PEF

The Communicator – Special Edition

2007-2011 PS&T CONTRACT

HIGHLIGHTS OF TENTATIVE AGREEMENT

Compensation:
- 3 percent base salary increase retro to April 2, 2007
- 3 percent base salary increase April 2008
- 3 percent base salary increase April 2009
- 4 percent base salary increase April 2010

Downstate and Mid-Hudson Adjustment:
- Downstate Adjustment increases from $1,302 to $1,850 on April 2008, and to $3,026 on October 2008.
- Mid-Hudson Adjustment increases from $651 to $1,000 on April 2008 and to $1,513 on October 2008.

Hazardous Duty Pay:
Increases from 60 cents to 75 cents effective April 2, 2007.

Inconvenience Pay:
Increases from $550 to $575 annually, effective April 2, 2007.

Standby Pay:
Increases from 20 percent to 25 percent effective April 2, 2007.

Salary Grade Parity/Merit Advance Program:
Effective April 2010, the Job Rates for the PEF Salary Schedule will be adjusted to match CSEA Job Rates for salary grades 1 through 25. In addition, the Job Rates for Salary Grades 26 through 37 will increase by $1,000. The Merit Advance Program, which was implemented as part of the 2003-2007 Contract, provided Job Rate Parity for Salary Grades 1 to 18 at the Merit Advance Rate.

When the 2010 schedule becomes effective, members at a job rate prior to April 2010 will move to the new job rate. Members with a base salary higher than the new job rate will receive the higher of their current salary (after the 4 percent salary increase) or the 2010 job rate.

When the 2010 schedule is implemented, the value of performance advances (also called increments or steps) will be changed. Currently and until 2010, all performance advances will continue to be defined as 1/7th of the difference between the hiring rate and the job rate.

Starting in 2010, the value of performance advances will be provided by the salary schedule. At that time, a new job rate advance will be added to the schedule. The job rate advance represents the value of the "regular" performance advance, plus the difference between the PEF and CSEA job rates. The value of the job rate increment assures members progressing toward the job rate that they will reach it in the same number of years as would have been the case had PEF not achieved parity.

Simultaneous to the 2010 schedule changes, the Merit Advance Program will be discontinued. Members who have previously received the merit advance will remain at the new job rate. Members who were disqualified because they did not meet the criteria to receive the Merit Advance will be advanced to the new job rate on April 1, 2010. From April 2007 to April 2010, employees in SG 1 to 18 who meet the eligibility criteria for the Merit Advance will receive the adjustment to the CSEA Job Rate prior to 2010.

Since PS&T employees are not paid using a specific "step" schedule, they have the dollar value of the performance advance or the job rate advance added to their base salary. When the value of the job rate advance is sufficient to raise the base salary to the job rate, employees will receive the job rate advance. Otherwise, they will receive the "regular" performance advance.

Non-Statutory Salary Protection:
Under current practice, employees do not receive salary

protection when they move from a non-statutory position to a salary graded position. (Non-statutory positions are those positions where no formal salary is set by contract or statute. Many "project" positions are non-statutory. All hourly positions are, by definition, non-statutory positions).

Currently, when long-term non-statutory employees convert to salary graded positions, there is no choice but to start their salary at the hiring rate of the salary graded position. Sometimes, this is significantly lower than their hourly rate of pay.

The benefit the new contract provides is that when a person converts from non-statutory to a salary graded position, their new salary will be adjusted based on the equivalent number of years of full-time service they performed as an hourly employee. This new benefit takes effect upon ratification.

Travel Issues:

NYS-Ride Program

The NYS-Ride program implemented during the 2003-2007 Contract allows employees working in New York City to pay for their mass transit commuting expenses on a pre-tax basis. This program has proven successful and the high enrollment suggests satisfaction among the enrollees. Within six months of ratification, the NYS-Ride program will be made available to all employees working in New York State.

