

April 9, 2004

TO: All Participants
FROM: The Writers' Guild-Industry Health Fund Trustees

ANNOUNCING HEALTH CARE BENEFIT CHANGES

Rising health care costs continue to have a tremendous impact on the financial security of the Writers' Guild-Industry Health Fund. As part of its ongoing effort to manage this problem, the Board of Trustees voted to make several changes to the health plans. These changes will help maintain the financial stability of the Fund without compromising the comprehensive coverage it provides to eligible writers and their covered family members.

The following changes take effect on May 1, 2004:

- Certain classes of drugs that are now available over the counter will no longer be covered, unless certain conditions are satisfied.
- Testosterone replacement drugs will be covered only in certain cases.
- A new prescription drug discount program will be available to participants who purchase drugs that aren't covered by the Fund.

The following changes take effect on April 1, 2004:

- A maximum benefit will apply for non-network ambulatory surgery centers.
- The coordination-of-benefits credit savings program will be eliminated.
- Charges for certain non-network providers who perform services at a network facility may be paid at the network rate.

This announcement provides detailed information about each of the changes listed above. Please review it carefully to ensure that you understand how these changes may affect your coverage going forward.

Summary of Changes

New Prescription Drug Requirements

Recently, an over-the-counter form of the proton pump inhibitor (PPI) Prilosec (20mg) and the non-sedating antihistamine Claritin came on the market. Because these over-the-counter drugs are often less expensive and just as effective as their prescription counterparts, the Fund will generally no longer cover PPIs and non-sedating antihistamines beginning May 1, 2004. If your doctor prescribes one of these drugs for you, **you'll be required to pay the full cost of the drug.** However, the Fund will continue to cover these drugs **in select cases** if a doctor provides a letter explaining why the prescribed drug is medically necessary and why the over-the-counter version is not an effective alternative for his or her patient. In this circumstance, Case Management will review the letter for medical necessity. The Claims Administrator, however, makes the final decisions.

Commonly used proton pump inhibitors which will generally not be covered as of May 1, 2004 include, but are not limited to: Prilosec, Nexium, Protonix, Aciphex and Prevacid.

Commonly used non-sedating antihistamines, which will generally not be covered as of May 1, 2004, include, but are not limited to: Claritin, Zyrtec, Clarinex and Allegra.

If you're filling a prescription for a drug that will no longer be covered on or after May 1, you may want to discuss with your doctor whether an over-the-counter form of your medication would be equally effective for you.

Testosterone Replacement Drugs

Testosterone replacement drugs are currently covered by the Fund. Effective May 1, the Fund will cover these drugs only if a doctor provides a letter explaining why the drug is medically necessary. In this circumstance, Case Management will review the letter for medical necessity. The Claims Administrator, however, makes the final decisions.

Prescription Drug Discount Program

The Fund is unable to cover every prescription drug on the market, since doing so would be cost-prohibitive.

To help mitigate the cost of prescription drugs that aren't covered, the Fund will now offer the Advance Discount Card Program from AdvancePCS. This discount program reduces the regular retail cost of most non-covered prescription drugs by about 20%.

You have access to the discount program just by using your Fund-issued identification card at a participating pharmacy. By doing this, you'll receive a discount on non-covered prescription drugs. For example, while the full retail cost of Prevacid is \$143.94, the AdvancePCS discounted rate is \$127.59, resulting in a discount savings of \$16.35. Most major pharmacies such as SavOn, Rite Aid, Costco, Duane Reade and Walgreens accept the Advance Discount Card Program.

Keep in mind that the discounted rate for prescription drugs may still be higher than the cost of over-the-counter medications. For example, the discounted rate mentioned above was \$130.88; however, the over-the-counter medication may cost less than \$130.88.

To determine if your pharmacy is a participating pharmacy, call your local pharmacy or visit the AdvancePCS website at <http://ncd.advancerx.com>

New Benefit Maximum

As of April 1, 2004, care received at a non-network ambulatory surgery center will be subject to a \$1,500 maximum allowable benefit per procedure.

Example:

Total billed charge from surgery center:	\$3,000
April 1, 2004 benefit limitation maximum:	\$1,500
Total patient responsibility:	\$1,500

In light of this change, participants should carefully consider the potential financial impact before undergoing an outpatient procedure at a non-network ambulatory surgery center. For example, several times over the past twelve months, one ambulatory surgery center billed over \$65,000 each for certain outpatient procedures. Under the Fund's new maximum benefit for ambulatory surgery centers, the participant could be liable for all such charges over \$1,500.

Credit Savings Program Eliminated

When a Fund participant (or his/her covered dependent) is also covered by another group health plan, coordination of benefits (COB) rules apply. With COB rules, one plan is always the primary plan, and the other plan is secondary. COB rules ensure that a person is not reimbursed for **more than** the actual expense incurred for a medical service or supply.

The Fund currently offers a COB credit savings program for participants who use the Fund as their secondary plan. (This typically includes spouses, same-sex domestic partners, and children.) Under the credit savings program, the difference between what the Fund would have paid as the primary plan and what it actually paid as the secondary plan is set-aside in an account for that plan member. The funds in this account are applied against that person's claims for the remainder of the calendar year (for example, if payments from both the primary and secondary plans don't cover all eligible expenses).

The COB credit savings program will be eliminated as of April 1, 2004 and no amounts will be added to your savings account. Additionally, amounts remaining in your credit savings account may only be used for claims incurred before April 1, 2004. Once you've submitted all of your claims for services incurred before April 1, 2004, your remaining credit savings account balance (if any) will be deleted.

This change will impact only those plan members for whom the Fund's medical plan is their secondary plan. All other COB rules and procedures, including how the Fund pays when it is the primary plan, will remain the same.

Non-Network Anesthesiologists, Radiologists, Pathologists and Emergency Room Physicians

Effective April 1, 2004, if a Fund participant receives treatment at a network facility and the participant's treating physician (i.e., the physician who ordered treatment at the facility) is a network provider, then the eligible services provided by non-network anesthesiologists, radiologists, pathologists and emergency room physicians will be paid at the network percentage of the reasonable and customary allowance. Thus, once the deductible is satisfied, participants will be responsible for the network coinsurance rate plus amounts above the reasonable and customary allowance for each service. This new change expands the Open Access Plan's rule to the Regular Plan.

Please note, however, if you go to a non-network facility, you will be subject to the non-network reimbursement rate and may not take advantage of this special rule.

More Information

The Board of Trustees will continue to monitor the health of the health plans and will communicate changes with you as necessary. If you have questions, please contact the Fund's Administrative Office at (818) 846-1015.