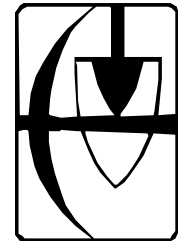


The Benefit Package



A Quarterly Newsletter for Northern California Laborers

Fall 2003 #24

Satisfying Your Plan Year Out-of-Pocket Maximum

Last year, the Trustees adopted several changes to the health and welfare plans in an effort to bring costs in line with revenues. Some changes affected existing provisions, such as, deductibles and co-payments; while others were new to the Plans, such as, co-insurance and the out-of-pocket maximum. This article focuses on one of those changes--the out-of-pocket maximum.

Implemented in October 2002, the out-of-pocket maximum is a provision in the Active and Special Active Plans that sets a limit, or maximum dollar amount the Laborer is obligated to pay. This limit is set at \$3,000/person, up to \$6,000/family. Once the maximum is satisfied, the Laborer is no longer responsible for any additional out-of-pocket charges for that Plan Year (except co-payments and any excluded or over the limit charges). Remember, at the beginning of the following Plan Year, the out-of-pocket maximum reverts to zero. In other words, you must satisfy the \$3,000/person, up to \$6,000/family every Plan Year.

What expenses apply toward satisfying the out-of-pocket maximum? First, the Deductible of \$150/person, up to \$450/family is applied. Co-insurance of 10% of contract rates negotiated is also applied, **but only if you use the services of a Prudent Buyer Plan provider.** When you use the services of a Prudent

Buyer Plan provider, the Plan pays 90% of the contract rates negotiated and you are responsible for payment of the balance of 10%. Otherwise, the Plan pays 70% of Usual, Customary and Reasonable (UCR) charges and you are responsible for 30% of the **billed amount** and none of that is applied toward your out-of-pocket maximum. On the other hand, when you use the services of a Prudent Buyer Plan provider, the (10%) amount is applied toward your out-of-pocket maximum. For example, if you are confined in a Participating Hospital, the Plan pays 90% of the first \$10,000 of the contract rates negotiated and your obligation is \$1,000 (10% of \$10,000), all of which is applied toward your out-of-pocket maximum.

Charges not applied toward the out-of-pocket maximum are:

- Physician Office Visit Co-Payments.
- Participant's 30% co-insurance for charges made by a Non-Participating Provider or Hospital.
- Penalties for non-compliance of Plan provisions, such as, not obtaining Utilization Review.

In terms of satisfying your out-of-pocket maximum, lowering your out-of-pocket costs, and reducing the cost of health care, it is to your advantage to use the services of a Prudent Buyer Plan provider. ☞

NEW LOOK TO PENSION STATEMENTS

In mid December, the Fund Office will mail the annual Pension Statement of Account to all active Plan Participants. Look for some changes. The new format includes the same information as the old version, but with some added features.

Whereas the old Statement included hours worked, credited service, and benefit units, the new Statement includes this same information *plus* an Estimated Monthly Benefit. A word of caution, the benefit amount shown on your Statement is an estimate and subject to verification. Remember also that a benefit is payable only if you are vested and, in some cases, you have attained Normal Retirement Age (age 65).

IMPORTANT

The following notice is inserted in this issue of the *Benefit Package*:

Pension

- Change in Plan Definition of "Total Disability"
- Credited Service During Periods of Disability

CAREFULLY READ THE NOTICE AND PLACE IT IN YOUR PLAN BOOKLET.



California Smokers' Helpline

The California Smokers' Helpline is a telephone program that can help you quit smoking. The services are funded by the California Department of Health and provided at no cost to you.

When you call, you are offered a choice of services: self-help materials, a referral list of other programs, and one-on-one counseling over the phone.

Studies find that people who receive counseling, such as that offered through the Helpline, are more likely to succeed at quitting than those who try to go it alone.

Some of the free services provided by the Helpline include:

- Booklet with information on quitting smoking and staying tobacco-free.
- Referral list of groups or classes that meet in your area.
- Telephone counseling--you can talk to someone about quitting. You and your counselor will work together to develop a plan for you to quit smoking.
- Specialized assistance for teens, pregnant women, and those using chewing tobacco.

Anyone in California can call the Helpline whether you are currently smoking, have already quit, or want information for a friend or relative. In English call 1-800-NO BUTTS, Monday-Friday, 9 AM to 9 PM. En Español--1-800-45-NO-FUME, Saturday, 9 AM to 1 PM.

Know your benefits...

Understanding Reciprocity and the Reciprocal Pension



Periodically, the Trust Fund is asked how Pension "reciprocity" works. It is worth understanding, since one of the pensions provided by the Pension Plan is a Reciprocal Pension.

