

# RULES YOU SHOULD KNOW

## Deferred retired employees

- ⊕ If you are eligible to receive a pension within five years after you terminate employment, you are a deferred retired employee. Deferred retired employees may keep their medical and dental coverage for themselves and their covered family members. You may keep life insurance for yourself. You will pay the same premiums that retirees pay. If you don't pay your premiums, you will not be allowed to reinstate coverage when you begin receiving a pension.

## Long term disability

- ⊕ If you were hired after September 1985 and are an active municipal employee or classified firefighter, you are covered under the Compensable Sick Leave Plan. After two years of employment, you are usually covered under the Long Term Disability Plan. If you become disabled, you must apply for your disability benefit within 12 months after the disability caused you to stop working. You may qualify to receive the benefit until age 65.

## Life insurance

- ⊕ Review your life insurance beneficiary NOW. If you have had a "life event" like marriage, divorce, birth, adoption, or death, you may want to change your beneficiary. If your minor child is the beneficiary of your life insurance, the life-insurance company will keep that money until your child reaches age 18, or until the insurance company receives legal documentation showing a financial guardian for your child. An employee is the beneficiary of his/her dependents' life insurance.
- ⊕ If your spouse and you work for the city, you each may be covered only once under the life-insurance plan, as either an employee or a dependent. Only one of you may cover dependent children. As an employee, you may buy coverage of up to four times your base salary. As a dependent spouse, your maximum coverage is \$50,000. A child's maximum is \$10,000.

## Medical/Dental coverage

- ⊕ If you die while you are an active employee, your covered surviving spouse and covered dependent children may keep medical and/or dental coverage until your spouse remarries or becomes covered under another group medical or dental plan. The children may be covered until age 25. Your spouse will pay the same premiums based on "employee rates."

## COBRA

- ⊕ If you are covered under the benefits plans when you terminate employment, you may keep your medical and dental coverage for 18 months through the Consolidated Omnibus Budget Reconciliation Act. You will pay the total premium. If you become disabled during that period, you may keep COBRA benefits for 29 months, when you should qualify for Medicare.

## No paycheck? Keep your benefits

- ⊕ If you are an active employee or retiree and you do not receive a paycheck from the city but want to retain your benefits, you must pay your premiums directly to the benefits division at 611 Walker, 4th floor. Premiums are not deducted for your benefits from the check that you receive from the workers' compensation carrier.

## What's in your benefits file?

- ⊕ You may review your benefits file at 611 Walker, 4th floor, weekdays, 8 a.m. – 5 p.m. Because your records are confidential and protected, a written request, a written release with your notarized signature, or your physical presence is required. Present your city ID card. Information will not be released over the telephone.

## Change of address

- ⊕ When you change your mailing address, you need to also update your address with the city's central payroll division or your pension office, and complete a benefits change form for the medical/dental plans. To receive important information about your medical and dental plans, your address must be current at all times.

## Small pension check? Pay your premiums by check or money order

- ⊕ If you are a retiree and find that you need to pay your health care premiums by check or money order, you may do so. Contact the Benefits Division at (713) 837-9400 or (888) 205-9266.

CITY OF HOUSTON

MAY 2005



ENROLLMENT GUIDE  
FOR ACTIVE EMPLOYEES  
AND RETIREES

Healthy Living Toolbox

Dear Employees and Retirees:

May 2005

Once again, the City of Houston is proud to offer a health plan that provides you access to the highest quality health care on more affordable terms than most, if not all, large employers.

We are fortunate to live in a city with state-of-the-science medical facilities and doctors. As you are aware, health-care costs are skyrocketing. In the past decade alone, costs have risen two to three times faster than inflation. These increases exceeded the city's revenues.

We were determined to keep your health plan affordable without compromising quality. So we spent a lot of time in negotiations. It paid off when we were able to cut the cost by almost one-half of what was originally proposed at the start of negotiations, while never sacrificing quality or accessibility.

An overview of changes planned for the May 2005 open enrollment is as follows:

- In FY06, the health plan will cost about \$225 million for employees, retirees and their dependents.
- The City's contribution will increase by over \$10 million, shouldering 78 percent instead of the previous 80 percent, of the overall cost. Participants will contribute 22 percent.
- Well-woman and well-man annual exams will have a \$0 copayment in the PPO.
- There will be an increase in copayments for seeing a specialist, going from \$20 to \$45 in the HMO, and \$30 to \$50 in the PPO.
- To offset costs, non-sedating antihistamines like Zyrtec, Allegra and Clarinex, as well as drugs like Viagra, Cialis and Levitra, will no longer be covered.

There's great news for Medicare-covered retirees. Two exciting new cost-saving Medicare Advantage Plans will be offered on May 1. If enrolled, these plans can reduce monthly premiums by 85 percent to 97 percent, while providing the quality health care to which you've become accustomed. Medicare-covered retirees will receive special enrollment packets describing the TexanPlus and Texas HealthSpring plans around mid-March. The Human Resources Department staff will be available to answer questions.

We'll keep fighting to provide you the highest-quality, most affordable health plan.

Thank you for the hard work you do every day. It is an honor and a privilege to serve as your mayor.

Respectfully,



Mayor Bill White



## Your Healthy Toolbox

New and more sophisticated prescription drugs are mitigating and preventing otherwise deadly diseases. They can postpone or eliminate hospitalization and surgery. They can shorten convalescence and extend life expectancy. They have even defeated pain.

But at what price? And what does the future hold for prescription-drug therapy?

The healthy toolbox tips sprinkled throughout your guide are designed to inform you about drugs and their usage so you can make better-informed, healthier and more cost-effective choices in the future.

## HMO and PPO Plans

City employees and retirees have long enjoyed one of the finest health plans in the United States, with quality, accessible, affordable health care. The city has worked hard to keep the payments affordable and the plans responsive to your needs. But with medical inflation continuing in double digits, this is becoming more and more difficult. Health benefits costs continue to skyrocket across the country and all businesses are feeling the pinch, but the city continues to work hard to provide employees and retirees with quality, accessible, and affordable health care.

Thanks to the determination in our negotiations with HMO Blue Texas, we were able to reduce a possible 24% cost increase down to 13% for May 2005. With the one-year cost for the city's health plans for FY06 reaching \$225 million, a few changes are necessary to keep the plans affordable for employees, retirees and the city.

To keep the plans affordable, we have targeted two areas for modification. Details of those changes are explained in this Enrollment Guide. Our philosophy has always been to try to keep changes to your contributions as low as possible, and look to certain plan features for modification - instead of passing along large contribution increases every year. If you don't use the plan much, the plan changes won't affect you much. People who use the plans more will carry a larger portion of plan costs.

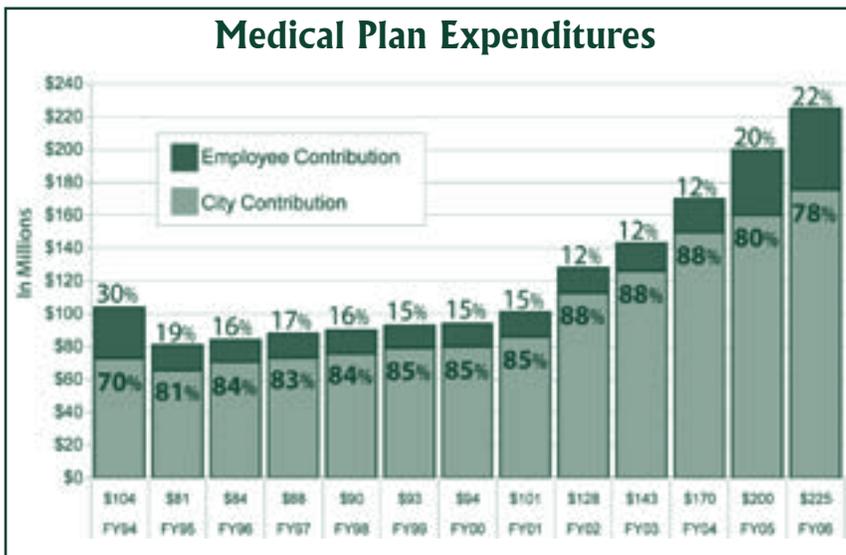
## Contributions

The modest 13% increase is still 290% higher than the average increase in the city's general revenue fund for the last five years -- the primary source of the city's income. For May 2005, the city will change its contributions from 80% to 78%, sharing a larger portion of the \$225 million cost with participants. Employees, retirees and survivors will contribute 22% of the total cost beginning on May 1, 2005. See page 7 for the new rates. HMO plan rates will increase 22%, and PPO plan rates will increase about 28%, except in one retiree category.

