

October 2004



## ALASKA TEAMSTER – EMPLOYER WELFARE TRUST

# 2003 SUMMARY ANNUAL REPORT

*This report reflects the financial health of your medical fund.*

*If you have questions about this report, please call 907-565-8300 or 1-800-478-4450.*

*Or email us at [rkalamarides@akteamsters.com](mailto:rkalamarides@akteamsters.com)*

*[www.akteamsterstrusts.com](http://www.akteamsterstrusts.com)*

### SUMMARY ANNUAL REPORT FOR THE ALASKA TEAMSTER-EMPLOYER WELFARE TRUST

This is a summary of the annual report of the Alaska Teamster-Employer Welfare Trust, a multi-employer Plan, for the year beginning January 1, 2003 and ending December 31, 2003. The annual report has been filed with the Employee Benefit Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

#### SELF-FUNDED BENEFIT INFORMATION

The Plan maintains its medical, dental, drug, vacation, disability and vision benefits under a self-funded program.

#### INSURANCE INFORMATION

The following brief description of the Plan benefits is provided for general information purposes only. Participants should refer to the Plan document for more complete information. The Plan has contracts with Pacific Life Annuity to pay certain life insurance and accidental death and dismemberment claims. The Trust also maintains stop loss coverage under contract with ULLICO for participants and dependents. The total insurance premiums charged to the Plan for the year ended December 31, 2003 were \$699,753.

#### BASIC FINANCIAL STATEMENT

The value of Plan assets, after subtracting liabilities of the Plan, was \$2,893,250 as of December 31, 2003, compared to \$4,274,030 as of January 1, 2003. During the Plan year, the Plan experienced a decrease in its net assets of \$1,380,780. This decrease included unrealized appreciation or depreciation in the value of the Plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the

value of the assets at the beginning of the year or the costs of assets acquired during the year.

During the Plan year, the Plan had total income of \$22,938,053 including employer contributions of \$17,611,270, participant contributions of \$4,042,716 and earnings from investments of \$1,251,951 and other income of \$32,116.

Plan expenses were \$24,318,833. These expenses included \$1,474,087 in operating expenses, \$53,668 in investment expenses, \$19,755,861 in benefits paid directly to participants and beneficiaries, \$699,753 in insurance premiums charged by insurance companies and a net increase of \$2,335,464 in benefit obligations.

Benefits and eligibility rules will change from time to time. Retiree benefits differ from active employee benefits and also can be changed or eliminated at any time. Be sure to use the most recent plan booklet and to read any special notices about your coverage. Do not rely on outdated information. If you lose your coverage, you may be entitled to continue it by making self-payments. Consult your booklet or the Plan office for details.

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***During the Plan year, the Plan had total income of \$22,938,053 including employer contributions of \$17,611,270, participant contributions of \$4,042,716 and earnings of \$1,284,067.***

## YOUR RIGHT TO ADDITIONAL INFORMATION

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report;
2. Assets held for investments;
3. Insurance information including sales commissions paid by insurance carriers.

To obtain a copy of the full annual report, or any part thereof, write or call:

Alaska Teamster-Employer Service Corporation  
520 East 34th Avenue, Suite 107  
Anchorage, AK 99503  
(907) 565-8300.

The charge to cover copying costs will be \$3.00 or \$.25 per page for any part thereof.

You also have the right to receive from the Administrator, on request and at no charge, a statement of the assets and liabilities of the Plan and accompanying notes, or both. If you request a copy of the full annual report from the

Administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover the copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the Plan, 520 E. 34th Avenue, Suite 107, Anchorage, AK 99503, and at the US Department of Labor in Washington, DC, or to obtain a copy from the US Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N5638, Employee Benefit Security Administration, US Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210.

Your plan, as required by the Women's Health and Cancer Rights Act of 1998, provides benefits for mastectomy-related services including reconstruction and surgery to achieve symmetry between breasts, prostheses and complications resulting from a mastectomy (including lymphedema).



## UNDERSTANDING OUT-OF-NETWORK PENALTIES

In Anchorage and only in Anchorage, the Plan has negotiated discounts at Alaska Regional Hospital for services including the emergency room, inpatient hospital services, outpatient hospital services, maternity care and surgical services.

When you use Alaska Regional Hospital, your co-payment amount is 20 percent instead of 30 percent. If you choose to use another facility when you could have used Alaska Regional, you pay more.

## FREQUENTLY ASKED QUESTIONS

### Q: What is included in outpatient services?

A: Outpatient services include laboratory tests, diagnostic examination like mammograms, colonoscopies and MRIs. It includes treatments such as chemotherapy, radiation therapy and hemodialysis. It also includes surgical services when you can be released in less than 24 hours following the surgery.

