

To all Trust Participants and Families,

The purpose of this letter is to notify you of changes to benefits and contribution rates under the PSEA Health and Welfare Trust effective July 1, 2009.

The Trust provides its members with a comprehensive plan of benefits, including medical, dental, vision and prescription drug benefits insured by Premera Blue Cross Blue Shield of Alaska. Nationally, health care costs continue to increase at approximately two to three times the rate of inflation. Cost increases for the PSEA Health and Welfare Trust are no different. This year, the premium cost of providing health benefits to Trust participants is increasing by 11.0%.

To address increasing health care costs, the Board of Trustees had to consider changes to plan benefits and contributions rates. Knowing that this year's cost increases would once again have a significant impact on you, the Trustees requested your input through member meetings and a brief survey on the Trust website. When asked whether you would prefer benefit changes to help offset significant increases in your monthly contribution, a majority of Trust members taking the survey said they would prefer to pay more and keep the same level of coverage. The table below summarizes the survey results.

Preference	Number in Favor
Keep Current Level of Benefits	71
Make Some Benefit Changes to Help Offset Contribution Increases	20
Make Significant Benefit Changes to Help Offset Contribution Increases	13

After reviewing the survey results and options available, the Trustees approved a few minor modifications to the plan that, in total, result in a modest premium savings of \$29.50 per member per month. This premium savings directly offsets a portion of the increase in your monthly contribution. In other words, without these changes the increase in your monthly contribution would have been \$29.50 more. That equals just over \$350 per year. Please note that the benefit changes approved by the Trustees do not affect your annual deductibles, coinsurance, out-of-pocket limit or office visit copay, and in some cases may result in increased coverage for you and your family.

Benefit Changes

In addition to the changes selected by the Trustees, there were also changes required under Alaska state law, or by Premera. The table included with this notice summarizes benefit changes effective July 1, 2009.

Contribution Changes

The amount you must contribute toward health care coverage each month is based on your employer (State of Alaska, City and Borough of Juneau, or City of Fairbanks) and terms of the current collective bargaining agreement between PSEA and your employer. The monthly contribution you must pay for health benefits will be increasing effective July 1, 2009. For additional information regarding the change in your required monthly contribution please contact your PSEA representative.

Ways to Save Money

It is important to remember that this is your plan. The cost of the plan, including the amount you must contribute on a monthly basis, is based on the actual health care expenses incurred by PSEA members covered under the plan. As a reminder, here are several ways you can help keep future monthly contributions down and benefits up.

Use generic drugs whenever possible. Generic drugs contain the same active ingredients as their name brand counterparts, without the name brand price. Often generics cost less than half of the equivalent brand name drug. When you need a prescription drug, ask your doctor or pharmacist if a generic version is available and if it is right for you. If it is, make the change. You will pay less at the pharmacy, and it will cost the plan less too.

Use a preferred network provider whenever possible. Preferred network providers have signed contracts with Premera agreeing to charge a discounted rate for their services. In addition, preferred providers can not bill you for amounts over the discounted rate. So, you pay less and the plan pays less. You can search for a network doctor or hospital using the Premera online provider directory at www.premera.com.

Resources to help you manage your health and stay healthy. Take advantage of the health resources available to you and your family members, including a **24-hour health line** that you can call toll free at (800) 841-8343 any time you have health concerns. The health line is staffed by registered nurses who can provide you with information on how to treat your condition at home, or advise you to call a doctor, or visit the emergency room. Information on children's health, pregnancy, fitness, nutrition, weight management and many other topics can also be found on the Premera website at www.premera.com. In order to access this information, as well as view your claims online, you need to register and login using the password you received when you first became eligible. There are links on the Premera website that will guide you through the registration process and allow you to retrieve your password if you have forgotten it.

PSEA Health and Welfare Trust
Benefit Changes Effective July 1, 2009

Benefit Category	Current Benefit	Benefit Effective July 1, 2009
Immunizations	Currently the Plan covers immunizations received in a doctor's office.	Seasonal immunizations received at a pharmacy will also be covered, including flu shots, flu mist and pneumonia immunizations.
Prescription Drug Copay	Retail: \$10 generic/\$30 brand for 34 day supply Mail Order: \$20 generic/\$60 brand for 90 day supply	Retail: \$10 generic/\$30 brand for 30 day supply Mail Order: \$25 generic/\$75 brand for 90 day supply
Coverage of Brand Name Drug when Generic Equivalent is Available	If you request a brand name drug when a generic is available, you are required to pay the brand copay as well as the difference in cost between the generic and brand-name drug.	If you or your prescribing physician requests a brand name drug when a generic is available, you will be required to pay the brand copay as well as the difference in cost between the generic and brand-name drug.
Hearing Aid Benefit	Covered at 80%. One exam every 3 consecutive calendar years. Maximum benefit of \$1,250 during any 3 consecutive calendar years (exam, testing and hardware).	One exam every two years covered in full after office visit copay. Hearing test covered in full. Hearing aid hardware covered at 80% with a maximum benefit of \$3,000 during any 3 consecutive calendar years. <i>(Out-of-network services are subject to the deductible and paid at 60%.)</i>
Mental Health Care Benefit	Inpatient: Subject to deductible and coinsurance. Outpatient: 20 visits per person per calendar year subject to deductible and paid at 50%.	Inpatient: Subject to deductible and coinsurance. Outpatient: 20 visits per person per calendar year paid in full after office visit copay. <i>(Out-of-network services subject to the deductible and paid at 60%.)</i>
Rehabilitation Benefit (Physical, Occupational and Speech Therapy)	Inpatient: 60 days per calendar year subject to deductible and coinsurance. Outpatient: Unlimited visits paid at 80%.	Inpatient: 60 days per calendar year subject to deductible and coinsurance. Outpatient: Unlimited visits paid in full after office visit copay. <i>(Out-of-network services subject to the deductible and paid at 60%.)</i>
Vision Benefit	Exam: One exam per calendar year paid in full. Hardware: One set of lenses per calendar year and one pair of frames every 2 calendar years paid at 80%.	Exam: One exam per calendar year paid at 80%. Hardware: One set of lenses per calendar year and one pair of frames every 2 calendar years paid at 80%.
Orthoptic Therapy Benefit	Benefit of \$55 per visit up to a max of 24 visits per person per calendar year.	Not covered.
Emergency/Accidental Injury	Benefits for covered services by a non-network provider are provided at the in-network benefit level for treatment of a medical emergency or for admissions or treatment on the day of, or within 2 days after, an accidental injury.	Benefits for medical emergencies and accidental injuries will be provided at the in-network level when you see any covered provider. The plan will pay its allowable charge for these services and you'll only pay your applicable calendar year deductible, coinsurance, copays, amounts that exceed the benefit maximums, amounts above the allowable charge for non-network providers and charges for non-covered services.
Home Nursing Care & Therapy Services Benefit	Maximum benefit of \$1,500 per calendar year for professional service furnished by a registered nurse (2 hrs/per day) and for home respiratory therapy or phototherapy.	Covered under Home Health Care Benefit with maximum of 130 visits per person per calendar year. <i>(Out-of-network services subject to the deductible and paid at 60%.)</i>
Annual Restoration of \$2,000,000 Lifetime Maximum Benefit	Up to \$5,000 of the Lifetime Maximum Benefit is restored every January 1.	No Restoration of Lifetime Maximum Benefit.

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