Your monthly contributions are increasing May 1, 2005. But they still remain a good value for the benefits you receive. Fixed copayments and controls on what you pay out-of-pocket for prescriptions are features that help keep your expenses predictable and low. If you have a prolonged illness or injury, the plan will safeguard you against financial hardship.

But considering the American work force's struggles with paying for medical coverage, it's easy to see that city employees are still getting a sweet deal.

The history of the contributions ratio is displayed in the chart below.



## WHAT'S NEW? FOR MAY 2005

1. \$0 copayment for a well-woman/well-man exam in both the HMO and PPO plans.
2. Changes to the specialist copayment in the HMO and PPO.
3. Two kinds of prescriptions will not be covered on May 1, 2005. See page 9 for details.
4. Changes to contributions in the HMO, PPO and DHMO.
5. Two new plans for Medicare-covered retirees.

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## Important Note:

For real savings, retirees who are covered by Medicare should consider one of the new Medicare Advantage Plans. See page 6 for additional information.

## Plan Highlights

The HMO Blue Texas HMO and PPO are still the plans of choice. The HMO requires that all of your medical care be directed by your primary care physician (PCP) and you can only use network providers (except for emergency care.) The PPO allows for more flexibility, with no gatekeeper and an out-of-network option, but you will pay greater contributions, copayments, and coinsurance than in the HMO.

The PPO plan was introduced in May 2004, and received about the same enrollment as the previous Point of Service plan - 4% of employees and retirees. It provides a larger network of physicians in Houston and the US, but requires greater cost-sharing from participants.

## Plan Feature Changes

There are benefits changes in both the HMO and PPO plans that will become effective on May 1, 2005. They are:

- Annual well woman and well man exams will now have a \$0 copayment in both the HMO and PPO plans. This does not apply to routine physicals.
- Specialist copayments will go from \$20 to \$45 in the HMO and from \$30 to \$50 in the PPO.

Plan	from	to
HMO	\$20	\$45
PPO	\$30	\$50

Office visits for family planning/infertility, preventative care, rehab services, and visits from home health care professionals will not be considered a visit to the specialist. You will pay the PCP level copayment for these services.

A brief comparison of plan features is found on page 4.

- Step therapy has been introduced in the prescription drug plan, and certain drugs are no longer covered. See "Prescription Highlights" on page 9.

**Important Note:** The PPO in-network has an annual deductible of \$200 for individuals and \$600 for families. For families, the maximum can be reached by a combination of all covered family members' eligible expenses.

If you don't reach your annual deductible by Dec. 31, a 3-month carryover feature will help you in the following calendar year. Charges that apply to the annual deductible and that are incurred in October, November and December can be counted in the next year.

## PPO / OUT-OF-AREA ANNUAL MAXIMUMS

Which payments apply to the annual maximum amount that you pay each year?

Payment Type	Payment applies to annual maximum	Payment required after annual maximum is reached
Annual Deductible	Yes	No
Coinsurance	Yes	No
Copayments * (excluding Rx)	Yes	Yes
Hospital Inpatient Copayment *	Yes	Yes
Copayments for prescriptions *	No	Yes

\*Copayments do not apply to the deductible. Once the annual maximum is reached, you keep paying all copayments.

## Plan Features

The following plan features are effective May 1, 2005. The plan documents can be found at [www.houstonhumanresources.org](http://www.houstonhumanresources.org). Click on Open Enrollment 2005. Refer to the plan document for covered benefits and exclusions. See Benefits Comparison Chart for more details.

Plan feature	What you pay		
	HMO	PPO In-network	PPO Out-of-network
Deductible (Individual/Family)	N/A	\$200/\$600	\$400/\$1,200
PCP office visit copayment	\$20	\$30	40%
Specialist office visit copayment	\$45	\$50	40%
Routine physical copayment	\$20	\$30	40%
Well woman/man exam	\$0	\$0	40%
Inpatient admission copayment/coinsurance	\$500	\$500 + 20%	\$1000 + 20%
Emergency room	\$150	\$150 + 20%	\$150 + 20%
Ambulance Outpatient Surgery	\$100	20%	20%
Outpatient surgery	\$200	20%	40%

### Prescriptions (30-day supply) participating pharmacy copayment

	HMO	PPO In-network	PPO Out-of-network
Generic	\$10	\$10	\$10
Preferred brand	\$30	\$30	\$30
Nonpreferred brand	\$45	\$45	\$45

### Prescriptions (90-day supply) mail-order copayment

	HMO	PPO In-network	PPO Out-of-network
Generic	\$20	\$20	\$20
Preferred brand	\$60	\$60	\$60
Nonpreferred brand	\$90	\$90	\$90

Annual maximum copay/coinsurance (Individual / Family)	HMO	PPO In-network	PPO Out-of-network
	\$1,500/ \$3,000	\$3,000/ \$6,000	\$5,000/ \$10,000

Out-of-Area plan benefits are not displayed in this chart. Go to [www.houstonhumanresources.org](http://www.houstonhumanresources.org). Click on Open Enrollment 2005 for more details.

## Who is a specialist?

The chart below shows what types of doctors are in the PCP and Specialist categories. The new copayment applies to specialists.

Primary Care Physicians (PCPs)	Specialists**	
HMO - \$20 Copay PPO - \$30 Copay	HMO - \$45 Copay	PPO - \$50 Copay
Family Practitioners	Allergists/Immunologists	Ophthalmologists
General Practitioners	Cardiologists	Optometrists
Internists	Chiropractors	Orthopedists
Pediatricians	Dermatologists	Otolaryngologists
Gynecologists (well-woman exam only*)	Endocrinologists	Podiatrists
Obstetricians (pregnancy only)	Gastroenterologists	Pulmonologists
	Gynecologists	Radiologists
	Hematologists	Rheumatologists
The following specialty care will be provided at the PCP copayment levels:	Nephrologists	Surgeons (of any kind)
- Home health visits	Neurologists	Urologists
- Family planning/infertility	Oncologists	
- Well-woman/well-man exams *		
- Physical therapy/rehabilitation		

\* \$0 copayment

\*\* This list is for illustration purposes, and is not intended to be a complete list. Other doctors may be considered "specialists."

## ENROLLMENT

### OPTIONS

If you are currently enrolled in:	You may enroll in one of these plans during this enrollment		
	HMO	PPO	OOA
HMO	yes	yes	no
PPO	yes	yes	no
OOA	yes*	yes*	yes**

\*If you live in the plan's service area.

\*\*Only available to a few employees/retirees. You must live outside the PPO/HMO service area to enroll. See a list of zip codes on the enrollment Web site.

### Important Note:

There are two new Medicare Advantage Plans available to Medicare-covered retirees or dependents. If you would like information about these new plans call the benefits division at (713) 837-9400 or (888) 205-9266.

# HEALTH PLAN HIGHLIGHTS

## Important note:

The BlueCard program provides a benefit in the HMO and the PPO. It provides temporary coverage if you or a dependent visits or resides outside the Service Area. There are HMO networks in 35 states that honor the BlueCard. Your ID card has a little suitcase that denotes that you have this benefit. Benefits are available only through network providers in that location. Call the number on the back of your ID card to learn more about this benefit.

## Doctors in the HMO and PPO

This chart is a partial listing of doctor groups available to you. Many doctors contract independently with the PPO. For a complete list, go to [www.bcbstx.com](http://www.bcbstx.com) and search by doctor name or by zip code.

Physician Group	HMO	PPO
Baylor		X
CardioVascular Care Providers, Inc.		X
Diagnostic Clinic		X
Inpatient Consultants of Texas		X
Kelsey-Seybold Clinic	X	X
McGovern Allergy Clinic		X
MD Anderson Cancer Center		X
Medical Clinic of Houston		X
Memorial Hermann Healthnet Network Providers		X
OB/Gyn Associates		X
PeopleFirst	X	*
Renaissance	X	*
Sadler Clinic		X
University Care Plus		X
UTMB-Galveston		X

\* Physicians in these groups may be in the PPO through independent contracts instead of through the IPA.

## WHICH PLAN IS RIGHT FOR ME?

This chart below presents several considerations in making your choice between the HMO and PPO plans.

