April 28, 2010

Dear Colleague:

The annual Open Enrollment Period for insurance benefit changes begins today and continues through Tuesday, June 1, 2010. During this time you may make changes to your benefit plans as noted below. Changes will become effective July 1, 2010. It is important to note that certain changes can only be made during the open enrollment period. In many cases, the next opportunity to modify your benefit coverage will be July 1, 2011. Please review the enclosed information carefully and submit any change requests by June 1, 2010. This announcement and other items relating to the open enrollment are available at the Office of Human Resources website. We strongly recommend you visit the Office of Human Resources website at https://www.amherst.edu/mm/169797 to view all of the information.

During the open enrollment period you may:

- Enroll in, cancel or modify your medical coverage
- Transfer between HMO Blue and Blue Choice
- Modify your medical coverage to add or delete dependents, spouses or same-sex domestic partners
- Apply for sliding scale consideration
- Establish your flexible spending account (The Amherst Plan) for the new fiscal year
- Increase your supplemental life insurance election by up to one times your salary in coverage

Enrollment or drop/add forms may be necessary for some changes. They are available from the Office of Human Resources. Any coverage changes you elect will be effective July 1, 2010.

If you are currently participating in the Amherst Plan medical or dependent care accounts, your election ends June 30th. If you wish to make contributions again in 2010-2011 you must complete a new form authorizing the College to make payroll deductions. Those participating only in the pre-tax premium option for health and dental insurance do not need to complete a new form. You do not need to complete a form to receive the special Medical Spending Account payment being made by the College, as described later in the section entitled The Amherst Plan.

Health and Dental Insurance

Rates

Last year we were fortunate to have our health and dental rates remain virtually unchanged from the prior year. This year, through a competitive bidding process we were able to obtain a health insurance rate which reflected a 10.5% increase without making any change in the design of our plan, a rate that takes into account
the increased costs of medical care and our claims experience. In order to achieve lower premium costs, we will modify the design of our plan by increasing the amounts charged for certain copayments as noted below. These changes will be effective July 1, 2010. By making these changes the increase in premium costs will be reduced to 6.8%, reflecting a savings of over $300,000. In order to reduce the impact of these copayment changes to you, the College will use its portion of the savings (around $220,000) to fund Medical Spending Accounts for participating employees and to pay related expenses, as outlined later in this notice in the section entitled The Amherst Plan.

The College pays 80% of the weighted average of the total individual premiums, and 70% of the weighted average of the total family premiums for the plans. The weighted average is based on the enrollment level in and cost of each plan. The College then contributes an equal amount for the HMO Blue or Blue Choice option. Detailed cost and contribution information is enclosed.

We will continue the sliding scale of reduced premiums for certain income levels. Income levels have been adjusted upward based on the CPI for 2009 (2.7%). Employees carrying individual coverage with household income at or below $35,500 and employees carrying family coverage with household income at or below $59,150 are eligible for this benefit. The household income used to qualify for the sliding scale is based on the employee’s calendar year 2009 Form 1040 tax return, line 7 (or the line entitled “Wages, Salaries and Tips” on other IRS tax forms). Sliding scale cost sharing does not automatically continue each year. Employees must re-apply for the sliding scale during the open enrollment period using the 2009 calendar year tax return. An application for the sliding scale is enclosed. We encourage you to review your 2009 tax return, and if you qualify, apply for the reduced premium rates by stopping by the Office of Human Resources, or joining us at one of the sessions listed on the enclosed notice. This application must be returned by June 22, 2010 or you will not be able to take advantage of the sliding scale benefit until the next open enrollment period.

Coverage Features

A summary of the coverage differences between HMO Blue and Blue Choice is available on the Human Resources website. The following copayment changes will be in effect for services received on or after July 1, 2010.

<table>
<thead>
<tr>
<th>Benefit Description</th>
<th>Current Copayment</th>
<th>New Copayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCP and Specialist Office Visits</td>
<td>$10</td>
<td>$15</td>
</tr>
<tr>
<td>Emergency Room Visit (waived if admitted)</td>
<td>$35</td>
<td>$75</td>
</tr>
<tr>
<td>*Inpatient Hospital Admission</td>
<td>None</td>
<td>$250</td>
</tr>
<tr>
<td>Prescription Drugs – 30 day supply</td>
<td>5/15/35</td>
<td>5/25/40</td>
</tr>
<tr>
<td>Prescription Drugs – 90 day supply</td>
<td>10/30/70</td>
<td>10/50/80</td>
</tr>
</tbody>
</table>

*Individuals enrolled in the Sliding Scale benefit for the new plan year may seek reimbursement from the College for these costs. Please contact the Office of Human Resources for details.

The Massachusetts Health Care Reform Act requires that health plans cover unmarried dependents until the earlier of their 26th birthday or two (2) years following the loss of their dependent status according to federal tax rules. If you have an unmarried dependent under age 26 not currently covered under your policy, in some circumstances, you may add him/her effective July 1, 2010. The law also requires each Massachusetts resident to have health plan coverage through his or her employer or through a spouse’s employer or face certain penalties.
Unless you experience a family status change as defined by federal law, the open enrollment period is the only time you can change your level of coverage and add or delete eligible individuals from your plan.

