

15 Supplemental insurance plans

For active employees only

Like a good mouthpiece, these plans protect you against unexpected hits. And rates for these plans are staying the same as they were last year – the same rate they've been since 2001. You can enroll in these plans at any time.



Hospital-indemnity plan

The hospital-indemnity 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 expenses, even if they are not medical expenses. These payments are in addition to your city medical 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

The accident/disability plan provides a benefit if you or a covered dependent is injured or becomes disabled due to an accident covered by the plan. The plan will pay a scheduled benefit on or off the job for the following events:

- ▶ Emergency room use and care
- ▶ Hospital confinement
- ▶ Disability income for off-the-job accidents – employee only
- ▶ Accidental death
- ▶ Follow-up visits to the doctor

When a covered accident occurs, benefits begin the first day treatment is administered by a doctor or hospital. These benefit payments are in addition to benefits paid by your city medical plan.



Personal cancer protection plan

The personal cancer protection 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 or other expenses including, but not limited to, the following:

- ▶ House or apartment payment
- ▶ Utilities
- ▶ Car payments
- ▶ Copayments and deductibles
- ▶ Necessary household help
- ▶ Parking
- ▶ Child care
- ▶ Special equipment
- ▶ Gasoline
- ▶ Food and lodging

Rates and additional information

For more information on these supplemental insurance plans, including rates, contact your department human resources liaison or an AFLAC representative, 281-440-1133 or 281-440-3465.

Spotlight: Want to stay in the game?

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, 2010. All deductions are pretax, except for the disability plan.

For active employees only

A SMART game plan

The HFSA is a voluntary pretax benefit plan that allows you to set aside money from your paycheck to be reimbursed for out-of-pocket medical, prescription, dental and vision expenses incurred by you and your family. You can contribute up to \$2,000 to your healthcare flexible spending account. When you buy an eligible item, you submit claims to FLEXONE, which will reimburse you via mail or direct deposit.

Why should I play?

Chances are, you and your family will have health-care expenses in the next 12 months. Your medical and dental plans will pay the majority of those expenses. But what about the part that isn't covered – like copayments?

The HFSA may help save tax dollars on those out-of-pocket costs. The money you contribute into the HFSA comes out of your paycheck before taxes, and you do not pay taxes on the reimbursements you receive for qualified health-care expenses.

What expenses are reimbursable?

- ▶ Items and services that you can deduct from your income tax, according to Internal Revenue Code 213
- ▶ Copayments, coinsurance and insurance deductibles for physicians, dentists, hospitals and vision services
- ▶ Copayments for prescriptions, retail and mail order
- ▶ Prescription drugs not covered in the medical plan
- ▶ Orthodontia expenses
- ▶ Eye glasses, contact lenses and contact-lens solution
- ▶ Corrective vision surgery (i.e. lasik)
- ▶ Over-the-counter medications, such as aspirin, cough and cold medicine, allergy and sinus medication, etc.

Since you never pay taxes on this money, you can save up to 35 percent in federal tax on the amount that you put into the HFSA. The amount you save will vary depending upon your individual income-tax bracket.

Put me in, Coach

Enrollment is voluntary, and you must re-enroll if you want to continue. Ask your benefits liaison for the SMART Choice HFSA Enrollment Guide. It's filled with detailed information on how you can use this pretax benefit to lower your family's tax bill.

Get SMART!
Ask your HR liaison for the SMART choice HFSA Enrollment Guide.

Tale of the tape – SMART Facts

Minimum contribution:

\$240 a year / \$10 per pay period

Maximum contribution:

\$2,000 a year / \$83.33 per pay period

Plan year: May through April

Incur claims: May 1 through April 30

File claims: Within 90 days beyond plan year, through July 29

Claim administrator: FLEXONE

Minimum claim reimbursement: \$10



Insider's tip

Don't forget, the Dependent Care Reimbursement program is another way you can save money. If you have qualifying expenses for dependent care, you can enroll in the plan in January. Watch for enrollment announcements in November.



For more information on how you can use this pretax benefit to lower your tax bill, visit www.houstontx.gov/hr/oe09 or ask your HR liaison for the SMART choice HFSA Enrollment Guide.

