

**CARPENTER FUNDS ADMINISTRATIVE OFFICE
OF NORTHERN CALIFORNIA, INC.**

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October 26, 2012

To: All Participants Enrolled in the Indemnity Plan of the Carpenters Health and Welfare Trust Fund for California

**From: BOARD OF TRUSTEES
Carpenters Health and Welfare Trust Fund for California**

Re: Medical and Prescription Drug Plan Benefit Changes Effective January 1, 2013

NEW OUTREACH PROGRAMS

Effective January 1, 2013, the Board of Trustees have adopted several new programs to help you manage certain complicated health conditions. These programs are intended to provide support for individuals dealing with Asthma, Diabetes, Chronic Obstructive Pulmonary Disease (COPD), Heart Failure, Coronary Artery Disease (CAD), pregnancy, surgeries and other certain conditions. In addition, for certain high-risk conditions that involve prescription drugs, the Pharmacy Benefit Manager, Express Scripts (Medco), will be reaching out to affected participants as those conditions become evident. When you receive an outreach contact from any of the Trust Fund's supporting providers, you are encouraged to engage in the process so that your condition can be properly managed.

VALUE BASED PROGRAM

There are wide treatment cost variations that exist in California for elective outpatient procedures and other types of surgeries, which cannot be explained by improved quality or clinical outcomes. In order to better manage the costs for certain surgical procedures, the Board of Trustees, along with Anthem Blue Cross, have developed a Value Based Program designed to keep your overall out-of-pocket costs down while limiting the overall increase in medical costs.

• ***Colonoscopies, Arthroscopy and Cataract Surgery:***

Outpatient surgeries can be more expensive when performed in an outpatient hospital versus an Ambulatory Surgical Center (ASC). Effective January 1, 2013, a maximum allowable charge will be placed on the hospital facilities for the following procedures when an outpatient hospital setting is used in lieu of an ASC.

- Colonoscopy: \$1,500
- Arthroscopy: \$6,000
- Cataract Surgery: \$2,000

You will be responsible for any amount above these maximums. You still have access to the same discounts by using any Preferred Provider Organization (PPO provider), however, you will see a greater savings by using a Preferred Ambulatory Surgery Center provider.

• ***Total Hip and Knee Replacements:***

In order to manage the cost variance for hip and knee replacement surgeries, payment will be limited to a \$30,000 maximum for single hip joint replacement or single knee joint replacement surgery effective January 1, 2013. This maximum includes all inpatient facility costs but does not include the professional fees such as anesthesia or surgeon fees. The Board of Trustees and Anthem Blue Cross have identified 51 facilities throughout California where these surgeries can be performed with little to no out-of-pocket costs beyond the plan's deductible and coinsurance. See the attached list of approved Value Based facilities. You still have the same access to providers but will save money when you use a recommended facility. You won't have any additional cost beyond the deductible and coinsurance payment if your surgery does not exceed the \$30,000 maximum for a single hip joint replacement or single knee joint replacement.

OUT-OF-NETWORK AMBULATORY SURGICAL CENTER

A daily maximum of \$300 will be implemented for services received at an out-of-network Ambulatory Surgical Center. There will be no out-of-pocket limit. If you use an in-network Ambulatory Surgical Center, there is no daily limit.

24/7 NURSELINE

Anthem Blue Cross offers a 24/7 NurseLine which puts you in touch with a registered nurse who can help you decide how to handle a medical issue or question. For instance, they can help you decide whether you should see your doctor, go to the emergency room or if the problem can be treated at home. Using the 24/7 NurseLine can help you avoid unnecessary worry and expense. If you speak another language other than English, there are bilingual nurses and translators on call. TTY/TDD services are also available for those who need it. If you'd rather not discuss your medical condition over the phone, you can listen to confidential recorded messages on more than 300 topics by selecting the AudioHealth Library option when you call the 24/7 NurseLine number. To reach a registered nurse any day and any time, call toll free **(800) 700-9184**.