Reimbursement Rules for Local Travel

A side letter interpreting Article 8.2 will for the first time establish a contractual minimum reimbursement level for business related travel within 35 miles of an employee's home or official station. This will guarantee that, at minimum, local business mileage will be reimbursed using the "lesser of mileage rule." This rule provides that employees will be reimbursed the lesser of 1) mileage from home to the alternate work location or 2) mileage from the official station to the alternate work location. By September 1, 2008, agencies that have established less generous mileage reimbursement rules for local travel will, at minimum, have to move up to the "lesser of rule." Agencies with more generous reimbursement rules may choose to modify those rules, however, these agencies will continue to have the discretion to establish policies that provide for more generous mileage reimbursement. This includes DOT and DOL where PEF previously achieved grievance settlements that provided for reimbursement more generous than provided by the "lesser of rule".

This agreement will finally resolve longstanding disputes regarding the appropriate level of reimbursement for local business-related travel. For years the State has maintained that agencies have discretion to establish agency specific reimbursement rules for local work related travel. The Union has argued this discretion was limited by the Comptroller's published mileage reimbursement policies. However, in July, 2007, the Comptroller revised its Travel Manual and abolished one of the policies critical to the Union's position, "Bulletin G-180". Instead the Comptroller announced that agencies, in fact, had full discretion to establish reimbursement policies for travel expenses incurred within 35 miles of the employee's home or official station. This new side letter will establish critical limits on agency discretion and guarantee that unit members receive reasonable reimbursement for work related travel. In exchange for reaching this agreement, the Union has agreed to withdraw pending "G-180" grievances as the new reimbursement policy will supercede G-180.

Nurses Issues:

There are several enhancements in the tentative agreement specific to nurses, and several other enhancements available to all PS&T Unit employees.

A pilot program on mandatory overtime for nurses starts in 2009. Under this pilot, nurses cannot be mandated to work more than 16 hours in a 24-hour period, except in an emergency. At least two locations at the State Department of Health (DOH), Office of Mental Health (OMH), Office of Mental Retardation and Developmental Disabilities (OMRDD), and the State University of New York (SUNY) will be covered by the pilot.

Nurses will also receive enhanced educational programs.

There will be an enhanced voucher program for nurses participating in programs to attain 4-year degrees who work at the three SUNY Hospitals and at Roswell Park Cancer Institute. The agreement allows for other locations to be added by mutual agreement.

Nurses will also have available an enhanced Voucher Alternative (VALT) Program.

A new side letter also provides new programs targeted specifically at the professional development needs of nurses. These programs could include preceptor training, grant programs, conferences, tuition or other monetary support for national certification in specialties, and creation of professional development workshops and programs to support and enhance nursing careers. An additional $500,000 per year has been added to Article 15 funding to support these initiatives.

Special Note For Recent or Soon to Be Retirees:
We are often asked about the application of new contracts to people who retired after the old contract expired or plan to retire before the new contract is ratified and implemented. In general, when the new contract takes effect, it is treated as if it were in place since the first day of the agreement, in this case, April 2, 2007. You do not have to be on payroll on the date of ratification or on the date the retroactive payments are made to be eligible for an adjustment.

If you were on payroll for any time after April 2, 2007 you are entitled to, and will receive the adjustments provided by the new contract. If you retired after that date, you are due monies that reflect the 3 percent salary increase effective April 2007. If your final average salary is based on your last years of service, you are also entitled to a recomputed retirement benefit and adjustment if you started receiving pension payments. In addition, you will also be due an adjustment for the value of accrued time, such as vacation credits or sick leave credits. These too may affect your pension benefit and/or your offset for retiree health insurance premiums.

All of these calculations are done automatically and retirees do not need to make a special request of the Office of the State Comptroller or Civil Service to have the adjustments made.

