MEMORANDUM OF UNDERSTANDING

THIS AGREEMENT is made by and between the State of Connecticut, acting herein through the Secretary of the Office of Policy and Management (hereinafter "the State") and the State Employees Bargaining Coalition, acting herein through the designated representatives of its constituent unions (hereinafter "SEBAC"), for the purpose of resolving certain issues and disputes which have arisen between them under an agreement dated February 4, 1997, and known as SEBAC 5.

Section 1:

If and when the accompanying Stipulated Award (including all attachments) is ratified by SEBAC, the parties agree the following steps will be taken forthwith:

A. The accompanying Stipulated Award will be submitted to Arbitrator Roberta Golick for issuance as a binding arbitration award that will become effective in the manner prescribed by Connecticut General Statutes, including submission to the General Assembly.

B. Upon approval (or lack of timely rejection) by the General Assembly, the terms of said award (including all attachments) shall be incorporated into the Health Care Provisions (i.e. Part 2) of SEBAC 5 as amendments thereto, and said Health Care Provisions, as amended, shall be republished in their entirety.

Section 2:

If the accompanying Stipulated Award (including all attachments) is not ratified by SEBAC, or is rejected by the General Assembly, the following terms and conditions will apply:

A. The provisions of this agreement (including all attachments) that are applicable during the July 1, 1999 through June 30, 2000 period shall be in effect during that period only, as a temporary exception to SEBAC 5. This exception will not be used by either party in support of or in opposition to any dispute between them, including but not limited to the dispute referenced in paragraph B below.

B. The arbitration proceeding referenced in Section 1 above, which is currently being held in abeyance pending the settlement discussions that have resulted in this agreement, shall be reactivated and tried to a conclusion before Arbitrator Roberta Golick. Through the arbitration process, the Healthcare Cost Containment Committee, and other existing or mutually agreed dispute resolution processes, the parties will cooperate in a joint effort to resolve the differences between them on health care issues prior to November 1, 1999, so that any resulting changes can be implemented with the 2000-2001 open enrollment period.

C. Section 3B below, concerning MedSpan, shall remain in full force and effect, except that the coverage period during which SEBAC agrees not to challenge the inclusion of MedSpan in the list of plans offered to employees shall end on June 30, 2000.

Section 3:

The following additional understandings between the parties shall be applicable.

A. Kaiser Permanente: Kaiser is a special case, growing out of its history as a staff-model HMO plan. The unique premium cost share formula for Kaiser set forth in Exhibit 2A to the Stipulated Award arises from, and depends upon, that understanding. Notwithstanding Exhibit 1E to the Stipulated Award, the plan design and other elements of coverage under Kaiser shall be subject to change by the carrier at the expiration of any contract that fixes rates and benefits for a specific term. In the event of any substantial change, however, continued participation of Kaiser shall be conditioned upon mutual agreement of the parties. Notwithstanding Exhibit 2A to the stipulated award, employees covered under Kaiser during the 1998-1999 benefit year shall be eligible to continue coverage under Kaiser at one-half the premium cost share stated in Exhibit 2A for the 1999-2000 benefit year only.

B. MedSpan: With the exception of MedSpan (and Kaiser, as discussed in paragraph A above), the parties agree the plans listed on Exhibits 2A, 2B, and 2C to the Stipulated Award meet the "equivalent coverage" (i.e. benefits and access) requirement of SEBAC 5. SEBAC asserts that MedSpan fails to meet this requirement because it does not include all hospitals in Connecticut; the State disagrees with this assertion. SEBAC has agreed not to contest MedSpan's participation during the July 1, 1999 through June 30, 2001 period, based on the specific understanding that such agreement will not act as a waiver of its ability to contest the participation of Medspan, or any other carrier or plan which it believes does not meet said requirement, in any subsequent plan year. The State has agreed not to use SEBAC's agreement, including its agreement to use MedSpan's Standard POS rate in the computation from which certain retiree premium cost shares are derived under the Stipulated Award, against SEBAC in any future disagreement between the parties with respect to SEBAC 5's "equivalent coverage" requirement, and/or with respect to any other relevant portions of SEBAC 5.

C. POS Preferred Premium Cost Share: Notwithstanding the formula for retiree premium cost share for POS Preferred coverage as set forth in the stipulated award, for the 1999-2000 benefit year only, the premium cost share shall be the actual difference between the premium costs for Anthem Blue Cross POS

Preferred and Anthem Blue Cross POS Standard coverage for the same class of coverage. This formula produces no preferred premium cost share for medicare eligible participants for the 1999-2000 benefit year.

D. Rate Subsidies: The State may decide to provide and pay the cost of premium subsidies in the form of demographic adjustments, contingency allowances, or other financial considerations in addition to the established insured premium cost for the plan design in question. If this occurs, any such payments shall be without precedent or prejudice, and shall not be used by SEBAC or the State as a basis for claiming any reduction or modification in the premium cost share computation, as set forth in Exhibits 2A, 2B, and 2C, for the same or any subsequent plan year.

