



HealthWatch

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STATE EMPLOYEES' INSURANCE BOARD

SEIB FUNDING 101

SALLY CORLEY

As with all state agencies, SEIB has experienced a steady decline in funding over the last five years. To appreciate how this impacts your health insurance coverage you need to understand the SEIB's funding structure. The SEIB is funded by contributions from the employer (the State of Alabama) and contributions from employees (premiums, copays and deductibles paid by state employees and retirees). As the funding from the state decreases, the burden shifts to state

employees and retirees to make up the shortfall.

How is SEIB Funded?

Each budget cycle the legislature assigns the "state rate" for SEIB for the upcoming fiscal year. The state rate is a dollar amount to be paid monthly by state agencies for each active employee. If our state funding was drawn like an equation it would look like this:

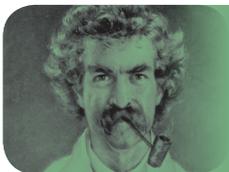
State Rate x Number of Active State Employees = Total State Funding

Since the SEIB's funding is based on the number of active employees, as the number of state employees has steadily declined the past few years, the SEIB's overall funding has also declined. There are several reasons why this decline in funding is causing a crisis at the SEIB: 1) the state does not provide specific funding for retired state employees, so the state rate for active employees also funds retirees covered by SEIB; 2) the state rate has not increased enough to keep SEIB's overall funding level; and 3) the number of overall covered lives for SEIB is not declining, because a large number of state employees are retiring and continuing their coverage with SEIB.

What is covered by the State Rate?

The state rate is a funding mechanism that covers the cost of running the SEIB as a whole. While the state rate is based on the number of active employees each month, that money actually benefits all lives covered under the health plan. As you can see from the graph on page 2, the state rate pays for healthcare coverage for not only active employees, but also provides for retirees, dependents, COBRA beneficiaries and surviving spouses. If you are interested in digging a little deeper into the financials of SEIB, we have more detailed financial information available on our Transparency and Accountability in State Government website at <http://open.alseib.org>.

(Continued on pg 2)



"The two most important days in your life are the day you are born and the day you find out why."

– MARK TWAIN

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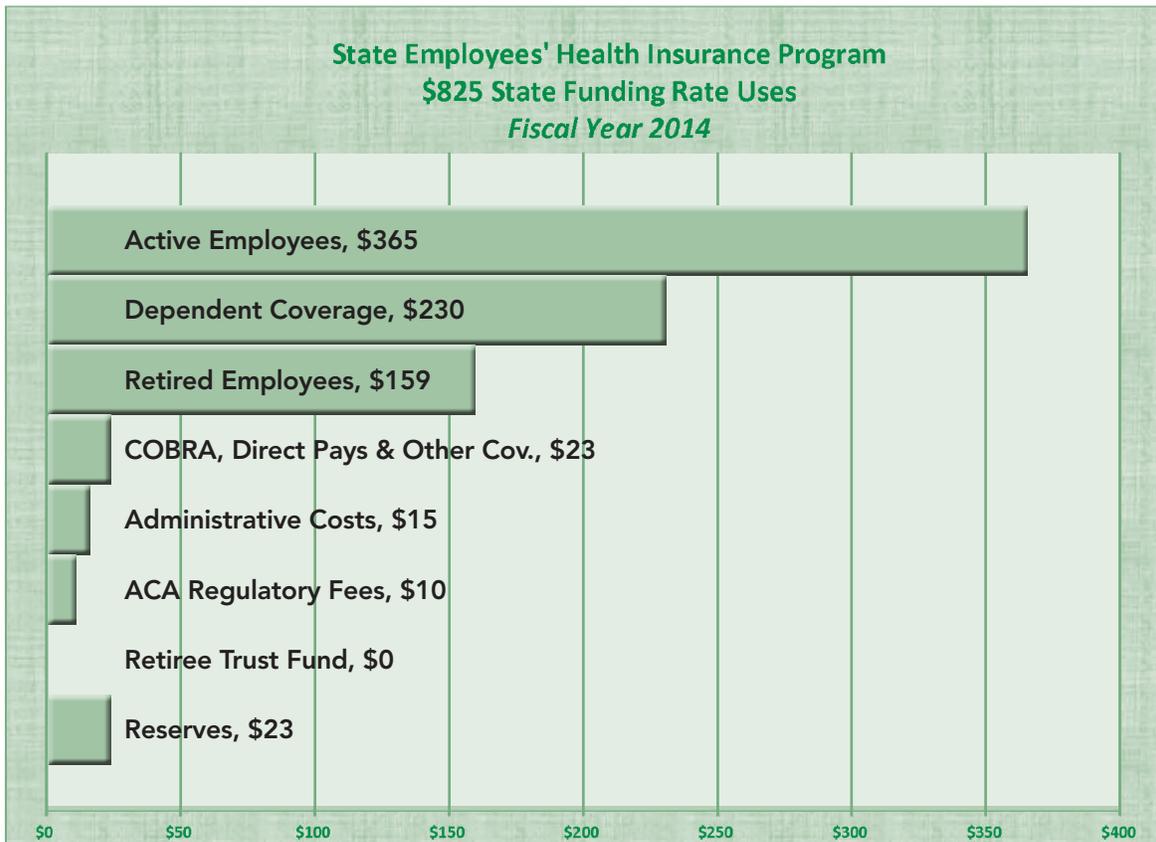
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What does this mean?

