


THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
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Date: October 10, 2006

Code: TECHNICAL LETTER
HR/Benefits 2006-11

To: Human Resources Directors
Benefits Officers

From: Gail Brooks 
Associate Vice Chancellor
Human Resources

Subject: Benefits Update: New Vision Plan Insurance Carrier

Human Resources Administration (HRA) recently completed a competitive bid process to select the insurance carrier for the employer-paid California State University (CSU) vision plan. We are pleased to announce that a three-year contract has been awarded to Vision Service Plan (VSP). VSP will provide administration of vision benefits and claims, and also replace Medical Eye Services (MES)/Blue Shield, effective January 1, 2007.

WHO IS VSP?

Founded in 1955, VSP is dedicated solely to providing eyecare wellness benefits through an exclusive network of independent eye doctors. These independent eye doctors are an important component of VSP's focus on eye health, diseases and conditions, and are grouped in the VSP Select Network, which has approximately 17,000 providers.

With headquarters located in Rancho Cordova, California, VSP provides eye care benefits for the University of California and the Department of Personnel Administration (DPA) in addition to number of other university and state systems throughout the United States.

WHAT WILL VSP PROVIDE?

§ More Convenient Customer Service Hours

VSP offers extended customer service hours, and their representatives are available Monday - Friday, 5:00 a.m. to 7:00 p.m. and on Saturday, 6:00 a.m. to 2:30 p.m. via their toll-free telephone number: (800) 877-7195.

§ Account Information Access

VSP has an automated Interactive Voice Response (IVR) system and Website that is available 24 hours a day, for the purposes of providing personalized information on eligibility, plan coverage, past service, online messaging to customer service, as well as information regarding doctors in the VSP Select Network. The VSP website is: <http://www.vsp.com>.

Distribution:

CSU Presidents
Executive Vice Chancellor and CFO
Vice Chancellor, Human Resources
Associate Vice Presidents/Deans of Faculty

Employee Relations Designees
Payroll Managers
SOSS
State Controller's Office
Budget Officers

§ **Commitment to Eye Health**

VSP has developed a comprehensive Eye Health Management Program that includes: eye education, Patient Eyecare Report, Diabetes Awareness Program, communication with participants' Primary Care Physician (PCP), and *Eye on Health*, an annual eye wellness newsletter.

WHAT'S NEW FOR THE CSU VISION PLAN IN 2007?

Beginning in 2007, the following benefit plan enhancements will be offered to eligible CSU employees:

§ **Benefit Plan Enhancements**

- The in-network frame allowance increases from \$90.00 to \$95.00;
- The out-of-network frame allowance increases from \$45.00 to \$60.00;
- The in-network contact lens allowance increases from \$110.00 to \$120.00;
- Polycarbonate lenses are covered in-network for dependent children up to age 23, instead of age 12; and
- Discounts of approximately 15% for laser correction surgery are available.

§ **Frequency of Benefits Access Now Based on Calendar Year Cycle**

All benefits-eligible employees and their dependents may utilize vision services through VSP, effective January 1, 2007, even if vision benefits were accessed under the MES/Blue Shield plan.

Effective also in 2007, the frequency of benefits will be based on a calendar year cycle, and not on a rolling basis calculated from the last date of service. For example, if an employee has an eye exam in February 2007, he/she will be eligible for another eye exam on January 1, 2008, or thereafter.

§ **Ease of Claims Processing**

Claim forms are no longer required to access standard in-network benefits. Employees who elect to use a non-VSP provider must submit an itemized receipt to VSP in order to receive reimbursement based on the out-of-network allowances. A claim form, however, is still required for VDT benefits whether using a VSP Select Network doctor or non-VSP Provider. Employees must meet the CSU requirements to be eligible for VDT coverage and obtain the form from the campus Benefits Office.

§ **Vision Communication Materials and Forms**

VSP has provided a one-page Member Benefits Summary (see Attachment), for distribution to employees. Campuses will receive a supply of summaries on or before November 1, 2006.

In addition, the following documents also will be provided to campuses in the near future:

- Certificates of Coverage;
- Updated Miscellaneous Benefits Enrollment Form;
- VDT, COBRA and Direct Pay forms; and
- Vision Administrative Guide

To assist campuses in communicating this information to employees, Attachment B is a draft letter that campuses can distribute to employees.

VISION PREMIUM RATE

Effective January 1, 2007, vision rate(s) will change as follows:

Deduction Code	Active and Direct Pay Rates	COBRA Rate
450-004	\$9.13 per month	\$9.31 per month
450-996 (FERP)	\$109.56 per year	\$9.31 per month

The premium rate is based on a composite of basic and video display terminal (VDT) coverage, and the monthly premium rate structure for 2007, is indicated below:

Basic	\$8.54
(Video Display Terminal) VDT	\$0.59
Total	\$9.13

This rate reflects a 3.6% decrease from the current monthly premium rate of \$9.47.

Please note: the reduced premium rate will be processed in the December pay period with an effective date of January 1, 2007.

Additional Information

A supplemental technical letter is forthcoming that will provide VSP contact information, additional VSP communication materials, and clarification on the transition of current COBRA and Direct Pay participants to VSP.

