

Our dedicated faculty and staff are at the heart of UAB's success, and we strive to provide a comprehensive benefits package that best fits the needs of you and your family. As a world-class medical center, we are focused on your overall healthcare as well as continual improvement in our wellness efforts that foster a healthy work environment. To that end, we have made **several important changes to our health insurance programs** that I would like to bring to your attention.

The changes we are making reflect **national trends in a shifting healthcare landscape**. Even though health insurance has not fundamentally changed since the 1950's—that is, we are still working from a basic platform of coverage with co-pays and deductibles—some modifications have been made over the years to adapt insurance plans to evolving needs of the time. Recent developments in healthcare delivery and insurance demand, particularly in a challenging fiscal climate, that **UAB and all healthcare providers and universities reduce healthcare cost**—not just slow the rate of cost increases, but lower the overall cost.

UAB is well-positioned to meet this challenge, and we are already hard at work designing **effective new health care plans for the 21st century**. In early 2013, a task force was charged with reviewing our health care plans and making recommendations that would improve the health of our employees. These recommendations focused primarily on making wellness a core component and reducing health plan costs, while also maintaining our competitiveness in the recruitment and retention of faculty and staff. This ongoing work will continue over the next two years and we should reach full implementation by January 2016.

I am pleased to announce the **first phase of our two-year Benefits Redesign Plan**. **Effective January 1, 2015**, our healthcare **premium costs will remain flat** on all medical, dental, and vision plans. This is significant considering we have had average premium increases around 7% annually over the past few years and 2015 increases were projected to be between 7-10%. The changes that enabled us to keep premiums flat also better aligned our plans with national health care trends, and I want to commend Alesia Jones and others in HR Benefits for their leadership and innovation in this vital effort.

You will receive **detailed information on plan design changes in the mail by September 22nd**, along with other open enrollment materials. You will find in those materials a number of new programs and services, such as:

- An improved online benefits platform through Benefitfocus called **UAB for Me: My Benefits. My Choice**, which will feature an enhanced benefit portal, a **medical**

**plan shopping app** and year-round access to all of your benefits beginning in 2015: The shopping app will be available during Open Enrollment and will help you compare plan based premiums, plan design and estimated usage. The app will assist in understanding the relationship between your healthcare usage and plan costs while also helping you plan for tax-savings through the healthcare Flexible Spending Accounts plan.

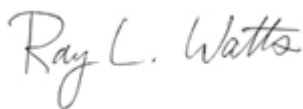
- A new health intervention component of our UAB wellness program is called **My Health Rewards**, which offers basic health screenings to determine health risk level: This voluntary program will be designed to help those who need to lower their health risk with incentives tied to the results.
- A special **discount** for the faculty and staff enrolled in a UAB medical insurance plan who use the **new eMedicine tool**: This tool will provide online diagnosis and treatment by our medical staff for common medical conditions, many of which are typically treated in an urgent care setting.

In a rapidly evolving health care environment, these and other changes you will see over the next two years are **necessary to preserve quality, affordable care to our employees** for years to come. We want all UAB employees and their families to be knowledgeable about their health and be able to make personal choices that are well-informed and health-focused.

Over the next several weeks, there will be **ample assistance available to help you make the best enrollment decision for you and your family**. In addition to detailed, online information, and on-site educational sessions, Benefits and other HR representatives will be available to answer any questions you may have.

Thank you for your attention to this email and the further information that follows, and for all you are doing daily to make UAB such a globally renowned university and medical center.

Best regards,

A handwritten signature in cursive script that reads "Ray L. Watts".

Ray L. Watts, M.D.

President

The University of Alabama at Birmingham