To: Participants Eligible for University of Nebraska Insurance Coverage via COBRA

Subject: Medical, Prescription Drug, Dental, and Vision Care Insurance Newsletter

The University of Nebraska annual benefits enrollment period is currently underway. Several changes will be made to the Blue Cross Blue Shield of Nebraska medical insurance plan and CVS Caremark prescription drug program in 2011. Please take some time to review this information since it may affect your insurance coverage for next year. Additional benefit information may be viewed on the University of Nebraska benefits webpage at www.nebraska.edu/benefits.

You must use the form included in your initial COBRA notification to enroll for COBRA coverage. Your COBRA coverage must be retroactive to the date your university medical, dental, and/or vision care insurance ended, i.e. if your benefits ended October 31, 2010, your COBRA coverage would be effective Nov. 1, 2010 (your initial coverage cannot be effective Jan. 1, 2011). Coverages for 2010 must remain the same; any option changes, etc., will be effective Jan. 1, 2011.

If you wish to make any changes to your coverage for 2011 (request a different medical option or add or drop dependents from your medical coverage), the attached COBRA Insurance Change Form should be completed and returned to your Campus Benefits Office by Dec. 3, 2010. All changes will take effect on Jan. 1, 2011.

Health Care Reform

The Patient Protection and Affordable Care Act, e.g., Health Care Reform legislation, will result in several significant changes to the university’s benefit plans. Below is a summary of the changes that will be effective Jan. 1, 2011.

Medical, dental, and vision coverage will be extended to age 26 for dependent adult children. You will be offered an opportunity to enroll dependent children under age 26 (through age 25) in these plans from Nov. 15 to Dec. 15, 2010, with coverage effective Jan. 1, 2011. Note: All other NUFlex changes must be made by 5 p.m. on Dec. 3, 2010. The following dependent children are eligible for the university’s group coverage: (1) Natural-born or legally adopted child who has not reached the limiting age of 26; (2) Stepchild who has not reached the limiting age of 26; (3) Child for whom the employee has legal guardianship and who has not reached the limiting age of 26; and (4) Child with a mental or physical disability who has attained the limiting age of 26 may continue coverage beyond age 26 if proof of disability is provided within 31 days of attaining age 26 (does not apply to accidental death & dismemberment and dependent life insurance coverage).

Other miscellaneous provisions include the following:

- Coverage for dependent children under age 26 will no longer be restricted based on factors such as financial dependency, shared residency, or student, marital, or employment status.
- Coverage ends when the dependent child turns age 26 or becomes eligible for an employer-sponsored group medical plan (either through the dependent child’s employer or their spouse’s
employer), or when the participant’s COBRA coverage ends.

- Dependent child of the employee may be married; however, his or her spouse and/or children are not eligible for coverage.

A dependent child age 19 and over who is not enrolled for coverage during this special enrollment period (deadline Dec. 15, 2010) may not be enrolled until the next subsequent annual NU Flex enrollment (NU Flex 2012) or when a Permitted Election Change Event occurs. Note: All other NU Flex changes must be made by 5:00 p.m. on Dec. 3, 2010.

- The medical plan’s lifetime maximum benefit limit will be increased from $3,000,000 to an unlimited amount.

- Preventive care services and colonoscopy benefits have been changed so that amounts exceeding the maximum dollar limit will be applied to the member’s deductible and stop-loss limit.

**Blue Cross Blue Shield Medical Plan**

- Blue Cross Blue Shield of Nebraska medical insurance premiums for the Low, Basic and High options will increase in response to increased medical plan costs. Increases will depend on the option and coverage category in which you are enrolled. Attached is a schedule showing the COBRA medical premiums for all options and coverage categories.

- The Blue Cross Blue Shield annual deductibles and stop-loss limits will change for both the PPO and Non-PPO providers. Listed below is a summary of the per person changes to the medical plan.

