



THE UNIVERSITY of TENNESSEE

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**Payroll Office**

To: Group Insurance Participants  
From: Robert C. Chance  
Date: December 8, 2008  
Subject: Calendar Year 2009 Medical Insurance Changes

The Tennessee State Insurance Committee, consisting of members from State Government and the University of Tennessee, sets the health plan benefits and insurance premium rates for state employees and employees of higher education institutions. The premium rate increase of 4% for the 2009 plan year was set in July of 2008 before the economic downturn accelerated and the revenue projections for the State budget worsened. At its December meeting, the Insurance Committee made two changes to the State health insurance plan in an effort to preserve jobs and prudently manage the State budget.

First, the previously announced rate increase will not occur in December of 2008 for calendar year 2009 coverage. Your deduction and the University's contribution for your medical insurance will not change from the 2008 premium rates.

Second, the following pharmacy copayments will become effective on January 1, 2009:

**30 –34 day supply at retail pharmacies**

Tier 1 (generic drugs): \$5 copayment

Tier 2 (preferred brand name drugs): \$25 copayment

Tier 3 (non-preferred brand name drugs): **\$75 copayment (change from \$50)**

**90 –102 day supply by mail order or at participating “mail at retail” pharmacies**

Tier 1 (generic drugs): **\$10 copayment (change from \$5)**

Tier 2 (preferred brand name drugs): **\$50 copayment (change from \$25)**

Tier 3 (non-preferred brand name drugs): **\$100 copayment (change from \$50)**

As these changes have been made since the printing and distribution of your health plan member handbook this fall, the University will allow members in the HMO or POS options to transfer to the PPO option if they find that the plan of benefits in that option better suits their needs. The HMO and POS options do not have an out-of-pocket limit, but the PPO option does have a individual copayment limit. If you choose to change to the PPO to take advantage of the limit, you must complete and turn in an enrollment/change application, available from your campus Insurance Benefits Coordinator, **NO LATER THAN JANUARY 15, 2009**, for an effective date of March 1, 2009.

Because the pharmacy copayment amounts are increasing for certain options, the University is also extending the deadline for joining the Flexible Benefit Reimbursement Plan until December 31, 2008. If you have already completed a Flexible Benefit Reduction Agreement form and turned it in to your campus representative, you may change the contracted Medical Reduction amount by completing a new Reduction Agreement form and marking it as “**Revised**.” The Reduction Agreement form is available from your campus insurance office or the University-Wide Administration Payroll Office. It is also available online from <http://payroll.tennessee.edu/>.