



October 2006
Hawaii Employees

Open Enrollment 2007

The *FlexSolutions* 2007 Open Enrollment will take place from **October 23 through November 10**. This is your annual opportunity to make new benefit elections under *FlexSolutions* for the coming calendar year. Please look for your Open Enrollment materials in mid- to late-October.

A&B strives to keep its benefits program in line with our industry while offering comprehensive coverage at a level that everyone can afford. To do that, we benchmark our benefits program against other peer companies and make targeted benefit and employee contribution changes when necessary.

Changes for 2007

For 2007, there will be no benefit changes to the HMSA PPO Plan.

However, there will be minimal benefit changes as required by our medical plan providers to the other plans. For HMSA HealthLink, Health Plan Hawaii Plus HMO, and Kaiser HMO Hawaii, the copayment for network physician services will increase to \$14. Physician services include office visits, urgent care visits, allergy testing, physical and occupational therapy, outpatient mental health and substance abuse physician visits, outpatient hospital services, and outpatient surgery.

Take Control of Medical Costs

In 2007, the HMSA PPO premium rate will increase 2.4%, the HMO plan by 6.9%, the POS (HealthLink) plan by 4.4% and Kaiser by 7.4%. Although these increases will be primarily paid by A&B at an average of approximately 80%, it will also affect your contribution since you are sharing the costs at the 20% level. With medical costs continuing to grow at a faster pace than the inflation rate, it is more important than ever to take advantage of the cost-saving features of your medical plan. Here are some familiar tips to help you get the maximum benefits of the plan. Remember, the providers and your plan can only do so much to keep the cost down. You, as a consumer, have direct control over how you use the benefit and can make a big difference by practicing the following:

- **Always use network providers** since they agree to charge plan members lower, contracted rates for their services than non-network providers. The best way to find out if providers participate in the network is to ask them.
- **Ask for generic drugs** instead of the more expensive brand name drugs. Generics contain the same active ingredients as their brand name counterparts, but usually cost significantly less.
- **Use the mail order program** for prescription drugs you take on a daily basis (a mail order service is available under all of the HMSA medical plans). You'll pay less money for a larger supply of your medication, and your prescription drugs will be delivered to your home in usually five business days or less.
- **Take care of yourself and get regular checkups.** Physical exams and screenings are key to preventing health risks from developing into serious medical conditions. All of A&B's medical plans offer excellent preventive care benefits. All providers offer free or discounted health and wellness programs such as weight loss and nutrition, smoking cessation, chronic care management, and exercise classes. Check your provider's website for more information.
- **Use emergency services wisely.** For example, if you have minor cuts that don't require stitching, call the nurse line or refer to the provider handbooks (Healthwise, etc.) or your provider's website for first aid or treatment information.

Remember, you are in control of your health and health-related costs. Using services wisely and staying healthy helps reduce your out-of-pocket medical costs, saves money for the plan, and contributes to the profitability of the Company.

In 2004, A&B and Matson began a three-year strategy to bring employee contributions to an average of 20% of the Company's health care costs. This was achieved through a combination of benefit and cost-sharing adjustments.

Before that time, employee contribution levels were significantly below both national and industry standards. If no action was taken, our health care costs would have negatively impacted the Company's profitability.

Now we ask that you do your part by staying healthy and taking advantage of cost-saving features designed to save you and the Company money.

Tip: Want to further reduce your out-of-pocket health care expenses? Learn more about the Health Care Reimbursement Account which allows you to pay your health care expenses with pre-tax dollars!

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