<table>
<thead>
<tr>
<th></th>
<th>Low Option</th>
<th>Basic Option</th>
<th>High Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible (PPO)</td>
<td>$1,500 to $1,550</td>
<td>$400 to $450</td>
<td>No Change</td>
</tr>
<tr>
<td>Deductible (Non-PPO)</td>
<td>$1,900 to $1,950</td>
<td>$600 to $650</td>
<td>$400 to $450</td>
</tr>
<tr>
<td>Stop-loss limit (PPO)</td>
<td>$2,400 to $2,500</td>
<td>$1,500 to $1,600</td>
<td>$1,300 to $1,400</td>
</tr>
<tr>
<td>Stop-loss limit (Non-PPO)</td>
<td>$2,800 to $2,900</td>
<td>$1,900 to $2,000</td>
<td>$1,600 to $1,700</td>
</tr>
</tbody>
</table>

- Blue Cross Blue Shield will be implementing a new claims system effective Jan. 1, 2011. This new system will allow Blue Cross to be more efficient in claims administration and to streamline its benefit designs to better meet the needs of employer groups, members and health care providers. Below are several changes that will impact you as a result of the new claims system.

New Identification Cards - All insureds will be issued Blue Cross Blue Shield of Nebraska I.D. cards with a new employee I.D. number. Your old I.D. number will be terminated as of Dec. 31, 2010, so it is very important that the new I.D. card be used on or after Jan. 1, 2011 or claims will be returned to the provider for resubmission.

The new I.D. cards will also look different and display different information than the current cards. Two notable differences include: 1) The I.D. card will no longer list the names of covered dependents (eligible dependents are still covered under your ID number; however, their names will not appear on the card itself); and 2) No hyphens or other special characters used in the subscriber name will be displayed on the I.D. card. A sample of the new I.D. card may be viewed at the University of Nebraska benefits webpage at www.nebraska.edu/benefits.
The new Blue Cross Blue Shield I.D. cards will be mailed to your home in late December so you should receive them by Dec. 31, 2010.

New Explanation of Benefits (EOB) – The Explanation of Benefits (EOB) will have a different format and look. To help familiarize you with the new EOB format, a sample EOB is available on the University of Nebraska benefits webpage at www.nebraska.edu/benefits. Under the new claims system, EOBs will be processed and mailed every 7 to 13 days. Members will no longer receive a separate EOB for each claim; instead, they will receive one EOB reflecting action taken on all claims during that 7-13 day time period. Claims will be processed daily and providers will be issued benefit payments once a week.

New Provider Network – A new preferred provider (PPO) network, called NEtwork BLUE has been established and will replace the BluePreferred PPO network. Insureds must use a NEtwork BLUE provider in order to obtain benefits at the in-network level. Medical claims incurred from a Nebraska provider that is not participating in the NEtwork BLUE PPO network will be processed as out-of-network (Non-PPO provider). Most medical providers who belonged to the BluePreferred PPO network continued participation in the NEtwork BLUE PPO network. However, it is important that you check with your provider to assure his or her status in the NEtwork BLUE PPO network before obtaining services. The current medical PPO network directory may be viewed on the university’s benefits webpage at www.nebraska.edu/benefits. For providers outside of Nebraska, the national Blue Cross Blue Shield PPO network will continue to apply.

» Insureds enrolled in the Blue Cross Blue Shield medical plan will receive a Schedule of Benefits (confirming medical insurance coverage) sometime in January 2011. The 2011 Blue Cross Blue Shield of Nebraska Medical Certificate of Coverage (plan booklet) will be available on the University of Nebraska benefits webpage at www.nebraska.edu/benefits in January 2011.

**CVS Caremark Prescription Drug Program**

» The prescription drug annual deductible and copay amounts will change to the following for each 30-day prescription.