17 Section 125

For active employees only

Employees enrolled in medical, dental and supplemental insurance products can have deductions taken on a pretax basis, so your money goes further.

Pay lower taxes

Paying your contributions on a pretax basis will reflect a lower “taxable earnings” figure on your W2 – and that means you pay taxes on a lower amount. That usually means you see an increase in your take-home pay!

The one exception is for those enrolled in the voluntary disability benefit. Deductions for that are post-tax, so any disability benefit you receive from it is not taxable.

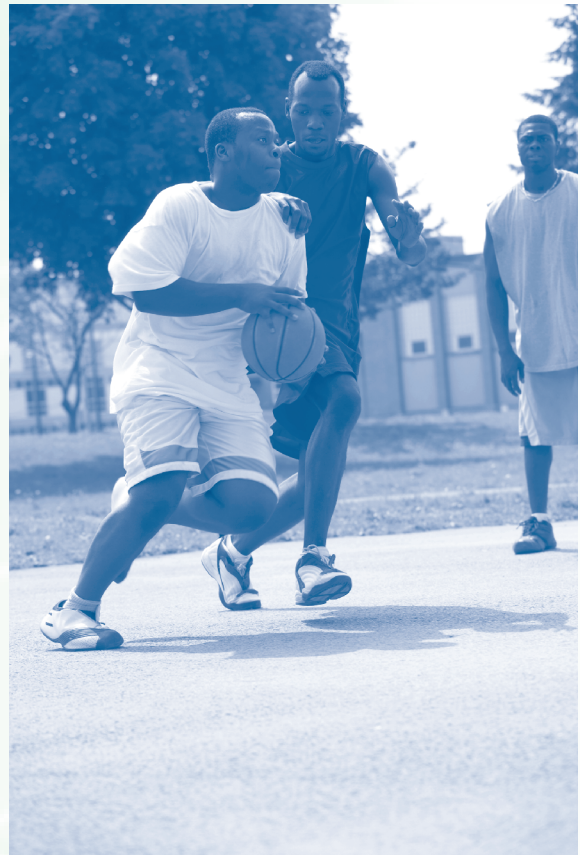
Here’s an example of how you profit from paying for benefits with pretax dollars. This example is based on a married couple with three withholding allowances in 2009.

Example of pretax deduction savings

Pay/Deductions	Pretax	Post-tax
Gross biweekly pay	\$1346.15	\$1,346.15
Employee pretax HMO premium	-\$122.39	\$0.00
Employee pretax DHMO premium	-\$13.73	\$0.00
Taxable income	\$1,210.03	\$1,346.15
Federal withholding	-\$36.14	-\$53.81
Social Security withholding	-\$92.57	-\$102.98
Emp. post-tax HMO premium	\$0.00	-\$122.39
Emp. post-tax DHMO premium	\$0.00	-\$13.73
Net biweekly pay	\$1,081.33	\$1,053.24
Biweekly increase in take-home pay	\$22.56	\$0
Annual increase (24 checks) in take-home pay	\$661.33	\$0

Insider’s tip

Section 125 is just one way of stretching your benefits dollars. Don’t forget about the pretax Healthcare Flexible Spending Account. You must re-enroll if you want to continue in 2009. Learn more on page 16.



Spotlight: Stay in the game

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, 2010. Be sure to note the new premium rates and other changes on page 4.

Staying at the top of your game



In this game, it's important to stay in good shape. Use your health plans wisely – they'll help you stay healthy. They offer wellness exams, screenings, immunizations, information and management resources that cost you little or nothing. Did you know your health plan provides a \$0 copayment for well-man and well-woman screenings? Or that the DHMO and the Dental Indemnity plans offer preventive dental services for \$0 copayment?

In addition to these health-plan features, the city offers lots of access to wellness activities.

Blue Access: This provides online access at www.bcbstx.com to important information for health-plan members about their coverage and access to the Personal Health Manager and its wellness advice for you and your family.

Personal Health Manager: It's like having your own personal trainer and nutritionist to specifically design a healthier lifestyle for you. Online resources personalize a program for you. Log on through Blue Access and click on "Personal Health Manager" to start making some winning choices.

