

Employee Benefits Guide

July 1, 2011 - June 30, 2012



Welcome

to your benefits

It is once again time for the annual open enrollment for our employee benefit plans. We are pleased to provide you and your family with a comprehensive benefits package that protects your personal health and well being. This communication provides a summary of your employee benefits and also highlights the changes to your plans effective 7/1/2011 through 6/30/2012.

The City of Bisbee faced new and unique budgetary challenges in 2010-11 and we will continue to be faced with similar challenges in 2011-12 with further reductions in state-shared revenue. This requires the City to juggle already limited financial resources for compensation and benefits. Despite these challenges, the City understands that benefits are an integral and essential part of you and your family's total income. Therefore, we work hard to ensure employees continue to be provided with a high quality, competitive and affordable employee benefits program and to preserve this key component of your total compensation. Although benefit plan costs will continue to increase in 2011-12, the City will continue to offer the same benefits package including the same two HealthNet HMO medical plan options, a Core and Buy-Up plan which allows employees the option to purchase a plan providing a higher level of coverage for a higher premium amount, as well as employer paid dental, life and disability plans.

The following benefits will continue to be offered in the 7/1/2011 – 6/30/2012 plan year:

- **Medical Plan:** We will continue to offer the same two HMO health plan options through Health Net. Please note the benefit plan enhancements listed below, in accordance with federal health care reform legislation. We will continue to cover the cost of employee only coverage for the "Core" Plan with employees paying the difference between the "Core" Plan and "Buy Up" Plan, if you elect to enroll in the "Buy Up" Plan. Employees will continue to pay the additional cost for dependent coverage under both plan options. Employees who are covering dependents or who are enrolled in the "Buy Up" Plan will have a slight premium increase.
- **Dental Plan:** The same Delta Dental plan will be offered and the City will continue to pay 100% of the cost of both the employee and dependent premiums.
- **Life Insurance:** The City will continue to pay 100% of the cost of the \$50,000 employee life insurance benefit offered through the Mutual of Omaha and will continue to offer employees the opportunity to purchase additional life insurance and AD&D coverage through the Voluntary Life/AD&D plan.
- **Short Term Disability (STD):** The City will continue to pay 100% of the cost of employee STD coverage.
- **Long Term Disability (LTD):** The City will continue to pay 100% of the cost of LTD coverage for Public Safety employees. All other employees receive LTD through the ASRS.
- **Vision:** The same voluntary vision plan will be offered through Vision Service Plan (VSP) with no premium increase.
- **AFLAC Ancillary Plans:** The City will continue to offer the voluntary, ancillary AFLAC plans to employees who wish to purchase this additional coverage.

Federal Health Care Reform Requirements effective July 1, 2011 (in accordance with the Patient Protection and Affordable Care Act):

- **Preventive Care Services** - Effective July 1, 2011, your medical plan will provide coverage of certain preventive health services by in-network providers at no cost to participants. Preventive services are considered to include evidence-based preventive services or items that are given an A or B rating by the U.S. Preventive Services Task Force, routine immunizations for children and adults that are recommended by the Advisory Committee on Immunization Practices of the CDCP and preventive care and screenings for children and women provided in guidelines supported by the Health Resources and Services Administration (HRSA).
- **Opportunity to Enroll in Connection with Extension of Dependent Coverage to Age 26** - Individuals who were not previously eligible for coverage, who were previously denied coverage or whose previous coverage ended because they had reached the maximum age limit for coverage under the plan (which was previously less than age 26), prior to 1/1/2011, are eligible to enroll in the medical plan on July 1, 2011. Individuals may request enrollment for such children within 30 days of this notice. The age 26 mandate applies to all adult children regardless of their marital status and regardless of their student status, but coverage is not extended to the married child's spouse. Coverage for these dependents will be effective July 1, 2011.
- **Lifetime Limit No Longer Applies and Enrollment Opportunity** - The lifetime limit on the dollar value of benefits under the group medical plan no longer applies. Individuals whose coverage ended by reason of reaching a lifetime limit under the plan are eligible to enroll in the plan. Individuals have 30 days from the date of this notice to request enrollment effective July 1, 2011.
- **Removal of Pre-Existing Condition Exclusions for Individuals Under Age 19** - Effective July 1, 2011, your group health plan will not impose any pre-existing condition restrictions or limitations for individuals enrolled in the plan who are under 19 years of age. This includes both employees who may themselves be under 19 years of age and dependents of employees under age 19.