For those who were waiting to retire until the new agreement was in place, the same guidelines apply. For those contemplating retirement in the immediate future, keep these points in mind as they are not new:

To be eligible for longevity awards, you must **not** retire effective March 31. Retirements are processed at the beginning of the day, and longevity eligibility is done at the close of business.

If there is an April 1 raise due, be aware it may not be implemented on April 1. The State Finance Law requires that April 1 salary increases take effect on the first day of the pay period that starts nearest to April 1. That is the reason for the different effective dates for the percentage increases for the institution and administrative payrolls.

While a short delay in your retirement date will have only a very small or no impact on your final average salary, waiting until after the April raises are implemented will raise the value of a “day” for the retirement and other contractual benefits for liquidating accrued time. You can increase the value of your vacation payout and raise the value of sick leave used to offset your health insurance cost in retirement by planning your retirement date carefully.

Effective Date of Benefit Changes:
The tentative agreement provides that unless there is a specific effective date attached to a benefit change, the change will take effect upon ratification of the agreement. For example, upon ratification, contract grievances can be amended at Step 2 by mutual agreement. On the other hand, because of the specific effective date, the increase to the overtime meal allowance takes effect on April 2, 2007.

Tuition Reimbursement:
Tuition benefits are provided to and administered by the PEF/GOER Professional Development Committee created in Article 15 of the contract. In this negotiation, PEF paid special attention to correcting some of the problems in the administration of these benefits. Specifically, we sought to end the practice of terminating support for continuing education when the contract expires. The tentative agreement has made several important and positive improvements.

First, PEF negotiated a substantial increase in funding to support committee activities. The total funds available in 2010 represent a substantial increase from the 2006 level. In part, this increase reflects our demand to maintain the level of benefits throughout the term of the agreement. In previous contracts, because the state “sunset” the programs, and because of the length of the negotiations process, PEF could not get the Article 15 programs “up and running” for some time following ratification.

In the last Agreement, PEF had a compressed time frame (27 months) in which to spend four years worth of committee money, which allowed a richer level of benefits than would be the case if the same funds were spread over all four years. The increased funding in Article 15 will help sustain the higher level of benefits PEF members have received in previous years.

PEF also made some significant progress on the issue of the potential sunset of benefits in April 2011. For the first time, the state has agreed that PEF can carry forward any unspent money for use through December 2011. The state also agreed to provide an additional nine months of funding from April to December 2011 to make sure the programs continue to operate. It is not a complete solution to the sunset issue, but at least the educational programs will not be immediately terminated when the contract expires in 2001.

PEF also advocated for making tuition payments retroactive to the beginning of the new agreement. Ultimately, the decision to support retroactivity is left to the PEF/GOER Professional Development Committee. Once the contract is ratified, GOER will consider PEF's request for retroactive benefits. When the contract is ratified and the pay bill is passed, the Article 15 committee will have more than $13 million available for educational programs. While there is no contractual commitment on this matter, PEF is optimistic the level of support the state has shown for these programs indicates a new openness on the issue of retroactivity.

Any questions about the education benefits of the contract should be directed to PEF's Education Department at 1-800-342-4306, ext. 328.

Labor/Management Committee Process:
The tentative agreement includes two new understandings to encourage a more constructive labor-management process. First, Article 24 contains a new requirement that labor-management agreements must have express provisions on the length of the agreement. It must have provisions on how the agreement may be terminated prior to expiration or extended beyond expiration. As this requirement is incorporated into new labor-management agreements, it should prevent the disputes that inevitably develop when management unilaterally terminates an existing labor-management agreement which contains no specific expiration date.

To further support productive labor-management relationships, the tentative agreement also includes $200,000 in each fiscal year of the agreement which is specifically earmarked for the development and delivery of a comprehensive joint labor-management training program. This program will be developed and administered by the Article 15 Professional Development Committee. The state and PEF will assign staff to coordinate the delivery of the joint-training to individual labor-management committees.