Features	HMO	PPO
	Services are available from specific doctors for a specific copayment; no claims to file; no coverage out-of-network (except for emergencies.)	Services are available from a larger network of doctors; services are subject to deductible, copayment and coinsurance; you may have to file a claim; out-of-network coverage is available at a lower benefit level.
<b>Network</b>	7,000 PCPs and specialists in the counties surrounding Houston	11,000 doctors in the Houston area, and 600,000 doctors across the United States
<b>Service Area</b>	220 counties in Texas	49 states, excluding Montana
<b>Network services</b>	Except for emergency care, only services provided in the network are covered.	Services performed in-network and out-of-network are covered at different levels.
<b>Primary Care Physician</b>	A PCP coordinates all medical care.	Freedom to choose any doctor, hospital, or specialist.
<b>Referrals</b>	PCP must refer you to specialists and hospitals.	Referrals are not required.
<b>Deductible</b>	No deductible or coinsurance	\$200/\$600 in-network; \$400/\$1,200 out-of-network
<b>PCP visit</b>	Most common copayment is \$20.	Most common copayment is \$30 in-network.
<b>Specialist visit</b>	Most common copayment is \$45.	Most common copayment is \$50 in-network.
<b>Coinsurance</b>	Most services covered at 100% after copayment.	Services covered 80% (or 60% out-of-network) after annual deductible.
<b>Billing for services</b>	No balance billing No claims to file	No balance billing, unless you seek out-of-network services; you must file a claim to seek reimbursement.
<b>Preventive care</b>	Routine preventive care such as well-baby, well-woman, and well-man exams are free; annual physicals are covered with copayment.	Preventive care such as well-woman and well-man exams are free in-network and annual physicals are covered with copayment. Limitations on out-of-network preventive services.

## Introducing two new Medicare Advantage plans

Two new Medicare Advantage Plans for Medicare-covered retirees and their Medicare-covered dependents are being offered by the city: TexanPlus and Texas HealthSpring. Some of the exceptional benefits offered are:

- ⊕ Plan design similar to HMO Blue Texas HMO.
- ⊕ Prescription benefits similar to the HMO and PPO drug copayment structure.
- ⊕ Familiar Kelsey Seybold and Renaissance physicians.
- ⊕ Access to familiar retail pharmacies like CVS, Walgreens, HEB, Kroger, Randalls and others.
- ⊕ Access to state-of-the-art medical facilities like St. Luke's and Methodist hospitals.
- ⊕ Urgent-care center locations so convenient they could almost be considered a house call.
- ⊕ The option for split-family elections (one stays in city plan, one elects a Medicare plan);
- ⊕ Opportunity to switch back to HMO Blue Texas plans at the first of any month during 2005.

But best of all is the tremendous cost savings opportunity - - real "feel-it-in-your-wallet" savings such as:

- ⊕ 85 – 92 percent savings on "retiree only" monthly contributions;
- ⊕ 50 – 75 percent savings on PCP visits;
- ⊕ \$100 savings on emergency room visits;
- ⊕ No copayment for home health care visits;
- ⊕ And much, much more!

If you or your dependent(s) are card-carrying members of Medicare and are enrolled in both Part A (hospital insurance) and Part B (medical insurance) contact the City of Houston Benefits Division at (713)837-9400 or (888)205-9266 for more information regarding these money saving Medicare Advantage Plans.

There is a separate enrollment guide and more information about the plans on the enrollment Web site [www.houstontx.gov/hr/oe05/oe05\\_main.htm](http://www.houstontx.gov/hr/oe05/oe05_main.htm).

### **Important Note:**

There are two new Medicare Advantage Plans available to Medicare-covered retirees or dependents. If you would like information about these new plans call the benefits division at (713) 837-9400 or (888) 205-9266.

## Drug breakthroughs in the last 100 years

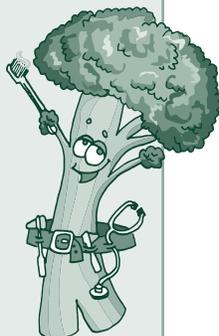
Over the past 100 years, the number of pharmaceuticals employed to improve health and extend life has expanded considerably, prompting historians to call the 20th century the "golden age of medicine." Medical historians define four major breakthroughs:

1. Aspirin gave relief from pain.
2. Penicillin provided anti-infection therapy against previously untreatable diseases.
3. Cortisone mobilized the body's self-defense mechanisms.
4. Streptomycin provided the first highly successful treatment for tuberculosis.



## Wonder drug: aspirin (1899)

Hippocrates, father of modern medicine, lived between 460-377 B.C. He left records of pain-relief treatments, which included the use of a powder made from the bark and leaves of the willow tree that helped relieve headaches, pains and fever. By 1829, scientists discovered it was a compound in willow plants called salicin that gave pain relief.



In 1899, Felix Hoffmann, a German chemist, searched for an aid to his father's arthritis pain. He came across the plant *Spiraea ulmaria* with properties very similar to the bark of a willow tree, retrieved salicylic acid from it and combined it with acetyl chloride. The resulting product worked wonders alleviating pain. Hoffmann convinced his employer, the Bayer Co., to manufacture the drug under the name Aspirin®. It was considered so valuable that after Germany's defeat in World War I, Bayer was forced to give up its aspirin trademark and patent as part of the Treaty of Versailles in 1919.

### Aspirin adventures

- At first sold as a powder, the first aspirin tablets were made in 1925.
- Today, Americans consume almost 80 million aspirin tablets a day.
- No longer made from willow bark, it is now produced from crude oil.
- An aspirin taken at onset of a heart attack could save up to 10,000 lives each year, states the American Heart Association. So, in case of heart attack, grab an aspirin and call 911. The AHA reports that taking one 325-milligram aspirin within 24 hours of a heart attack reduces the risk of dying by 23 percent; decreases the risk of another heart attack; and lowers the risk of stroke.
- As a preventative, an aspirin a day helps keep the heart attack away.

The AHA recommends daily aspirin therapy for people who have had a heart attack. An aspirin a day has been shown to reduce the risk of heart attack by almost one-third for those considered high risk because of their family history.

As mentioned on page two, the total plan cost of the HMO and PPO has increased by 13 percent, to \$225 million for May 2005. The city's contribution will increase by \$10 million, so that the City will pay 78 percent of the plan cost. This means that employees and retirees will pay 22 percent. Last year retirees experienced a large increase in monthly contributions, with segments of retirees who had higher claims costs having the largest increase. This year, the rates will increase the same for all categories, by HMO and PPO. HMO rates will increase about 22 percent for employees and retirees, and PPO rates will increase about 28 percent. Retirees over age 65, who don't have Medicare, and are in the PPO/OOA plans will experience a higher than 28 percent increase.

Experts tell us that there is a great deal of value for these contributions, but we are very sensitive to the impact this increase will have on your monthly budget. That's why the Medicare Advantage Plans should catch your eye.

Both Medicare Advantage Plans offer a health plan alternative, while greatly reducing your monthly contribution. See page 6 or call (713) 837-9400 or (888)205-9266 for more information.

## Active Employees Bi-weekly Contributions (24 times per year)

HMO	from	to
Employee only	\$10.12	\$12.37
Employee + 1	\$49.11	\$60.05
Employee + 2 or more	\$61.76	\$75.52
PPO and Out-of-Area		
Employee only	\$52.56	\$67.05
Employee + 1	\$151.41	\$193.17
Employee + 2 or more	\$196.37	\$250.53

If you or a covered family member use a tobacco product, add \$12.50 to the rates shown above.

## Retirees Under 65 Monthly Contributions

HMO	from	to
Retiree only	\$76.34	\$93.34
Retiree + 1	\$225.18	\$275.36
Retiree + 2 or more	\$351.14	\$429.38
PPO and Out-of-Area		
Retiree only	\$252.40	\$322.00
Retiree + 1	\$569.26	\$726.26
Retiree + 2 or more	\$878.34	\$1,120.58

If you or a covered family member use a tobacco product, add \$25 to the rates shown above.

## Retirees Over 65 Monthly Contributions HMO Blue Texas

HMO	from	to
<b>Retirees over 65 without Medicare</b>		
Retiree only	\$258.62	\$316.24
Retiree + Spouse	\$543.10	\$664.10
Retiree + Family	\$931.02	\$1,138.44
<b>Retirees over 65 with Medicare</b>		
Retiree w/Medicare	\$80.68	\$98.66
Retiree + Spouse (1 w/Medicare)	\$161.38	\$197.34
Retiree + Spouse (2 w/Medicare)	\$157.34	\$192.40
Retiree + Family (1 w/Medicare)	\$274.36	\$335.48
Retiree + Family (2 w/Medicare)	\$250.14	\$305.86
<b>PPO and Out-of-Area</b>		
<b>Retirees over 65 without Medicare</b>		
Retiree only	\$320.42	\$408.78
Retiree + Spouse	\$700.22	\$858.44
Retiree + Family	\$823.78	\$1,471.62
<b>Retirees over 65 with Medicare</b>		
Retiree w/Medicare	\$173.52	\$221.38
Retiree + Spouse (1 w/Medicare)	\$457.08	\$583.14
Retiree + Spouse (2 w/Medicare)	\$366.44	\$467.50
Retiree + Family (1 w/Medicare)	\$578.14	\$737.58
Retiree + Family (2 w/Medicare)	\$562.30	\$717.38

If you or a covered family member use a tobacco product, add \$25 to the rates shown above.