### Q: My cardiologist needs to do a heart catheterization, which is an outpatient procedure he does in his own facility. Will this be penalized?

A: If your cardiologist charges a "facility" fee, then the facility fee will be penalized. Your cardiologist very likely has privileges at Alaska Regional and it will cost you less if he performs the heart cath there.

### Q: My physician's clinic has a lab and screens tests through this lab. Since the Plan has negotiated a discount at the Alaska Regional lab, can I ask my doctor to send them there?

A: Yes. If your doctor does not need the results immediately, you should instruct that the test be conducted at the Alaska Regional lab, which will save you money.

## LATEST NEWS: PLAN CHANGE

### NON-NETWORK PRESCRIPTION DRUG CLAIMS NO LONGER COVERED

Effective November 1, 2004, non-network claims will not be reimbursed unless the member lives in an area where there is no network pharmacy. This change means you must use your prescription drug card at an Express Scripts pharmacy when you fill your prescription at a retail pharmacy.

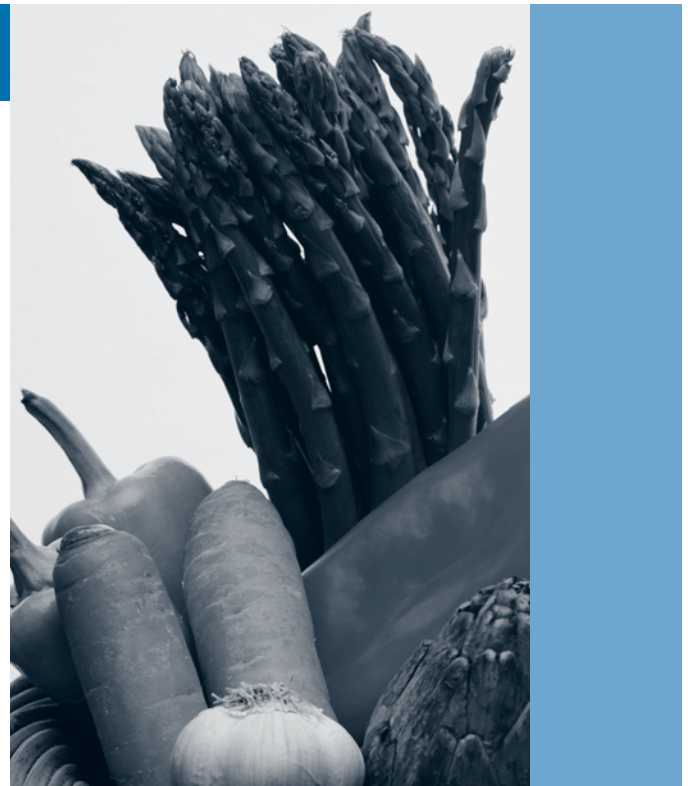
The Health & Welfare Plan contracts with Express Scripts, which is a pharmacy benefits manager (PBM), to keep drug costs as low as possible. Most pharmacies in turn contract with many PBMs and, as the enclosed list indicates (see back cover), most contract with Express Scripts.

If you use a pharmacy that does not contract with Express Scripts or if you fail to use your card and pay for the cost of the drugs in full, the Plan will not reimburse even a portion of your costs. The claims office will continue to reimburse a portion of non-network claims if you live in a community that has no pharmacy contracting with Express Scripts.

### WHY WOULD A MEMBER PAY OUT OF POCKET FOR DRUGS?

The main reason members have difficulty picking up prescriptions at retail pharmacies is because they do not have their Express Scripts card and the pharmacy puts the wrong person code into the computer system, which rejects the person as “not eligible.”

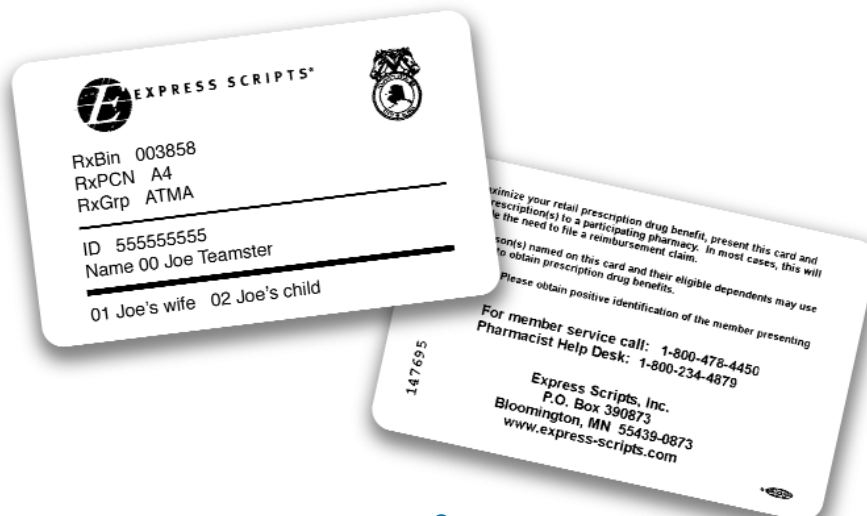
The ID is always the member’s social security number, the member is always person code 00; dependent codes run consecutively beginning with 01. Because pharmacies contract with many PBMs, we cannot expect them to be familiar with every program. If a pharmacy is unfamiliar with the Teamster program or the member fails to provide the Express Scripts card with the required information and the wrong person code is entered, the request is rejected. When