Post-Suspension Accrual Restoration:
A new pilot program will provide relief to employees who lose excess vacation credits on April 1 following a disciplinary suspension that is subsequently deemed improper.

Previously, members who charged vacation during a pre-discipline suspension which was subsequently restored under Article 33.4(a)(4) often lost time in excess of 40 days on April 1, without an opportunity to use it when the time was restored early in the year.

Under the new pilot, members who have time restored under Article 33.4(a)(4) will be allowed one year from the date of restoration or the employee's return to work (whichever is later) to reduce the total accumulation to 40 days.

Peace Officer Firearms Training Incentives:
Under the Firearms Training and Safety Incentive pilot program, PS&T unit peace officers (as defined in Criminal Procedure Law § 2.10) will be eligible for incentive payments to attend annual agency-directed training programs in firearms safety. Peace officers who attend training will receive incentive payments of $150 for FY 2008-09, $200 for FY 2009-10, and $250 for FY 2010-11. The payments will be made as soon as practicable at the conclusion of each fiscal year covered by the pilot.

The Joint Committee on Health and Safety shall develop criteria for the agency-directed training programs no later than September 2008.

"Over40 Comp Time" Pilot:
Beginning July 1, 2008, a new pilot program will allow overtime eligible employees to bank their overtime in excess of 40 hours per week for payment at a later date. Participation in the program is voluntary. Employees who opt into the program will earn "Over40 Comp Time" at the rate of time and one half for each overtime hour worked. Participants can bank up to 240 hours of "Over40 Comp Time." Up to 120 hours can be cashed out in the pay period closest to December 1 of each year.

Each year, overtime eligible employees will be given the option to participate in this program. If an employee elects to participate, all overtime worked will be banked instead of paid; there is no ability to bank a portion of time and to be paid for the balance.

Banked time may also be cashed-out at retirement or other separation from service. In either event, "Over40 Comp Time" is paid out at the rate of pay earned at the time it is cashed out. Compensatory time for time worked between 37½ and 40 hours is not affected by this program. Only time in excess of 40 hours per week can be banked. Employees who reach the maximum of 240 hours of banked time, must be paid for additional overtime at the time it is earned. While this banked time cannot be used for time off, it can be used as a source of income during the holidays.

Dependent Care Advantage Account:
For bargaining unit members with dependent care expenses, the employer contribution to the pre-tax Dependent Care Advantage Account (DCAA) will be returning for Calendar Year 2009. The contract requires a contribution of at least $200 to $600 to the DCAA (based on an income- sensitive sliding scale) in calendar year 2009. However, the multi-union Joint Advisory Board which oversees the Employee Assistance Program (EAP) and Family Benefits Program has already approved an increase in that scale for bargaining units with ratified agreements. That **enhanced** scale is:

Employee Gross Annual Salary	Employer Contribution
Up to $30, 000	$800
$30,001 - $40,000	$700
$40,001 - $50,000	$600
$50,001 - $60,000	$500
$60,001 - $70,000	$400
Over $70,000	$300

Committee Funding – Extension of Sunsets:
PEF has struggled with the "sunset" or halting of funding to the various joint committees when an agreement expires before negotiations for a successor agreement are completed. The temporary loss of this funding disrupts the programs administered by the various joint committees and the benefits these programs provide. Not least among these is the tuition voucher program administered by the Article 15-Professional Development Committee.

For the first time, PEF made a significant step forward in our effort to abolish the "sunsets" on committee funding. If the parties have not completed negotiations over a successor agreement by April 1, 2011, a side letter to the tentative agreement will continue funding for these programs through December 31, 2011. In addition to continuing funding for the tuition voucher program, this will also delay the "sunset" of other benefits such as the employer contribution to the Dependent Care Advantage Account.

The funding levels for each of the joint committees will also increase dramatically, both over funding levels in the 2003-07 Agreement and, for most of the committees, year to year during the life of the 2007-2011 Agreement. This additional funding should significantly improve the ability of these committees to deliver the benefits and services that they are charged to provide.

