

ANNOUNCEMENT TO ALL PLAN PARTICIPANTS

**The 2008 Open Enrollment Period Will be Held in July 2008
With Plan Enrollment Changes Taking Effect August 1, 2008**

**Please look for your Open Enrollment Packets (to be
distributed during the first week in July)**

The Trustees of the Plan are pleased to inform you that, during the fiscal year ended January 31, 2008 there was an increase in the Fund's reserves for the third year in a row. The reserves grew in spite of a 16.3% increase in the Plan's health care costs over the past year, because of an increase in the hourly contribution rate and the number of hours that were reported to the Plan.

Although preserving the overall financial stability of the Plan remains a challenge as health care costs continue to escalate, the IBEW Local 6 Inside Wire Unit members voted to allocate \$0.50 per hour from their June 1, 2008 wage/fringe benefit package to help preserve the health of the Plan. Since June 2000, the hourly contribution rate (minus the Long Term Disability contribution) has increased by almost 127%, from \$4.70 to \$10.65.

The following is a summary of the decisions that were made by the Trustees in efforts to improve the program while controlling Plan costs. Unless noted otherwise, all changes will become effective on August 1, 2008.

1. Self-funded Indemnity Plan –

- a. Change to PPO (Preferred Provider Organization) Network from First Health to the Blue Shield Shared Advantage Program.-** The Trustees made this decision after reviewing a claims analysis that shows the potential for significant savings resulting from a broader network of participating providers (both in California and nationwide) and deeper provider contract discounts that will benefit both participants and the Plan. **This change will improve the operation of the indemnity plan with no disruption to Plan participants.** Since Blue Shield provides both claims imaging and electronic claims re-pricing services that are now being performed by two separate entities, this change will also streamline EISB's claims processing procedures and improve the overall service to participants. The Blue Shield Shared Advantage transplant and case management programs will also replace the programs currently provided through First Health. This change will be implemented within the next few months and

participants who are enrolled (or become enrolled during open enrollment) in the Indemnity Plan will receive additional information before the transition takes effect. Please note this change will not be effective until November 1, 2008.

b. Changes to the RxAmerica Prescription Drug Program. – To enhance prescription drug benefits provided through the Indemnity Plan, the Trustees have adopted the following RxAmerica programs:

- i. Specialty Pharmacy Program for participants who are being treated with biotech or injectable drugs for chronic medical conditions.
- ii. 3 For Free Program (3 months with a zero copay for certain generic drugs) for participants being treated for high cholesterol, depression, or arthritis.
- iii. TrueTrack Glucometer Program for participants diagnosed with Diabetes.

More detailed information regarding these programs will be distributed with the 2008 open enrollment material. RxAmerica will also target a communication campaign to each Indemnity Plan enrollee who will benefit from any one of these programs.

c. 100% Coverage for Colorectal Cancer Screenings, Pelvic Exams and Pap smears, Prostate Cancer Screenings, and Mammograms. - Recognizing that early screenings are important steps in promoting good health and controlling costs, the Plan has been amended to provide 100% reimbursement of reasonable and customary charges for the following services based on Medicare guidelines:

Preventative Procedure	Schedule for Routine Normal Risk Participants	Schedule for High Risk Participants
Fecal occult blood test	Once every 12 months	Once every 12 months
Flexible Sigmoidoscopy	Once every 48 months	Once every 48 months
Colonoscopy	Once every 10 years	Once every 48 months
	Not payable if performed within 48 months of a screening flexible sigmoidoscopy	
Pap smears and Pelvic Exams	Once every 24 months	Once every 12 months
Prostate Cancer Screenings	Once every 12 months for men age 50 and older	Once every 12 months for men age 50 and older
Mammogram Screenings	One baseline screening mammogram for women 35 to 39 years of age; once every 12 months for women 40 years and older	Diagnostic mammograms when a screening mammogram shows an abnormality

- d. Increase in Annual Maximum.-** The calendar year maximum benefit of \$500,000 per person will increase to \$750,000 effective August 1, 2008. There is no change to the \$2,000,000 per person lifetime maximum.
- 2. Kaiser.** - contract renewed with no benefit changes.
- 3. Replacement of the PacifiCare (United Health) HMO with the Blue Shield HMO (Health Maintenance Organization).-** This change was made without affecting benefits, with the exception of lower co-payments for generic prescription drugs (\$15.00 instead of \$20.00 for retail and \$30.00 instead of \$40.00 for mail order prescription). The Trustees made this decision after reviewing a disruption analysis that showed 99% of PacifiCare's contracting providers are also contracting with the Blue Shield HMO. This means that the change will have little impact on active Plan participants as a whole, although a few participants will have to select a Blue Shield HMO contracting provider or retain their current provider by enrolling in the self-funded Indemnity Plan during open enrollment. More detailed information about Blue Shield's HMO will accompany the open enrollment material that will be distributed in early July. Participants who are currently enrolled in PacifiCare will be automatically transitioned to Blue Shield, effective August 1, 2008, unless they select a change to the Indemnity Plan or Kaiser during open enrollment. Blue Shield is also making every effort to ensure that each Participant's current PCP selections are automatically transferred to Blue Shield.