Section 4 -- Retiree Dental

During the time period in which the parties were working to resolve the healthcare disputes between them, a further dispute arose concerning the provision of retiree dental insurance. SEBAC's position was that the State, in determining the dental premium rates from which active and retiree premium cost shares are computed, was required to continue a practice by which retiree premiums are determined not by experience rating, but by an assumed percentage of active employee premiums, which was used in benefit year 1998-1999, among others. The State's position was that retirees and active employees should be separately experience rated. The effect of the separate experience rating would have been substantially higher retiree premiums, slightly lower active employee premiums, and lower overall State costs. As a compromise, and to avoid the risk to both sides incumbent upon arbitration of this issue, the parties have agreed as follows.

A. For the 1999-2000 benefit year, dental benefits for retirees and active employees will continue to be offered using rates determined based upon the assumed percentage basis used in 1998-1999, hereinafter called "Subsidized Retiree Rates." Effective July 1, 2000, the following shall apply to all retirees given proper notice under paragraph B, below:

1. As of July 1, 2000, or as of an employee's retirement date for employees retiring after July 1, 2000, all retirees shall have the opportunity of enrolling in the retiree dental plan at Subsidized Retiree Rates.

2. Those retirees declining retiree dental coverage under paragraph 1, above, and those accepting retiree dental coverage under paragraph 1 who later decline coverage, will be permitted to enroll in the retiree dental plan at a later open enrollment. However, they will not be eligible for Subsidized Retiree Rates, and will instead pay their premium shares using the Experience Rated Premiums.

3. Those retirees who have once declined or discontinued coverage, who later join the retiree dental plan at the Unsubsidized Retiree Rates, shall be permitted to later discontinue retiree dental insurance coverage consistent with the parties usual open enrollment practices. However, they will not thereafter be eligible for retiree dental insurance coverage.

B. Each retiree choosing to decline or discontinue coverage shall be fully informed in writing of the consequences of such choice, and shall be requested to sign a written acknowledgment that he or she has been so informed.

1. Wherever possible, the acknowledgment shall be included in the forms by which the choice of whether or not to chose or continue dental coverage is made. A second written notice of the consequences shall be mailed to any retiree not signing the first acknowledgment.

2. Pre-July 1, 2000 retirees not indicating a choice during the 2000-2001 open enrollment period shall be assumed to continue their status from the 1999-2000 benefit year. Whenever this results in declining coverage, they shall receive the notices specified in paragraph 1, above.

3. The parties will jointly request the Retirement Benefits and Services Division to implement this provision.

IN WITNESS WHEREOF the parties have caused their duly authorized representatives to affix their signatures this 29th day of April, 1999.

SEBAC

by _____

STATE OF CONNECTICUT

by _____

STATE OF CONNECTICUT

ARBITRATION

STATE OF CONNECTICUT	:	
	:	
and	:	
	:	
SEBAC	:	MAY __, 1999

ARBITRATOR'S DECISION AND AWARD

This arbitration proceeding was commenced by the State of Connecticut and conducted in accordance with procedures agreed upon by the State and SEBAC, the State Employees Bargaining Coalition. The undersigned arbitrator was selected by agreement of the parties, and hearings were convened and conducted at various locations in Hartford, Connecticut on September 8, October 1, 14 and 28, November 2, and December 8, 1998. Sworn testimony and documentary evidence was presented, the proceedings were transcribed, and the parties agreed to submit post-hearing briefs.

Prior to the agreed deadline for submission of briefs, the parties commenced settlement discussions, suspended the arbitration process, and ultimately reached an agreement which has since been reduced to writing, and which the parties have jointly requested be issued by the arbitrator in the following form:

STIPULATED AWARD

The provisions of SEBAC 5 (an agreement dated February 4, 1997) shall be amended effective July 1, 1999 in the following respects only. In all other respects, the provisions of SEBAC 5 shall remain in full force and effect, in accordance with their terms.

(1.) Under Part 2, Health Care Provisions, Section I.A. (currently entitled "Initial Vendors"), will be retitled "Health Insurance Plans", and the current text will be replaced with the text set forth in the attachment labeled "SEBAC 5, HEALTH CARE PROVISIONS."

(2.) Under Part 2, Health Care Provisions, Section I.B. (currently entitled "Employee Share"), will be retitled "Premium Cost Share", and the current text will be replaced with the text set forth in the attachment labeled "SEBAC 5, HEALTH CARE PROVISIONS."

(3.) Under Part 2, "Health Care Provisions", Section I.C.1 (entitled "Employees Retiring On or Before June 1, 1999"), the current text will be replaced with the text set forth in the attachment labeled "SEBAC 5, HEALTH CARE PROVISIONS."

(4.) Under Part 2, "Health Care Provisions", Section I.C.2 (entitled "Employees Retiring After June 1, 1999"), the current text shall be replaced with the text set forth in the attachment labeled "SEBAC 5, HEALTH CARE PROVISIONS."

