

August 20, 2004

**If you are not changing your medical or dental options, YOU DO NOT HAVE TO DO ANYTHING. *Your current coverage will continue without change.* THIS DOES NOT APPLY IF YOU ARE ENROLLED IN HEALTH NET.**

To: **Comprehensive Retiree Plan (CRP) Retirees and Covered Spouses**

Re: **MEDICAL OPTIONS - 2004 OPEN ENROLLMENT**

Dear Retiree and Covered Spouse:

You may change your medical option during the annual TBT Open Enrollment period (during August and September). **CHANGES ARE EFFECTIVE OCTOBER 1, 2004.**

**ATTENTION HEALTH NET AND SENIORITY PLUS PARTICIPANTS:** All active and retired Health Net participants were notified by notice dated July 23, 2004 that Health Net will not be one of the Options offered by Teamsters Benefit Trust, and will be replaced by *PacifiCare*, effective October 1, 2004, because Health Net priced its renewal at an unaffordable level. Therefore, effective October 1, 2004 Health Net will no longer be available to TBT participants. **IF YOU ARE ENROLLED IN HEALTH NET or SENIORITY PLUS, and you have not already responded to the July 23 notice, YOU MUST CHOOSE ONE OF THE OTHER TBT MEDICAL OPTIONS (Indemnity Plan, *PacifiCare* or *PacifiCare's Secure-Horizons* or Kaiser or Kaiser's *Senior Advantage*) and submit a *PacifiCare / SecureHorizons* or Kaiser / *Senior Advantage* application. If you do not make an election, your coverage will automatically change October 1, 2004 from Health Net to the TBT Indemnity Plan. Indemnity Plan benefits are described in your Plan's Guide to Your Benefits and Summary of Coverage. See "Changing Options – Step 1" on page 2 to order Kaiser and/or *PacifiCare* enrollment packets.**

In most areas, the *PacifiCare* provider network is the same or very similar to Health Net's. If you want to compare, call the TBT Plan Administration Office at one of the above numbers to request a copy of *PacifiCare's* provider directory (*at no charge*) or if you are a pre-Medicare retiree, phone *PacifiCare's* member services at 1-800-624-8822 (between 7:00 a.m. and 8:00 p.m. Monday – Friday) for information on *PacifiCare* providers. If you are Medicare-entitled (enrolled in Medicare Parts A and B), there is a separate *SecureHorizons* member services number. Call 1-800-228-2144.

The Blue Cross Prudent Buyer Plan PPO network for the Indemnity Plan has a large number of PPO hospitals, physicians, labs., etc. to choose from. You may contact the TBT Plan Administration Office to request a Blue Cross provider directory.

**TBT  
MEDICAL  
OPTIONS**

- **Indemnity Medical Option** - Benefits as described in the *Guide to Your Benefits* and *Summary of Coverage*. As of October 1, 2001, the Blue Cross PPO Prudent Buyer Plan is the PPO for TBT California residents and ppoNEXT is the PPO for TBT participants residing outside of California. If you are age 65 or over, Medicare is primary payer.
- **Kaiser Foundation Health Plan (HMO) and Kaiser's Senior Advantage** (Medicare HMO Plan)
- **PacifiCare (HMO) and PacifiCare's SecureHorizons** (Medicare HMO Plan)

**CHANGING OPTIONS - Step 1:**

1. Review this letter.
2. To order HMO packets (*with applications*) and other Open Enrollment forms and information,
  - Return the enclosed **2004 Open Enrollment – Order Form**, or
  - Phone the TBT Plan Administration Office (*at the above numbers*) and tell the receptionist that you are calling to order Open Enrollment material or because you have Open Enrollment questions and ask to speak to John Holloman, Debbie Hernandez or Adrianna Mercado.

**CHANGING OPTIONS - Step 2:**

After you have received the Open Enrollment items that you ordered (*see above*):

1. Complete the required form(s):
  - **Medical Option Form**
  - **HMO Application** (*if changing to an HMO*)
2. Return the form(s) to the TBT Plan Administration Office.

**INFORMATION SOURCES:** Benefits, copayments, exclusions and limitations differ among the three medical options. Before making a change, carefully review the Indemnity medical option by referring to the following items in *Your Benefits Package: Guide to Your Benefits, Summary of Coverage, Summary of Material Modifications* and *Comparison of Medical Benefits*. The TBT Plan Administration Office, upon request, will provide HMO packets and applications.