Effect on Medicare eligible Retirees enrolled in Secure Horizon: Blue Shield does not offer a comparable Medicare Plan to retirees. Therefore, Secure Horizon enrollees will have to change to Kaiser Senior Advantage or the Self-funded Indemnity Plan during the Plan's open enrollment period in July. By selecting the self-funded program, retirees will have the opportunity to continue to be treated by their current providers. In the event that a Secure Horizon Retiree does not select one of the two available Medicare Plans, he or she will be enrolled in the Self Funded Indemnity Plan by default.

More detailed information regarding Blue Shield's HMO will accompany the open enrollment material that will be distributed in early July. Blue Shield has also provided a special toll free number (800 303-5921) to respond to questions concerning benefits or transition issues. This number is available between Monday and Friday, 8 AM – 5 PM PST.

- 4. PacifiCare Behavioral (United Behavioral Health).** - contract renewed with no benefit changes.
- 5. Delta Dental.** – The Trustees approved a self-funded contract arrangement with Delta Dental to replace the current insured program. The Plan will continue to benefit from Delta's contracts with participating dentists, but with a reduced administrative fee that could potentially lead to a cost savings. This change will have no impact on Plan participants. Participating dentists will continue to bill Delta Dental directly, and Delta Dental will continue to process all dental claims. This change applies to both the Delta Premier Plan for active participants and the Delta Preferred Provider (DPO) Plan for retirees.

6. **Vision Service Plan.** - contract renewed with an increase in the frame allowance from \$120 to \$200 every 24 months.
7. **Survivor Benefits or Active/Pre-Age 62 Early Retiree Participants.** – The \$20,000 Survivor and \$20,000 Accidental Death benefits will increase to \$40,000 respectively for deaths occurring on or after August 1, 2008. This benefit applies **ONLY** in the event that a death occurs while Active Plan or Pre-Age 62 Early Retiree coverage is in force.

Change to Direct Payments and COBRA Payments

The Plan provides that monthly direct self-payments are determined by multiplying the hourly employer Plan contribution rate by the number of hours that are needed to obtain a month of Plan coverage. **The monthly direct payment has increased from \$1,224.00 (120 hrs X \$10.20) to \$1,278.00 to (120 hrs. x \$10.65) per month effective August 1, 2008.** Separate from self-payments, the following table provides the COBRA rates that will remain in effect from August 1, 2008 through July 31, 2009. COBRA rates are based on direct plan costs plus a 2% administration fee.

Plan	2007/2008 COBRA Rate	2008/2009 COBRA Rate	% Increase/ (Decrease)
Indemnity Plan-Medical Only	\$1,024.83	\$1,012.25	(1.23%)
Indemnity Plan- Medical/Dental Vision	\$1,177.06	\$1,169.64	(0.63%)
Kaiser Plan- Medical Only	\$797.47	\$852.43	6.89%
Kaiser plus Dental & Vision	\$949.70	\$1,009.82	6.33%
Blue Shield HMO- Medical Only (prior year rates were PacifiCare)	\$1,089.13	\$1,045.86	(3.97%)
Blue Shield HMO- plus Dental & Vision (prior year rates were PacifiCare)	\$1,241.35	\$1,203.24	(3.07%)

Note: Regular direct self-payments are available only if the participant is available for immediate employment under the jurisdiction of the Plan (registered on IBEW Local 6's out of work list). Participants may alternatively choose to make the lower COBRA payments. However, they should keep in mind that COBRA eligibility is not counted when determining eligibility for Retiree or Early Retiree membership status. Notices regarding direct self-payments and COBRA extension are sent to Plan participants when there are insufficient hours to qualify for coverage under the Plan. Any participant who is concerned about the number of months of hour-bank eligibility they have available may contact the Plan Office for information.

Any questions concerning the above changes may be directed to the Plan Office (415) 263-3670.