

WRITERS' GUILD-INDUSTRY HEALTH FUND

Thomas J. Hendricks, Administrator

November 7, 2003

TO: All Participants

FROM: The Writers' Guild-Industry Health Fund Trustees

ANNOUNCEMENT OF CHANGES IN HEALTH CARE BENEFITS FOR 2004

The Fund's Open Enrollment is nearly at hand. This year, it's important that you carefully review your options when deciding which plan to enroll in for 2004, since one of the options is being discontinued. The changes to your 2004 health care benefits are:

- New Mental Health and Substance Abuse Provider
- Discontinuation of the Industry Advantage/California Care HMO Plan
- Replacement of California's Regular Plan and Low Option Plan PHCS Physician Network with Blue Cross Physician Network
- Coordination of Lifetime Maximums

Periodically, the Board of Trustees of the Writers' Guild-Industry Health Fund reviews its relationship with contracted health care providers and, when necessary, makes changes to improve efficiency, quality of care and/or access to care. In addition, the Board of Trustees reviews plan options to verify whether they are serving the participants and the Fund effectively.

Recently, the Health Fund's Board of Trustees reviewed a number of potential changes to the health plans. At its September 2003 meeting, and during a series of follow-up meetings in September and October, the Board of Trustees decided to implement changes effective January 1, 2004, to strengthen the financial security of the Health Fund while continuing to provide comprehensive health care benefits to all eligible writers and their covered family members.

Summary of Changes Effective January 1, 2004

The following describes the changes that will be implemented as of January 1, 2004.

New Mental Health and Substance Abuse Provider

Mental health and substance abuse (MH&SA) coverage is an important Fund benefit. After recently conducting a search for a new MH&SA provider, the Board of Trustees selected PacificCare Behavioral Health (PBH) to replace United Behavioral Health (UBH). PBH offers a broad network of providers and "one stop shopping" claims processing. While the plan benefits for MH&SA under PBH are not changing at this time, the following changes will be effective January 1, 2004:

- You may find that a non-network provider you are currently seeing is in the new PBH network, and your benefits could be paid at the higher, in-network rate (if you pre-certify your treatment).
- The calendar-year deductible for non-network MH&SA treatment has been eliminated. This means that no calendar-year deductible will be required for these services before benefits are paid.
- Several new MH&SA management programs will be available through PBH, such as one offering follow-up support for persons who have successfully completed an outpatient chemical dependency program.
- All claims — both network and non-network — will be submitted to PBH for processing.

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PBH will coordinate the continuation of your care if you are currently undergoing treatment through a UBH network provider.

You may visit PBH's website at www.PBHI.com to see whether your provider participates in the PBH network. You can also call PBH directly. PBH customer service representatives will be available to you through a dedicated toll-free number as of November 24, 2003. The number to call is 1-888-301-0056.

Discontinuation of the Industry Advantage/California Care HMO Plan

If you live in Southern California and are enrolled in the Industry Advantage/California Care HMO Plan, you should know that this plan will no longer be available in 2004. The Board of Trustees decided to discontinue this plan because the enrollment is so low, as well as to streamline the Fund's administration of your health care benefits and conserve valuable financial resources.

As a result, if you are currently enrolled in the HMO Plan, you must elect either the Regular Plan or the Open Access Plan for 2004 during the annual open enrollment period. The Fund will mail you forms, which you must complete before January 1, 2004, indicating your new plan election. If you are hospitalized or undergoing a treatment plan, you will be able to work with the Fund's Administrative Office to coordinate the continuation of your care.

Currently, under the HMO Plan, the Fund credits a participant with 6 months of "banked" eligibility for every 12 months of enrollment in the plan, allowing the participant to accumulate a maximum of 24 months of "banked" eligibility. Participants who currently have "banked" eligibility from such HMO Plan coverage will be able to carry over all eligibility in their "bank" as of December 31, 2003 and may use it to extend coverage under their new plan choice should they lose eligibility in the future. **Please note:** HMO participants whose earned eligibility period ends March 31, 2004, June 30, 2004 or September 30, 2004, will be granted the full 6 months of "banked" eligibility even though their participation in the HMO Plan was less than 12 months.

