

On November 2, we notified you about the start of the open enrollment period, ending November 23, to evaluate your employee benefit options for the coming calendar year. The open enrollment period was selected to give employees sufficient time to consider benefit options. The timing of open enrollment was also designed to help the College lock in the best possible health insurance premium rates for the coming year.

When the open enrollment period began on November 2, the College had not yet reached an agreement with the College's Chapter of the American Association of University Professors (AAUP-UC) about various terms and conditions of employment, including health insurance premium contributions. The bargaining teams for both the College and the AAUP-UC have now reached an agreement that is expected to be submitted to the AAUP-UC membership for ratification in the coming weeks. It is therefore now necessary to provide you with updated information. Although there is no assurance that the AAUP-UC membership will approve that agreement, the College has decided to provide you with the following updated benefit information that will apply effective January 1, 2012:

- The employee premium contribution will increase from 17 percent to 19 percent.
- College-provided insurance amounts for accidental death and dismemberment and life insurance will increase from \$40,000 to \$60,000.
- Other health insurance terms and conditions communicated during the current enrollment period will remain the same.

The 19 percent premium increase for the forthcoming year (as outlined in the open enrollment materials previously provided to you) was the result of an intense effort to minimize premium increases. This effort included soliciting rates from other providers, negotiating with our current provider, and considering alternative plan design options. The magnitude of the premium increase for next year is directly and largely attributable to the number and type of unusually high employee claims filed during the current calendar year. Claims experience has been the principal driver of premium increases in prior years, and is likely to remain so in future years, until the College is in a position to prudently consider alternative options such as self-insurance.

The 19 percent premium increase is a stark reminder of the future uncertainty of health insurance costs. The College will continue to focus on the impact of such increases on its employees and remains committed to being an employer of choice among its educational and geographical peers. Despite the increase in employee

premium contributions, the College's health insurance benefits remain well above the benefits of the great majority of those peers.

Under the circumstances, the College has elected to extend the open enrollment period until the close of business on December 22, 2011. In the meantime, if you have any questions, please feel free to contact the Office of Human Resources at extension 3276. Thank you for your understanding.