## Rate Comparison

Company (Predominant Plan)	Tier	Employee's Contribution	Employer's Contribution
City of Houston (HMO)	EE only	\$25	\$235
	EE+ family	\$151	\$672
Rice University (HMO)	EE only	\$51	\$241
	EE + family	\$304	\$601
METRO (HMO)	EE only	\$56	\$317
	EE + family	\$179	\$1,014
HISD (HMO)	EE only	\$173	\$249
	EE + family	\$869	\$270
Harris County (PPO)	EE only	\$0	\$328
	EE + family	\$295	\$624
Private Local Company (PPO)	EE only	\$107	\$286
	EE + family	\$302	\$858

Source: City of Houston annual health benefits survey, January 2005. City of Houston data effective 5/1/05. Other participants' data valid YTD 2005.

**New rates are effective May 1, 2005.**

## Disease Prevention Discount Program

Studies show that people who use tobacco are more likely to have higher medical claims and are hospitalized longer. They are also more likely to have smoking as a primary contributor to illnesses like heart, lung and pulmonary diseases that generally require long-term and costly medical intervention.

For these reasons and others, employees, retirees and their covered dependents who do not use tobacco will pay \$25 (\$12.50 per pay period) less each month for health-care coverage. (See chart to the left for disease prevention discount rates.) If you are paying the disease prevention discount premium of \$25 (\$12.50 per pay period) less per month and use a tobacco product, you could lose medical coverage.

## Active Employee Bi-weekly Tobacco User Rates

HMO	
Employee only	\$24.87
Employee + 1	\$72.55
Employee + 2 or more	\$88.05
PPO and Out-of-Area	
Employee only	\$79.55
Employee + 1	\$205.67
Employee + 2 or more	\$263.03

## Wonder drug: penicillin (1928, refined and purified 1941)

Penicillin is another modern drug with origins dating back to ancient Rome, when a mold named *C. Xanthi Penicille* AD Penicille was used for medicinal purposes.

In 1928, Alexander Fleming, a British bacteriologist, got unusual results while culturing bacteria. A blue mold grew in the biological plate from a spore of fungus that had accidentally blown into the plate. All bacteria surrounding the mold died. Fleming studied the killer mold and called it penicillin. He became the first person to publish news of this unexpected germ-killer.

The discovery of penicillin ushered in one of the greatest changes in modern medical history – the antibiotic era. Today, penicillin and other antibiotics are used to treat a number of common diseases and to prevent the onset of infections when our skin, our first barrier to fight off disease, is somehow broken through a simple cut or a more serious wound.



There are changes to the prescription drug plan effective May 1, 2005 and they are a result of the rapidly rising price of drugs. The use of prescriptions has been a huge driver of the health-care cost crisis. With the introduction and media marketing of new high-tech/high-dollar drugs, the cost of prescriptions continues to soar out of control.

The city's prescription drug plan pays for drugs that help cure diseases, relieve suffering and prolong life, but certain drugs that are not in these categories will be dropped from coverage effective May 1, 2005. They are:

- ⊕ Non-sedating antihistamines, such as Zyrtec, Allegra, and Clarinex. Over-the-counter (OTC) brand name and generic non-sedating antihistamines are available at low cost at all local pharmacies. They are usually less expensive than a prescription copayment.
- ⊕ Prescription drugs and devices used to treat sexual dysfunction, such as Viagra, Cialis, and Levitra. These drugs can still be obtained, but you will pay the full cost.
- ⊕ Step therapy will be introduced into the prescription program.

## How Does Step Therapy Work?

Before filling certain prescriptions, the pharmacist will review your prescription history to determine if the plan requires your doctor to consider acceptable alternatives. If so, the pharmacist will advise you to contact your physician to obtain an alternative prescription or to discuss possible over-the-counter solutions.

Prior to May 1, HMO Blue Texas will send a notification to everyone who is currently taking a Step Therapy drug, so you will have time to discuss alternatives with your doctor.

If it is medically necessary for you to use a drug in the Step Therapy program without trying an alternative solution, your physician can obtain authorization from HMO Blue Texas. If the prescription is approved, you will pay the plan's copayment of \$30/preferred brand or \$45/non-preferred brand. If you purchase a Step Therapy drug without approval, you will pay the generic copay plus the difference in cost between the brand name and the generic.

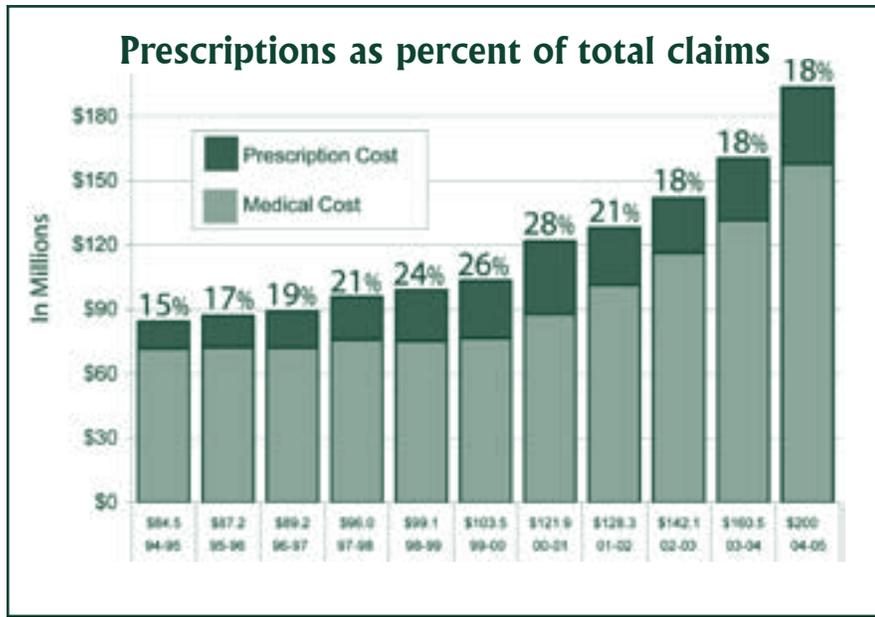
Categories now in the step therapy program are:\*

- ⊕ COX-2 Inhibitors (Celebrex, Bextra)
- ⊕ Leukotrienes for Asthma (Accolate, Singulair)
- ⊕ Rheumatoid arthritis drugs (Enbrel, Humira, Kineret)
- ⊕ ACE Inhibitors (Accupril, Mavik, Altace, Aceon)
- ⊕ Angiotensin II receptor blockers (Avapro, Atacand, Cozaar, Diovan)

\*HMO Blue Texas periodically reviews covered drugs and can modify the Step Therapy program.

As you know, some prescription medications are available in a lower dose without a prescription. Last year, we excluded coverage for those over-the-counter medications from the HMO and PPO plans. We intended to exclude only those prescriptions for which there was an exact over-the-counter version ***in the same strength***. That phrase was omitted from the PPO plan last year. In most cases, HMO Blue Texas administered the benefit in the more generous manner. We have clarified the contract language to match the intent of having the HMO and PPO benefits be the same.

Your thoughtful use of generic and preferred brand prescriptions has kept the prescription drug component in check for three years — 18 percent of total medical costs. Thank you.



## Generic Drugs

As you know, prescription drug usage has been identified as one of the major contributors to the health-care cost crisis, and one way of deflating these skyrocketing prices is to reduce the demand. Buy generic whenever possible.

All generic drugs are covered in tier one of the three-tier formulary, at \$10 copayment rate. The next time you go to the doctor, take a copy of the preferred-drug list with you and ask your doctor about a generic if there is one available.

The effectiveness of generic drugs is the same as the over-advertised, highly priced name-brand drugs in nearly every way except for the lower price tag. Remember, your copayment is only \$10 for a 30-day supply of a generic drug.

In the chart below are some examples of these cost differences.

Drug Therapy Class	Generic		Brand-name	
	Drug Name	Cost	Drug Name	Cost
<b>Ulcers/heartburn 20 mg tab</b>	Omeprazole	<b>\$90.99</b>	Prilosec	\$129.09
<b>Antidiabetic 850 mg tab</b>	Metformin	<b>\$69.59</b>	Glucophage	\$154.09
<b>Infection 500 mg tab</b>	Cephalexin	<b>\$15.99</b>	Keflex	\$93.99
<b>Antihypertension 30 mg tab</b>	Diltiazem ER	<b>\$35.99</b>	Cardizem ER	\$96.99
<b>Antidepressant 20 mg tab</b>	Fluoxetine	<b>\$31.99</b>	Prozac	\$128.99

## Wonder drug: cortisone

(1944)

Not a pain-relieving drug as many think, synthetic cortisone is a powerful anti-inflammatory medication. Cortisone is a type of steroid produced naturally by your adrenal gland and released when your body is stressed. Natural cortisone is released into the blood stream and is relatively short acting.



