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Update

www.teamsterfunds.com

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Important Notice Regarding Health & Welfare Plan Changes

Changes to become effective January 1, 2003

As reported in last month's *Update* Newsletter, the Health & Welfare Fund has been incurring *severe deficits* (totaling nearly \$30 Million) over the past 21 months. To address this situation and to bring the benefit plan into balance with employer contribution income, the Fund's Trustees have implemented several changes to be effective January 1, 2003. These changes involve:

- Eliminating the "Traditional" medical benefit program from the benefit offering. Members will automatically be enrolled in the Personal Choice PPO program unless they choose, during the open enrollment period, to enroll in the Keystone East HMO program.
- A \$2 Million *per patient* lifetime medical benefit maximum for all hospital, medical and surgical benefits shall apply to all Fund members and their dependents. The calculation of benefits paid shall begin from the patient's first participation in the Fund.
- Changes in the co-payment structure for primary care physicians, specialty physicians and various outpatient therapies under both the Personal Choice PPO and Keystone East HMO programs.
- Changes in the co-payment structure under the prescription drug program.

Each of these changes is more fully described on the next page. This Notice constitutes a *Statement of Material Modification* and should be retained with your other Plan documents.

OUT OF CONTROL BENEFIT COSTS FORCE TRUSTEES TO MAKE CHANGES

“Traditional” Benefit Program To Be Eliminated

Since April 1996, the Fund has offered a choice of three separate medical programs to its members and their dependents—the “Traditional” program, the Personal Choice PPO program or the Keystone Health Plan East HMO program.

While the cost of providing benefits under both the Personal Choice PPO and Keystone Health Plan East HMO programs has increased dramatically, the costs associated with the Traditional program have skyrocketed to the point where that benefit program has become unaffordable.

Accordingly, effective January 1, 2003, the Fund will only offer two medical benefit options—the Personal Choice PPO program or the Keystone Health Plan East HMO program. Absent any selection by the member, Personal Choice will be the default plan. All members who had been enrolled in the Traditional plan will automatically be enrolled in the Personal Choice plan unless the member opts, in writing and by submitting the appropriate application during the open enrollment period, to enroll in the Keystone Health Plan East HMO program.

\$2 Million Participant Lifetime Medical Benefit Maximum Established

Effective January 1, 2003, a \$2 Million *per patient* lifetime medical benefit maximum for all hospital, medical and surgical benefits shall apply to all Fund members and their dependents. The calculation of benefits paid shall begin from the patient’s first participation in the Fund and shall include all medical benefits paid on behalf of the participant regardless of which benefit program—Traditional, Personal Choice PPO or Keystone HMO— under which the participant was or is enrolled.

Prescription Drug Co-payment Changes

Effective with prescriptions filled on and after January 1, 2003, a new co-payment schedule will go into effect. The co-payment for generic drugs will remain at \$3 for each prescription. However, prescriptions for brand name drugs will now carry two different co-payments— \$10 for preferred brand name drugs and \$20 for non-preferred brand name drugs. A listing of the preferred brand name drugs will be forwarded to Plan members in a separate mailing in the beginning of December. It will then also be available on the Fund’s website— www.teamsterfunds.com.

Changes in Co-Payments Under the Personal Choice PPO and Keystone HMO Medical Benefit Programs

Co-payments under Keystone HMO (eff. 1/1/2003):

Primary Care Physician	\$ 5
Preventive Care	\$ 5
Pediatric Immunizations	\$ 5
Specialist (with referral from PCP)	\$10
Routine GYN Care	\$10
Specialist Maternity Visit for routine care (copay on 1st visit only)	\$10
Emergency Room visit (waived if admitted)	\$40
Alcohol/Substance Abuse out-patient visit	\$ 5

Co-payments under Personal Choice PPO (eff. 1/1/2003):

	<u><i>In Network</i></u>	<u><i>Out of Network</i></u>
Annual Deductible (Ind/Family)	\$ 0	\$300/\$600
Out of Pocket co-insurance max.	N/A	\$1200/\$2400
Primary Care Physician	\$10	80% coverage
Preventive Care	\$10	80% coverage
Pediatric Immunizations	\$10	80% coverage
Specialist	\$15	80% coverage
Routine GYN Care	\$ 0	80% coverage
Specialist Maternity Visit for routine care (copay on 1st visit only)	\$ 0	80% coverage
Emergency Room visit (waived if admitted)	\$40	\$40
Alcohol/Substance Abuse out-patient visit	\$ 0	80% coverage
Outpatient Mental Health Care		
Visits 1-9:	\$10	50% coverage
Visits 10-30:	\$20	50% coverage
Outpatient Therapies	\$15	80% coverage