



UNIVERSITY OF MISSOURI

**Office of Vice President  
Human Resources**

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Employee/Labor Relations  
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July 2, 2007

TO:

FROM:

Associate Vice President-Benefits

RE: UM Medical Insurance Administrator Announcement

This is an advance announcement to notify employees that effective January 1, 2008, the medical insurance administrator for the University of Missouri Medical POS Program will be Coventry Health Care. Your medical plan will remain the same with only a few normal annual plan changes.

Please be advised that, effective January 1, 2008, the Humana HMO will no longer be available as an option under the University of Missouri Medical Benefits Plan. We are writing to provide you with this advance, early notice. Additional information will be provided over the course of the next few months regarding this change.

For many years, the University has offered the Humana HMO option to Kansas City area employees and retirees. Currently, the Kansas City area is the only one in which UM offers an additional health care plan option to active employees and pre-65 retirees beyond the UM Choice Plus Point of Service Program and the UM Catastrophic Program or, for Medicare eligible retirees, beyond the UM Retiree Indemnity Medical Program.

In recent years we, and Humana, have noted a decrease in the interest of UM faculty, staff and retirees in the Humana HMO option. During the last 10 years, the active employee population enrolled in the Humana HMO option has decreased by 54%. Much of this decrease, we believe, has been caused by the significant difference in premiums between Humana HMO and the UM Choice Plus Point of Service Program.

Humana has expressed concern with being able to continue the program in its current premium structure and has proposed 2008 rates that we estimate would result in a 75% increase in employee premiums. By comparison, the projected increase in employee premiums for the UM Choice Plus Point of Service Program is in the 5-7% range.

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Rather than allowing this to occur, a mutual decision has been made with Humana that UM will no longer offer the HMO Humana option effective January 1, 2008.

A major issue that often occurs in changing health care plan vendors/insurers is the potential of disruption of the patient/provider relationship. In recent years, the Kansas City area market has changed significantly. Health care plan vendors have now been able to bridge the gap that previously existed and now, within one network, are able to offer the major hospital and physician networks that exist in Kansas City. With this obstacle now behind the market, it removes the necessity of maintaining two vendor relations in order to have access to the different hospital affiliations in Kansas City. This aspect, fortunately, will allow us to minimize any changes with inpatient/provider relationships.

By making this decision now, we will be able to develop an orderly communication and enrollment process in which we can minimize efforts on the part of employees in changing from the Humana HMO option to the UM Choice Plus Point of Service Program. As the 2007 enrollment change period approaches, you will be advised of any actions required on your part to initiate this change. We will be working closely with the UMKC Human Resources department to make certain that each of your questions are addressed.

Thank you.