

December 2002

To: All Active Participants of the Alaska Electrical Health & Welfare Fund

Re: Plan Changes and Rate Changes for 2003

### ***Health Plan Update***

The Board of Trustees of the Alaska Electrical Health & Welfare Fund met November 6, 2002 to review the health plan's financial information for the current year. We are pleased to announce that as of September 30, 2002, the Plan was in a positive cash flow position, with a small "gain" for the year to date.

Health care costs are expected to increase nationwide in the upcoming year, however. Although the current contributions are sufficient to fund claims now, they probably will not be enough to fund claims by the end of next year. Therefore, we know that the Trust may need to either increase contributions, modify benefits, or both, in order to keep the Plan viable.

Because of the changes made to the benefits and administration of the Plan last January, the Board of Trustees will defer making decisions for 2003 until the financial data is available for the full 2002 year. If contribution rate increases are necessary, notices will be sent out as soon as possible.

### ***Plan Changes Effective January 1, 2003***

Although the Board will defer consideration of substantive plan changes until after reviewing the experience for the entire 2002 plan year, it is necessary to clarify some plan provisions at this time. Effective January 1, 2003, the following modifications will be made:

- Prescription drugs purchased outside the areas in which AdvancePCS has network pharmacies will no longer be reimbursed under the medical plan, but will be reimbursed under the prescription drug benefit, subject to the retail co-pays, out-of-pocket maximums and other plan provisions for retail pharmacy reimbursement. You should submit these "out-of-area" prescriptions with a completed AdvancePCS claim form to the Trust Administrative Office so that they may forward them to AdvancePCS for proper processing.
- Due to the high utilization of benefits for gastric bypass procedures and the wide range of prices charged for these services, the maximum benefit payable by the Trust for the gastric bypass procedure and all related costs, including complications and future procedures, including but not limited to panniculectomies, will be limited to a lifetime maximum benefit of \$50,000 per participant. Any benefits you have already received for this procedure will apply to the lifetime maximum. If you have already surpassed the \$50,000 lifetime benefit maximum, no additional benefits will be due. If you are considering this procedure, we strongly encourage you to talk with your doctor and obtain an estimate of the charges prior to having surgery, because these charges can vary widely.

- Dental benefits for Plan 605 will be payable at 60% of the allowable expense, and benefits for Plan 606 will be payable at 40% of the allowable expense and will no longer be paid using the current fixed schedule of benefits. This change will allow the Plan reimbursement to fluctuate as the price of services increases or decreases.
- All experimental or investigational treatment is excluded from coverage under the Plan. Experimental or investigational treatment may include but is not limited to experimental or investigational drugs, devices, supplies, services, or procedures, and also applies to treatment that is in Phase I, II, III, or IV clinical trials.

### ***New Utilization Review and Case Management Provider***

Effective January 1, 2003, HealthCare Strategies will replace Intracorp in providing the following services to our participants:

- **Certification of hospital confinements and certain surgical procedures.** If you require inpatient hospitalization or if you are planning to have a surgical procedure requiring presurgical review, you, your Physician, or your Hospital Facility must contact HealthCare Strategies for precertification. See your benefits booklet for more details on precertification.
- **Case management.** Participants who experience catastrophic or chronic illness or injury, may have a case manager assigned to assist with obtaining services.
- **24-hour Nurseline.** You can call HealthCare Strategies 24 hours a day, 7 days a week to talk to a Care Counselor nurse.

You can reach HealthCare Strategies 24-hours a day by calling 1-877-478-1246.

### ***Reminder on PPO Hospitals and Other Providers***

Alaska Regional Hospital and Chugach Physical Therapy are the preferred provider facilities in the Municipality of Anchorage for all inpatient and outpatient services. *The HealthSouth Surgery Center, HealthSouth Physical Therapy, and HealthSouth Diagnostic Center are not Preferred Providers.* If you use a non-preferred provider in the Municipality of Anchorage, the allowable charge for inpatient services will be limited to the contracted rate with the Preferred Provider facility. For outpatient services, the allowable charge will be the case rate for services at Alaska Regional Hospital, if any, or 50% of the billed charges at the non-PPO facility. Your plan's coinsurance rate will be assessed a 20% reduction for the first \$50,000 of allowable expenses. In addition to these penalties, a \$1,000 penalty will be imposed for inpatient care.

Outside Alaska, the Fund contracts with the Multiplan network of providers. If you use a physician, hospital, or service provider outside Alaska and that provider is not in the Multiplan network, your plan's reimbursement rate will be reduced by 20% for the first \$50,000 of allowable expenses.

The Wellness and Minor Care Providers include Primary Care Associates and Dimond Medical Clinic in Anchorage/Eagle River, Wasilla Medical Clinic in the Mat-Su Valley, and Fairbanks Urgent Care Center in Fairbanks. Medical Park Family Care is no longer a Wellness and Minor Care Provider, but you may still access their services through the medical plan.

## ***Introducing the health care providers at Primary Care Associates***

Some participants have asked for more information on the health care providers available at Primary Care Associates. Founded in 1985 by Dr. Bruce Kiessling, Primary Care Associates now has nine male and five female medical practitioners who consist of 8 physicians, five physician assistants, and one nurse practitioner:

- Four male and 2 female physicians are available by appointment Monday through Friday at the 4001 Lake Otis site Suite 322.
- The facilities in Eagle River, the downstairs walk-in facility at 4001 Lake Otis, and the Huffman clinic are staffed by both mid-levels (physician assistants or nurse practitioners) and physicians.
- After hours and on week-ends the facilities are staffed primarily by physician assistants who have immediate access to a physician on call.

The nurse practitioner and physician assistants at Primary Care Associates work in close association with their physician colleagues. They have excelled in their completion of a rigorous course of study and their professions have been credentialed to provide medical services since the 1970's. They have prescriptive authority for all medications except the strongest narcotics such as morphine. Their work is reviewed on a regular basis to assure the highest standards of care. When they are providing medical care, each physician assistant and nurse practitioner has access to a physician of Primary Care Associates.

Should you have any questions about the areas of special training and qualifications of any of the practitioners, or would like to know which of the practitioners might be the best "fit" for you, feel free to call Primary Care Associates at 562-1234 and ask to leave a message for Dr. Bruce Kiessling, M.D.(Medical Director) or Eric Miknich (Associate Medical Director) and they will return your call.

## ***Mastectomy Benefits***

The Women's Health and Cancer Rights Act requires health plans that provide mastectomy benefits to also provide certain related benefits and to notify participants of this annually. The benefits available under the Alaska Electrical Health & Welfare Fund include:

- Reconstruction of the breast on which the mastectomy was performed,
- Surgery and reconstruction of the other breast to produce a symmetrical appearance, and
- Prostheses and treatment of all physical complications of all stages of mastectomy, including lymphedemas.

Reconstruction benefits are to be provided in a manner determined in consultation with the attending physician and patient. These reconstructive benefits will be subject to annual deductibles, coinsurance and eligibility provisions like other medical and surgical benefits covered under the Plan.

If you have any questions about your benefits, please contact a Health and Welfare representative at 276-1246 or 1-800-478-1246. Thank you.

Sincerely,

/s/  
Gregory R. Stokes  
Administrator