Other Required Federal Health Care Reform Notices:

- **Notice of Patient Protection:** You do not need prior authorization from Health Net or from any other person (including a primary care provider) in order to obtain access to obstetrical or gynecological care from a health care professional in Health Net's network who specializes in obstetrics or gynecology. The health care professional, however, may be required to comply with certain procedures, including obtaining prior authorization for certain services, following a pre-approved treatment plan, or procedures for making referrals. For a list of participating health care professionals who specialize in obstetrics or gynecology, contact Health Net Customer Service.
- **Designation of Primary Care Providers:** You have the right to designate any primary care provider (PCP) who participates in the network and who is available to accept you or your family members. For children, you may designate a pediatrician as the PCP. For information on how to select a PCP, and for a list of the participating primary care providers, log on to www.healthnet.com.

Questions?

If you have questions after reading this summary and reviewing the information provided by the insurance carriers, please contact the City of Bisbee Personnel Director. Remember that the best decisions are based on a thorough understanding of each plan and the plan options. This guide is an overview of the benefit plans and should not be construed as a Summary Plan Description, Certificate of Coverage or Plan Document, and should not be relied upon to fully determine coverage. For each benefit elected, you will receive a Certificate of Coverage containing more detailed information from the insurance carrier. If differences exist between this overview and the Certificate of Coverage, the Certificate governs. If you are uncertain about any provisions specified in this guide, please refer to the Certificate of Coverage or contact Personnel.

Benefit Plan Eligibility and Changes

Employees must be considered full time and work a minimum of 40 hours per week to be eligible for the medical or dental plans, and to be eligible for employer paid life insurance and disability benefits. New employees become eligible for coverage the first of the month following their first day of full time employment.

If you are currently enrolled in a HealthNet plan and wish to remain covered under the same plan in the 7/1/2011 – 6/30/2012 plan year, you do NOT need to complete a new HealthNet medical enrollment form. If you are currently covered under the Delta Dental plan or VSP plan and wish to remain covered under these plans and make no changes on 7/1/2011, you do not need to complete a new Delta Dental or VSP enrollment form. Your coverage under either plan will automatically be continued. However, if you wish to newly enroll in either the medical, dental or vision plan, change from the "Core" to the Buy Up medical plan or from the Buy Up to the "Core" medical plan, newly enroll eligible dependents or drop coverage for yourself or your dependents under either of these plans on 7/1/2011, you must complete the applicable HealthNet, Delta Dental or VSP form(s) and return them to Personnel by June 17, 2011 at 5:00 pm.

You can enroll the following dependents in your benefit plans:

- Your legal spouse
- Your dependent children
 - ◆ **Medical Plans:** dependent children are covered up to age 26 regardless if they are married or a full time student.
 - ◆ **Dental and Vision Plans:** dependent children are covered up to age 19 or to age 23, if they are a full time student at an accredited educational institution.

Important Information Regarding Plan Changes

Each year during the annual open enrollment, you have the opportunity to make new benefit elections for the coming year. All eligible employees who wish to make any benefit changes must complete and return an enrollment form by the due date.

Changes to your medical, dental and vision benefits are allowed only at the annual open enrollment each year. Per IRS rules, employees cannot drop or add coverage for yourself or your dependents mid-plan year unless you have a qualifying change in family status such as loss of benefits under another plan, marriage, divorce, legal separation, birth, adoption or placement for adoption.

If you have a qualifying change in family status and want to drop, add or make any changes to your coverage, you must request this change within 31 days of the qualifying event (e.g. within 31 days of the date you lose other coverage, within 31 days of marriage or divorce, within 31 days of date of birth) by completing a new enrollment form and giving it to the Personnel Director. It is your responsibility to notify the Personnel Director of a qualifying event.

Per IRS rules, if you waive or terminate coverage during your annual open enrollment period, you will not be able to enroll in the City of Bisbee's plans until 7/1/2012 unless you have a qualifying change in family status.

Remember...

Changes must be reported to the Personnel Director within 31 days of a Qualifying Event.

