



Managing Medical Plan Costs Together

A&B has seen its health care costs increase steadily over the last decade, and 2009 will be no different. This is partly due to national trends in the health care industry as the cost of services increases. This general trend affects all medical plans offered by a medical plan provider.

However, the Company's own claims costs – driven by the medical care our employees and their families receive and what those services actually cost – also play a key role. For example, plans that pay more in claims will generally be more expensive in the following year than plans that experience fewer or less costly claims. In a sense, we all share in the responsibility for managing health care costs because the total cost of A&B's medical plans are affected by how we collectively use those benefits from year to year.

2009 employee contributions for some medical plans will increase more than others. The plans that had more claims paid will have a higher rate of increase than plans that had fewer, less costly claims. Details will be included in your Open Enrollment packet you receive in late October.

This bulletin focuses on how A&B and you can work together to manage health care costs now and in the future.

What A&B Does to Manage Health Plan Costs

A&B takes an active role in managing its health care costs so that we can continue to offer you a quality benefits program. We do so by following these guiding principles:

- Offer a flexible benefits program with benefit dollars (FS Credits) to help you design your own benefits package.
- Include built-in cost-saving features in our benefit plans, such as provider networks and mail order prescription drugs.
- Provide access to support and personalized attention if you or an enrolled family member has a serious medical condition.
- Ensure our plans offer employees tax-saving opportunities, such as pre-tax premium contributions and the ability to pay for certain out-of-pocket costs with pre-tax dollars using the Health Care Reimbursement Account (see the reverse for more about the Health Care Reimbursement Account).
- Review the overall benefits program each year to ensure that it continues to make sense for employees, their families, and the Company.
- Continue to explore and implement meaningful and measurable wellness initiatives such as on-site health risk assessments, flu shots, and health related workshops.

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.

What You Can Do to Manage Health Plan Costs

While A&B's medical plans include important features to help you reduce your health care costs, it's up to you take advantage of them. Keep the following tips in mind as you use your benefits throughout the year:

- **Always use network providers** since they agree to charge plan members lower, contracted rates for their services than non-network providers.
- **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 if available** for prescription drugs you take on a daily basis. You'll pay less money for a larger supply and your medication will be delivered to your home usually in 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 and free or discounted programs for 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 a medical situation that is not life-threatening, call the nurse line or your doctor to see if you can wait to receive medical attention in an office setting, or refer to the provider handbooks (Healthwise, etc) or website for first aid or treatment information.

It Pays to Participate In the Health Care Reimbursement Account

As you think about the benefit plans available during the upcoming Open Enrollment, consider how you and your family typically use health care (medical, dental, and vision) services throughout the year and the out-of-pocket expenses you will have. Then consider enrolling in the Health Care Reimbursement Account (HCRA), a powerful tax-advantaged plan that works in partnership with your health care plan coverage.

Many people have the same types of health care expenses year after year – like deductibles, copayments, some over-the-counter medications, etc. – but don't take advantage of the HCRA to pay for those expenses with pre-tax dollars. These pre-tax dollars are deducted from your pay before taxes are calculated. Simply put, using pre-tax dollars instead of after-tax dollars means you don't pay taxes on the money you set aside in your HCRA – ever.

It's important to estimate your expenses carefully because unused HCRA dollars at the end of the year are forfeited according to IRS rules. To help you estimate your health care expenses and potential tax savings, visit www.mypayflex.com and click the *FSA Calculators* link.

Avoid dual health care coverage

There is usually no financial advantage to covering yourself and/or your dependents under two plans since in most cases you would be paying employee contributions under both plans every month.