Special Beginnings: A prenatal education program to help expectant mothers better understand and manage their pregnancy. An introductory video is available in English and Spanish. To enroll, call 800-462-3275.

24/7 Nurseline: HMO members call 800-581-0353, and PPO members call 800-581-0368 for health issues that come up when you can't reach your doctor.

Wellness leave: The Compensable Sick Plan gives eight hours of paid time off per benefit year for preventative wellness activities. Activities include dental, vision, well-woman, well-man and physical exams, as well as other wellness-related doctor visits. Contact your benefits liaison for information.

50 free fitness facilities: You don't have to pay your way to fitness. The city offers free memberships to city fitness facilities all over Houston. You can ride stationary bikes, lift weights, swim, play basketball or play tennis. To find locations, visit www.houstonhumanresources.org and click on "Benefits Alerts."

Spotlight: Get a \$50 gift card

It's easy to get a \$50 gift card and an evaluation of your overall health: Just complete your Health Risk Assessment. Log on to www.bcbstx.com and click on "Personal Health Manager." Then click on "Health Risk Manager." The assessment is a short series of easy-to-answer questions. You'll then receive an evaluation of your overall health, along with scores on your job satisfaction, risky lifestyle choices, stress, nutrition and sleep habits.

The first time you complete the assessment and authorize its release to BlueCross BlueShield, you'll be sent a \$50 gift card to Academy in Texas or The Sports Authority for nonresidents. One card per employee/family. The card should arrive in about six weeks.

More immediately, you'll get important guideposts to making healthier lifestyle choices, improving your performance in the game. It's a good idea to complete the HRA every year, or as often as you like, but you will be eligible for the gift card only once.



19 Rules of the game

Who is eligible?

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

- ▶ You're a full-time employee or part-time employee regularly scheduled to work at least 30 hours a week.
- ▶ You're a retiree who was covered by a city medical plan on the date of retirement from the city.
- ▶ You're a survivor of a covered city employee or retiree, up to age limits and application of other plan rules.
- ▶ You're a deferred-retired employee who will become eligible to receive a pension within five years after termination, and you continuously pay the monthly retiree 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 defined as the following:

- ▶ Legal spouse
- ▶ Unmarried natural or adopted children to age 25, if they qualify as dependents for federal income-tax purposes
- ▶ Children to age 25, over whom you have legal guardianship or legal foster care if they qualify as dependents for federal income-tax purposes
- ▶ Grandchildren to 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 approved for coverage after 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 may be covered to age 25 if they qualify as your dependents for federal income-tax purposes



Changes to your benefits are limited to open-enrollment periods, unless you have a qualified change in family status. The change in benefits must be consist with the status change.

Spotlight: Retirees and dependents

As of May 1, 2009, retirees may not add new dependents to their medical or dental plan. See page 3 for more details.

Qualified family-status changes

Qualified family-status changes include the following:

- ▶ 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.

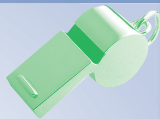
Insider's tip

When your dependents become ineligible for coverage, they will be dropped from the medical and dental plans. You must submit a status-change form within 31 days to stop paying for their coverage.

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

If you don't drop them, but continue to pay the premiums, they are still ineligible for coverage. You will not get a full refund beyond 60 days, 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 HR benefits division at 611 Walker, 4th floor.



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: declaration and registration of an Informal Marriage Certificate
- ▶ Children under age 25, if not added at time of birth or if you are requesting reinstatement of their coverage: birth certificate or legal document that establishes your paternity and a completed Certification of Financial Dependency form
- ▶ Children to age 25, over whom you have legal guardianship or legal foster care: copy of the legal documents granting custody, guardianship or foster care
- ▶ Grandchild(ren) to age 25, who are your covered dependent for federal income-tax purposes: Certification of Financial Dependency 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

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

Spotlight: Adding a new dependent

If you are enrolled in the HMO plan, and you do not add your new dependent within 31 days of the event that made the dependent eligible, 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. You may add a dependent to the PPO within 31 days of the event or during open enrollment.

