




Employee Health Care Advisory #2

HEALTH CARE: CONSUMER ENGAGEMENT AND RESPONSIBILITY

As we mentioned in our first Employee Health Care Advisory, the cost of health care is rising far faster than inflation. An important response to these increasing costs is the concept involving employee health, responsibility and health care consumerism. It's a concept in which you, the consumer of health care services, become more knowledgeable, responsible, and actively engaged in the management of your own health and health care services.

Consumer-driven health plans (a name used in the health care marketplace) are generally lower-premium, higher-deductible health plans. In addition to the health plan, both an employer-provided and employee-funded pre-tax savings account can be used to pay for coinsurance and other possible costs not covered by the health plan.

These plans have a lot to offer employees. For example, they allow you to:

- Use your personal and company-provided health care benefit dollars more wisely by selecting the high-quality and most cost-effective providers.
- Take charge of your health care needs by actively seeking information about your health conditions and engaging in programs to help manage your health care risks.

YOUR CONTRIBUTIONS TO THE MEDICAL PLAN IN 2007

- Although the exact employee contributions of next year's health care benefits will not be available until next month, we anticipate a maximum of 5 percent increase over 2006 rates. This anticipated rate increase is the smallest in more than 5 years.
- The CIGNA Catastrophic plan, where available, will now require an employee premium.
- For more information, including 2007 rates, stay tuned to the next *Employee Health Care Advisory* which will be distributed in early November.

YOUR LATEST CHOICE IN BENEFITS: *CIGNA CHOICE PPO PLAN*

Effective Jan. 1, 2007, CH2M HILL is offering an important new health plan. We call the new plan the ***CIGNA Choice PPO Plan.*** It provides you a network of doctors and hospitals, employer contributions and new opportunities.

It is similar to the current PPO plan (providing in- and out-of-network benefits and using the same net work of providers) with a few significant differences:

- Premiums for the *CIGNA Choice PPO Plan* will be the lowest of any of the plans offered by CH2M HILL.
- The deductible for the new plan is $1,500 for a single employee and $3,000 for families.
- Certain preventive services, such as well-person checkups, immunizations and screenings will be paid at 100 percent, and the deductible will be waived. This underscores the importance of prevention and early detection to your good health.

- The employee in-network coinsurance rate (the percentage of health care services you pay for after reaching your deductible) is 20 percent. Your maximum annual out-of-pocket expense for in-network coinsurance is $2,000 for a single employee and $4,000 for families (excluding deductibles). After you pay your deductible and have reached the out-of-pocket maximum, the plan will pay 100 percent of the remaining health care services you receive under the plan for the remainder of the calendar year.

Important New Features:

- The new *CIGNA Choice PPO Plan* includes a Healthcare Flexible Spending Account (FSA) featuring an employer-matched contribution. CH2M HILL will match 100 percent of your contributions up to $200 if you fund an account. Your Healthcare FSA can be used to pay for expenses not covered by the health plan, including your deductible, as well as out-of-pocket dental and vision expenses incurred during the year.
- The *CIGNA Choice PPO Plan* also includes an important new employer-provided *Health Reimbursement Arrangement (HRA).* The annual pre-tax allocation to your account is based on your *CIGNA Choice PPO Plan* coverage status ($400 for employee only coverage, $800 for employee + 1 coverage, and $1,000 for family coverage). Your account can be used to reimburse coinsurance expenses that you incur under the health plan. Any unused balances will be saved and rolled over year-to-year. Your HRA balance is available at retirement to pay for any future qualified health care expenses, including premiums. Employees who leave CH2M HILL for any reason prior to retirement, or who change to another medical plan, forfeit their balance at that time.
- To encourage your active involvement in managing your health, several **informational and decision-making tools** will be made available to you. These include health risk assessments, drug comparison tools, personal health trackers, a 24-hour nurse line, and information on prevention and treatment of medical conditions. In addition, you will be able to use a medical plan cost calculator, Ingenix, to help you estimate your health care costs and to assist you in deciding whether the *CIGNA Choice PPO Plan* is right for you and your family.

Together, the *FSA, CIGNA PPO Choice Plan,* and *HRA* represent an active investment by CH2M HILL in your good health and wellness, while providing you with comprehensive health care coverage. This plan does more than pay a benefit when you are ill - it is a health security plan that provides for the management of your active spending, the management of comprehensive health care insurance, and the accumulation of important health savings for your future health care expenses.

Note: Unfortunately, the new *CIGNA Choice PPO Plan* is not available in a few offices (i.e. ANC, HMT, KWT) that lack a network of healthcare providers through CIGNA. For those areas, CIGNA Indemnity and the Catastrophic plans will be offered in 2007.

If you have any questions about the new health plan or about consumerism in healthcare, please contact your COR Benefits group or your local HR representative.