

KENAI PENINSULA BOROUGH SCHOOL DISTRICT



December 22, 2016

Dear Active Plan Participants:

The Health Care Program Committee is pleased to announce effective February 1, 2017 the Plan will begin using Aetna as its Preferred Provider Organization (PPO) network. The Aetna network will replace the current Multiplan PPO network. Aetna will also provide case management and precertification services currently provided by Medical Rehabilitation Consultants.

Please Note: The preferred PPO facilities, Alaska Regional Hospital, Central Peninsula Hospital and South Peninsula Hospital contracts will remain intact and will not change.

Why is the Plan Making this Change?

Health care costs continue to increase much faster than general inflation. Nationwide, medical costs are increasing 7% to 9% annually. By switching to the Aetna network, both you and the Plan will benefit from overall lower costs through improved PPO discounts and integration of medical management services and tools which can help you manage your health.

It is important to remember the Plan is a self-funded benefit plan (benefits are not being provided by an insurance company). This means the benefits paid out by the Plan come directly from the contributions made to the Plan by you and your employer. The Health Care Program Committee is constantly analyzing ways to reduce costs while still providing a high level of benefits. After participating in an in-depth analysis of available PPO networks, the Committee chose Aetna due to:

- A higher level of discounts through the Aetna PPO network when compared to the Plan's current network
- Integration of precertification and case management services with the PPO network, as well as other online tools that can help you manage your health.

What Will Change?

Aetna will become the PPO network for medical services and will provide pre-certification and case management. Beginning February 1, 2017 you should use Aetna PPO providers to assure you receive the highest level of benefits, and are not subject to balance billing from a provider.

Beginning February 1, 2017 you may experience your doctor and other medical providers being more proactive about pre-certifying certain types of services. This Plan does not cover services which are not medically necessary. Pre-certification provides a way to determine if treatment is considered medically necessary in advance. Pre-certification of hospital stays and other high cost services has always been a part of this Plan, and that is not changing. What is different is that Aetna's PPO contracts now hold medical providers responsible for charges related to any service determined not medically necessary. This provides an extra level of protection for you, but may result in your doctor seeking pre-certification more often than in the past. If you and your doctor disagree with a pre-certification decision made by Aetna, your doctor should first work with Aetna to supply additional information and/or determine if alternative methods of treatment are available. If you still

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disagree with Aetna's decision, you always have the right to submit an appeal to the Administration Office, Rehn & Associates.

What Will Stay the Same?

This change will not affect your Plan's medical deductible, copays, coinsurance or out-of-pocket maximum. Rehn and Associates will continue to process claims and provide customer service to plan participants. Caremark will continue to provide pharmacy benefits. The Plan's other benefit programs will remain unchanged. As noted above, the Plan will continue to be self-funded, and the Committee will continue to monitor plan expenses to determine if additional changes are needed in the future.

What Do I Need to Do?

Continue to use your current medical ID card through January 31, 2017. The Plan will send you a new ID card prior to the change (Mid-January). **THE NEW CARD WILL NOT BE VALID UNTIL FEBRUARY 1, 2017.** Beginning February 1 you must use your new card for claims to be processed and for services to be pre-certified appropriately. Prior to February 1st you should check to see if your current doctor and other health care providers are part of the Aetna PPO network. If you are scheduling a surgery or other health care services on or after February 1, please check to make sure the providers are part of the Aetna PPO network. If your health care provider is not currently a member of the Aetna network and they are interested in joining, please have them contact Aetna.

Why is it Important to use an Aetna PPO Network Provider?

The Plan allows you to use any covered provider you choose, but there are advantages when you use an Aetna PPO network provider. First, Aetna negotiates discounted fees with these doctors and facilities and passes the savings on to you and the Plan. In addition, for non-PPO providers the Plan pays 80% of charges up to the usual, customary and reasonable (UCR) limit for professional services. For non-PPO facility/hospital services the Plan pays 60% of charges up to the usual, customary and reasonable (UCR) limit. For a non-PPO provider, the UCR limit may be less than the provider's charge, which means the provider may also bill you for any amount they charge over UCR (balance billing), in addition to the 20% or 40% you already pay.

By using an Aetna PPO network provider, you may save money in two ways:

1. Lower negotiated fees that PPO network providers have agreed to
2. No amounts over "usual, customary and reasonable" limits.

Is My Doctor in the Aetna Network?

The Aetna provider directory is available online by logging into <http://www.aetna.com/docfind/home.do>. You may also search the provider directory without logging in, by selecting the Aetna Choice POS II (Open Access) network. If you do not find your doctor here, please verify whether they are or are not Aetna PPO providers. If they are not, you may still go to your doctor but be aware you may have charges that are over UCR.

Watch for Additional Information!

Additional information about this change, along with new ID cards, will be sent to you prior to February 1, 2017. Please watch for them.

The Health Care Program Committee believes this change will be beneficial by saving money for both you and the Plan. If you have any questions please feel free to call the Administration Office at 800.872.8979.