Committee Agreement	Increase in Funding during
Article 10-EAP	$368,000/yr to $426,000/yr
Article 14-PDQWL	$330,000/yr to $530,000/yr
Article 15-PDC	$5,950,400/yr to $8,069,200/yr
Article 18-H&S	$303,000/yr to $688,000/yr
Article 42-FBP	$1,628,000/yr to $1,884,600/yr

Contract Grievance Process –Triage and Expedited Arbitration:
The Triage and Expedited Arbitration Process which was piloted in the 2003-07 Agreement will become a permanent alternative to traditional arbitration of contract grievances in the tentative agreement. This process has proved to be a more expeditious alternative process for resolving contract grievances than is provided by the traditional arbitration process.

Grievances scheduled for triage and expedited arbitration are heard before a single "select arbitrator" who reviews documents and hears oral arguments from the parties at triage. This select arbitrator advises the parties about the potential merits of the grievance and assists in crafting settlements if possible. If the grievance cannot be resolved at Triage, the select arbitrator takes testimony and evidence in an expedited one day arbitration. Following that hearing, the select arbitrator issues a decision which is binding in that grievance but which does not set precedent for other grievances.

Other clarifications in the contract grievance process addressed procedural issues which have the potential for derailing expeditious grievance processing at agency levels. First, the tentative agreement will clarify the circumstances in which class action grievances may be filed directly at Step 2. Second, a grievance may be amended directly at Step 2 with agency consent. This will avoid the need to "remand" to Step 2 following receipt of the agency level decision, reducing the time necessary to process amendments. Finally, a side letter allows Step 1 and 2 contract grievance meetings to be conducted by virtual means such as video or teleconferencing where the parties mutually consent as a potentially expeditious means of conducting these meetings.

Health Benefits:
The following changes will have an effective date of July 1, 2008 unless otherwise noted:

Changes applicable to all members
Vision – Effective July 1, 2008 or as soon thereafter as practicable, enrollees will have 90 days from date of exam to purchase eyewear.

Effective January 1, 2009 when using an in-network provider:
1) Frame allowance increases to $130;
2) Standard progressive addition lenses will be covered in full; and,
3) Standard polycarbonate lenses for adults age 19 or older will be covered in full.

Also, the criteria for obtaining benefits through the Medical Exception Program (MEP) will be changed. Currently, there must be a significant change in vision for the vision exam to be covered. Effective January 1, 2009, this requirement will be eliminated. Benefits will be provided for the exam as long as the patient is being treated for a medical condition that could reasonably be expected to cause a change in vision.

In exchange for these enhancements, PEF must withdraw the grievance asserting the state diminished benefits when changing from Davis Vision to EyeMed Vision Care. In addition, tinting alone will no longer be one of the criteria for obtaining occupational eyeglasses.

State dental and vision programs – One of PEF's primary objectives during the last several rounds of bargaining was to improve the dental and vision benefits for our members. In the 2003-2007 PEF/NYS contract, PEF negotiated the ability to conduct a study to determine the feasibility of administering dental and vision benefits through an Employee Benefit Fund (EBF). The state agreed that PEF could, at its sole discretion, choose to provide these benefits through an EBF rather than continue to receive the state-administered dental and vision programs. PEF began work on the feasibility study in 2007, and we anticipate the study will soon be completed. In anticipation that the consultant would be making a positive recommendation to proceed with the benefit fund design, PEF sought, in this round of bargaining, to negotiate a contribution level for the benefit fund should PEF exercise its option to move from the State-provided plan design. The state did not accept our proposal but, in response, did agree to conduct a comprehensive analysis of the state dental and vision programs under the auspices of the PEF/NYS Joint Committee on Health Benefits. The analysis will include an evaluation of alternate benefit designs, benefit levels, cost-sharing alternatives, alternate funding arrangements (insured vs. self-funded), statutory requirements and limitations, supplemental programs, and any other considerations deemed necessary and appropriate to complete a thorough review.

