

# BENEFITS PROGRAM BULLETIN

## *The Informed Employee*

February 1998

No. 16

### ***SUPPLEMENTAL LIFE INSURANCE - PREMIUM DECREASE***

Negotiations with the underwriter of this plan (TIAA) have resulted in premium decreases for participants between the ages of 45 and 59. These premium changes, which range between a 9% and 15% decrease, became effective on February 1, 1998. (New premium rates are indicated at the end of this article.)

Full-Time Appointed employees are automatically covered for Basic Life Insurance generally equal to 200% of base salary (reduced to 130% of base salary at age 65) to a maximum of \$50,000 of coverage. Basic Life Insurance also includes additional coverage in the event of the employee's accidental death or a dependent's death. This insurance coverage is paid for by Indiana University.

Employees have the option of purchasing additional coverage through the University's Supplemental Life Insurance plan. This life insurance plan has four general levels of coverage: 100%, 200%, 300% or 400% of base salary. Each enrollment option has a Guaranteed Issue amount and a Maximum Coverage amount:

	<u>Guaranteed Issue</u>	<u>Maximum Coverage</u>
100% of salary	\$ 50,000	\$ 250,000
200% of salary	\$100,000	\$ 500,000
300% of salary	\$150,000	\$ 750,000
400% of salary	\$200,000	\$1,000,000

Newly hired employees have 60 days to enroll, up to the Guaranteed Issue amount, regardless of their medical status. Employees who would like to exceed the Guaranteed Issue amount and employees who would like to enroll after "60 days" up to either the Guaranteed Issue or Maximum Coverage amount may do so only by proving they are in good health. (Unless there are medical problems, "proving good health" generally involves completing a short questionnaire.)

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### ***SECONDHAND SMOKE AND PAST SMOKING MAY CAUSE IRREVERSIBLE DAMAGE TO ARTERIES***

A recent study published in the Journal of the American Medical Association indicated that researchers found strong evidence that exposure to secondhand smoke and past smoking can irreversibly damage arteries.

Wake Forest University studied 10,914 middle-aged men and women who are smokers, ex-smokers, nonsmokers regularly exposed to secondhand smoke, and nonsmokers who were not exposed. This study indicates that **exposure to secondhand smoke and active smoking can speed up the clogging or hardening of arteries** — a situation that leads to a sharp increase in the risk of heart attacks and strokes. Results of this study also indicate that arteries may continue to harden, even decades after a smoker has quit.

Hardening of the arteries occurs when clumps of fat and old tissue build up on the artery walls, causing them to narrow and impede blood flow. This condition can lead to heart attacks, strokes and kidney failure, and is responsible for more deaths in the U.S. than any other single medical condition.

While researchers associated with this study were not surprised to find that the arteries of active

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**SUPPLEMENTAL LIFE INSURANCE - PREMIUM DECREASE***(Continued from Page 1)*

Coverage begins the month of the first payroll deduction. Eligible employees should contact a Human Resources Office to initiate or change Supplemental Life Insurance coverage.

This plan is not associated with the University's Open Enrollment process, which applies to health care, Personal Accident Insurance and Tax Saver Benefit plans enrollment.

**SUPPLEMENTAL LIFE INSURANCE RATES**

EFFECTIVE FEBRUARY 1, 1998

<u>Employee's Age</u>	<u>Monthly Premium Per \$1,000 of Coverage</u>
Under 30	\$ .04
30-34	\$ .06
35-39	\$ .07
40-44	\$ .13
45-49	\$ .21
50-54	\$ .35
55-59	\$ .60
60-64	\$ .95
65-69	\$ 1.65
70-74	\$ 2.97
Over 74	\$ 4.54

Example for a 36 year old employee with a base salary of \$30,000, electing coverage of "200% of base salary":  
 $\$30,000 \times 2 = \$60,000 \div 1,000 = 60 \times \$0.07 = \underline{\$4.20 \text{ monthly premium}}$