CHANGES TO THE PRESCRIPTION DRUG PLAN

In order to encourage continued use of generic drugs and to help contain costs for the prescription drug plan, the following changes will be made effective January 1, 2013.

- ***Proton Pump Inhibitor (PPI) and Cholesterol Medications:***

Effective January 1, 2013, brand name medications used to treat certain stomach conditions known as Proton Pump Inhibitors (PPIs) as well as cholesterol medications will no longer be covered by the prescription drug plan unless you first receive prior approval from the Medco Pharmacy. Generic options will still be available. If you require a PPI, your first fill must be for the generic drug omeprazole, which does not require approval. However, if your doctor believes there are special reasons you should use a brand name medication, he or she can request a coverage review by calling (800) 417-1764. If you fill or refill a prescription for a brand name medication without first obtaining approval from the Medco Pharmacy, you will have to pay the full cost of the medication instead of just the copayment. Coverage for approved brand name medications will be subject to the Plan's MultiSource copayment amount, which is the generic copayment plus the difference in cost between the generic drug and the brand name drug.

GRANDFATHERED HEALTH PLAN: The Board of Trustees of the Carpenters Health and Welfare Trust Fund for California believes the Medical 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 preventative 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 the Plan administrator or the Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform. This Web site has a table summarizing which protections do and do not apply to grandfathered health plans.

Please keep this notice with your benefit booklet. If you have any questions, please contact Benefit Services at the Fund Office at (510) 633-0333 or toll free at (888) 547-2054. You may also send an e-mail to benefitservices@carpenterfunds.com. Forms and information can be found on our website at www.carpenterfunds.com.

The Trustees work diligently to protect your Plan and access to your Plan and only the Board of Trustees maintains the right to change or discontinue the types and amounts of benefits under this Plan. This notice is intended as a summary only, and actual Plan documents will be used to interpret the Plan. Only the full Board of Trustees is authorized to interpret the Plan. The Board has discretion to decide all questions about the Plan, including questions about your eligibility for benefits and the amount of any benefits payable to you. No individual Trustee, Employer or Union Representative has authority to interpret this Plan on behalf of the Board or to act as an agent of the Board. In the event of a dispute between this summary notice and the Rules and Regulations of the Plan, the Rules and Regulations will prevail.

VALUE BASED SITES OF CARE
DESIGNATED HOSPITALS FOR TOTAL HIP AND KNEE REPLACEMENTS

Adventist Medical Center	O'Connor Hospital
Alvarado Hospital LLC	Placentia Linda Hospital
Arroyo Grande Community Hospital	Queen of the Valley Medical Center
Barton Memorial Hospital	San Antonio Community Hospital
Cedars-Sinai Medical Center	San Joaquin Community Hospital
Community Hospital of The Monterey Peninsula	Santa Monica UCLA Medical Center
Dameron Hospital	Santa Rosa Memorial Hospital
Desert Regional Medical Center	Sierra Vista Regional Medical Center
Eisenhower Medical Center	Sonora Regional Medical Center
El Camino Hospital	St Agnes Medical Center
Enloe Medical Center Inc	St Helena Hospital
French Hospital Medical Center	St John's Hospital and Health Center
Fresno Surgical Hospital	St Joseph Hospital- Orange
Good Samaritan Hospital- San Jose	St Jude Medical Center
Good Samaritan Hospital- Los Angeles	St Mary's Medical Center
Healdsburg District Hospital	St Vincent Medical Center
Hoag Orthopedic Institute	Stanford University Hospital
Huntington Memorial Hospital	Stanislaus Surgical Hospital
John F Kennedy Memorial Hospital	Thousand Oaks Surgical Hospital
Kaweah Delta Medical Center	Torrance Memorial Medical Center
Loma Linda University Medical Center	Twin Cities Community Hospital INC
Long Beach Memorial Medical Center	UC Davis Medical Center
Mercy Medical Center- Redding	UCSD Medical Center
Methodist Hospital of Sacramento	UCSF Medical Center
Natividad Medical Center	Valley Presbyterian Hospital
	ValleyCare Medical Center