid by the Plan.

Health Care Costs – The Inside Scoop

Almost every time you open a newspaper or watch the news, you see that most employers are facing a real challenge: How to continue offering comprehensive health care to employees while experiencing double-digit hikes each year. The Plan continually searches for ways to manage health care costs; however, the cost of providing health care benefits continues to climb.

There are many reasons that health care costs continue to rise:

- Expensive new technology
- General inflation
- Increased consumer demand
- Government mandates and regulations
- Aging population
- Poor health status
- More lawsuits and legal expenses
- Fraud, overuse, and abuse

Our hope is that by discussing health care costs, you will have a better idea of how you and the Plan must work together to manage the costs of health care. When it comes to health care, you, your health care providers, and the Plan must work as a team. Cost management must occur in partnership between you and the Plan to ensure that the State can continue to provide a comprehensive health care plan that meets your needs. What can we all do?

For more information on the Plan, visit our web site at knowyourbenefits.dfa.state.ms.us

**Notice of Election of Exemption
From Certain Requirements of the Health Insurance
Portability and Accountability Act (HIPAA)**

Name of Plan: State and School Employees' Life and Health Insurance Plan

Plan Sponsor: State and School Employees Health Insurance Management Board
c/o Department of Finance and Administration
P.O. Box 24208
Jackson, MS 39225-4208

Plan Year: January 1, 2004 through December 31, 2004

Notice to Participants:

Federal law imposes upon group health insurance plans the following requirements from which a self-funded non-federal governmental plan may elect to be exempted in whole or in part:

- (1) Limitations on pre-existing condition exclusion periods;
- (2) Special enrollment periods;
- (3) Prohibitions against discriminating against individual participants and beneficiaries based on health status;
- (4) Standards relating to benefits for mothers and newborns;
- (5) Parity in the application of certain limits to mental health benefits; and
- (6) Required coverage for reconstructive surgery following mastectomies.

The State and School Employees Health Insurance Management Board has elected to exempt the State and School Employees' Life and Health Insurance Plan, as a non-federal governmental plan, from these requirements in their entirety. The Board, however, has elected to comply with the intent of these requirements voluntarily. The necessary changes to Plan benefits have been implemented and are included in the Plan Document.

Federal law also requires the Plan to provide covered employees and dependents with a certificate of creditable coverage when they cease to be covered under the Plan. There is no exemption from this requirement. The certificate provides evidence that you were covered under this Plan, because if you can establish your prior coverage, you may be entitled to certain rights if you join another employer's health plan or if you wish to purchase an individual health insurance policy.

Here's What The Plan Is Doing

The Plan has implemented a number of cost containment measures over the last several years. The Plan began the Smart Steps program for participants living with diabetes, asthma, or heart disease. This program is designed not only to manage health care costs, but also to improve the quality of life for Plan participants by preventing the complications that can occur when these conditions are not under control. Also, certain procedures require pre-certification for medical necessity, certain prescription drugs require prior authorization, and prescription drug co-payments are tiered to encourage use of generic or preferred brands. While cost controls can sometimes be frustrating to providers and Plan participants, they are important tools in managing the Plan's expenses.

Here's What You Can Do

The most important thing that Plan participants can do is to adopt a healthy lifestyle.

- ✓ Eat Healthy Foods – Eating well-balanced and nutritious meals can help reduce the occurrence of cancer, high blood pressure, and excessive weight gain.
- ✓ Exercise – Regular and appropriate exercise improves cardiovascular health and reduces stress.
- ✓ Rest – Most Americans need eight hours sleep each night to optimize their health status.
- ✓ Reduce stress – Exercise and stress reducing activities can help prevent occurrences of many illnesses.

A study published in the December 2003 Journal of the American Medical Association confirmed that poor fitness in young adults is directly associated with the development of cardiovascular disease risk factors later in life, and that these risk factors can be reduced by improving fitness. It's never too late to start taking care of yourself.

Consider costs when making health care decisions:

- ✓ Use the emergency room only for severe life-threatening illnesses or injuries that need immediate attention. If your need for treatment is not an emergency, use an urgent care center or make an appointment with your doctor.
- ✓ Use generic prescription drugs if available and appropriate for your needs.
- ✓ Use the mail order program to order prescription drugs you take on a regular basis.

Most importantly, become an informed health care consumer.

Understand your options and their costs, and know your benefits.

Plan's Top 10 Drug Payments for 2002

Being in the know about drug costs can help you determine if you are taking the most cost-effective drugs. As you can see, for these top 10 prescription drugs alone, the Plan paid out over 17 million dollars.

| Number | Drug Name | Number of Rx's Written | Net Plan Payment Per Rx | Total Plan Payments for Drug |
|--------|-----------|------------------------|-------------------------|------------------------------|
| 1 | Prilosec | 24,522 | \$129.21 | \$3,168,605 |
| 2 | Lipitor | 40,490 | \$61.16 | \$2,476,401 |
| 3 | Nexium | 20,604 | \$107.36 | \$2,212,045 |
| 4 | Prevacid | 20,817 | \$104.04 | \$2,165,773 |
| 5 | Enbrel | 1,092 | \$1,205.20 | \$1,316,074 |
| 6 | Zocor | 15,345 | \$80.93 | \$1,241,922 |
| 7 | Celebrex | 13,406 | \$87.46 | \$1,172,431 |
| 8 | Zoloft | 21,874 | \$52.77 | \$1,154,319 |
| 9 | Actos | 9,305 | \$123.36 | \$1,147,854 |
| 10 | Paxil | 19,455 | \$57.12 | \$1,111,275 |

Source: MEDSTAT



Save on Prescription Drugs

Here are some ways you can lower your prescription drug costs. These tips can usually save you money!

Try generic drugs. Ask your doctor if a generic drug is appropriate for your condition.

Ask your doctor for samples. This is especially important when you try a drug you have never used before. A sample may let you know whether the drug works for you before you purchase a full month's supply.

Try over-the-counter drugs, when appropriate. Many medications that used to be dispensed by prescription only are now available over-the-counter. For example, Prilosec no longer needs a prescription. This is true for some allergy medications, too.

Know Your Benefits

You know that question that goes through your mind when you take your generic drug?

Here's the answer:

The Food and Drug Administration (FDA) ensures that all generic drugs are put through a rigorous, multi-step approval process. From quality and performance to manufacturing and labeling, everything must meet FDA's high standards. FDA makes it tough to become a generic drug in America.