Injectible cortisone is synthetically produced and has many different trade names (Celestone, Kenalog, Prednisone, etc.), but is a close derivative of the body's own product. The most significant difference is that synthetic cortisone is not injected into the blood stream but into a particular area of inflammation. Also, the synthetic cortisone is designed to act more potently and for a longer period. When pain is decreased, it is because the inflammation is diminished. Many conditions where inflammation is an underlying problem are amenable to cortisone shots, including shoulder bursitis, arthritis, tennis elbow and carpal tunnel syndrome.

### Cortisone – are there side effects?

Yes. Probably the most common is a "cortisone flare," a condition where the injected cortisone crystallizes and can cause a period of pain worse than before the shot. This usually lasts a day or two and is best treated by icing the injected area. Beware: prolonged use of cortisone, especially when ingested orally, can have side effects ranging from inconsequential to horrific and must be carefully monitored by a physician specializing in internal medicine. However, by injecting cortisone into a particular area of inflammation, short-term use at very high concentrations can be given while keeping potential side effects to a minimum.

## Wonder drug: streptomycin

(1946)

Streptomycin is an antibiotic used in combination with other drugs to treat tuberculosis, a chronic bacterial infection that causes more deaths worldwide than any other infectious disease. Tuberculosis is spread through the air, usually affecting the lungs, although other organs are sometimes involved. Streptomycin is no longer considered a first-line treatment for TB since the frightening appearance of multi-drug-resistant strains. (See Super bugs box on page 16.)



## Preferred Drug Program

The city implemented a three-tier program for prescription drugs in July 2002. You find the lowest copayment when you purchase generic drugs. If you want a brand-name prescription, look in the “preferred” category for the lowest price on brand name drugs. Other prescriptions are available in the non-preferred category, but your copayment will be higher. (See chart below.)

As a reminder, brand-name drugs may move from the nonpreferred tier to the preferred. Most of these changes are limited to one time per year, in May. Be sure to check the preferred drug list before you refill your prescriptions. A current list is found at [www.bcbstx.com](http://www.bcbstx.com), or call (713) 837-9400.

## Prescription Coverage

Plan	Participating pharmacy 30-day supply	Mail order 90-day supply
<b>HMO</b>		
	\$10 generic	\$20 generic
	\$30 preferred	\$60 preferred
	\$45 nonpreferred	\$90 nonpreferred
<b>PPO and OOA at participating pharmacy</b>		
	\$10 generic	\$20 generic
	\$30 preferred	\$60 preferred
	\$45 nonpreferred	\$90 nonpreferred
<b>PPO and OOA at nonparticipating pharmacy</b>		
	50% after \$20 copayment per Rx	not available

To find a participating pharmacy, go to [www.bcbstx.us](http://www.bcbstx.us) and use the pharmacy or provider finder option.

### Health materials employee checklist:

- Statement of benefits
- Open enrollment guide
- Comparison chart
- Election/change forms

### Health materials retiree checklist:

- Open enrollment guide
- Comparison chart
- Medical/Dental change form

**Important note:** For medical and dental plans, only new enrollees will receive new ID cards for May 1, 2005. Your current ID card has no expiration date. New PPO members will receive only two ID cards per family. If you need additional or replacement ID cards, order the medical ID card by calling HMO Blue Texas at (713) 837-9377 or (713) 837-9376, or access the Web site at [www.bcbstx.com](http://www.bcbstx.com). To request dental ID cards call (713) 861-8721.



# Top 25 Prescriptions

Paying the retail cost for prescription drugs is expensive. But you are spared that expense by the city’s three-tier prescription drug benefit – especially if you use generic drugs.

It’s easy to find what tier your prescriptions are in. Check the chart below to see if your prescription is also one of the top 25 medicines. Then, compare your cost with the retail cost and see how much your plan saves you in out-of-pocket expenses.

To see the entire list of preferred drugs, go to [www.bcbstx.com](http://www.bcbstx.com), pharmacy option.

Top 25 Prescriptions for City Employees and Retirees				
Drug	\$10	\$30	\$45	Retail cost
Therapy Class	Generic	Preferred	Nonpreferred	30-day Supply
<b>Aciphex</b> <i>Ulcers/Heartburn 20 mg tab</i>			X	<b>\$142.99</b>
<b>Actos</b> <i>Antidiabetic 30 mg tab</i>		X		<b>\$181.99</b>
<b>Advair Diskus</b> <i>Antiasthma 250/50 mcg (60 doses)</i>		X		<b>\$172.99</b>
<b>Allegra</b> <i>Non-sedating antihistimine 60 mg tab</i>		X		<b>\$87.59</b>
<b>Amox - K</b> <i>Infection 500 mg</i>			X	<b>\$67.85</b>
<b>Avandia</b> <i>Anti-diabetic 4 mg tab</i>		X		<b>\$93.99</b>
<b>Celebrex</b> <i>Anti-inflammatory 200 mg cap</i>		X		<b>\$96.99</b>
<b>Diovan</b> <i>Antihypertension 80 mg tab</i>		X		<b>\$55.59</b>
<b>Effexor XR</b> <i>Depression 75 mg cap</i>		X		<b>\$96.32</b>
<b>Enbrel</b> <i>Arthritis 25 mg inj (2 inj/wk for 4 wks)</i>			X	<b>\$1,482.08</b>
<b>Lamisil</b> <i>Fungal Infection 250 mg tab</i>		X		<b>\$306.99</b>
<b>Lipitor</b> <i>Cholesterol lowering 10 mg tab</i>		X		<b>\$75.59</b>
<b>Lotrel</b> <i>Antihypertension 10 mg tab</i>			X	<b>\$101.99</b>
<b>Metformin</b> <i>Antidiabetic 500 mg tab</i>	X			<b>\$16.49</b>
<b>Neurontin</b> <i>Antiseizure 300 mg cap</i>		X		<b>\$46.59</b>
<b>Nexium</b> <i>Ulcers/Heartburn 40 mg tab</i>		X		<b>\$142.99</b>
<b>Norvasc</b> <i>Antihypertension 5 mg tab</i>		X		<b>\$52.59</b>
<b>Plavix</b> <i>Anticoagulant 75 mg tab</i>		X		<b>\$129.99</b>
<b>Pravachol</b> <i>Cholesterol lowering 20 mg tab</i>			X	<b>\$105.99</b>
<b>Prevacid</b> <i>Ulcers/Heartburn 30 mg tab</i>			X	<b>\$130.88</b>
<b>Tricor</b> <i>Cholesterol lowering 160 mg tab</i>		X		<b>\$320.99</b>
<b>Valtrex</b> <i>Herpes virus 500 mg cap</i>		X		<b>\$203.99</b>
<b>Zocor</b> <i>Cholesterol lowering 20 mg tab</i>			X	<b>\$144.99</b>
<b>Zofran</b> <i>Antinausea 4 mg tab</i>		X		<b>\$139.35</b>
<b>Zoloft</b> <i>Antidepressant 50 mg tab</i>		X		<b>\$90.99</b>

as of 10/31/04

As always, if the retail cost of the prescription is less than the copayment, you pay the lower amount.

## Prescription checklist

What should you be asking your doctor about prescriptions? Clip out this checklist and on your next doctor’s visit, be prepared.



- Gather together, place in a bag and take with you anything you’re taking, including:
  - prescription drugs
  - \_\_\_\_\_
  - \_\_\_\_\_
  - \_\_\_\_\_
- over-the-counter medication
- \_\_\_\_\_
- \_\_\_\_\_
- vitamin supplements
- \_\_\_\_\_
- \_\_\_\_\_
- herbal remedies
- \_\_\_\_\_
- \_\_\_\_\_
- Write a list of questions you want to ask your doctor.
- \_\_\_\_\_
- \_\_\_\_\_
- Make a list of medications you need to ask about. Find out if there really are special benefits, which you may have seen advertised.
- \_\_\_\_\_
- \_\_\_\_\_
- Ask about possible side effects.
- Ask if an antibiotic is really necessary. If it is, request that it be a “narrow spectrum” type for your specific need.
- Bring a copy of your three-tiered drug list.
- Ask if there is a generic equivalent of a prescribed brand-name drug.
- Be sure to have your HMO Blue Texas ID card with you.