Dependent Student Coverage – Coverage for dependent students will continue for three (3) months after completion of each semester.

Work-Related Assault – An employee receiving Workers' Compensation payments for an accepted work-related assault that occurred on or after July 1, 2008 will be treated as though on payroll, for the purpose of health insurance, for a period not to exceed 24 months. Currently, these employees are placed on Leave Without Pay (LWOP) status after 12 months. Employees on LWOP status must pay 100 percent of the health insurance premium unless they are enrolled in the Empire Plan and they meet the criteria for a waiver of premium.

Productivity Enhancement Program (PEP) – PEP allows employees below salary grade 18 to exchange three days of previously accrued vacation and/or personal leave for a credit towards their health insurance premium. The credit will increase from $400 to $450 for years 2008 (pro-rated based on implementation date) and 2009, and from $450 to $500 for years 2010 and 2011. This pilot program ends on December 31, 2011.

New Charges to the Joint L-M Committee on Health Benefits

- Ongoing review of the network of participating providers contracting with the medical carrier (currently United HealthCare);
- Review the utilization of durable medical equipment provided by the Empire Plan Home Care Advocacy Program (HCAP);
- Determine the feasibility of developing an Empire Plan network of hearing aid providers;
- Look at a copayment waiver program for office visits and prescription drugs when related to chronic conditions;
- Expand Empire Plan Centers of Excellence (COE) programs to include, but not be limited to, a COE for Bariatric Surgery;
- Conduct a comprehensive analysis of the state dental and vision programs; and
- Funding for the Joint Committee increases from $350,000 to $500,000 annually.

Copayment waiver program – During the course of negotiations, there was a great deal of discussion about the state's proposed copay increases and its impact on our members' ability to afford the care they need. A number of studies have found that reducing office visit and prescription drug copays for patients with chronic illnesses increases the likelihood that they will adhere to the recommended treatment plan. PEF proposed waiving office visit and prescription drug copays as an incentive to encourage greater participation in the Disease Management programs. By doing so, the state would be rewarding those enrollees who make an effort to manage their chronic illness(es) more closely. The state expressed interest in pursuing this concept further and agreed to continue these discussions with the Joint Committee on Health Benefits.

Empire Plan Enhancements

Centers of Excellence (COE) programs – The COE are a select group of providers recognized as leaders in specific fields of medicine. The Empire Plan currently offers COE for cancer treatment, transplants, and infertility. After you enroll in a COE program, you receive paid-in-full benefits for covered services. If the COE is more than 100 miles from the patient's home, a travel, lodging and meal expenses benefit is available to the patient and one travel companion. Eligible transportation expenses include automobile mileage, taxi fares to and from the COE, parking and tolls. Coach airfare is covered when the COE is more than 200 miles from the patient's home. Improvements to the travel, lodging and meal expense benefit include: 1) meals and lodging will be reimbursed using Federal government employee rates (previously per diem rate varied by COE program with a minimum allowance of $50/day for the patient, or $100/day for the patient and one travel companion); and 2) the Cancer Resource Services COE lifetime maximum of $10,000 for travel, lodging and meal expenses will be eliminated.

Diabetic shoes – The Home Care Advocacy Program (HCAP) will provide coverage for one pair of diabetic shoes per year. When using an in-network provider, members will receive a paid-in-full benefit up to $500. When a non-network provider is used, the benefit is subject to the basic medical deductibles of $349. The plan then pays 75 percent of the network allowance, up to $500.

Disease Management (DM) programs - DM programs will be added for the following conditions: attention deficit hyperactivity disorder (ADHD), eating disorders, and chronic kidney disease. All DM program participants will receive benefits for nutritional services when clinically appropriate (as soon as practicable).