**RESIDENCE:** In order to change from the Indemnity medical option to an HMO, or from one HMO to another, you and your spouse must reside within a zip code in the HMO's service area. (*Service areas are listed in the HMO packets.*) **Note:** If you are age 65 or over and enrolling in one of the HMOs, you must enroll in the HMO's Medicare plan (*Senior Advantage* for Kaiser and *SecureHorizons* for PacifiCare). **Phone the TBT Plan Administration Office for further information.**

**You and your spouse must be covered under the same medical option, even though one of you may be in a Medicare HMO plan and the other in the HMO's standard plan (Medicare or non-Medicare).**

**Note to Medicare Eligible Retirees:** If you are enrolled in (or want to change to) one of the Medicare HMO Plans, call the TBT Plan Administration Office to discuss your individual needs.

*Here are some of the things you need to know:*

- **Separate Application: Required** for *Senior Advantage* or *SecureHorizons*.
- **Disenrollment Form: Required** if changing from a Medicare HMO Plan to a non-Medicare HMO Plan; **not required** if changing from one Medicare HMO Plan to another Medicare HMO Plan.
- **Effective Date:** For a first of the month effective date, the HMO application must be dated during the prior month (ex. *For an October 1 effective date, the application must be dated September 30<sup>th</sup> or before.*)

### CONTRIBUTION RATES

**NOTE:** Subsidies or other rate reductions are not included in the following rates. See page 5.

#### **CRP Monthly Self-Pay Rates (Per Covered Person):**

Table 1	Non-Medicare Eligible (Per Individual - Eligible Retiree Or Spouse)			
	3-1-04 Rates (Old)		10-1-04 Rates (New)	
Age	HMO Participants *	Indemnity Participants	HMO Participants *	Indemnity Participants
* <b>HMO Participants: Before: 10-1-04:</b> \$5 office visit copay. <b>Effective 10-1-04: \$15 office visit copay.</b>			<b>Note: Health Net will not be offered after 10-1-04.</b>	
Under 55	\$411	\$541	<b>\$453</b>	<b>\$596</b>
55 - 58	396	523	<b>436</b>	<b>576</b>
59 - 61	379	496	<b>417</b>	<b>546</b>
62 - 64	365	478	<b>402</b>	<b>526</b>
65+	-	481 <sup>1</sup>	-	<b>530 <sup>1</sup></b>
65 + Health Net	379 <sup>1</sup>	-	-	-
65 + <i>PacifiCare</i> <sup>2</sup>	N/A	-	N/A <sup>2</sup>	N/A <sup>2</sup>
<sup>1</sup> Medicare age retiree or spouse who chooses not to be covered by Medicare Parts A and B. <sup>2</sup> If you are age 65 and not enrolled in Medicare Parts A & B, the Indemnity Plan is your only option. <i>PacifiCare</i> requires full Medicare entitlement (A & B) to enroll in <i>SecureHorizons</i> . N/A – Not Applicable.				

**See Table 2 for Medicare Eligible Retirees and Spouses on page 4.**

<b>Table 2</b>		<b>MEDICARE ELIGIBLE (Per Individual – Eligible Retiree Or Spouse)</b>			
		<b>3-1-04 Rates (Old)</b>		<b>10-1-04 Rates (New)</b>	
<b>Medical Option</b>		<i>Not Enrolled</i> in a Medicare HMO Plan	<i>Enrolled</i> in a Medicare HMO Plan	<i>Not Enrolled</i> in a Medicare HMO Plan	<i>Enrolled</i> in a Medicare HMO Plan
<b>Indemnity Plan</b>		\$238	N/A	<b>\$317</b>	<b>N/A</b>
<i>Benefits described in the CRP Guide to Your Benefits and Summary of Coverage.</i>					
<b>Kaiser – <u>Non-Senior Advantage</u> <sup>3</sup></b>					
<b>Before: 10-1-04: \$5 office visit copay. Effective 10-1-04: \$15 office visit copay.</b>					
Age 65 not yet enrolled in <i>Senior Advantage</i> (see below for Out-of-Area Plan) – <b>Grace Period (birthday month plus next three months)</b>		-	-	<b>266</b>	-
Age 65 with Part A only <b>(Post Grace Period)</b>		397	-	<b>481</b>	-
Age 65 with Medicare Unknown or Part B Only <b>(Post Grace Period)</b>		-	-	<b>778</b>	-
Medicare Out-of-Area Plan (A & B Assigned) or Under Age 65 Disabled		261	-	<b>307</b>	-
<b>Kaiser <i>Senior Advantage</i> <sup>3</sup></b>		-	\$300	-	<b>\$292</b>
<b>Before: 10-1-04: \$0 office visit copay &amp; \$7 prescription drug copay. Effective 10-1-04: \$15 office visit copay. \$10 generic – \$20 brand name prescription drug copay.</b>					
Health Net (\$5 office visit copay)		118	-	N/A	-
Health Net Seniority Plus (\$5 office visit copay & \$6 generic – \$12 brand name prescription drug copays)		<b>Note: Health Net will not be offered after 10-1-04</b>	281	-	N/A
<b><i>PacifiCare SecureHorizons</i> <sup>3</sup></b>		-	-	N/A	<b>255</b>
<b>Effective 10-1-04: \$15 office visit copay. \$10 generic – \$20 brand name prescription drug copay.</b>					
<sup>3</sup> All Medicare eligible participants (Kaiser and <i>PacifiCare</i> ) must enroll in the HMO's Medicare HMO Plan. Otherwise, they must elect the Indemnity Plan. N/A – Not Applicable.					