For the last two years the SEIB has received a state funding rate of \$825, which was part of a two year plan to help SEIB make ends meet. The legislature gave SEIB an increase in the state rate with the understanding that the Board would make some tough decisions and find creative ways to bridge the gap in funding. In the last two years, the SEIB has increased premiums, cut benefits and used reserves to fill that gap. Basically, the plan worked for two years.

But now it is time for a new plan. This year the SEIB is facing a deficit of roughly \$39 million. We have asked for a

state rate of \$875, which will cover half of the deficit. If we receive the state rate of \$875, then it will be up to the Board to decide how to make up the other \$19.5 million. While the SEIB is going to great lengths to implement cost saving measures, that is simply not enough. Our reserves are very limited at this point and there is little room to cut benefits, leaving the unpopular option of increasing premiums. The SEIB will face difficult decisions again this year, but know that the SEIB will continue to strive toward providing you the best health insurance coverage possible at an affordable rate.



DO YOU HAVE A HEALTHCARE GAP?
 DEBORAH TAYLOR, RN, CLINICAL DIRECTOR

In March 2015, SEIB began offering, through Blue Cross Blue Shield (BCBS), a gap in care incentive that encourages healthy habits to support and improve your overall health.

You might ask; "What is a gap in care?" National guidelines for managing certain disease processes are recommended to better manage your health. If you are identified as having a "gap in your healthcare", it means that you are missing one or more of the recommended guidelines, such as a lab test or prescription medication, necessary to manage your health.

Effective January 1, 2016, a new \$25 per month wellness discount will be available for active employees, spouses and non-Medicare retirees who have no gaps in their health care.

If your previous claims reveal that you have a gap in care, you will receive a letter from BCBS outlining the necessary steps required to close your gap in care. If you have questions about your identified gaps in care or your specific medical condition, please contact a BCBS clinician at 1.800.551.2294 and press option 5. You can also log on to [myBlueCross](http://myBlueCross.com) at www.AlabamaBlue.com to view your care reminders.

**PLEASE DON'T
IGNORE OUR REQUEST
FOR DEPENDENT
DOCUMENTATION!**
DAVID HILYER, CHIEF LEGAL
COUNSEL

When adding dependents to your coverage, either as a result of a marriage, birth or adoption, you must submit certain documentation to the State Employees' Insurance Board (SEIB) in order for your new dependent to be covered under the State Employees' Health Insurance Plan (SEHIP). Initially, the SEIB must be notified within 60 days of your gaining a new dependent. If you do not send in documentation to substantiate your gaining a new dependent, such as a marriage certificate, birth certificate or court decree in an adoption proceeding, the SEIB will send you a letter notifying you that documentation is needed. You will have 30 days from the date of the letter to provide the SEIB with the requested documentation. To determine what documentation is needed, please see the SEHIP at www.alseib.org. Should you fail to provide the appropriate documentation to the SEIB within the 30 day time period, your request for coverage of your new dependent may be denied.