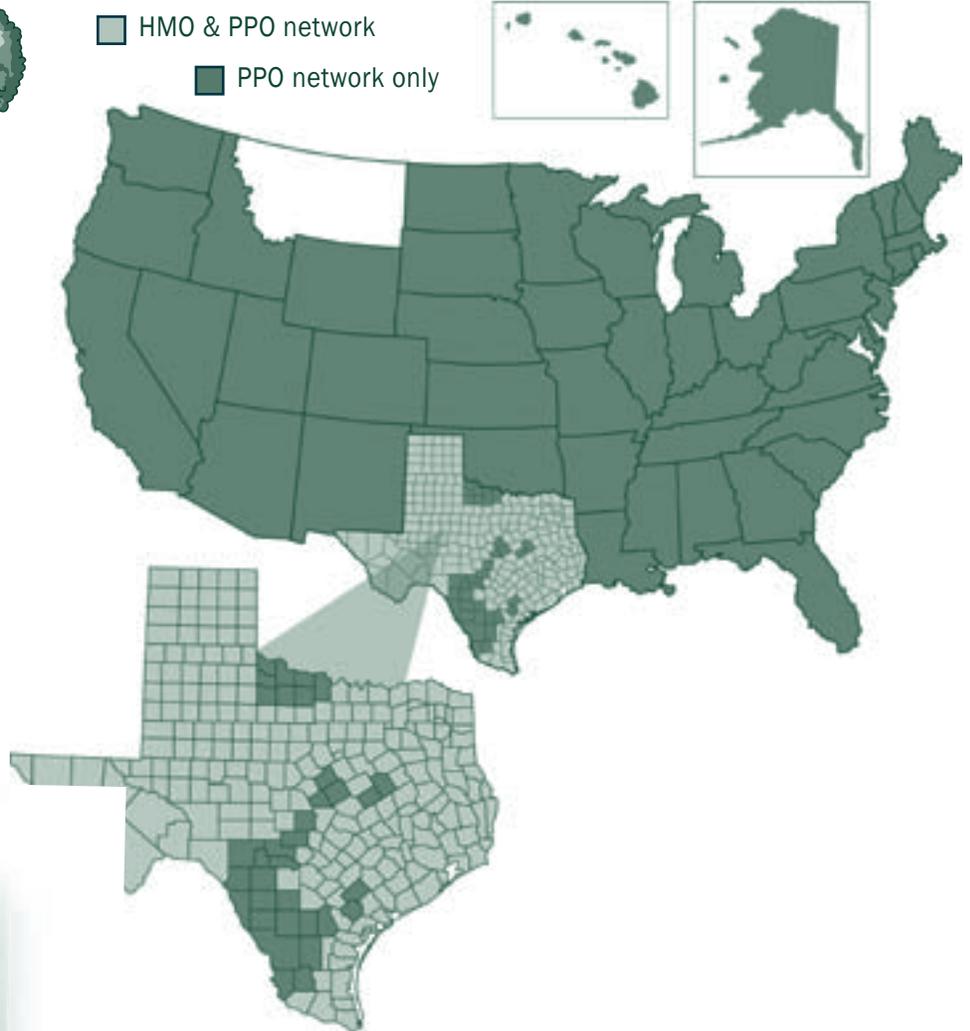
# SERVICE AREA

## Stroke hope

Stroke is the nation's No. 3 killer and, in less-extreme cases, can result in severe and long-term disability. A clot-busting drug known as t-PA dissolves the brain-damaging clot that causes ischemic strokes, a condition where arterial blockage is disrupting blood flow to the brain. More than 600,000 Americans suffer ischemic strokes annually. The drug can restore blood flow if injected within three hours of the onset of a stroke. Houston has state-of-the-art stroke treatment centers at Memorial Hermann Hospital – Texas Medical Center, St. Luke's Episcopal Hospital, Memorial Hermann Southwest and Methodist Hospital. EMS paramedics are trained to identify stroke symptoms and route victims to a stroke center within the critical three-hour window of opportunity.



The map below shows the broad coverage of the service area for HMO and PPO plans. The HMO includes more than 200 counties in Texas and the PPO includes every state except Montana. Your ID card is accepted by additional doctors and hospitals and a larger retail pharmacy network.



**Important Note:** The BlueChoice PPO network is nearly as big as America itself. That means employees and retirees under the plan can find contracted providers in every state except Montana. There are a handful of employees and retirees who live outside the service area. If you select the OOA plan but are in the HMO or PPO service area, your applications will not be accepted.

these 34 counties are not in the HMO Blue Texas HMO network

Archer • Bandera • Baylor • Clay • Coryell • DeWitt • Dimmit • Duval  
 Edwards • Falls • Foard • Frio • Gillespie • Goliad • Hamilton  
 Hardeman • Jim Hogg • Kerr • Kinney • Knox • La Salle • Lampasas  
 Limestone • Live Oak • Llano • McMullen • Maverick • Real • Uvalde  
 Webb • Wichita • Wilbarger • Zapata • Zavala

**Important note:** For a provider directory with the complete list of HMO & PPO doctors and medical providers in the network, visit the HMO Blue Texas Web site at [www.hmobluetexas.com](http://www.hmobluetexas.com) or [www.bcbstx.com](http://www.bcbstx.com). You may also request a directory from your HR Liaison.

# DENTAL PLAN HIGHLIGHTS

The city offers two dental coverage options: the Dental Health Maintenance Organization and the Dental Indemnity plans. National Pacific Dental, Inc. provides DHMO coverage and Spectera Insurance Company provides indemnity coverage.

Your dental benefits in both plans will remain the same through April 2006. DHMO contributions will increase about 8 percent, and the dental indemnity plan rates will stay the same.

## 2005 Dental Contributions

DHMO Plan contributions	Retiree monthly cost	Employee bi-weekly cost
Self only	\$9.62	\$4.81
Self + one dependent	\$20.73	\$10.36
Self + two or more dependents	\$29.34	\$14.67
Dental Indemnity Plan contributions		
Self only	\$26.32	\$13.16
Self + one dependent	\$60.86	\$30.43
Self + two or more dependents	\$82.98	\$41.49

## DHMO

A dental health maintenance organization is a network of dentists like an HMO that offers a comprehensive range of dental services for fixed copayments. With the DHMO, you choose a primary care dentist who will coordinate your care and refer you to specialists as needed. You must live in the service area to enroll in the DHMO.

Features of the DHMO include:

- ⊕ No maximum annual limit on dental services,
- ⊕ No deductibles,
- ⊕ No claim forms to complete for most procedures,
- ⊕ A fixed copayment for dental services, and
- ⊕ A network that includes dentists and orthodontists.

## DHMO Features

DHMO Plan coverage	Copayment
Regular exam, cleaning (2 per year), x-rays	\$0
Infection control, each visit	\$3
Amalgam filling - 1 surface	\$10
Retainer, each arch, post treatment stabilization	\$95
Posterior composite fillings	\$40
Immediate dentures	\$300
Fixed appliance therapy	\$560

National Pacific Dental DHMO dental plan brochures and election/change forms can be obtained from the human resources department. The brochures include a detailed list of procedures and copayments. Choose a primary dentist from the DHMO brochure, call National Pacific Dental customer service, (713) 861-8721, and register your dentist.

## Antibiotics use

In 1953, Selman Waksman, Ph.D., coined the term antibiotic to explain the phenomenon where "a chemical substance, produced by microorganisms, has the capacity to inhibit the growth and even destroy bacteria and other microorganisms, in dilute solutions." Waksman, a bacteriologist, had a few years earlier discovered and isolated streptomycin as the first effective treatment against tuberculosis.



Physicians were convinced that infectious diseases might one day be wiped out. Antibiotics were dubbed "magic bullets" because of their seemingly precise action on the bacterial invaders that contributed so much disease.

And used they were – perhaps, too much so.

## Antibiotics abuse

The promise of antibiotics is fading as problems surface on a variety of fronts. Doctors have routinely used them to fight many illnesses. Unfortunately, they have been abused.

Obstetricians and gynecologists write more than 2.6 million antibiotic prescriptions per week. Internists give out 1.4 million per week. Pediatricians and family physicians lead the way, prescribing more than \$500 billion worth of antibiotics each year for just ear infections in children.

More than 51 percent of adults who saw doctors for the common cold were unnecessarily given a prescription for an antibiotic – which do nothing for the cold because the condition is viral in nature. (Source: Beyond Antibiotics, 2003.)

**Retirees may change dental plans, and add or drop dependents. Retirees' packets include brochures for the dental plans and a dental change form.**

## Counties in the DHMO service area

Harris • Brazoria • Ft. Bend • Galveston  
Liberty • Montgomery • Waller

## Drugs of the future

The drug horizon holds possible “smart pills” for improving memory; trophic compounds for repairing Parkinson’s disease; pills to battle obesity; and cholesterol-removing drugs for combating heart disease.



## Dental Indemnity Plan

A dental indemnity plan is a traditional dental plan that lets you receive a comprehensive range of dental services from the provider of your choice anywhere in the United States. You pay a percentage of charges for certain dental services and file a claim for reimbursement.