(5.) Under Part 2, "Health Care Provisions," Section 1.C.3 (entitled "Medicare Risk") shall be incorporated in a new paragraph D, entitled

"Medicare Eligible Participants", which shall also include provisions addressing POE Plan Incentives, and the resulting texts shall be as set forth in the attachment labeled "SEBAC 5, HEALTH CARE PROVISIONS."

(6.) Unless otherwise specifically indicated, all references above to parts and sections of SEBAC V, are to the numbers currently in effect, and SEBAC V, including internal references, shall be renumbered and edited as necessary to be consistent with this award.

(7.) The effect of items (1) through (6) above shall be to revise Part 2, Heath Care Provisions in its entirety, to read as set forth in the attachment labeled "SEBAC 5, HEATH CARE PROVISIONS."

Dated at _____, Massachusetts, this _____ day of May, 1999.

Roberta Golick
Arbitrator

SEBAC 5
HEALTH CARE PROVISIONS

The provisions of the current pension agreement regarding health insurance, as may have been modified by the Health Care Cost Containment Committee, shall be amended as necessary to provide the following:

A. Health Insurance Plans

The health care plans available to employees during each open enrollment period shall be the following coverage, currently provided through the carriers listed in Exhibit 2A, or equivalent coverage through carrier(s) selected by the State pursuant to Section F below. ("Coverage" refers to both benefits and access.)

(A) POS Preferred Plan Design
(B) POS Standard Plan Design
(C) POE Plan Design (Non-Gated)
(D) POE Plan Design (Gated)
(E) Kaiser Permanente

Notwithstanding any prior definitions or descriptions, the plan design elements of the five categories above shall be as set forth in Exhibits 1 A, B, C, D and E attached hereto and made a part hereof. The participant office visit co-pay amounts in all plans shall be as specified below on the dates indicated.

7/1/99 – 6/30/02:	$5 co-pay on all plans
7/1/02 – 6/30/07:	$5 co-pay on POE plans (including Kaiser); $10 co-pay on POS plans
7/1/07 – 6/30/12:	$10 co-pay on POE plans (including Kaiser); $15 co-pay on POS plans
7/1/12 – 6/30/17:	$15 co-pay on all plans

Unless otherwise mutually agreed, the above plans or any equivalent coverage shall be provided based on three-tier, insured, unblended rates.

B. Premium Cost Share

Notwithstanding any other provision of this agreement or any provision of the Connecticut General Statutes, the employee's monthly premium cost share for the health insurance plans available shall be as set forth in Exhibit 2A attached hereto and made a part hereof.

For the 1999-2001 benefit years, Exhibit 2A lists actual premium cost shares for each plan design, carrier and form of coverage which will be available to employees. For benefit years from 2001 through 2017, Exhibit 2A lists percentages that are to be applied to actual premium rates for each carrier in each plan design category to determine premium cost shares for the benefit years in question.

If the application of the percentages indicated in Exhibit 2A does not produce a difference of at least $5.00 between the premium cost shares for individual coverage under the Gated POE and Non-Gated POE plan designs offered by the same carrier, the premium cost share for individual coverage under the Gated POE shall be reduced (but not below zero) by an amount sufficient to achieve such $5.00 difference.

C. Retirees

1. Employees Retiring On or Before June 1, 1999

For employees retiring prior to July 1, 1997, or retiring pursuant to Section 81 of SA 97-21, Early Retirement Incentive Program, the State will pay 100% of the health insurance premium for retirees and their eligible enrolled dependents. For other employees retiring on or before June 1, 1999, the State will pay 100% of the health insurance premium for retirees and their eligible enrolled dependents for any POE plan (including Kaiser) or any POS Standard plan, and retirees who elect to enroll in a POS Preferred plan shall pay the incremental cost of such plan, computed in the same manner as set forth in paragraph C.2 below, without paying 1.5% of the POS Standard Projected Premium. Employees retiring on or before June 1, 1999 shall not be subject to any increase in the $5 office visit co-pay amount.

2. Employees Retiring After June 1, 1999

The State will pay 100% of the health insurance premium for retirees and their eligible enrolled dependents for any POE plan (including Kaiser) and, for the 1999-2000 benefit year only, 100% of the cost of any POS Standard plan. Any cost for a POS Standard plan in future benefit years, as well as any cost for a POS Preferred plan, will be shared as follows:

a. The non-medicare eligible retiree premium cost share for any POS Standard plan on and after July 1, 2000 shall be 1.5% of the total premium for the class of coverage in question. This premium cost share shall not apply with respect to any plan participant who is eligible for Medicare.

b. The retiree premium cost share for the POS Preferred plan (if there is only one such plan) or the least expensive POS Preferred plan (if there is more than one such plan) shall be computed using the following formula:

   i. 1.5% of the POS Standard Projected Premium for the class of coverage in question, computed as set forth below, (provided that this premium cost share shall not apply with respect to any plan participant who is eligible for Medicare); plus

   ii. The actual dollar increment between the POS Standard Projected Premium and the actual premium cost for the POS Preferred plan and class of coverage in question.