**MARK YOUR CALENDARS FOR
NATIONAL EMPLOYEE HEALTH &
FITNESS DAY IN MAY**

TONYA CAMPBELL, MARKETING DIRECTOR

The 2015 National Employee Health and Fitness Day is almost here! Alabamians statewide will participate in this event, designed to spotlight the benefits of exercise and healthy living.

The State Capitol grounds will be the site of this year's event in Montgomery at noon on May 15. For those employees outside Montgomery who would like to participate, call your SEIB advisor at the telephone number listed on the back of this newsletter. Your advisor will guide you through organizing a successful, memorable walk in your area.

Registration and t-shirt information will be available at www.adph.org in April. In the meantime, feel free to call your SEIB advisor for additional information. We look forward to seeing you on May 15!



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GOVERNOR'S PHYSICAL FITNESS COMMISSION
GOVERNOR'S COMMISSION ON
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MARKET PLACE A BETTER DEAL?

One of the most asked questions is: "Would the state save money if all the state employees were enrolled in the federal Market Place?" The answer is NO.

A study of the State Employees' Health Insurance Plan's (SEHIP) actual costs versus the Market Place showed that it would have cost the state over \$29 million more in 2014 if state employees had been enrolled in the Market Place. The study found the average monthly premium as:

| | 2014 Average Premium |
|--------------|----------------------|
| Market Place | \$ 463.83 |
| SEHIP | \$ 384.63 |
| Difference | \$ 79.20 |
| % Difference | 21% |

**State Employees' Health Insurance Plan
State Funding**

| | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY16 Requested |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| State Rate | \$738 | \$805 | \$765 | \$765 | \$825 | \$825 | \$875 |
| State Funding | \$361,845,980 | \$356,514,032 | \$318,075,308 | \$304,451,908 | \$320,235,740 | \$316,463,400 | \$336,000,000 |
| Percentage Change | 12.3% | -1.5% | -10.8% | -4.3% | 5.2% | -1.2% | 6.2% |
| Active Employees | 37,208 | 35,901 | 33,881 | 32,656 | 32,189 | 32,000 | 32,000 |
| Retired Employees | 19,308 | 20,037 | 20,999 | 21,565 | 21,883 | 22,500 | 23,200 |

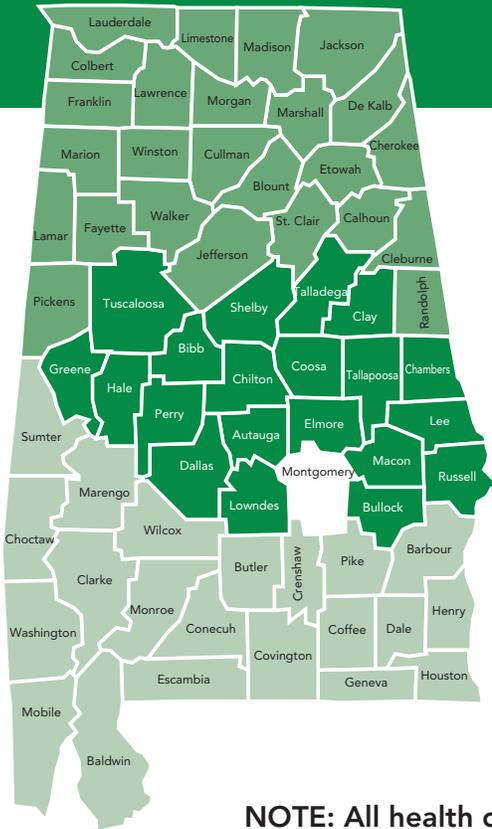


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Don't forget to call our health insurance benefit advisors, located conveniently throughout the state, for all your questions on enrollment, benefits and plan options. Listed here are the advisors, their territories and ways to contact them. You should contact the advisor assigned to your county of employment.

Connie Grier
Toll-Free: 1.877.500.0581
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NOTE: All health care claims inquiries must be directed to Blue Cross Blue Shield.