Adult immunizations – Covered immunizations will include Herpes Zoster (shingles), which is recommended for adults age 60 and over. All adult immunizations continue to be subject to clinical guidelines.

Basic Medical Provider Discount (BMPD) program - The BMPD program entitles members to discounts from select providers who do not participate in the Empire Plan. These providers are part of the MultiPlan network, a nationwide provider organization contracted with United HealthCare. This pilot program, which was set to expire on December 31, 2008 has been extended through December 31, 2011.

Prosthetic wigs – Effective January 1, 2008 and implemented as soon as practicable following ratification, prosthetic wigs will be paid-in-full under basic medical, and not subject to deductible or coinsurance. The lifetime maximum benefit increased from one wig to $1,500.

Diabetes Education Centers – The medical carrier will contract with accredited Diabetes Education Centers (as soon as practicable).

Empire Plan Copay/Coinsurance Increases

In-Network Hospital:

Emergency room copay increases from $60 to $70 effective January 1, 2010.

Outpatient hospital surgery copay increases from $35 to $60 effective January 1, 2010.

Copay for all other outpatient hospital services increases from $35 to $40 effective January 1, 2010.

Non-Network Hospital:

The annual inpatient/outpatient co-insurance maximum remains at $1,500/employee; $1,500/spouse or domestic partner; and $1,500/all dependent children combined.

Once the employee, spouse or domestic partner, or all dependent children combined have incurred $500 in co-insurance expenses under the hospital portion of the plan, a claim may be filed under the Basic Medical Program for reimbursement up to $1,000.

Effective January 1, 2009, this reimbursement will decrease from $1,000 to $500.
Effective January 1, 2011, this reimbursement will decrease from $500 to $0.

This change will only affect enrollees who use a non-network hospital, skilled nursing facility or hospice. Currently, all hospitals in New York State are in the network. Based on data provided in response to PEF's information request, no PEF-represented enrollee has submitted a claim for reimbursement of non-network hospital co-insurance expenses under the current benefit since the network was established on January 1, 2005.

Par Provider Program:
Office visit, office surgery, diagnostic lab/radiology copays increase from $18 to $20 effective July 1, 2009.

Ambulatory Surgery Center copay increases from $15 to $30 (7/1/08).

Physical Medicine Program - Office visit and diagnostic lab/radiology copays increase from $18 to $20 effective July 1, 2009.

Mental Health – Same in-network copays and non-network coinsurance maximums as Empire Plan hospital and medical programs (see above).

Substance Abuse – Same in-network copays as Empire Plan hospital and medical programs (see above).

Prescription Drugs – Tier 3 copays increase as shown below:
There is no change for Tier 1 (generic) or Tier 2 (preferred brand name) prescriptions.

Other Tradeoffs
Prospective Procedure Review (PPR) – In addition to MRIs, prior notification will be required for Computerized Axial Tomography (CAT scans), Positron Emission Tomography (PET scans), Magnetic Resonance Angiography (MRAs) and Nuclear Medicine.

Non-Preferred	30 Days Supply Retail or Mail Order	31-90 Days Supply Mail Order	31-90 Days Supply Retail
Current	$30	$55	$60
Proposed	$40	$65	$70

Basic Medical (Non-Participating Provider) Program:
Annual coinsurance maximum - You receive Basic Medical benefits when you use a non-participating medical provider. You must first satisfy the annual deductible and then you will be reimbursed 80 percent of the actual billed charges or the Reasonable and Customary (R&C) Charge, whichever is less. The covered percentage increases to 100 percent of R&C once you reach the annual coinsurance maximum.

The annual deductible for Basic Medical for 2008 is $349, and a separate deductible must be met by (a) the enrollee, (b) the spouse or domestic partner and (c) all dependent children combined. The annual coinsurance maximum for 2008 is $1,676 **per individual or family** (i.e., (a), (b) and (c) combined).