   The "POS Standard Projected Premium" shall be computed as follows: First, determine a weighted average POS Standard premium cost as of the preceding January 1 by using the actual premium costs and counts for the class of coverage in question for all POS Standard plans as of that date, and dividing by the total POS Standard counts for that class of coverage as of that date. Next, express the result as a percentage of the actual POS Preferred premium cost for the same class of coverage as of the preceding January 1. Finally, apply the resulting percentage to the actual POS Preferred premium for the same class of coverage for the coming benefit year to arrive at an estimated weighted average premium cost for all POS Standard plans for that class of coverage, or "POS Standard Projected Premium".

If there is more than one POS Preferred plan, the parties agree to reopen negotiations regarding the additional retiree premium cost share, if any, for plans costing more than the least expensive POS Preferred plan.

c. Notwithstanding any other provision of this agreement or any provision of the Connecticut General Statutes, the retiree's monthly premium cost share for the health insurance plans available shall be as set forth in Exhibits 2B, or 2C, as applicable, attached hereto and made a part hereof.

For the 1999-2001 benefit years, Exhibits 2B and 2C list actual premium cost shares for each plan design, carrier and form of coverage which will be available to retirees. For benefit years from 2001 through 2017, Exhibits 2B and 2C reference the formulas set forth above and used to determine premium cost shares for the benefit years in question.

D. Medicare Eligible Participants

The following provisions shall apply to medicare eligible retirees, regardless of retirement date, dependents, and with respect to paragraph 1, below, medicare eligible employees:

1. Medicare Risk

All employees, retirees and dependents who are eligible for Medicare coverage ("Medicare eligibles") will be offered the "Medicare Risk" option (where a private insurer assumes the insurance risk currently assumed by Medicare) set forth by the federal government as soon as it is available. A Medicare eligible who has a "seamless" option of selecting Medicare risk — i.e. where it would not affect such person's pre-selection coverage — and nevertheless chooses not to select the seamless Medicare risk program, shall bear the additional cost caused by such refusal to select the Medicare risk program. The additional cost will be made known to each such person at each open enrollment opportunity.

2. POE Plan Incentives for Medicare Eligible Retirees

Effective on July 1, 2000, with respect to any plan participant who is a medicare eligible retiree or dependent, the savings associated with such participant's enrollment in a POE plan which has a lower premium cost to the State than the POS Standard Projected Premium for the class of coverage in question, computed in accordance with paragraph C.2.b above, shall be shared as follows: 50% of the actual premium cost savings to the State will be applied to reduce the retiree's premium cost share for any dental insurance premium, for any class of coverage, for each benefit year in which the participant is enrolled in such POE coverage. However, this provision may not be used to reduce the retiree's share of the any such dental premium by more than 50% of such share.

E. Special Circumstances

1. Out of Area

Neither employees nor retirees shall be required to bear additional costs from not choosing an option such as a POE, or POS Standard, where such a program, or its equivalent, is not available in his/her geographic area.

2. Serious Health Conditions

Where an employee or retiree with a serious medical condition is restricted in his/her ability to select more affordable plans because his/her doctor is not in such plan's network or is not otherwise available through such plan, the State, by making arrangements with the doctor, or by allowing the employee/retiree to remain on his/her original plan, or through other equally appropriate means shall assure that the employee is able to continue such medical treatment without incurring additional costs.

F. Changes in Vendors

The State may select additional and/or alternative carriers to those indicated in Exhibits 2A, 2B , and 2C by working through the Health Care Cost Containment Committee to seek additional

and/or alternative carriers who will provide equivalent health insurance coverage to its employees. SEBAC does not have the ability to veto or to force to arbitration through the neutral chair the selection of any party to provide such health insurance coverage under the terms of this agreement. The State retains the ability to select and contract with any party to provide health insurance for its employees consistent with the terms of this agreement pursuant to C.G.S. §5-259. The State will negotiate with SEBAC over the implementation of any such coverage. Absent mutual agreement to the contrary, whenever health insurance is bid out, it will be on the basis of 3-tier, insured, unblended rates, with at least one vendor for each plan design set forth in Section A, above..

