

MEDICAL AND DENTAL EMPLOYEE CONTRIBUTION RATES

Medical Plan Rates :

The rate structure for the College and Employee Contributions include a reserve amount to guard against large swings in premiums. The resulting employee and College contribution rates for full-time employees are listed below:

Medical Coverage Level	2006 Total Premium	2006 Bates Contrib	2006 Employee Contrib	2007 Total Premium + Reserve	2007 Bates Contrib	2007 Employee Contrib	EE Inc/mo 06-07	% Inc EE Contrib 06-07
PPO								
Employee Only	381.12	381.12	0.00	403.89	403.89	0.00	0.00	12%
Employee+Spouse	800.35	640.28	160.07	848.18	668.90	179.28	19.21	12%
Employee+Child(ren)	686.01	548.81	137.20	726.99	573.33	153.66	16.46	12%
Family	1143.35	857.51	285.84	1211.67	891.53	320.14	34.30	12%
HMO								
Employee Only	405.44	381.12	24.32	428.51	401.76	26.75	2.43	10%
Employee+Spouse	851.43	640.28	211.15	899.87	667.60	232.27	21.12	10%
Employee+Child(ren)	729.80	548.81	180.99	771.32	572.23	199.09	18.10	10%
Family	1216.33	857.51	358.82	1285.54	890.84	394.70	35.88	10%

Dental Insurance:

As with the medical plan, our dental insurance rates are based upon how many employees use the plan and the total claim costs that result. Similar to our efforts under the health insurance to reduce fluctuations from year to year, you may recall that in 2005 Bates College picked up over half of the 53% increase in rates and passed along only a 25% increase to employees so that the full increase to employees could be spread over more than one year. Dental claims for 2006 have again remained relatively stable and the renewal reflects an increase of just over 7%. Bates continues to spread the 2005 increase over another year by keeping the contribution rates for dependent level coverage at the same levels as 2005. The resulting employee and College contribution rates for a full-time employee are listed below:

Dental Coverage Level	2006 Total Premium	2006 Bates Contrib	2006 Employee Contrib	2007 Total Premium	2007 Bates Contrib	2007 Employee Contrib	EE Inc/mo 06-07
Employee Only	27.71	27.71	0.00	29.66	29.66	0.00	0.00
Employee+Spouse	55.10	30.09	25.01	58.98	30.09	28.89	3.88
Employee+Child(ren)	53.26	29.78	23.48	57.01	29.78	27.23	3.75
Family	90.16	36.09	54.07	96.51	36.09	60.42	6.35

ENROLLMENT INFORMATION FOUND ON THE WEB

Additional information to assist you in making your Annual Enrollment decisions can be found on the Bates College Human Resources Web-site at <http://www.bates.edu/human-resources.xml>. You may also schedule an individual appointment with a Human Resources Representative by calling HR at x6140.

PREMIUM RELIEF FOR LOWER INCOME HOUSEHOLDS

We all recognize the high cost of health insurance these days. For those employees who have lower household incomes, the cost can be a major part of their monthly budget. Bates has discussed how the cost impacts those with less income for many years. Beginning in 2007, a Health Insurance Contribution Credit will be available to those with lower household incomes.

Similar to the Dependent Care Subsidy that has been in effect for many years, Bates employees who can provide documentation of their household income in the form of the front page of their 2005 Income Tax return will receive a credit based on the level of their income. The income levels and credit are as follows:

0-\$30,000	\$30,001—\$45,000	\$45,001—\$60,000	\$60,000+
20%	15%	10%	0%

For example: If your household income was \$34,000 you would receive a credit equal to 15% of your contribution to the medical plan added to your check. If you had elected the HMO and had family coverage, you would receive 15% of your \$394.70 monthly contribution or \$59.20 as a credit added into your paycheck. This would result in an actual reduction from the monthly rates you would have paid this year. Employees whose household income is in excess of \$60,000 would not be eligible to receive a credit.

The amount reported on your tax return as adjusted gross income is used in determining your household income. This can be found on Line 37 of Form 1040, Line 21 of Form 1040A or Line 4 of Form 1040EZ.

To claim your credit you must apply for it by the end of the Annual Enrollment Period.

Adjusted Gross Income

We recognize there is no perfect solution on how to address the impact of the cost of insurance on those with lower incomes. However, it is our hope that this type of system, which has been in place for a number of years in regards to the Dependent Care Subsidy, will provide an opportunity for some relief. The amount of the credit and income levels will be reviewed each year.

Whether you choose to apply for the credit or not is entirely voluntary. Should you choose to apply for the credit, the copy of your tax return will be shredded once your eligibility has been verified.

HEALTHCARE REIMBURSEMENT ACCOUNT CHANGES

College contribution to Healthcare Reimbursement Account discontinued in 2007

The \$250 Healthcare Reimbursement Account contribution that the College provided to employees who elected to participate in the medical plan will not be available in 2007. This has been replaced by the wellness credit of \$250 (see the back page for more information). This new credit can be used to increase your contribution to the Healthcare Reimbursement Account.

Deadline for incurring eligible expenses for reimbursement of your 2006 contributions is March 15, 2007.

When making your Healthcare Reimbursement Account (HCRA) contribution election for 2007, please keep in mind whether you have any left over contributions from 2006. New this year you will have an extended period of time to use up your 2006 HCRA contributions. In years past, you had to incur expenses by December 31st to be eligible for reimbursement but beginning this year you will have until March 15, 2007 to incur expenses and receive reimbursement from your 2006 contributions.



For example, if you have \$200 left in your HCRA account as of December 31st but know you will incur prescription drug co-pays of \$120 in February 2007, you can count on using your left over 2006 contributions to receive reimbursement rather than having to use 2007 contributions. Please note that even with the extension of incurring the expense, all 2006 claims must still be received by Group Dynamic, Inc. by March 31, 2007 to be eligible for reimbursement.

DEPENDENT CARE REIMBURSEMENT SUBSIDY CHANGE

The Household income brackets for determining the level of Dependent Care Subsidy you are entitled to have been increased to match the brackets for the Health Insurance Contribution Credit as listed on this page. Please review to see if you may be eligible for a larger subsidy (Dependent Care Subsidy Form is on the back of the Default Enrollment Form).

Note that the extension for incurring eligible claims under the Healthcare Reimbursement Account discussed above does not apply to the Dependent Care Reimbursement Account.