

CEMENT MASONS HEALTH AND WELFARE TRUST FUND
220 CAMPUS LANE
FAIRFIELD, CALIFORNIA 94534-1499
TELEPHONE: (707) 864-3300 OR TOLL-FREE (888) 245-5005

IMPORTANT NOTICE CHANGES TO YOUR HEALTH AND WELFARE PLAN

To: All Active and Retired Cement Masons Eligible for Health and Welfare Coverage

It should come as no surprise that the cost of providing health care continues to rise. Like most other plans, Cement Masons has had to make benefit changes to keep up with the ever-increasing cost of health care. It is a balancing act. We either generate more income (and with interest rates at a 40 year low, that is not possible) or reduce costs. To illustrate the seriousness of rising health care costs, the Cement Masons' fund balance lost 26% of its value in the last 12 months ending June 30, 2004. This downward trend cannot be allowed to continue. As Trustees, our first obligation is to provide you and your family with the best benefits available, while still maintaining the solvency of the Trust Fund.

The Cement Masons are not alone in this battle to manage the escalating cost of health care. Nationwide, employers have been forced to take measures to bring costs in line with available funds. Some employers have given up the fight and no longer provide health care.

As you read through this notice, keep in mind that you play a role in not only keeping costs down for the Trust Fund, but also minimizing your out-of-pocket costs. **How?** By using the services of a *Prudent Buyer Plan* provider; by requesting generic drugs, when available; by developing a relationship with your primary care physician, managing your health care and, hopefully, avoiding more costly treatments, such as Emergency Room visits. In other words, become smart health care consumers by spending your health care dollars wisely.

The following changes will be implemented December 1, 2004:

Hospital Benefits

If you reside in the Preferred Provider Plan Service Area, the Plan will pay 80% of the first \$15,000 and 100% thereafter of the negotiated rate for medically necessary services provided by a *Prudent Buyer Plan* hospital during the first 30 days of confinement during one period of disability. The Plan will pay 60% of the first \$15,000 and 100% thereafter of covered expenses for the cost of medically necessary services provided by a ***non-Prudent Buyer Plan*** hospital during the first 20 days of confinement during one period of disability.

Exceptions:

- ***If you are admitted to a non-Prudent Buyer Plan hospital due to a serious or life-threatening emergency***, the Plan will pay 80% of the first \$15,000 and 100% thereafter of covered expenses for the cost of medically necessary services provided by a ***non-Prudent Buyer Plan*** hospital during the first 20 days of confinement during one period of disability.
- ***If you reside outside the Preferred Provider Plan Service Area***, the Plan will pay 80% of the first \$15,000 and 100% thereafter of covered expenses for the cost of medically necessary services provided by a ***non-Prudent Buyer Plan*** hospital during the first 20 days of confinement during one period of disability.

Comprehensive Medical Benefits

- *Plan Year Deductible* will increase from \$50/person to \$150/person, up to 3 (\$450/family)
- *Physician Office Visit Copayment* will increase from \$5/visit to \$20/visit.
- *Emergency Room Copayment* of \$100/visit will be implemented.

Payment

If you use the services of a Prudent Buyer Plan provider, the Plan will pay 80% of the contract rates negotiated for *Prudent Buyer Plan* providers after you have satisfied the Plan Year deductible and required copayment. *If you use the services of a non-Prudent Buyer Plan provider*, the Plan will pay 60% of usual, customary, and reasonable charges for covered services and supplies after you have satisfied the Plan Year deductible and required copayment.

Exception: If you use the services of a Prudent Buyer Plan provider for a Routine Physician Office Visit, the Plan will pay 100% of the negotiated rate after you have satisfied the Plan Year deductible and required copayment.

Plan Year Out-of-Pocket Maximum

The Plan is implementing an Out-of-Pocket Maximum of \$3,000/person, up to 2 (\$6,000) per family. Expenses that apply toward the Out-of-Pocket Maximum are the following:

- 20% coinsurance when you use a *Prudent Buyer Plan* hospital
- 20% coinsurance when you use a *Prudent Buyer Plan* provider (physician, other health care practitioner)
- Plan Year Deductible

Not all of your out-of-pocket expenses will apply toward the Out-of-Pocket Maximum. The following items will not apply toward the Out-of-Pocket Maximum:

- Physician Office Visit or Emergency Room Copayments
- Participant's coinsurance of 40% of first \$15,000 for hospital confinements if he resides in the Preferred Provider Plan Service Area and uses the services of a non-*Prudent Buyer Plan* hospital.
- Participant's coinsurance of 40% for outpatient services if he uses the services of a non-*Prudent Buyer Plan* provider.
- Any penalties for not complying with Plan provisions, such as, not obtaining Utilization Review.