SEBAC 5 - EXHIBIT IA

	POS PREFERRED PLAN DESIGN	
BENEFIT FEATURES	IN-NETWORK	OUT-OF-NETWORK
Gatekeeper	No	No
Deductible		
Individual	None	$300
Family	None	$900
Maximums		Coinsurance Maximums excluding deductible, copayments, amount above maximum allowable charge, or penalties
Individual	None	$2,000
Family	None	$4,000
Coinsurance	None	20% of allowable charge
Lifetime Benefit Maximum	None	None
Outpatient Physician Visits	$5 copay per visit	80% of allowable charge
Preventive Care (including physical exams, well child care, immunizations)	Well child care covered (including immunizations) in full. $5 copay for other visits	80% of allowable charge
Family Planning		
Oral Contraceptives	Not covered	Not covered
Vasectomy	100%	80% of allowable charge
Tubal Ligation	100%	80% of allowable charge
Inpatient Physician	100% with pre-certification	80% of allowable charge with pre-certification
Inpatient Hospital	100% with pre-certification	With pre-certification: network hos., 100%; other hos., 80%
Outpatient Surgical Facility	100% with pre-certification	80% with pre-certification
Ambulance	100% if true medical emergency	100% if true medical emergency
Pre-admission Certification/ Continued Stay Review	Arranged through Provider	Prior authorization required to avoid a penalty of 20% of total charge, up to $500
Prescription Drug	$3 copay on generics; $6 copay on brand names; Oral contraceptives covered when medically necessary.	80% of allowable charge; Oral contraceptives covered when medically necessary
Mental Health	Pre-certification required	Pre-certification required
Inpatient	100% (60 day max) exchangeable with alternative levels of care	80% (60 day max)
Outpatient	50% (40 visit annual limit), combined with outpatient substance abuse, Does not count towards out-of-pocket maximum	50% (40 visit annual limit), combined with outpatient substance abuse, Does not count towards out-of-pocket maximum
Substance Abuse	Pre-certification required	Pre-certification required
Detoxification	100%	80% (2 treatment limit per lifetime)
Inpatient	Drug, 100% (60 day max); alcohol, 100% (45 day max)	Drug, 80% (60 days); alcohol, 80% (45 days)
Outpatient	50% (40 visit annual limit) combined benefit with outpatient mental health; does not count towards out-of-pocket maximum	50% (40 visit annual limit) combined benefit with outpatient mental health; does not count towards out-of-pocket maximum
Skilled Nursing Facility	100% with pre-certification	80% (60 day max per contract year) with pre-certification
Home Health Care	100% with prior authorization	80% with prior authorization; 200 visit limit annually
Hospice Care	100% with pre-certification	80% (60 day maximum) with pre-certification
Short Term Rehabilitation & Physical Therapy	100%	80%; 60 inpatient days/30 outpatient visits per condition per contract year
Diagnostic X-ray and Lab	100%	80% of allowable charge
Pre-admission Testing	100%	80% of allowable charge
Emergency Care	100% if medical emergency	100% if medical emergency
Durable Medical Equipment (not all items covered)	100% with prior authorization	80% of allowable charge with prior authorization
Prosthetic Medical Appliances	100% with prior authorization	80% of allowable charge with prior authorization
Eye Care (routine eye exam)	$15 copay per visit. One exam per contract year	50% of allowable charge; 1 exam once every 2 contract years
Hearing Exam (Audiological Screening Only)	$15 copay per visit. One exam per contract year	80% of allowable charge; 1 exam per contract year

SEBAC 5 - EXHIBIT IB

	POS STANDARD PLAN DESIGN	
BENEFIT FEATURES	IN-NETWORK	OUT-OF-NETWORK
Gatekeeper	No	No
Deductible		
Individual	None	$300
Family	None	$900
Maximums		Coinsurance Maximums excluding deductible, copayments, amount above maximum allowable charge, or penalties
Individual	None	$2,000
Family	None	$4,000
Coinsurance	None	20% of allowable charge
Lifetime Benefit Maximum	None	None
Outpatient Physician Visits	$5 copay per visit	80% of allowable charge
Preventive Care (including physical exams, well child care, immunizations)	Well child care covered (including immunizations) in full. $5 copay for other visits	80% of allowable charge
Family Planning		
Oral Contraceptives	Not covered	Not covered
Vasectomy	100% with pre-certification	80% of allowable charge
Tubal Ligation	100% with pre-certification	80% of allowable charge
Inpatient Physician	100% with pre-certification	80% of allowable charge with pre-certification
Inpatient Hospital	100% with pre-certification	With pre-certification: network hos., 100%; other hos., 80%
Outpatient Surgical Facility	100% with pre-certification	80% with pre-certification
Ambulance	100% if true medical emergency	100% if true medical emergency
Pre-admission Certification/ Continued Stay Review	Arranged through Provider	Prior authorization required to avoid a penalty of 20% of total charge, up to $500
Prescription Drug	$3 copay on generics; $6 copay on brand names; Oral contraceptives covered when medically necessary.	80% of allowable charge; Oral contraceptives covered when medically necessary
Mental Health	Pre-certification required	Pre-certification required
Inpatient	100% (60 day max) exchangeable with alternate levels of care	80% (60 day max)
Outpatient	50% (40 visit annual limit) combined with outpatient substance abuse; does not count towards out-of-pocket maximum	50% (40 visit annual limit), combined with outpatient substance abuse, Does not count towards out-of-pocket maximum
Substance Abuse	Pre-certification required	Pre-certification required
Detoxification	100%	80% (2 treatment limit per lifetime)
Inpatient	Drug, 100% (60 day max); alcohol, 100% (45 day max)	Drug, 80% (60 days); alcohol, 80% (45 days)
Outpatient	50% (40 visit annual limit) combined benefit with outpatient mental health; does not count towards out-of-pocket maximum	50% (40 visit annual limit) combined benefit with outpatient mental health; does not count towards out-of-pocket maximum
Skilled Nursing Facility	100% with pre-certification	80% (60 day max per contract year) with pre-certification
Home Health Care	100% with prior authorization	80% with prior authorization; 200 visit limit annually
Hospice Care	100% with pre-certification	80% (60 day maximum) with pre-certification
Short Term Rehabilitation & Physical Therapy	100%	80%; 60 inpatient days/30 outpatient visits per condition per contract year
Diagnostic X-ray and Lab	100%	80% of allowable charge
Pre-admission Testing	100%	80% of allowable charge
Emergency Care	100% if medical emergency	100% if medical emergency
Durable Medical Equipment (not all items covered)	100% with prior authorization	80% of allowable charge with prior authorization
Prosthetic Medical Appliances	100% with prior authorization	80% of allowable charge with prior authorization
Eye Care (routine eye exam)	$15 copay per visit. One exam per contract year	50% of allowable charge; 1 exam once every 2 contract years
Hearing Exam (Audiological Screening Only)	$15 copay per visit. One exam per contract year	80% of allowable charge; 1 exam per contract year