Federal Mental Health Parity Regulations

Effective July 1, 2010, new federal regulations mandate that treatment limitations applicable to mental health and substance use disorder benefits cannot be more restrictive than the treatment limitations placed on medical and surgical benefits. The new Summary of Benefits pamphlets from Blue Cross and Blue Shield reflect these changes.

Creditable Coverage Notices

For participants who are eligible for Medicare coverage and enrolled in an employer sponsored plan that contains prescription drug coverage, an annual notice is required that discloses whether or not the plan provides what is referred to as “Creditable Prescription Drug Coverage”, that is, coverage at least as good as standard Medicare prescription drug coverage. The prescription drug coverage provided through HMO Blue and Blue Choice has been determined to be creditable prescription drug coverage. A copy of the Creditable Coverage Notice is available on the Human Resources website.

Other

The Children’s Health Insurance Program (CHIP) may provide premium assistance to help individuals who are unable to afford the premiums to pay for coverage from Amherst. Please refer to the enclosed notice describing CHIP for additional information. Amherst will comply with the special enrollment requirements for individuals who lose eligibility for Medicaid or CHIP coverage, or who become eligible for premium assistance for such coverage. This information is also available on the Human Resources website.

The Amherst Plan

The Amherst Plan allows eligible participants to contribute pre-tax dollars, through payroll deductions, to pay for many dependent care expenses and eligible medical expenses not covered by the health or dental plans. You may enroll in either or both of the Medical and Dependent Care Spending Accounts. Paying for expenses through the Amherst Plan on a pre-tax basis can provide a significant savings to you.

In order to reduce the impact of this transition to higher copayments, the College will make a contribution to a Medical Spending Account for each active employee enrolled on July 1, 2010 in a health plan offered by the College. You are not required to complete any form or to make any contribution to obtain the College contribution. Each person enrolled in an individual contract will receive a contribution of $175; each person enrolled in a family contract will receive a contribution of $385. These amounts will be prorated for employees working less than a full-time schedule. This is a one year commitment by the College which will be reexamined in connection with next year’s health insurance benefits.

Effective January 1, 2011, due to a change brought about by health care reform, over-the-counter medications and drugs will require a doctor's note (also known as a letter of medical necessity) to be eligible for reimbursement.

A debit card feature is part of the program and is a convenient way for you to pay for eligible expenses without having to pay first and then submit for reimbursement. Additional information is available on the Human Resources website.

Plan rules require you to re-enroll in the Medical and/or Dependent Care Spending Accounts each year in order to participate in the Plan through payroll deductions. The enclosed enrollment form must be completed and returned to the Office of Human Resources by June 1, 2010 in order to participate in
the upcoming year. You do not have to complete this enrollment form in order to receive the special College contribution if you do not want to make additional contributions through payroll deductions.

The Amherst Plan also allows you to pay for your health and dental premiums on a pre-tax basis through payroll deductions. If you enrolled in this portion of the Plan previously, there is no need to complete another form.

**Life Insurance**

Each eligible employee under age 65 receives Basic Life Insurance coverage equal to 1.5 times annual salary at no cost to the employee. Basic coverage reduces to one times salary at age 65, and to 67% of salary at age 70. Supplemental coverage equal to 1, 2 or 3 times salary can be purchased according to age-based rates. Coverage is also available for a spouse/partner and dependent children.

During the annual enrollment period you may increase your present level of supplemental coverage by one times your salary to a maximum of three times salary without providing any evidence of health. Forms are available on the Office of Human Resources website. Generally, if you wish to increase coverage outside of the annual enrollment period you must submit an application to the insurance carrier for consideration and potentially could be denied the coverage. The maximum amount of coverage for Supplemental and Basic coverage is $500,000. Spouse/partner and dependent insurance is available at a flat $10,000 of coverage. The applicable rates for supplemental and dependent coverage, as well as an enrollment/change form, are posted on the Human Resources website.

**Office of Human Resources Information**

Each year you have the opportunity to meet with our benefit providers at the Benefits and Services Fair. In addition, we have open campus drop-in hours at different locations for you to turn in health insurance forms, submit applications for sliding scale cost sharing and the Amherst Plan, as well as discuss any other benefit issues or changes you may be contemplating. This year we will conduct a number of open meetings to discuss how the Amherst Plan works and how you can best take advantage of utilizing the College’s contribution to the Amherst Plan. Please review the enclosed notice for details on the times and locations for these events.

Questions concerning open enrollment may be directed to Philip Chapman-Bell at 542-5403, pcchapmanbell@amherst.edu or Ernie LeBlanc at 542-5407, eleblanc@amherst.edu.

The Office of Human Resources is located at 201 Converse Hall. Application forms for processing any changes to your plan, and detailed brochures, are also available in our office which is open each work-day from 8:00 A.M. to 4:30 P.M. Applications for the sliding scale health insurance premiums can be witnessed during office hours.

**Changes must be completed and received in the Office of Human Resources no later than June 1, 2010.**

Sincerely,

Kathryn V. Byrne
Director of Human Resources

Enclosures: New Health/Dental Rates, Application for Sliding Scale Cost Sharing, Amherst Plan Enrollment Form, Meeting Schedule