MEDICAL/PRESCRIPTION DRUG Plan – HealthNet

The City of Bisbee will be offering the two medical plan choices through HealthNet for the 7/1/2011 – 6/30/2012 plan year. You have a choice of enrolling in the HMO “Core” or Buy-Up Plan. PLEASE NOTE: The deductible for the Core HMO Plan is administered on a calendar year basis. A brief summary of coverage under each plan is provided below. More detailed, comprehensive plan information is provided in the HealthNet information in your enrollment materials.

Please note that there is no coverage under either HMO plan for non-network providers. Therefore, it is very important you see providers (doctors, hospitals, labs, clinics, etc.) in the HMO network, or you will not have any coverage. You can find providers in the HMO network by going to www.healthnet.com or by calling their customer service number at (800) 289-2818.

MEDICAL	Health Net	
	Core Plan	Buy Up Plan
Description of Coverage	HMO 5 23H000	HMO 11 23C000
	In Network Only	In Network Only
Deductible (Individual ♦ Family)	\$500 ♦ \$1,000	None
Deductible Comments	Family deductible must be met by two or more individuals	
Coinsurance (on allowed amount)	90% ♦ 10%	Subject to applicable coinsurance amounts
Max Out-of-Pocket (Individual ♦ Family)	\$3,000 ♦ \$6,000	\$2,000 per person
Note: Out-Of-Network costs may exceed OOP max due to billed charges over allowable amount		
Includes Deductible?	No	N/A
Lifetime Max	Unlimited	Unlimited
	In Network Benefit	In Network Benefit
Preventive Care		
Office Visits	100% Covered	100% Covered
Lab	100% Covered	100% Covered
X-Ray	100% Covered	100% Covered
Mammograms (Restrictions may apply)	100% Covered	100% Covered
Colonoscopies (Restrictions may apply)	100% Covered	100% Covered
Office Vist - Non-Preventive	\$20 ♦ \$40	\$15 ♦ \$30
Lab		
Physician's Office	100% Covered	100% Covered
Freestanding Facility	100% Covered	100% Covered
Outpatient Hospital	100% Covered	100% Covered
X-Ray (Excluding Specialty Scans)		
Physician's Office	100% Covered	100% Covered
Freestanding Facility	100% Covered	100% Covered
Outpatient Hospital	100% Covered	100% Covered
Specialty Scans (MRI ♦ PET ♦ CT)		
Freestanding Facility	\$50	\$50
Outpatient Hospital	\$250	\$250
Inpatient Hospitalization	10% after deductible	\$350 per admit
Emergency Room	\$250	\$250
Waived if admitted?	Yes	Yes
Urgent Care	\$50	\$50
Prescription Drugs	SP \$75 ♦ \$100 ♦ \$150 ♦ \$300	SP \$75 ♦ \$100 ♦ \$150 ♦ \$300
Retail	\$10 ♦ \$30 ♦ \$45 Standard	\$10 ♦ \$30 ♦ \$45 Standard
Mail Order	\$30 ♦ \$90 ♦ \$135 3X	\$30 ♦ \$90 ♦ \$135 3X

Delta Dental – 100% Employer Paid

The City of Bisbee will continue to offer dental benefits through Delta Dental as they provide the most comprehensive dental network in Cochise County, and the U.S. The chart below provides a brief summary of the coverage provided under the Delta Dental plan. Please refer to the Delta Dental packet of information in your enrollment materials for more detailed information on the dental plan.

It is important you see a provider in the Delta Dental network to obtain the best coverage as you will pay a higher amount if you see a non-network dentist. You can go to www.deltadentalaz.com to find a provider in the Delta Dental network or call Delta Dental's Customer Service at 800-352-6132.

Delta Dental Plan In-Network Coverage	
Annual Maximum per Person	\$1,000
Deductible	\$50/\$150
Waived for Preventive	Yes
Preventive	100%
Basic	80%
Major	50%
Orthodontia (Child Only)	50% up to \$1,000 lifetime maximum



Life Insurance Plan – 100% Employer Paid

The City of Bisbee will continue the employer paid life insurance benefit of \$50,000. Please refer to the Mutual of Omaha's Certificate of Coverage for additional plan information. Coverage is automatic for all full time, benefits eligible employees who have met the eligibility waiting period.