SEBAC 5 - EXHIBIT IC

	POE PLAN DESIGN (Non-Gated)
BENEFIT FEATURES	IN-NETWORK
Gatekeeper	No
Deductible	
Individual	None
Family	None
Maximums	
Individual	None
Family	None
Coinsurance	None
Lifetime Benefit Maximum	None
Outpatient Physician Visits	$5 copay per visit
Preventive Care (including physical exams, well child care, immunizations)	Well child care covered (including immunizations) in full. $5 copay for other visits
Family Planning	
Oral Contraceptives	Not covered
Vasectomy	100%
Tubal Ligation	100%
Inpatient Physician	100% with pre-certification
Inpatient Hospital	100% with pre-certification
Outpatient Surgical Facility	100% with pre-certification
Ambulance	100% if true medical emergency
Pre-admission Certification/ Continued Stay Review	Arranged through Provider
Prescription Drug	$3 copay on generics; $6 copay on brand names; Oral contraceptives covered when medically necessary
Mental Health	Pre Authorization required
Inpatient	100% (60 day max) exchangeable with alternate levels of care
Outpatient	50% (40 visit annual limit) combined with outpatient substance abuse; does not count towards out-of-pocket maximum
Substance Abuse	Pre Authorization required
Detoxification	100%
Inpatient	Drug, 100% (60 day max); alcohol, 100% (45 day max)
Outpatient	50% (40 visit annual limit) combined benefit with outpatient mental health; does not count towards out-of-pocket maximum
Skilled Nursing Facility	100% with pre-certification
Home Health Care	100% with prior authorization
Hospice Care	100% with pre-certification
Short Term Rehabilitation & Physical Therapy	100%
Diagnostic X-ray and Lab	100%
Pre-admission Testing	100%
Emergency Care	100% if medical emergency
Durable Medical Equipment (not all items covered)	100% with prior authorization
Prosthetic Medical Appliances	100% with prior authorization
Eye Care (routine eye exam)	$15 copay per visit. One exam per contract year
Hearing Exam (Audiological Screening Only)	$15 copay per visit. One exam per contract year

SEBAC 5 - EXHIBIT ID

	POE PLAN DESIGN (Gated)
BENEFIT FEATURES	IN-NETWORK
Gatekeeper	Yes
Deductible	
Individual	None
Family	None
Maximums	
Individual	None
Family	None
Coinsurance	None
Lifetime Benefit Maximum	None
Outpatient Physician Visits	$5 copay per visit
Preventive Care (including physical exams, well child care, immunizations)	Well child care covered (including immunizations) in full. $5 copay for other visits
Family Planning	
Oral Contraceptives	Not covered
Vasectomy	100%
Tubal Ligation	100%
Inpatient Physician	100% with pre-certification
Inpatient Hospital	100% with pre-certification
Outpatient Surgical Facility	100% with pre-certification
Ambulance	100% if true medical emergency
Pre-admission Certification/ Continued Stay Review	Arranged through Provider
Prescription Drug	$3 copay on generics; $6 copay on brand names; Oral contraceptives covered when medically necessary
Mental Health	Pre Authorization required
Inpatient	100% (60 day max) exchangeable with alternate levels of care
Outpatient	50% (40 visit annual limit) combined with outpatient substance abuse; does not count towards out-of-pocket maximum
Substance Abuse	Pre Authorization required
Detoxification	100%
Inpatient	Drug, 100% (60 day max); alcohol, 100% (45 day max)
Outpatient	50% (40 visit annual limit) combined benefit with outpatient mental health; does not count towards out-of-pocket maximum
Skilled Nursing Facility	100% with pre-certification
Home Health Care	100% with prior authorization
Hospice Care	100% with pre-certification
Short Term Rehabilitation & Physical Therapy	100%
Diagnostic X-ray and Lab	100%
Pre-admission Testing	100%
Emergency Care	100% if medical emergency
Durable Medical Equipment (not all items covered)	100% with prior authorization
Prosthetic Medical Appliances	100% with prior authorization
Eye Care (routine eye exam)	$15 copay per visit. One exam per contract year
Hearing Exam (Audiological Screening Only)	$15 copay per visit. One exam per contract year