To use the plan:

- ⊕ Make an appointment with the dentist of your choice.
- ⊕ If the treatment will cost more than \$200, get a cost estimate.
- ⊕ Pay the dentist. Some dentists require patients to pay only their portion.
- ⊕ File a claim for reimbursement within 90 days. Some dentists will file your claim for you.

The chart below shows some of the services provided under the dental indemnity plan. For a complete list of services provided under this plan, refer to the City of Houston Dental Indemnity Plan brochure.

## Dental Indemnity Features

Plan Features	Plan Pays
<b>Preventive Services</b>	
Cleaning and oral examinations, bitewing X-rays	100 percent of services up to usual and customary limits. \$0 deductible.
<b>Basic Services</b>	
Extractions, root canals, oral surgery, restorative services (excluding gold fillings) and periodontal scaling	After you pay the annual deductible, the plan will pay 80 percent of services, up to usual and customary limits.
<b>Major Services</b>	
Initial fixed bridgework, crowns and dentures, replacement of bridge-work	After you pay the annual deductible, the plan will pay 50 percent of services, up to usual and customary limits.
<b>Orthodontic Services</b>	
Covered services up to two years	After you pay the annual deductible, the plan will pay 50 percent of services, up to usual and customary limits. The lifetime maximum benefit is \$750 per individual.
<b>Annual Maximum Benefit</b>	\$1,000 per individual
<b>Annual Deductible</b>	\$50 for each individual / \$150 family
<b>Referrals for Specialty Care</b>	Not required
<b>To Receive Reimbursement for Covered Services</b>	Complete and submit a claim form.

To check the status of a claim, call (713) 861 - 8721. Mail your claim forms to:

Spectera Dental, Inc.  
1445 North Loop West  
Suite 500  
Houston, Texas 77008

## In-network Preferred Dentist Option

If you are enrolled in the dental indemnity plan, you can reduce your out-of-pocket costs by using a preferred dentist. If you receive care from a preferred dentist or a network of dental providers, you will receive a discount on your dental services and have more money in your pocket.

As you can see in the chart below, if you use a preferred dentist, you will realize a considerable savings. The more costly the dental work, such as bridges or dentures, the more savings you will realize. Also, because all fees are reduced, you will receive more services before you reach the \$1,000 annual maximum benefit.

The city's In-network Preferred Dentist Option brochure provides information about this feature as well as a list of preferred dentists in the network. Contact the benefits division for a brochure.

## Example of Savings Using a Preferred Dentist Option

Plan	Usual cost	50 percent coinsurance
Out-of-network	\$875	\$437.50
In-network	\$701	\$350.50
<b>Your savings</b>		<b>\$87.00</b>

**Important note:** With the dental indemnity plan, you pay for services you receive at the time of your appointment and file a claim for reimbursement. If your dentist files the claim, you may be asked to pay only the portion the plan will not pay. You can get a claim form from the benefits division.

You must submit your claim within 90 days after the date of service. Reimbursement is made by mail, usually within 10 work days.

### Dental materials checklist:

- DHMO Brochure
- Dental Indemnity brochure
- In-network dentist brochure
- Change/Election forms

## Super bugs:

### what doesn't kill them makes them stronger

Resistant bacteria and the reemergence of tuberculosis have caused doctors to take a new look at antibiotics.

Antibiotic uses have stimulated evolutionary changes unparalleled in recorded biological history. It works like this: When a colony of bacteria is dosed with, say, penicillin, most bacteria die. But a few survivors harbor mutant genes that make them immune to the drug. They survive and pass on resistant genes to their progeny. One bacterium can leave nearly 17 million offspring in 24 hours. These mutants share their resistant genes with unrelated microbes.



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### What you can do

The basic rule is to avoid frivolous use of antibiotics. Don't treat viral infections like the common cold with antibiotics – you're not doing yourself any favors.

Here are some easy guidelines when using antibiotics:

- Take them until the bottle is empty. If you have leftover antibiotics in your medicine cabinet, you're already part of the problem. If you stop taking your meds early because the symptoms went away, you're allowing the resistant organisms to survive, multiply and return stronger than ever.
- Be specific. Use only the most specific antibiotic possible. Targeted or "narrow spectrum" antibiotics will kill the offending bug without sparking resistance among other, friendlier bacteria living inside you.
- Be logical. Use the common antibiotics first. If they work, there'll be no need to expose the bugs to a more exotic version. That way, you'll be holding a second-line of defense in reserve for the future.
- Wash your hands. An ounce of prevention is worth a pound of cure. Twenty seconds of vigorous hand washing with an antibacterial soap does wonders to stop the spread of bacteria. It's much easier to kill those invisible health-snatchers before they get inside you. And don't forget to clean under your fingernails.

## SUPPLEMENTAL INSURANCE

### Hospital Indemnity Plan

This plan pays a daily cash benefit while you or a covered dependent is hospitalized. The money is paid to the employee and may be used for all expenses, even if they are not medical expenses. These payments are in addition to your city medical plan.

Under this plan, pre-existing conditions are not covered for an injury or sickness that required medical advice or attention during the 12-month period before the effective date of coverage.

### Accident/Disability Plan

This plan provides a benefit if you or a covered dependent is injured or becomes disabled according to plan guidelines. The plan will pay a benefit to the employee for:

- ⊕ accidental death,
- ⊕ off-the-job accidents that result in disability, employee only,
- ⊕ hospital income,
- ⊕ emergency room use, and
- ⊕ injury or loss of limb.

These payments are in addition to the city medical plan. If you pay for accident/disability insurance plan coverage with pretax dollars, future disability benefits payments will be taxable income.

### Personal Cancer Protector Plan

This plan provides supplemental insurance for you or a covered dependent diagnosed with cancer. Benefits are paid directly to you.

You may use this benefit to pay for medical, travel and other expenses including, but not limited to:

- |                         |                            |
|-------------------------|----------------------------|
| ⊕ hospitalization costs | ⊕ deductibles              |
| ⊕ food and lodging      | ⊕ child care               |
| ⊕ copayments            | ⊕ special equipment        |
| ⊕ travel                | ⊕ necessary household help |

### Rates and Additional Information

The rates for each plan are shown in the packet of information you will receive from your department human resources liaison. Benefits under the supplemental insurance plans will be effective May 1, 2005.

If you would like more information about the supplemental insurance plans, contact your department human resources liaison.

**Supplemental insurance plans are available for active employees only.**

**Important note:**

If you are enrolled in a supplemental insurance plan and don't want to make any changes, don't do anything. Your coverage will remain in effect through April 30, 2006.

**Supplemental insurance materials checklist:**

- Brochures
- Enrollment forms

## SECTION 125 PRE-TAX VS POST-TAX

Employees enrolled in medical, dental or supplemental insurance plans, must choose between paying with pre-tax or post-tax dollars. Below are some points to consider as you make your decisions.

### Pretax Deductions

If you choose to pay for coverage with pre-tax deductions:

- ⊕ At the end of the year, your W-2 may reflect a reduced salary for tax purposes.
- ⊕ You may pay less in federal income taxes on your paycheck and see an increase in your take-home pay each pay period.
- ⊕ You may make a change to your coverage during the year only if you experience a qualified family status change. The change in benefits must be consistent with the qualified family status change. See the "Qualified Family Status Change" section, page 20.

### Post-tax Deductions

If you choose to pay for coverage with post-tax deductions:

- ⊕ You will not receive a tax benefit.
- ⊕ You will not reduce your taxable income.
- ⊕ You may drop coverage for you or your eligible dependents during the year.

### For Example

Below is an example of how you may benefit from paying for benefits with pre-tax dollars. The example is based on a married couple with two withholding allowances in 2004 .

Pay/Deductions	Pre-tax	Post-tax
Gross biweekly pay	\$1,250.00	\$1,250.00
Employee pre-tax HMO premium	-\$75.52	\$ .00
Employee pre-tax DHMO premium	-\$14.67	\$ .00
Taxable income	\$1,159.81	\$1,250.00
Federal withholding	-\$63.00	-\$78.00
Social Security withholding	-\$88.73	-\$95.63
Emp. post-tax HMO medical premium	\$ .00	-\$75.52
Emp. post-tax DHMO dental premium	\$ .00	-\$14.67
Net biweekly pay	\$1,008.08	\$986.18
<b>Biweekly increase in take-home pay</b>	<b>\$21.90</b>	<b>\$ .00</b>
<b>Annual increase (24 checks) in take-home pay</b>	<b>\$526.60</b>	<b>\$ .00</b>

**Important note:** If you are enrolled in the medical, dental or supplemental insurance plans and don't want to make any changes - don't do anything. Your coverage will remain in effect through April 30, 2006.

**Important note:** When your dependents become ineligible, they will be dropped from coverage. You must submit a status change form within 31 days.

You will receive a refund of the premiums you paid for coverage only from the date of your notification.