<table>
<thead>
<tr>
<th>Type of Drug</th>
<th>Deductible/Copay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Deductible (for brand name drugs)</td>
<td>$50 to $57</td>
</tr>
<tr>
<td>Generic</td>
<td>$9 (no change)</td>
</tr>
<tr>
<td>Brand (on formulary/Primary Drug List)</td>
<td>$28 to $31</td>
</tr>
<tr>
<td>Brand (not on formulary/Primary Drug List)</td>
<td>$47 to $52</td>
</tr>
</tbody>
</table>

» A new CVS Caremark program known as the Pharmacy Advisor Program will be available in 2011. The Pharmacy Advisor Program is a proactive outreach program that attempts to enhance the gaps in care for diabetes. This program will provide counseling, education, information on most cost-effective medications (generics) and the importance of taking a medication as directed by the member’s physician. The goal of the program is to ensure the member is adherent to his or her medication, which will lead to a decrease in health care costs to the employer and an increase in the overall health of the employee. The program attempts to engage the member during the purchase of a mail or retail prescription. This program supplements the university’s BluePartners disease management program. CVS Caremark will contact those members who have a history of diabetes to explain the advantages of the program.
Blue Cross Blue Shield Dental Plan

- The Blue Cross Blue Shield of Nebraska dental plan premium will increase in 2011. Attached is a schedule showing COBRA dental premiums for all coverage categories.

- You may enroll, add or drop dependents, or cancel your dental coverage at this time.

- Blue Cross Blue Shield has established a new dental PPO network called NEtwork BLUE. Although the NEtwork BLUE PPO network is identical to the BluePreferred network, some dental providers who were participating in the BluePreferred PPO network have elected to opt out of the NEtwork BLUE PPO network. Dental claims incurred from a Nebraska provider that is not participating in the NEtwork BLUE PPO network will be processed as out-of-network (Non-PPO provider). Employees should contact their dental provider to verify their participation in the new NEtwork BLUE PPO network before obtaining services. The current medical PPO network directory may be viewed on the university’s benefits webpage at www.nebraska.edu/benefits. For providers outside of Nebraska, the national Blue Cross Blue Shield PPO network will continue to apply.

- All insureds will be issued Blue Cross Blue Shield of Nebraska I.D. cards with a new employee I.D. number. Your old I.D. number will be terminated as of Dec. 31, 2010, so it is very important that the new I.D. card be used on or after Jan. 1, 2011 or claims will be returned to the provider for resubmission.

  The new I.D. cards will also look different and display different information than the current cards. Two notable differences include: 1) The I.D. card will no longer list the names of covered dependents (eligible dependents are still covered under your ID number; however, their names will not appear on the card itself); and 2) No hyphens or other special characters used in the subscriber name will be displayed on the I.D. card. A sample of the new I.D. card may be viewed at the University of Nebraska benefits webpage at www.nebraska.edu/benefits.

  The new Blue Cross Blue Shield I.D. cards will be mailed to your home in late December so you should receive them by Dec. 31, 2010. Note: If you have both medical and dental insurance you will receive one card which reflects both coverages.

- Insureds will receive a Schedule of Benefits (confirming dental insurance coverage) from Blue Cross Blue Shield of Nebraska in January 2011. The 2011 Blue Cross Blue Shield Dental Certificate of Coverage (plan booklet) will be available on the University of Nebraska benefits webpage at www.nebraska.edu/benefits in January 2011.

EyeMed Vision Care Plan

- EyeMed Vision Care insurance premiums will not increase in 2011. Attached is a schedule showing the COBRA vision care premiums for all coverage categories.

- You may enroll, add or drop dependents, or cancel your vision coverage at this time.
Health Care Reform Notices

⇒ Opportunity to Enroll in connection with Extension of Dependent Coverage to Age 26

Individuals whose coverage terminated, or who were denied coverage (or were not eligible for coverage), because the availability of dependent coverage of children ended before attainment of age 26 are eligible to enroll in the group health plan. Individuals may request enrollment for such children for 30 days from the date of notice. For more information contact your Campus Benefits Office.

⇒ Lifetime Limit No Longer Applies and Enrollment Opportunity

The lifetime limit on the dollar value of benefits under this group health plan no longer applies. Individuals whose coverage ended by reason of reaching a lifetime limit under the plan are eligible to enroll in the plan. Individuals have 30 days from the date of this notice to request enrollment. For more information contact your Campus Benefits Office.

⇒ Disclosure of Grandfathered Status

This group health plan believes this plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to your Campus Benefits Office. If you have any questions or need additional information, please call or email your Campus Benefits Office.

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