SEBAC 5 - EXHIBIT IE

	KAISER PERMANENTE
BENEFIT FEATURES	IN-NETWORK
Gatekeeper	Yes
Deductible	
Individual	None
Family	None
Maximums	
Individual	None
Family	None
Coinsurance	None
Lifetime Benefit Maximum	None
Outpatient Physician Visits	$5 copay per visit
Preventive Care (including physical exams, well child care, immunizations)	$5 copay per visit visits
Family Planning	
Oral Contraceptives	$5 copay through Rx plan
Vasectomy	100%
Tubal Ligation	100%
Inpatient Physician	100%
Inpatient Hospital	100%
Outpatient Surgical Facility	100%
Ambulance	100% if true medical emergency
Pre-admission Certification/Continued Stay Review	Arranged through Provider
Prescription Drug	$5 Copay
Mental Health	
Inpatient	100% (60 day max) exchangeable with alternate levels of care; no limit on biologically-based treatments.
Outpatient	Visits 1-10: 100% 11-20: $25 Copay 21-30: lesser of $50/50% Biological: $5 copay
Substance Abuse	
Detoxification	100%
Inpatient	100% (45 day max)
Outpatient	100% up to 60 visits/year
Skilled Nursing Facility	100% to 100 days/year
Home Health Care	100%
Hospice Care	100%
Short Term Rehabilitation & Physical Therapy	Inpatient: 100% to 60 days Outpatient: $5 copay
Diagnostic X-ray and Lab	100%
Pre-admission Testing	100%
Emergency Care	$25 copay; waived if admitted
Durable Medical Equipment (not all items covered)	100% ($1,500 C.Y. maximum)
Prosthetic Medical Appliances	100% ($1,500 C.Y. maximum)
Eye Care (routine eye exam)	$5 copay per visit. One exam per contract year
Hearing Exam (Audiological Screening Only)	$5 copay per visit. One exam per contract year

EXHIBIT 2A

STATE EMPLOYEES HEALTH INSURANCE PREMIUM COST SHARES

1999 - 2001 Monthly Premiums for Active Employees

Plan Design	Vendor	Total Premium Cost				State Share of Premium				Employee Share of Premium			
		Subscriber	Sub + 1	Family	FLES	Subscriber	Sub + 1	Family	FLES	Subscriber	Sub + 1	Family	FLES
POS Preferred	Anthem BCBS	340.83	749.83	920.24	579.41	288.09	571.11	707.98	460.98	52.74	178.72	212.26	118.43
POS Standard	Anthem BlueCare	239.57	527.05	646.84	407.27	224.95	444.67	549.60	370.78	14.62	82.38	97.24	36.49
	PHS	221.62	487.60	598.40	376.78	208.10	411.38	508.44	343.02	13.52	76.22	89.96	33.76
	MedSpan	226.01	497.24	610.25	384.24	212.22	419.51	518.51	349.81	13.79	77.73	91.74	34.43
POE Non-Gated	Anthem BlueCare	227.34	500.14	613.80	386.46	226.30	449.88	542.60	357.13	1.04	50.26	71.20	29.33
	PHS	215.44	473.98	581.68	366.24	215.11	426.35	514.21	338.44	0.33	47.63	67.47	27.80
	MedSpan	203.33	447.32	548.99	345.66	203.33	402.36	485.31	319.42	0	44.96	63.68	26.24
POE Gated	Anthem BlueCare	217.10	477.62	586.17	369.07	217.10	437.62	531.17	346.43	0	40.00	55.00	22.64
	PHS	211.11	464.46	570.01	358.90	211.11	424.46	515.01	336.26	0	40.00	55.00	22.64
	MedSpan	199.26	438.37	538.00	338.74	199.26	398.37	483.00	316.10	0	40.00	55.00	22.64
Kaiser		188.61	414.94	509.25	320.64	188.61	385.14	465.94	302.80	0	29.80	43.31	17.84

2001 - 2017 Employee Share of Premiums

Plan Design	Employee Percentage of Premiums			
	Subscriber	Sub + 1	Family	FLES
POS Preferred	15.47%	23.83%	23.06%	20.44%
POS Standard	6.10%	15.63%	15.03%	8.96%
POE Non-Gated	6%>$210	10.05%	11.60%	7.59%
POE Gated	6%>$210	8.37%	9.38%	6.13%
Kaiser	6%>	7.18%	8.50%	5.56%