Effective January 1, 2009, the annual coinsurance maximum will be divided in the same manner as the annual deductible. The annual coinsurance maximum in 2009 will be $1,000/employee; $1,000/spouse or domestic partner; and $1,000 per all dependent children combined. The annual consumer price index adjustment remains in effect. This change will be an enhancement to some enrollees, and a possible diminishment for others. For employees with Individual coverage, it is an enhancement because the maximum is being reduced from $1,676 to $1,000. For employees with Family coverage, it depends on who in the family unit is using non-participating medical providers. If it's just the employee or just the spouse, then this individual will reach $1,000 sooner than $1,676. The same is true if it's one of the employee's children, or his or her children combined. It will only adversely affect those family units who would have reached the $1,676 using coinsurance expenses from a combination of family members. For example, the employee and spouse, the spouse and a child, or all three (employee, spouse, and child) combined.

Injectable/Intravenous medications dispensed in a non-par physician's office - The Reasonable and Customary (R&C) Charge for pharmaceutical products will be defined as the actual charge billed or the average price charged by pharmaceutical manufacturers/distributors, whichever is less.

Complementary and Alternative Medicine:
The Complementary and Alternative Medicine (CAM) Program is a discount network of acupuncturists, massage therapists and nutritionists available to Empire Plan enrollees. Effective January 1, 2009, the CAM program will be eliminated. Very few members were using this program. Since the state did no monitoring or data collection, it was impossible to track quality and satisfaction, or verify that enrollees were actually receiving a discount.

"New to You" Prescription Drugs:
The initial fill of "New to You" prescriptions is limited to a 30-day supply. If the initial prescription is for 90-days, it will be split. The enrollee will pay a 30-day copay for a 30-day fill and then the difference between the 90-day copay and 30-day copay for the 31-90 day fill. The state has advised PEF that the implementation of this change will take effect July 1, 2008 (or as soon after as practicable) but may be delayed because the current carrier (UHC/Medco) is unable to administer the benefit as negotiated at this time.

Formulary Flexibility:
Under the current three-tier prescription drug benefit, enrollees pay the lowest copay for generic drugs (Tier 1), a higher copay for preferred brand name drugs (Tier 2), and the highest copay for non-preferred brand name drugs (Tier 3). All prescription drugs are covered, except for drugs available over-the-counter (OTC) and drugs used for cosmetic purposes.

Effective January 1, 2009, Formulary Flexibility will impact prescription drug benefits as follows:

1) In addition to all generic drugs, brand name drugs may be placed on Tier 1 (the lowest copay level) when clinically appropriate and financially advantageous to the plan.

2) In certain therapeutic categories of prescription drugs, there may be no Tier 2 preferred brand name drug option if there are two or more clinically sound and therapeutically equivalent Tier 1 generic and/or brand name drug options (lowest copay).

3) In select therapeutic categories of prescription drugs, a drug may not be covered if the carrier determines the drug has no clinical advantage over other generic and brand name drugs in the same therapeutic category.

Specialty Drug Program:
In recent years, the use of specialty drugs has increased significantly and along with that, the cost of covering these drugs. To ensure that specialty drugs remain affordable, specialty drugs will be provided exclusively through the Empire Plan Specialty Drug Program.

Specialty drugs include: "orphan drugs" that treat rare diseases; drugs requiring special handling, special administration, or intensive patient monitoring/testing; biotech drugs; or other drugs used to treat patients with chronic or life-threatening diseases identified by the vendor administering the program. These drugs are generally high-cost drugs, ranging from approximately $6,000 to $350,000 per patient, per year. The purpose of the Specialty Drug Program is to promote superior clinical outcomes for patients with chronic medical conditions and to ensure appropriate use of these drugs.

The program will provide patient and physician education and consult with medical providers as necessary on the patient's behalf. It will include utilization review and case management services to ensure use of a specialty drug is consistent with FDA and clinical guidelines.