If they are not dropped on time, they are still ineligible for coverage. You will not get a full refund, and you may be responsible for any claims incorrectly paid on their behalf.

You can get a status change form from your department human resources liaison or the Benefits Division at 611 Walker, 4th floor.

## Dependent Audit

Later in the year, you will receive information about a dependent audit to be conducted by the city's Benefits Division. The purpose of the audit is to verify the eligibility of each of your covered dependents. You will soon receive a letter listing:

- Who can be covered by the city's benefits plan and,
- Whom you are currently covering on these plans.

Open enrollment is the time to review your family status and drop or add dependents. There's no point in paying for someone who is ineligible. You will be asked to provide documentation to verify your relationship.

You are eligible for coverage under the benefits plans if you are:

- A full-time employee or a part-time employee regularly scheduled to work at least 30 hours a week;
- A retiree who was covered by a city medical plan on the date of retirement from the city;
- A survivor of a covered city employee or retiree, up to age limits; or,
- A deferred retired employee who will become eligible to receive a pension within 5 years after termination and continuously pays the monthly contribution for health coverage.

If both you and your spouse work for the city, you may be covered as an employee or as a dependent — but not both. Dependents may be enrolled under only one parent or guardian.

## Eligible Dependents

Eligible dependents are your:

- Legal spouse,
- Unmarried natural or adopted children up to age 25, if they qualify as dependents for federal income tax purposes,
- Children up to age 25, over whom you have legal guardianship or legal foster care if they qualify as dependents for federal income tax purposes,
- Grandchildren under age 25 if they qualify as your dependents for federal income tax purposes,
- Disabled dependents over age 25 who are incapable of self-sustaining employment because of mental retardation or physical handicap. The dependent must be primarily dependent on you for more than 50 percent of financial support and covered before age 25.
- Unmarried dependent children who **lose Medicaid coverage** may be enrolled under the employee's medical plan within 31 days after Medicaid coverage is lost. They do not need to be full-time students, and they may be covered to age 25 if they qualify as the employee's dependent for federal income tax purposes.

**Important note:** If you are enrolled in the HMO or PPO plan, and you do not add a new dependent within 31 days of the event, you may add the dependent later, but there will be a 90-day waiting period. Coverage will be effective on the first or the 16th of the month following the waiting period.

## Required Documentation

To add dependents for coverage, you must submit the required documents. The following is a list of documents you must provide with your medical/dental election or change form by the open enrollment deadline.

- ⊕ Spouse — copy of a certified marriage license
- ⊕ Common-law spouse — copy of a Declaration and Registration of an Informal Marriage Certificate
- ⊕ Children up to age 25, over whom you have legal guardianship or legal foster care — copy of the legal documents that gave custody, guardianship or foster care
- ⊕ Grandchild(ren) under age 25, who are your covered dependents for federal income tax purposes — copy of the Financial Dependency of Children form and a birth certificate
- ⊕ Disabled dependents over age 25 if they were covered before age 25 and are primarily dependent on you for more than 50 percent of their financial support — medical documentation of the disability or mental handicap
- ⊕ Children under age 25, if not added at time of birth or if you are requesting reinstatement of their coverage — copy of a birth certificate or legal document that establishes paternity of the employee and a completed certification of Financial Dependency of Children form

There is no waiting period for dependents added during open enrollment.

## Qualified Family Status Change

If you are an active employee and pay for coverage with pretax dollars, you may change your coverage only if you have a qualified family status change.

Qualified family status changes include:

- ⊕ marriage or divorce,
- ⊕ birth or adoption of a child,
- ⊕ death of a dependent,
- ⊕ a dependent child reaches age 25, or marries,
- ⊕ a spouse's loss of employment,
- ⊕ a spouse becomes employed and enrolls in that employer's benefits program,
- ⊕ you or your spouse change from full-time to part-time employment or vice-versa, or you experience a significant change in your spouse's benefits or premium payments,
- ⊕ a dependent loses Medicaid medical coverage.

If you have a family status change, you must submit a status change form and documentation within 31 days of the change. See the "Required Documentation to Add Dependents" section, above.

## Pain relievers

### What's the difference?

Ever stood staring at the array of painkillers on the store shelf?

Here's some over-the-counter clarification:

- Acetaminophen is used to treat mild-to-moderate pain and reduce fever but is not very effective in reducing inflammation. Best-known brand is Tylenol®, but generic versions are as effective. It is considered safer for children but can be toxic to the liver if recommended dosages were exceeded.

- Nonsteroidal Anti-Inflammatory Drugs (NSAIDs) reduce pain, stiffness and inflammation. Two drugs in this category, ibuprofen and naproxen, also reduce fever. When taken regularly, they build up in the blood to levels that fight pain caused by inflammation and swelling. Best known: aspirin (Bayer, Ecotrin, Excedrin and St. Joseph's), ibuprofen (Advil and Motrin), ketoprofen (Orudis), and naproxen (Aleve). Take these medications at regular intervals to reduce inflammation caused by injury, arthritis or fever. NSAIDs also relieve pain associated with menstruation.

\*Do not give aspirin to children. Reye's syndrome is associated with the use of aspirin in children. This syndrome can cause brain and liver damage.



## Brave new pharmacy world

Scientists and researchers are moving toward the creation of designer drugs, medications designed and prescribed not for a population but tailor-made to an individual's own genetic makeup. This new area in biotechnology is pharmacogenomics, which will use human genetic variations to optimize the development of drugs for a particular patient. It's exciting research, but the genetically engineered formulas are sure to be very expensive.



## How to Enroll or Make Changes

**Employees:** If you want to enroll or make changes to your current coverage, ask your department human resources liaison for an enrollment or change form.

**Retirees:** Use the medical or dental change forms in your enrollment packet and mail to the Benefits Division, 4th floor, 611 Walker, Houston, TX, 77002.

## If You Don't Enroll Now — Active Employees

If you do not enroll for benefits during open enrollment, you may apply during the year for coverage in the HMO & PPO plans by completing a medical/dental election form. Your coverage will be effective on the first or the 16th of the month following the 90-day waiting period from the date you submit your enrollment form. You may not enroll in the dental plan until open enrollment in 2006.

## Life Insurance — Active Employees

You may apply for voluntary group life insurance at any time. If you apply for first-time coverage or increase your coverage during this enrollment period, you must complete a personal health statement. You will begin paying premiums after the insurance company approves your application.

## At Your Service — online tool for reviewing your personal record

Since December 2004, over 6,000 employees have logged into the Employee Self Service System. This is a convenient way to look up information in your personal record.

You can access current leave balances and usage, deductions, and your last three pay check stubs. You will also find forms to print and links to sources of information for city employees. It is a secure site, accessed through the Internet, which means you can login from any Internet location, your home, your PC at work, or the public library. Employees have access to only their own information.

The first thing you will need to do when you login is set up your password. Select "first time user" and follow the instructions (enter your 6-digit employee number and enter a password). When you login, the menu choices are on the left side of the screen, in the blue bar.

Here's the link - <https://cohapp.cityofhouston.gov/HRSelfService/>

- ⊕ If you have questions about your personal information, print the page and check with your Payroll Representative or HR Liaison. If you experience technical problems, contact the Help Desk. If you have comments or suggestions, email them to the Contact Us address.

Just one way we're trying to provide more information at your fingertips.

**Important note:** Your completed forms must be given to your department human resources liaison by the last day of the enrollment period. The open enrollment period ends April 10, 2005. Any changes you make will be effective May 1, 2005.

Retirees should use the postage-paid envelope in their packet to return their completed forms, or use the address on page 21.

## CITY OF HOUSTON HEALTH FAIR

GEORGE R. BROWN  
CONVENTION CENTER

EXHIBIT HALL A

Thursday, April 21, 2005  
9.a.m. to 2.p.m.



WELLNESS SCREENINGS



DOOR PRIZES



GOODIES AND FUN



FITNESS DEMONSTRATIONS

Free parking with city ID badge  
or this announcement.

## CONTACTS

### City of Houston Benefits Division

(713) 837-9400  
(888) 205-9266

### City of Houston Web site

[www.houstonhumanresources.org](http://www.houstonhumanresources.org)

### HMO Blue Texas in the Benefits Division

(713) 837-9376  
(713) 837-9377  
(713) 837-9448

### HMO Blue Texas

(866) 757-6875  
[www.bcbstx.com](http://www.bcbstx.com)

### Prime Therapeutics (HMO Blue Texas)

(877) 357-7463  
[www.myrxhealth.com](http://www.myrxhealth.com)

### National Pacific Dental

(713) 861-8721

### CareWise

(800) 987-7597

### Municipal Pension

(713) 759-9275

### Fire Pension

(281) 372-5100

### Police Pension

(713) 869-8734

The city of Houston reserves the right to change, modify, increase or terminate any benefits.