this occurs, you should ask the pharmacist to call the Express Script Help Desk for assistance.

If you ever have a problem getting a prescription filled after hours and the pharmacy can't get it resolved, we recommend you ask for just a few pills until they can get it resolved – hopefully, the next working day. That way, you will pay only the cost of a couple of pills, instead of a 30 day supply.

Please remember to carry your Express Scripts card . . . especially now that you cannot submit non-network claims for reimbursement. (See the back page with the list of Alaska Pharmacies.) You may also view the current list of pharmacies in your area at [www.expressscripts.com](http://www.expressscripts.com).



### NEW LIFE INSURANCE POLICY

Your Health & Welfare Plan contains a life insurance and accidental death and dismemberment policy. The beneficiary of an active member is entitled to \$25,000 upon the member's death and an additional \$5,000 if the death was accidental. If the dependent of an active member dies, the member receives \$2,000. The beneficiary of a retired member is entitled to \$5,000 upon the retiree's death. If an active member accidentally loses a limb or limbs, the policy provides compensation for such losses. The Plan recently changed carriers to Met Life. As a result, they provide a new option which permits an active participant who has six or fewer months to live to receive one-half of the policy amount, or \$12,500.

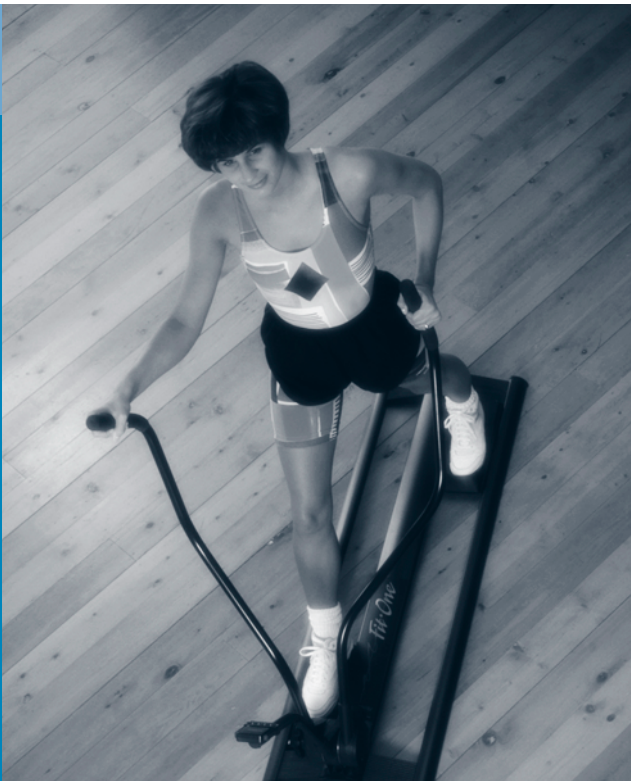
### UNDERSTANDING UCR

The UCR fee is the amount most doctors charge for a specific procedure in a particular area. Providers bill the Plan using Current Procedure Terminology (or CPT) codes. These codes do not change, but the fees associated with each code change frequently. Data is gathered from claims payors and this data establishes the "going rate" or customary fee for each CPT code, by area. Our Plan does not base the UCR fees on those charges related only to this Plan's experience.

Our claims processor, Administration Services, Inc., contracts with Ingenix, one of the national databases, which captures our experience along with many other plans. This database reflects the CPT codes and corresponding customary fees by area. The fees in each area are always changing (going up or down depending on the dynamics of the particular economy). There are thousands of CPT codes. Each code reflects a specific procedure, with a different fee associated to each code. For example, there are more than 60 CPT codes which could apply to a woman's annual exam and the doctor will usually bill under several of these codes (exam, lab work, special diagnosis).