**Employer Subsidy:**

In the following examples, any *subsidy* toward CRP coverage to which you may be entitled must be *subtracted* from your monthly self-payment. *This may result in a "zero" self-pay requirement (for you only or for you and your spouse, depending on the applicable Agreement).* See Employer Contributions on page 5.

**PLEASE NOTE:**

Retiree and spouse must elect the same medical option (Indemnity Plan, Kaiser or PacifiCare.)

**Self-Pay Rate Calculation Examples: (Based on rates effective October 1, 2004.)**

1. **Kaiser Medical Option:**

**Retiree:** Medicare eligible in Kaiser's *Senior Advantage* plan. TABLE 2.

**Spouse:** Age 55, non-Medicare eligible (in Kaiser's non-Medicare plan). TABLE 1.

Retiree's rate	\$ 292
Spouse's rate	<u>+436</u>
<b>Total self-pay rate</b>	<b>\$ 728</b>

2. **PacifiCare Medical Option:**

**Retiree:** Medicare eligible in *PacifiCare's SecureHorizons* plan. TABLE 2.

**Spouse:** Medicare eligible in *PacifiCare's SecureHorizon* plan. TABLE 2.

Retiree's rate	\$ 255
Spouse's rate	<u>+255</u>
<b>Total self-pay rate</b>	<b>\$510</b>

3. **Indemnity Plan Medical Option:**

**Retiree:** Medicare eligible. TABLE 2.

**Spouse:** Age 63 non-Medicare eligible. TABLE 1.

Retiree's rate	\$317
Spouse's rate	<u>+526</u>
<b>Total self-pay rate</b>	<b>\$843</b>

4. **Indemnity Plan Medical Option:**

**Retiree:** Age 56 non-Medicare eligible. TABLE 1.

**Spouse:** Age 52 non-Medicare eligible. TABLE 1.

Retiree's rate	\$576
Spouse's rate	<u>+596</u>
<b>Total self-pay rate</b>	<b>\$1,172</b>

**Employer Contributions:**

**Your former employer may be obligated to make contributions for CRP coverage.** Such contributions may be in the form of; (a) an obligation under a Union contract to make contributions on behalf of active employees which results in a *subsidy* or reduction of retiree self-pay rates (*in an amount determined by the Plan*), or (b) an agreement (*contractual or otherwise*) to make partial or full contributions to the Plan on behalf of its retirees and (*in some instances*) their spouses.

**Note:** *Subsidies (and the approved rate reduction) generally apply to the retiree's self-payment only and spousal self-pay rates are generally not reduced by employer subsidy; however, some Agreements do provide for subsidy of spousal self-payment. Check with your former employer or refer to the Collective Bargaining Agreement for details.*

**If you are eligible for any form of employer contribution, your monthly statement will reflect the reduction in your self-payment obligation.** *You will be required to pay the full amount if your former employer stops contributing or is no longer contractually obligated to contribute for retiree coverage.*

**ALL FORMS MUST BE RETURNED TO TBT NO LATER THAN  
SEPTEMBER 28, 2004. Please order and submit your forms as soon as  
possible; don't wait for the deadline!**

**ALL CHANGES ARE EFFECTIVE *OCTOBER 1, 2004*,  
including changes to an HMO, whether or not you have received an HMO  
membership card by that date.**

**IN SUMMARY, to order HMO packets or other Open Enrollment items,**  
Return the enclosed "2004 Open Enrollment – Order Form" (*pre-addressed envelope provided*) or  
phone the TBT Plan Administration Office at (510) 796-4676 or (800) 533-0119. Please tell the  
receptionist that you are calling to order Open Enrollment material or that you have Open  
Enrollment questions and ask to speak to John Holloman, Debbie Hernandez or Adrianna Mercado.

Sincerely,

Martin R. Lowy  
Fund Manager

MRL/mr

***HEALTH NET PARTICIPANTS***

**See the notice on page one. You must change your medical option.**