It is important you have a completed beneficiary form on file with the Personnel Department. If your beneficiary changes due to a life event (e.g. marriage or divorce), please be sure to complete a new beneficiary form and give this to the Personnel Director for your personnel file.

Short Term Disability (STD) Plan – 100% Employer Paid

The City of Bisbee will continue to offer all eligible employees an employer paid Short Term Disability (STD) plan benefit through the Mutual of Omaha. STD coverage provides partial income replacement in the event of an expected or unexpected non-occupational disability (surgery, injury, illness, birth of a baby). Please refer to the Mutual of Omaha information in your enrollment packet for more detailed information on all plan benefits and plan restrictions.

STD benefits begin after a 7 consecutive and continuous day waiting period following the first date of disability due to a non-occupational injury or illness. Benefits are 70% of pre-disability earnings with a maximum weekly benefit of \$575. The maximum STD benefit duration period is 180 days from the initial date of disability.

Long Term Disability (LTD) Plan

ASRS Eligible Employees Share Contribution

Public Safety Personnel - 100% Employer Paid

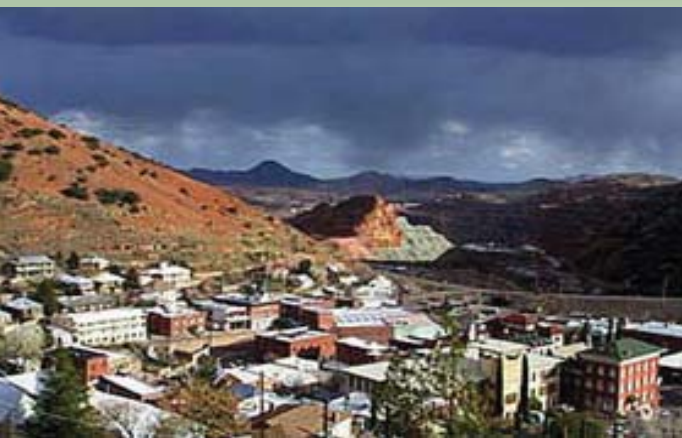
City of Bisbee Non-Public Safety Employees:

The City of Bisbee contributes towards the Arizona State Retirement System (ASRS) for long term disability income protection. Employees wishing to inquire about this benefit can go on-line to www.azasrs.gov or call the ASRS at 800-621-3778.

City of Bisbee Public Safety Employees:

The City of Bisbee will continue to offer all eligible Public Safety employees an employer paid Long-Term Disability (LTD) plan benefit through Mutual of Omaha. Please refer to the Mutual of Omaha information in your enrollment packet for more detailed information on all plan benefits and plan restrictions.

Long-term disability coverage picks up when STD coverage ends and provides long-term income protection in the event of an expected or unexpected non-occupational disability. LTD provides partial income replacement during your period of disability to help provide you and your family with financial security. LTD benefits begin after 180 consecutive and continuous days of disability due to a non-occupational injury or sickness (during which time STD is paid). LTD benefits are 66-2/3% of pre-disability earnings with a maximum monthly benefit of \$2,500. The maximum period you can receive LTD benefits is the later of age 65 or to Social Security Normal Retirement Age.



Vision Service Plan – 100% Employee Paid

The City of Bisbee will continue to offer the voluntary vision plan through Vision Service Plan (VSP). The chart below provides a brief summary of coverage. Please refer to the VSP packet of information in your enrollment materials for more detailed plan information. It is important to see a provider in the VSP network to obtain the best coverage. You can find a provider in the VSP network by going to www.vsp.com or by calling VSP's Customer Service at 800-877-7195.

VISION	VSP	
	In Network	Out-of-Network
Description of Coverage		
Examination Coverage	\$20	\$35 allowance
Examination Frequency	Once every 12 months	
Lenses Coverage		
Single Vision Lenses	100% covered	\$25 allowance
Bifocal Lenses	100% covered	\$40 allowance
Trifocal Lenses	100% covered	\$55 allowance
Lenticular Lenses	100% covered	\$80 allowance
Lenses Frequency	Once every 12 months	
Frames Coverage	\$130 allowance	\$45 allowance
Frames Frequency	Once every 24 months	
Contact Lens Coverage		
Medically Necessary	\$120 allowance	\$210 allowance
Elective	\$130 allowance	\$105 allowance