EXHIBIT 2B

NON-MEDICARE RETIREES HEALTH INSURANCE PREMIUM COST SHARES

Plan Design	Vendor 1999-2001 Years	Total Monthly Premium			Retirement Dates	Retiree Share 1999-2000			Retiree Share 2000-2001			Retiree Share 2001-2017		
		Sub-scriber	Sub + 1	Family		Sub-scriber	Sub + 1	Family	Sub-scriber	Sub + 1	Family	Sub-scriber	Sub + 1	Family
POS Preferred	Anthem BCBS	358.20	788.04	967.14	Pre 7/1/97 & 97 ERIP	0	0	0	0	0	0	0	0	0
					7/1/97-6/1/99	12.19	26.82	32.91	See Note 1.			See Note 1.		
					Post 6/1/99	12.19	26.82	32.91	See Note 2.			See Note 2.		
POS Standard	Plans and Premiums Shown Below				6/1/99 or Before	0	0	0	0	0	0	0	0	0
	Anthem Blue Care	346.01	761.22	934.23	Post 6/1/99	0	0	0	5.19	11.42	14.01			
	PHS	292.52	643.56	789.80		0	0	0	4.39	9.65	11.85	See Note 3.		
	MedSpan	346.05	761.31	934.34		0	0	0	5.19	11.42	14.02			
POE Non-Gated	Anthem Blue Care	329.49	724.88	889.62	All Retirees	0	0	0	0	0	0	0	0	0
	PHS	285.22	627.51	770.10		0	0	0	0	0	0	0	0	0
	MedSpan	328.58	722.88	887.17		0	0	0	0	0	0	0	0	0
POE Gated	Anthem Blue Care	314.67	692.27	849.61	All Retirees	0	0	0	0	0	0	0	0	0
	PHS	279.53	614.99	754.74		0	0	0	0	0	0	0	0	0
	MedSpan	322.01	708.42	869.43		0	0	0	0	0	0	0	0	0
Kaiser		346.43	762.15	935.36	All Retirees	0	0	0	0	0	0	0	0	0

Note 1. Retiree premium cost share is equal to the difference between the POS Preferred Total Premium and the "POS Standard Projected Premium" for the class of coverage. See SEBAC V Part 2, Sections 1.C.1 and 1.C.2.

Note 2. Retiree premium cost share is equal to 1.5% of the "POS Standard Projected Premium" plus the difference between the POS Preferred Total Premium and the "POS Standard Projected Premium" for the class of coverage. See SEBAC V Part 2, Section 1.C.2.

Note 3. Retiree premium cost share is equal to 1.5% of the total premium for the vendor chosen and the class of coverage.

EXHIBIT 2C

Determination of Medicare Eligible Retiree Premium Shares

Corridor	Vendor 99/2001 Years	Total Premium			Retirement Dates	Retiree Share 99/2000			Retiree Share 2000/2001-2017		
		single	1+1	family		single	1+1	family	single	1+1	family
Preferred	BCAnthem	260.51	521.02	521.02	Pre 7/1/97 or 97 ERIP	0.00	0.00	0.00	0.00	0.00	0.00
					Later Retirees	0.00	0.00	0.00	See Note 1, Below.		
POS Standard	BCAnthem	260.51	521.02	521.02	All Retirees	0.00	0.00	0.00	0.00	0.00	0.00
	MDPOE	181.74	363.48	363.48		0.00	0.00	0.00	0.00	0.00	0.00
	MSpan	234.49	468.98	468.98		0.00	0.00	0.00	0.00	0.00	0.00
Non Gated POE	BCPOE	252.52	505.04	505.04	All Retirees See Note 2 for POE Incentive	0.00	0.00	0.00	0.00	0.00	0.00
	MDPOE	177.18	354.36	354.36		0.00	0.00	0.00	0.00	0.00	0.00
	MSpan	230.31	460.62	460.62		0.00	0.00	0.00	0.00	0.00	0.00
Gated POE	BCPOE	241.16	482.32	482.32	All Retirees See Note 2 for POE Incentive	0.00	0.00	0.00	0.00	0.00	0.00
	MDPoe	173.64	347.28	347.28		0.00	0.00	0.00	0.00	0.00	0.00
	MSpan	225.70	451.40	451.40		0.00	0.00	0.00	0.00	0.00	0.00
Kaiser		83.90	167.80	167.80	All Retirees	0.00	0.00	0.00	0.00	0.00	0.00

Note 1. Retiree premium share is equal to the difference between the POS Preferred Total Premium and the "POS Standard Projected Premium" for the class of coverage. See SEBAC V, Part 2, Sections C.2.b.

Note 2. Effective July 1, 2000, certain POE incentives are provided to all retirees choosing POE plans cheaper than the POS Standard Projected Premium for the class of coverage. See SEBAC V, Part 2, Sections D.2.