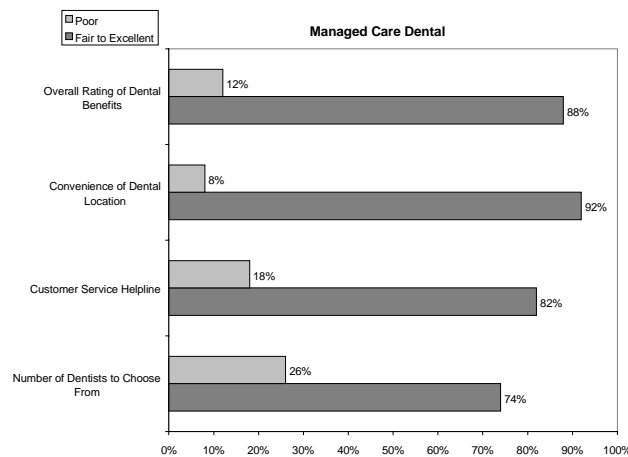
**1998 OPEN ENROLLMENT RESULTS (ACTIVE EMPLOYEES)**

Health Care Plans	1998 Employee Enrollments	Change from 1997	% Change
IU PPO Healthcare — \$500 Deductible	1,574	-584	-27.1%
IU PPO Healthcare — \$900 Deductible	2,650	583	+28.2%
IU Precision POS	4,311	118	+2.8%
IU Health Plan HMO	1,834	27	+1.5%
M-Plan HMO	1,203	108	+9.8%
Maxicare HMO	610	-8	-1.3%
Partners HMO	124	45	+57.0%
AHDS HMO	144	-36	-20.0%
IU PCN POS	121	22	+22.2%
<b>TOTAL</b>	<b>12,571</b>	<b>276</b>	<b>+2.2%</b>
<u>Tax Saver Benefits</u>			
Medical Reimbursement Account	3,410	51	+1.5%
Dependent Care Reimbursement Account	580	1	+0.1%

# UNIVERSITY BENEFITS OFFICE SPONSORS SURVEY OF COMPDENT DENTAL PLAN

In response to employee concerns, the University Benefits Office requested that CompDent conduct a survey of Indiana University employees enrolled in their dental plans. The survey was not intended to be a scientifically designed study, but rather to provide general feedback to CompDent and the University Benefits Office on our employees' perception of CompDent's plans and to identify areas for improvement.

CompDent offers two dental plan options, a "Managed Care" dental network and an open access "Security Dental" plan. In August, surveys were mailed to the over 2,600 employees enrolled in these plans. Participants in the Managed Care network were asked to rank their plan relative to overall dental benefits, location of dentists, customer service, choice of dentists, and waiting time for appointments. Employees were given the opportunity to provide the names of dentists they would like to have added to the plan. The Security Dental portion of the survey contained questions about the overall plan benefits, claim turnaround time, customer service and waiting times. Comments about both dental options were solicited as well. Surveys were completed and returned by 248 participants which represents about 10% of IU employees enrolled in CompDent.



The primary concern expressed by employees enrolled in the Managed Care option was the number of dentists to choose from in the plan. However, the overall rating of managed care dental benefits and the convenience of location of dentists were rated "fair" to "excellent" by 88% and 92% of respondents respectively. Almost 26% of those returning surveys indicated that the number of dentists is "poor." The helpfulness of the customer service "helpline" was rated "poor" by 18% of respondents. Despite the concerns of members in the Managed Care option, it received higher ratings in overall satisfaction than the Security Dental open access option. Claim turnaround time and the helpfulness of the customer service hotline were concerns of Security Dental respondents. Most respondents report being able to get appointments for dental services within 4-6 weeks.