Questions regarding this Technical Letter may be directed Human Resources Administration at (562) 951-4411. This Technical Letter is also available on the Human Resources Administration's Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

GB/mh
Attachments

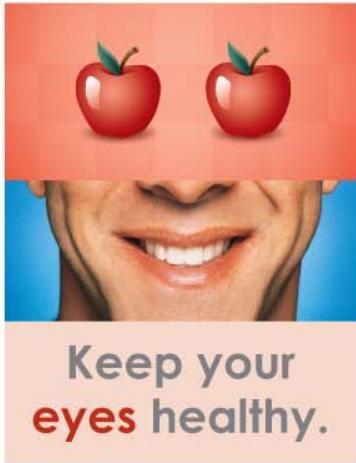
Eyecare *About You*



With VSP doctors, you'll enjoy quality, personalized care. Your VSP doctor will really get to know you *and* your eyes, helping you keep them healthy year after year.

**Everything
eyecare.
Visit vsp.com
today and see.**

Besides helping you see better, routine eye exams can detect symptoms of serious conditions such as glaucoma, cataracts and diabetes. Even tumors. And eye exams for children spot problems that can hinder learning and development.



Close to you. Big selection.

VSP network doctors are in medical offices and shopping centers — close to your home and work. And, they have a large frame and contact lens selection, whether you prefer classic styles or the latest fashions. Plus, most offer evening and weekend hours and accept drop-ins. New patients are always welcome!

Effortless benefits.

1. Choose a VSP doctor at vsp.com or call 800-877-7195.
2. Make an appointment and tell the doctor you are a VSP member.
3. That's it! No ID cards or filling out claim forms.

Satisfaction. Guaranteed.

It's true: Your satisfaction is guaranteed. You'll always receive first-class customer service at VSP. And, if you're not completely satisfied with your service or eyewear, just let us know and we'll make it right.

**“Highest in Overall
Member Satisfaction
Among National Vision Plans,
Two Years in a Row”**

2004 National Vision Plan Member Satisfaction Study and J.D. Power and Associates 2005 National Vision Plan Member Satisfaction Study™. 2005 study based on 1,130 responses from members of large national vision care plans who were surveyed in July 2005. 2004 study conducted for VSP by J.D. Power and Associates. www.jdpower.com.



Your eyecare benefit is brought to you by **California State University** and VSP.

Coverage from a VSP Select Network Doctor

Exam every calendar year

- Covered in full with a \$10 copay

Prescription Glasses

Lenses covered in full every other calendar year¹

- Single vision, lined bifocal and lined trifocal lenses
- Polycarbonate lenses for dependent children

Frame every other calendar year

- Frame of your choice covered up to \$95 Retail

~OR~

Contact Lens Care every other calendar year

When you choose contacts instead of glasses, your \$120 allowance applies to the cost of your exam, contacts and the contact lens exam (fitting and evaluation). This exam is in addition to your vision exam to ensure proper fit of contacts.

~AND~

VDT Supplement Benefit for Eligible Employees

Exam every other calendar year

- Covered in full with a \$10 copay

Lenses covered in full every other calendar year¹

- Single vision, lined bifocal and lined trifocal lenses

Frame every other calendar year

- Frame of your choice covered up to \$95 Retail

¹New lenses will be approved and replaced at a 12 month frequency if at least one of the following criteria is met:

- The new prescription differs from the original by at least a .50 diopter sphere or cylinder
- There is a change in the axis of 15 degrees or more
- A difference in vertical prism greater than one prism

Extra Discounts and Savings

Laser Vision Correction

- Savings averaging 15% off laser vision correction surgery (PRK, LASIK, and Custom LASIK) through VSP contracted centers

Contacts

- 15% off cost of contact lens exam (fitting and evaluation)

Dollar for dollar you get the best value from your VSP benefit when you visit a VSP Select Network doctor. If you decide not to see a VSP doctor, copays still apply. You'll also receive a lesser benefit and typically pay more out-of-pocket. You are required to pay the provider in full at the time of your appointment and submit a claim to VSP for partial reimbursement. If you decide to see a provider not in the VSP network, call us first at 800-877-7195.

Out-of-Network Reimbursement Amounts:

Exam: Routine and VDT Up to \$50

Lenses:

Single Vision: Routine and VDT Up to \$45

Lined Bifocal: Routine and VDT Up to \$65

Lined Trifocal: Routine and VDT Up to \$85

Polycarbonate for dependent children Up to \$65

Lenticular and Aspheric Up to \$125

Frame: Routine and VDT Up to \$60

Elective contacts Up to \$110

Necessary contacts Up to \$250

VSP guarantees service from VSP Select Network doctors only. In the event of a conflict between this information and the CSU contract with VSP, terms of the contract will prevail.

DRAFT LETTER OR E-MAIL COMMUNICATION FOR EMPLOYEES

RE: New CSU Vision Plan Carrier Effective January 1, 2007

We are pleased to announce that effective January 1, 2007, Vision Service Plan (VSP) will provide administration of vision benefits and claims on behalf of the employer-paid California State University (CSU) Vision Plan. VSP is replacing Medical Eye Services (MES)/Blue Shield, which will administer CSU vision benefits through December 31, 2006.

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Please see the attached Member Benefits Summary for additional coverage information, including co-payments and out-of-network allowances.

Additional communication materials regarding VSP will be provided in the near future. If you need assistance, please contact the campus Benefits Office at _____.

Sincerely,

Campus Representative