21 *More rules of the game*

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 them to the address below:

**Benefits Division
P.O. Box 248
Houston, TX 77001**

If you don't enroll now — active employees only

If you do not enroll for benefits during open enrollment, you may apply during the year for coverage in the HMO plan 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 PPO or dental plan until open enrollment in 2010, unless you have a qualifying family-status change through loss of other group coverage.

Active Employees - life insurance only

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.

Spotlight: Employee Self Service

Track your personal stats online with the Employee Self Service system. You can access leave balances and usage, deductions and some paycheck stubs. You will also find forms to print and links to information for city employees. It's a secure site, and you'll only have access to your own records.

Give it a try: www.houstontx.gov/ess

If you're a new user, you will need to set up your password. Select "First time user" and follow the instructions. When you log in, the menu choices are in the blue bar on the left side of the screen.

If you have questions about your personal information, print the page and check with your payroll representative or HR liaison. For technical problems, contact the IT help desk.

If you have comments or suggestions, e-mail them to the "Contact us" address.





**Door
Prizes**

**Goodies
& Fun**



**George R. Brown
Convention Center**
Exhibit Hall B

Thursday, May 14
9 a.m. to 3 p.m.



**Wellness
Screenings**

**Fitness
Demonstrations**



**Your completed forms must be
given to your department human
resources liaison by April 20, 2009.
Any changes you make will be
effective May 1, 2009.**

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

If there exists a conflict between this Enrollment Guide and the official plan documents for each plan, the official plans documents will prevail. The city of Houston reserves the right to change, modify, increase or terminate any benefits.

Contacts

City of Houston Benefits Division

713-837-9400
888-205-9266
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

Prime Therapeutics (HMO Blue Texas)

877-357-7463
www.myrxhealth.com

United Healthcare Dental

866-605-2599
www.myuhcdental.com

24/7 Nurseline

HMO members 800-581-0353
PPO members 800-581-0368

Municipal Pension

713-759-9275
www.hmeps.org

Fire Pension

281-372-5100
www.hfrf.org

Police Pension

713-869-8734
www.hpops.org

Great West (Deferred Compensation)

713-426-5588
www.houstondcp.gwrs.com

VALIC (HPD Deferred Compensation)

713-2276-7079
www.aigretirement.com/AIG-Retirement_82_8630.html



Retirees and dependents

As of May 1, 2009, retirees may not add dependents to their medical or dental plan. Dependents already covered may stay on your plan until they become ineligible. See page 3 for details..

Deferred-retired employees

If you are eligible to receive a pension within five years after you terminate employment, you are a deferred-retired employee and may keep your medical and dental coverage for you and your covered dependents. You may keep life insurance for yourself. You will pay the same premiums retirees pay. If you don't pay your premiums continuously, 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 one year 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. If you have had a life event such as marriage, divorce, birth, adoption, or death, you may want to change your beneficiary.

If your spouse and you work for the city, you both have employee basic life insurance of one times your annual base salary. You cannot be your spouse's dependent. Only one of you may cover dependent children.

You may buy life insurance up to four times your base salary. If your spouse does not work for the city, the maximum coverage is \$50,000. A child's maximum coverage is \$10,000.

Medical/dental coverage

If you die while an active employee, your covered surviving spouse and covered children may keep medical and/or dental coverage until your spouse remarries or becomes covered another group medical or dental plan. Single dependent children may be covered until age 25. Your spouse will pay employee-rate premiums.

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? How to keep your benefits

If you are an active employee and you do not receive a paycheck from the city and you want to retain your benefits, you must pay your premiums directly to the benefits division at 611 Walker, 4th floor. Premiums are not deducted from the check 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 ID card. Information will not be released over the phone.

Change of address

Active employees

When you change your mailing address, you also need to update your address with the city's central payroll division 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.

Retirees

When you change your mailing address, you need to change it with your pension office and the city's HR benefits division. 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 cashier's check or money order

If you are a retiree and find that you need to pay health-care premiums by cashier's check or money order, you may do so. Contact HR benefits at 713-837-9467 or 888-205-9266.