What is Pension "Reciprocity"? The dictionary defines "reciprocity" as "a mutual or cooperative interchange of favors or privileges...of trade between nations." In a sense, this describes how pension plans share credited service so that Laborers, who might not otherwise receive a pension, benefit from this "mutual interchange" called reciprocity.

Assume you are working in Covered Employment in the 46 Northern California Counties, which is your Pension Plan's region. For whatever reason, you transfer to Southern California and begin working for an employer whose pension plan is a party to the National Reciprocal Agreement. The Trust Fund considers the Southern California Pension Plan a "Related Plan" and any Related Credit you earn under that plan can be combined with your Northern California credit.


So what does all this mean for a Laborer who transfers his Union membership from Northern California to a region covered by a different pension plan? It means that credit granted under that pension plan could be combined with Northern California credit and, that if you satisfy certain conditions, you could be entitled to a pension you might not otherwise receive.

Here's an example of how it works: a Laborer works in Northern California for 4 years, earning 4 years of Credited Service and Benefit Units. He then moves to Southern California and works 5 years.

His worked hours are creditable to a Related Plan. He returns to Northern California and works another 2 years. He has 6 years of Northern California Credit (and Benefit Units) and 5 years of Southern California Credit. He is 55 years old, but under each of the Plans, he is not eligible to receive a pension. If, however, the Credits were combined, he would have 11 years and be eligible for an Early Retirement Pension. From Southern California, he would receive an amount based on his 5 years of service and from Northern California, based on 6 years.

This example shows a Laborer working in only 2 different regions, covering 2 different pension plans. There are cases where a Laborer could work in many different regions and earn credit under many different pension plans. If the plans are "Related Plans," credited service can be combined with Northern California Credited Service.

This is only a brief discussion on the topic of reciprocity and the Reciprocal Pension. There are certain restrictions and limitations. To fully understand reciprocity, you should refer to Article 4. in the October 1, 1999 Pension Plan booklet.

Other points to keep in mind are to maintain detailed records, such as, annual statements of Credited Service from all covered pension plans and copies of plan booklets, including any plan revisions. Another suggestion is to communicate with Related Plans so that each can keep an updated account of Related Credit. That way, when you decide to retire, each Related Plan will have the necessary documents to investigate and verify your work record. 

Filling out forms...

Authorization For Use or Disclosure of Protected Health Information (PHI)


On April 14, 2003, the Health and Welfare Trust Fund implemented privacy rules mandated by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). These rules are to protect personal health information from improper uses and disclosures. In compliance with HIPAA, on April 4, 2003, the Trust Fund distributed to each Plan Participant an Information Privacy Notice, which describes how medical information may be used and disclosed and how you can obtain access to that information.

HIPAA provisions permit the Trust Fund to use Protected Health Information (PHI) for purposes of treatment, paying benefits, and operating the Plan. What is PHI? PHI is individually identifiable health information. That is, health information that identifies the Plan Participant, either by name or by any other means that could disclose the identity of the person. The Trust Fund only uses PHI for Plan administrative purposes and is committed to using health information as permitted by HIPAA.

You may wonder if any restrictions in this law affect you. What changed on April 14, 2003? Let's say you have always relied on your Local Union to contact the Fund Office to inquire of your claim status, eligibility or other information. As of April 14, 2003, the Trust Fund could no longer share this information, which is considered PHI, with anyone or any entity, other than as permitted by HIPAA. Someone (other than you) calling the Fund Office to ask the status of your claim is not allowed under HIPAA. The Fund Office cannot

share Protected Health Information with anyone other than you, in this example.

This can be an inconvenience for those who work and do not have time to contact the Fund Office or access to a telephone. Is there any way around this? The answer is "yes," however, you must provide written authorization to the Trust Fund, naming the individual you authorize to receive your PHI. To do so, you would complete a form entitled "Authorization for Use or Disclosure of Protected Health Information (PHI)." You may obtain this form by calling the Fund Office and requesting it, or you may download the form from the Fund's Web site at www.norcalaborers.org. Complete Sections A and B and submit the form to **HIPAA Compliance Director, Laborers Funds Administrative Office of Northern California, Inc., 220 Campus Lane, Fairfield, CA 94534**. You may designate a specific time frame (a start and an expiration date) in which you authorize someone to have your PHI. If you do not assign an expiration date, the Fund Office will continue to provide your PHI until you revoke the authorization. This can be done by completing and mailing a form entitled "Revocation of Authorization for Disclosure of Protected Health Information (PHI)." This form may be obtained by calling the Fund Office. It is not available on the Web site.

There are other forms required by the HIPAA law that deal with PHI; this article describes only two of these forms. For more information on privacy and Protected Health Information, refer to the Information Privacy Notice mailed to you in early April 2003. 

Questions & Answers

Q. I plan to be off work for 4 months. I have 990 hours in my Hour Bank. How long will my health and welfare coverage last?

