

Laborers Health and Welfare Trust Fund for Northern California
220 Campus Lane
Fairfield, California 94534-1498
707 864-2800 or toll-free 1-800-244-4530
www.norcalaborers.org

**To: All Active and Special Plan III Participants in the
Direct Payment Plan**

**Re: Payment of Hospital Benefits and Increase in
Comprehensive Medical Benefits**

Currently, your Plan provides Hospital and Skilled Nursing Facility Benefits that pay 90% of the first \$10,000 of negotiated rates and 100% thereafter for the first 30 days at a *Prudent Buyer Plan* hospital. If you use a non-*Prudent Buyer Plan* hospital, the Plan pays 70% of the first \$10,000 of covered expenses for the first 20 days. This 30 or 20-day period pertains to one period of disability, which is defined in your Plan booklet on page 86 (Active Plan) or page 81 (Special Plan III).

If you exhaust the 30 days (or 20 days), the Plan pays additional days under Comprehensive Medical Benefits. In other words, if your hospital stay is 35 days in a participating hospital, 30 days are paid under Hospital Benefits and 5 days under Comprehensive Medical Benefits. Splitting a single hospital stay for payment under separate benefit categories adds extra complexity to an already difficult claim. By moving Hospital Benefits to Comprehensive Medical Benefits, the Plan will be easier to understand and administer.

Therefore, ***effective March 1, 2007***, the Plan will pay an entire hospital stay under Comprehensive Medical Benefits, using the same payment percentages as described above (90% or 70% of first \$10,000 and 100% thereafter). The 30 or 20-day period of disability will no longer apply. At the same time, the Plan maximum will be increased from \$1,000,000 per individual to \$1,500,000 per individual. As Comprehensive Medical Benefits pays the majority of health care services, this increase benefits all Plan Participants.

If you have any questions concerning this change, do not hesitate to contact the Fund Office at 707 864-2800 or toll-free at 1-800-244-4530. Fund Office hours are 8:00 AM to 5:00 PM, Monday through Friday.

Sincerely,

BOARD OF TRUSTEES

UTILIZATION REVIEW IS REQUIRED FOR ALL HOSPITAL CONFINEMENTS.

INSERT 1 TO 3/01/2006 BOOKLET
MARCH 22, 2007

NOTICE TO RETIRED PLAN PARTICIPANTS ON REVERSE SIDE