Prescription Drug Benefit

Retail Contracting Pharmacy

If you obtain your prescription from a contracting pharmacy, you will receive up to a 30-day supply by paying the appropriate copayment:

- Copayments for **generic drugs** will remain at \$10/prescription.
- Copayments for **brand-name drugs** will increase from \$10 to \$25/prescription.

Mail-Order Pharmacy

If you obtain your prescription from the mail-order pharmacy, you will receive a 90-day supply by paying the appropriate copayment:

- Copayments for **generic drugs** will remain at \$20/prescription.
- Copayments for **brand-name drugs** will increase from \$20 to \$50/prescription.

For Both Retail and Mail-Order Prescriptions

If you or your physician requests a brand-name drug when a generic is available, you will be responsible for payment of a \$25 (retail) or \$50 (mail-order) copayment **plus** the difference in cost between the generic and brand name drug.

The brand-name copayment of \$25 (retail) or \$50 (mail-order) applies regardless of whether a generic is available. In other words, if your physician prescribes a medication that is not available in generic, your copayment will be \$25 or \$50/prescription.

Dental Benefits

The following changes will be made to your Delta Dental Plan benefits:

- The Plan Year deductible will increase from \$75 to \$100/person, up to 3 (\$300) per family for Active and Retired Cement Masons.
- The Plan Year Maximum benefit will be reduced from \$3,000 to \$2,000/person for Active Cement Masons.
- The Plan Year Maximum benefit will be reduced from \$2,000 to \$1,000/person for Retired Cement Masons.

Vision Benefits

The following changes will be made to your Vision Service Plan benefits:

- The copayment for examinations will increase from \$10 to \$20.
- The copayment for materials will increase from \$10 to \$20.
- The Cement Masons will change from a “Standard Plan” to a “Value Plan.” For your information, attached is a comparison of the two plans. Note that a major difference is fewer VSP doctors in the Value Plan. When scheduling your next vision exam, be sure to ask your doctor whether he is in the Value Plan. If he is not, contact VSP at 1-800-877-7195 and ask

for a listing of Value Plan doctors. If you have access to the Internet, you can obtain the name of a Value Plan doctor by visiting VSP.com and clicking on "Find a Doctor."

Kaiser Permanente

If you are enrolled in Kaiser Permanente, the following copayments will apply effective December 1, 2004:

- **Active Cement Masons**
 - Office visit copayment will increase from \$10 to \$20/visit.
 - Emergency Room copayment will increase from \$50 to \$100.
 - Prescription Drug copayment for generic drugs will remain at \$10. The copayment for brand name drugs will increase from \$10 to \$25.

- **Retired Cement Masons**
 - Office visit copayment will increase from \$10 to \$20/visit.
 - Emergency Room copayment will increase from \$50 to \$100. (Note—there will be no increase in the Emergency Room copayment for those enrolled in Senior Advantage; it will remain at \$50.)

 - **Non-Medicare Plan**
 - Prescription Drug copayment for generic drugs will remain at \$10. The copayment for brand name drugs will increase from \$10 to \$25.

 - **Senior Advantage Plan**
 - Prescription Drug copayment for generic drugs will remain at \$10. The copayment for brand name drugs will increase from \$10 to \$20.

We realize this notice contains a lot of changes to the Plan. The staff is available to answer any questions you may have regarding these changes that become effective December 1, 2004. To avoid any confusion or misunderstanding over these upcoming changes, be sure to contact the Fund Office at 707 864-3300 or toll free at 1-888-245-5005 between the hours of 8:30 AM and 4:00 PM.

Sincerely,

BOARD OF TRUSTEES

**INSERT #13 TO 4/1/00 BOOKLET
OCTOBER 2004**

<p>This notice is only intended to be a brief summary of selected Plan provisions. As such, it cannot address all aspects governing the payment of benefits under the Plan. In order to more fully understand your entitlement to benefits, rights and obligations, you should refer to your Summary Plan Description booklet and Plan Rules and Regulations.</p>

- PLEASE PLACE THIS NOTICE IN YOUR HEALTH AND WELFARE PLAN BOOKLET -