Special Note:

If you live in Southern California, coverage in the Regular Plan, Open Access Plan or Low Option Plan allows you to take advantage of cost savings when you use The Industry Health Network (TIHN). For more details, see "Using The Industry Health Network (TIHN) in Southern California" below.

Changes for COBRA and Extended Coverage Program Participants Enrolled in the HMO

If you are a current participant in the COBRA or the Extended Coverage Program and you are enrolled in the HMO Plan, you must elect a new medical plan for 2004. You may enroll in the Regular Plan, Open Access Plan or Low Option Plan. You must actively enroll, because you must make decisions concerning premium cost and point valuation. The Fund will mail you forms that you must complete before January 1, 2004, indicating your new plan election.

Using The Industry Health Network (TIHN) in Southern California

If you live in Southern California and are covered under the Regular Plan, Open Access Plan or Low Option Plan, you have access to a special network that can save you money. TIHN has five Industry Health Care Centers located in Southern California for the exclusive use of entertainment industry members. Their referral network is made up of 500 specialists (including pediatricians) who have been invited to provide service to you.

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When you use TIHN providers and facilities, you pay a modest copay per visit for most services and the calendar-year deductible does not apply. Benefits are subject to the standard maximums and limitations of the Regular Plan, Open Access Plan or Low Option Plan.

To take advantage of TIHN, you may visit any of the Health Care Centers. A physician will treat you directly, coordinate your care and, if necessary, refer you to a specialist within the TIHN referral Network. When you use The Industry Health Network in this way, your benefits are as follows:

Plan Benefits	When You Use The Industry Health Network, You Pay:
PCP Office Visit	\$10 copay
Specialist Office Visit	\$10 copay
Periodic Physical Exam	\$10 copay
Well Child Care/Pediatric Visit (by referral for ages 13 and under)	\$10 copay
Lab Work/X-rays	\$0
Physical Therapy	\$10 copay
Hospitalization	10% after \$100 copay/admission
Surgery	\$100
Anesthesiology	\$0

Replacement of California's Regular Plan and Low Option Plan PHCS Physician Network with Blue Cross Physician Network

Currently, California Regular Plan and Low Option Plan participants may choose from doctors within the Private HealthCare Systems Ltd. (PHCS) network. To increase the Plan's cost effectiveness, as of January 1, 2004, the Fund will replace the California Regular Plan and Low Option Plan PHCS network with a broader physician network through Blue Cross — also the provider for the hospital network in California. You should know that:

- Blue Cross's broader network of providers makes it more likely that a provider you use who is *not* in the PHCS network *may* be a Blue Cross provider. If so, your benefits could be paid at the higher, in-network rate.
- If you are hospitalized or undergoing a treatment plan, you will be able to work with the Fund's Administrative Office to coordinate the continuation of your care.

The provider network for the Open Access Plan is not changing.

New I.D. Cards

You will receive new I.D. cards by January 2004 if necessary.

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Coordination of Lifetime Maximums

Under certain circumstances, the Fund's lifetime maximum benefit (currently \$5 million) will be coordinated with the lifetime maximums of the following Guild health plans:

- Directors Guild of America–Producer Health Plan
- Motion Picture Industry Health Plan;
- Screen Actors Guild–Producers Pension and Health Plans;
- AFTRA Health and Retirement Funds; and
- Their successor plans.

“Coordination of lifetime maximums” means that if a writer is a member of two health plans—for example both WGA and SAG—the Fund will subtract payments made to the writer by the SAG Health Plan from the individual's Fund lifetime maximum. The coordination provision is triggered if a participant or beneficiary has accumulated more than \$100,000 in payments from the Fund (including payments made before January 1, 2004). In other words, any payments that have been made (or will be made in the future) by the health plans for the four guilds listed above (or their successor plans) to such a participant or beneficiary will reduce the balance of the individual's lifetime maximum benefit with the Fund.

Details of this coordination provision will follow shortly as they become available.

More Information to Come

You will receive further information about these changes before the end of this year. If you have questions, please contact the Fund's Administrative Office at (818) 846-1015.