### WHY DO WE NEED TO PAY WITH UCR RATES?

Providers are trying to provide the highest level of service to their patients and want to be paid well for that service. Your Plan is trying to pay for the increasing cost of health care with fewer health care dollars and the UCR structure is an indirect way of making sure the providers are using competitive rates. When a provider consistently charges above the UCR and isn't reimbursed for their full cost, they often drop their fees until they find the average price other doctors charge.



### VIOXX PULLED FROM MARKET

*Merck & Co. pulled the arthritis drug, Vioxx, off the market on Sept. 30, 2004, following a study which showed Vioxx doubled the risk of heart attack and stroke. If you've been taking Vioxx, contact your doctor as soon as possible.*

## BE A FLU FIGHTER

Believe it or not, now is the time to get a flu shot. Why? Even though flu season peaks from late December through March, getting the vaccine now gives your body time to build antibodies to fight this viral infection.

### CAN THE FLU SHOT CAUSE THE FLU?

No. Flu vaccine is made from inactivated or killed influenza viruses, so it cannot cause the flu, although it may cause mild cold-like symptoms.

### I KNOW SOMEONE WHO GOT A SHOT AND STILL BECAME SICK. HOW COME?

Sometimes people who receive the vaccine become ill from a different respiratory virus. Overall, the vaccine is 70-90 percent effective in preventing the flu in healthy young adults.

### WHO NEEDS A FLU VACCINE?

Anyone who doesn't want to get the flu but especially those at high risk for serious complications: anyone over 65; people with diabetes, heart disease, asthma or other lung problems; those already seriously ill; and women who will be in the second or third trimester of pregnancy during flu season.

### IS THE FLU SHOT A ONE-TIME DEAL?

No. Because flu viruses are constantly changing, the vaccine is different every year and you need the flu shot annually. Call your doctor's office or check community calendars for flu clinics. Shots are sometimes free. (Source: National Center for Infectious Diseases)

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## FREQUENTLY ASKED QUESTIONS

*continued from page 2*

**Q: My doctor's office is in the Providence Medical Center. Will I be penalized?**

**A:** No, penalties only apply to facility fees, not the services of care providers.

**Q: I live in Fairbanks. Why don't I get a 20 percent co-payment at Fairbanks Memorial?**

**A:** The regular Plan benefits are 70 percent with the member's co-payment at 30 percent. The extra 10 percent the Plan pays for members who use Alaska Regional Hospital is there to encourage them to use the facility where the Plan's discount is more than 10 percent. There are also penalties if Anchorage members don't use Alaska Regional. The reason we can negotiate significant reductions in Anchorage is the competition that exists with two large hospitals.

### GET A FLU SHOT:

Members can get a flu, pneumonia or tetanus shot before the Union meetings on Tuesday, Nov. 2, in Fairbanks or Thursday, Nov. 4, in Anchorage.

## ALASKA EXPRESS SCRIPTS PHARMACIES

### Anchorage/Eagle River

Carrs/Safeway Pharmacies  
Fred Meyer Pharmacies  
Costco Pharmacies  
Sam's Club Pharmacies  
Walmart Pharmacies  
Geneva Woods Pharmacies  
Hewitt's Pharmacy  
Bernie's Pharmacy  
Medical Arts Pharmacy  
Alaska Pharmacy Services  
Professional Infusion Pharmacy  
Family Pharmacy  
Anchorage Neighborhood  
Health Center

### Fairbanks

Safeway Pharmacies  
Fred Meyer Pharmacies  
Prescription Center Pharmacy  
Sam's Club Pharmacy  
Walmart Pharmacy

Fairbanks Professional  
Pharmacy  
Prescription Center  
Pharmacy

### Juneau

Safeway Pharmacy  
Ron's Apothecary  
Fred Meyer Pharmacy  
Juneau Drug Company

### Palmer/Wasilla

Fred Meyer Pharmacies  
Costco Pharmacies  
Walmart Pharmacies  
Geneva Woods Pharmacy  
TKO Pharmacy  
MyDoktors Pharmacy  
Susitna Professional Pharmacy



### Kenai/Soldotna

Carrs/Safeway Pharmacies  
Soldotna Professional Pharmacy  
Fred Meyer Pharmacy

### Kodiak

Safeway Pharmacy  
Walmart Pharmacy

### Seward

Eagle Pharmacy

### Valdez

Village Pharmacy of Valdez

### Homer

Ulmer's Pharmacy  
Eagle Pharmacy

### Ketchikan

Carrs/Safeway Pharmacy  
Downtown Drug Store  
Walmart Pharmacy

*See inside for Plan benefit change  
regarding your drug benefit*

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Anchorage, AK

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