A. For each month of coverage, 110 hours are deducted from your Hour Bank. If you have 990 hours in your Hour Bank, you have 6 months of health and welfare coverage. (Eligibility terminates when your Hour Bank balance drops below 440 hours, *before a deduction is made for the current month.*)

Q. What does the Pension Plan say about transferring hours from one Plan Credit Year to another? I have 1,500 hours during the Plan Credit Year ending July 31, 2002. In this past Credit Year, I only worked 500 hours. Since I need 1,000 hours to earn one Year of Credited Service, can I transfer 500 hours from the 2002 to the 2003 Plan Credit Year?

A. The Pension Plan does not allow you to transfer hours from one Plan Credit Year to another. The Pension Plan defines a "Plan Credit Year" as the period from August 1, of any year, through July 31 of the following year. It is the 12-month period used to determine Credited Service, Benefit Units and benefit accruals. Only hours worked during the period between July 31 of one year and August 1 of the following year can be used to determine Credited Service, Benefit Units and benefit accruals.

CALENDAR

On or About This Date	We Will Mail	You Should
September 23, 2003 <i>(Mailed)</i>	Statement of Account for Work Period of February 1, 2003 - Jul 31, 2003	Verify hours and report any discrepancies to your Local Union. Retain statement for your records.
October 17, 2003 <i>(Mailed)</i>	Annuity Plan Statement of Individual Account	Review and report any discrepancies to your Local Union. Retain statement for your records.
October 31, 2003	Vacation-Holiday Benefit Checks	Interested in having future vacation benefit checks deposited electronically? Contact the Vacation Department at the Fund Office.
December 12, 2003	Pension Statement of Account <i>NEW FORMAT</i>	Verify hours, credited service, and benefit units. Report any discrepancies to your Local Union. Retain statement for your records.



Contacting The Fund Office



Laborers Trust Funds
220 Campus Lane
Fairfield, CA 94534-1498



(707) 864 - 2800
or Toll Free
(800) 244 - 4530



Internet Web site:
www.norcalaborers.org

The *Benefit Package* is published by the Laborers Funds Administrative Office of Northern California, Inc. and is intended to provide general information about the plans. It is not intended as a substitute for official Plan documents. Your rights as a Plan Participant or Beneficiary can only be determined by consulting the actual text of the Plan Booklet.



Laborers Funds Administrative
Office of Northern California, Inc.
220 Campus Lane
Fairfield, CA 94534

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**LABORERS PENSION TRUST FUND FOR NORTHERN CALIFORNIA
220 CAMPUS LANE
FAIRFIELD, CALIFORNIA 94534-1498
TELEPHONE: (707) 864-2800 OR TOLL-FREE (800) 244-4530**

IMPORTANT ANNOUNCEMENT REGARDING YOUR PENSION PLAN

TO: ALL ACTIVE PLAN PARTICIPANTS

Change in Plan Definition of “Total Disability”

Effective August 1, 2003, the Pension Plan no longer requires a Participant to apply for and be denied a Social Security Disability Benefit before applying for a Disability Pension through the Fund. Of course, the Plan still provides that a Participant will be deemed totally disabled upon determination by the Social Security Administration (SSA). However, in the absence of an award by SSA, the Board may grant a Disability Pension if it finds that:

- on the basis of competent medical evidence, the Participant is totally unable, as a result of physical or mental impairment, to engage in or perform work as a laborer in the Building and Construction Industry; and
- the bodily injury or disease is not due to the Participant’s commission of or attempt to commit a felony, or the engagement in any felonious activity or occupation, or self-infliction of any injury, or as a result of habitual drunkenness or use of narcotics, unless administered according to the orders of a licensed physician; and
- the total disability is expected to result in death or to be of a continued and indefinite duration.

Credited Service During Periods of Disability

Effective August 1, 2003, if you are absent from Covered Employment due to a temporary disability for which you are receiving California Disability Insurance Benefits or temporary Workers’ Compensation Disability Benefits, you will receive credit of 40 hours per week during your period of disability. Previously, the Plan limited the granting of disability hours to a maximum of 26 weeks. So long as you are receiving California Disability Insurance Benefits or temporary Workers’ Compensation Disability Benefits, that limit no longer applies.

Sincerely,

BOARD OF TRUSTEES

OCTOBER 2003
INSERT #8

This notice is no more than a brief summary of the Plan changes adopted by the Board of Trustees. As such, it is not intended to address all of the Plan provisions that may affect your eligibility for benefits, the amount of your benefit and your rights and obligations under the Plan. You should refer to your summary plan description booklet and the Pension Plan document to fully understand your benefits.

-PLEASE PLACE THIS INSERT IN YOUR PENSION PLAN BOOKLET-