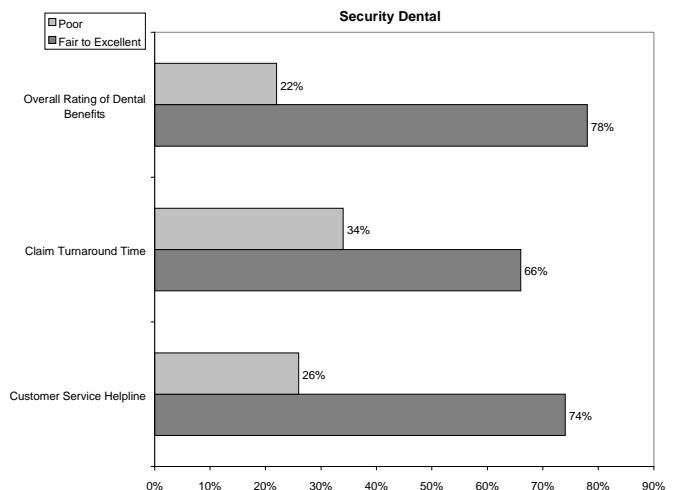
Comments were received from 71 of the respondents. The most frequent comment concerned dentists dropping out of the network, requiring some enrollees to select a new family dentist. Some employees reported this happening more than once in a year. Another repeated comment was that employees want the plans to pay a higher portion of their dental costs. A positive note is that most comments concerned administrative and service issues rather than the quality of care provided by plan dentists. Only three employees reported concerns with care that they received.

Respondents offered the names of 46 dentists that they would like to have added to the Managed Care network. CompDent remains committed to expanding their network and will follow up with these dentists to solicit their participation. However, the Security Dental option was added because many dentists in Indiana are not yet willing to participate in managed care dental plans.

The results of the survey clearly indicate areas where improvement can be made in the administration and service provided to plan participants. The University Benefits Office remains committed to working with CompDent to address employee issues.

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*USEFUL FACTS, FIGURES & STATISTICS*

## ***INVESTMENT FUND PERFORMANCE***

The following **sample** of retirement investment opportunities reflects average annual total return after all administrative expenses. These figures are based on historical results, and they do not necessarily represent future performance.

	<u>Average</u>	<u>Annual</u>	<u>%Return</u>	Fund		<u>Average</u>	<u>Annual</u>	<u>%Return</u>	Fund
	<u>5 yrs.</u>	<u>10 yrs.</u>	<u>Life</u>	Inception		<u>5 yrs.</u>	<u>10 yrs.</u>	<u>Life</u>	Inception
<b>Money Market Funds</b>					<b>Stock Funds</b>				
CREF Money Market	4.76	----	5.85	4/88	CREF Stock	17.58	16.00	11.46	7/52
Fidelity FMMT Retir.	4.71	----	5.61	12/88	CREF Growth	----	----	25.17	4/94
<b>Fixed Annuity</b>					Fidelity Blue Chip				
TIAA Annuity	6.79	8.19	----	----	Fidelity Contrafund	19.67	23.01	14.39	5/67
<b>Bond Funds</b>					Fidelity Magellan				
CREF Bond	7.31	----	8.75	3/90	Fidelity Overseas	14.18	8.23	17.37	12/84
Fidelity Govt. Sec.	6.93	8.67	9.79	4/79	<b>International/World Funds</b>				
Fidelity Inv. Grade	7.35	9.04	8.50	8/71	CREF Global Equities	17.72	----	15.99	5/92
<b>Growth &amp; Income Funds</b>					Fidelity Europe				
CREF Soc. Choice	15.02	----	14.66	3/90	Fidelity Overseas	14.18	8.23	17.37	12/84
Fidelity Fund	20.61	17.35	11.07	4/30	<b>PERF Options</b>				
Fidelity Equity Inc.	20.32	16.68	14.88	5/66	<u>1 Year % Return</u>				
					As of: 6/30/95	6/30/96	6/30/97		
					Money Market Fund	4.99	2.18	5.39	
					Guaranteed Fund	6.75	8.40	9.00	
					Bond Fund	13.55	8.10	9.05	

Figures for TIAA-CREF and Fidelity Investments as of 12/31/97.

### **SECONDHAND SMOKE**

*(Continued from Page 1)*

smokers thickened 50% faster than those of people who had never smoked, they were surprised to find that the arteries of former smokers hardened some 25% faster in a three year period than those of nonsmokers. These researchers also found that nonsmokers exposed to secondhand smoke had arteries that thickened 20% faster than those of nonsmokers with no secondhand exposure.

**It is estimated that 480,000 deaths in the U.S. each year are caused by tobacco smoke, with approximately 50,000 deaths per year attributable to secondhand smoke.**

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