Voluntary Supplemental Life Insurance - 100% Employee Paid

Employees can purchase voluntary life insurance in \$10,000 increments up to \$500,000 (the Guaranteed Issue amount is \$100,000). Employees can also purchase supplemental spouse life insurance in \$5,000 increments up to 50% of the employee's voluntary life insurance amount, up to a maximum \$125,000 benefit. Employees can also purchase child(ren) life insurance in \$1,000 increments up to \$10,000 maximum per child. Employees can also purchase voluntary Accidental Death & Dismemberment Insurance (AD&D), in addition to voluntary life insurance. The voluntary life insurance and AD&D premiums are in the Mutual of Omaha materials in your enrollment packet. Premiums are age-rated and based on the amount of coverage purchased.

If you decline to enroll in this plan when you first become eligible for coverage and wish to enroll at a later date, you will be required to provide medical information (evidence of insurability) for any amount of supplemental life insurance coverage for yourself, your spouse or children. If you enroll in this plan when you first become eligible for coverage, you will be able to enroll without providing medical information, up to the guaranteed issue amount.

AFLAC - 100% Employee Paid

Voluntary benefits, through AFLAC, are available to you and have these important features:

- Affordable
- Complement your core benefits – provides immediate, additional income for your initial out-of-pocket expenses (i.e. high deductibles and coinsurance)
- Portability – if you terminate your employment, you may continue your coverage with no increase in premiums
- Benefits are paid directly to you, unless you specify otherwise
- Coverage is available for your spouse and children in most products
- In the event of a claim, your benefits are paid regardless of any other insurance benefits you may be receiving

During each annual open enrollment period, you can meet individually with an AFLAC representative to elect these voluntary benefits and/or to review AFLAC benefits in which you are currently enrolled. New hires can contact the AFLAC representative shown at the end of this benefit plan summary. Below are the various AFLAC voluntary plan options:

Specified Health/Intensive Care – provides a lump sum benefit for hospital confinement and outpatient surgery; helps offset deductibles/coinsurance and costs not covered by major medical plans

Accident Insurance – provides a lump sum benefit in the event of an unexpected injury; helps offset deductibles/coinsurance and uncovered medical expenses

Personal Sickness Indemnity – provides a lump sum benefit in the event of an unexpected sickness; helps offset deductibles/coinsurance and uncovered medical expenses

Contact

information

WHO	WHAT	PHONE	WEBSITE / E-MAIL
HealthNet	Medical Plans, Prescriptions, ID Cards	(800) 289-2818	www.healthnet.com
Delta Dental	Dental Plan	(800) 352-6132	www.deltadentalaz.com
Vision Service Plan (VSP)	Vision Plan	(800) 877-7195	www.vsp.com
Mutual of Omaha	Employer Paid Life Insurance Voluntary Supplemental Life	(866) 438-4885	www.mutualofomaha.com
Mutual of Omaha	Short Term Disability	(866) 438-4885	www.mutualofomaha.com
Mutual of Omaha	Long Term Disability (Public Safety employees only)	(866) 438-4885	www.mutualofomaha.com
AFLAC Sean Beyer Kim Rodriguez	Voluntary Supplemental Plans	(520) 260-0080 (520) 975-5417	sean_beyer@us.aflac.com kimberly_rodriguez@us.aflac.com
City of Bisbee Jennifer Graeme	City of Bisbee Personnel Director	(520) 432-6271	jgraeme@cityofbisbee.com
CBIZ Becky Lopez	Benefits Consultant/Account Executive	(520) 321-7507	blopez2@cbiz.com
CBIZ Stephanie Barry	Account Manager	(520) 321-7523	sbarry@cbiz.com
CBIZ Lael Byrne	Benefits Consultant	(520) 321-7537	lbyrne@cbiz.com
CBIZ Claims Advocate Sandi Lopez	Employee claim questions, review & resolution	(520) 321-7503	slopez@cbiz.com

About This Booklet: This booklet highlights important features of the City of Bisbee's employee benefit plans. While efforts have been made to ensure the accuracy of the information presented, in the event of any discrepancies your actual coverage and benefits will be determined by the legal plan documents and the contracts that govern these plans. Benefit plans may be changed for any reason, to the extent allowed by law. Your participation in these benefits is not a contract of employment and does not guarantee future employment.

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