

Alaska United Food and Commercial Workers Trust Funds

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Administered by
Welfare & Pension Administration Service, Inc.

March 31, 2017

**To: All Active Plan Participants and Eligible Dependents
Alaska United Food and Commercial Workers Health and Welfare Trust**

Please take a few minutes to read this very important notice regarding changes to your medical benefits – failure to understand these changes could result in significant costs to you!

Preferred Provider (PPO) Network, Coinsurance Level and Out-of-Pocket Maximum

What is not changing

A notice dated November 4, 2016 described the PPO network in detail, including reasons to use a PPO provider and ways to find out if yours is a PPO provider. When you use a PPO provider, after satisfying the annual deductible, benefits for that calendar year are payable at 80% of the PPO contracted rate for most covered medical expenses. After the annual out-of-pocket maximum of \$4,500 per person/\$9,000 per family is reached, the benefits are paid at 100% of the PPO contracted rate for the balance of that year. ***This is NOT changing.*** Your coinsurance and out-of-pocket maximum for covered services received from a PPO provider are **NOT** changing.

REMINDER - In Anchorage and the Mat-Su Valley, Alaska Regional Hospital and Mat-Su Regional Medical Center are the PPO hospitals in those areas. Elsewhere, the PPO providers (hospitals, physicians, etc.) are those in the Aetna Choice® POS II (Open Access) Network.

What is changing

Most covered medical services by a non-PPO provider were covered at 80% of the plan's Usual, Customary and Reasonable (UCR) allowance. After the annual out-of-pocket maximum of \$6,000 per person/\$12,000 per family was reached, benefits were paid at 100% of the UCR allowance for the balance of that year. ***Beginning with service dates on and after June 1, 2017, any covered medical services by a non-PPO provider will be paid at 60% of the UCR allowance until the out of network annual out-of-pocket maximum limit of \$12,000 per person/\$24,000 per family is reached, at which time benefits will be payable at 100% of the UCR allowance.***

The Change

On and after June 1, 2017, if you use a non-PPO provider, your coinsurance will be reduced to 60% of the UCR allowance, and your annual out-of-pocket maximum will increase to \$12,000 per person/\$24,000 per family.

What you need to understand

- Your coverage level has not changed if you use a PPO provider;
- Generally, if you used a non-PPO provider, and you switch to using a PPO provider, your coverage level will not have changed, and you are likely to have a lower out-of-pocket cost because your share (20%) will be based on a lower, discounted PPO provider rate;
- In Anchorage and Mat-Su Valley the PPO hospitals are Alaska Regional Hospital and Mat-Su Regional Medical Center. Elsewhere, the PPO providers (hospitals, physicians, etc.) are those in the Aetna Choice® POS II (Open Access) Network;

- If you do not have access to a PPO provider within 75 miles of your home, your benefits will not change, as you do not have an opportunity to choose a PPO provider;
- If you **CHOOSE** to use a non-PPO provider and a PPO provider is available within 75 miles of your home, you will have higher out-of-pocket expenses as shown in the following example.

What is the difference if I choose to use a PPO Provider? SAVE MONEY!!

| <u>OFFICE VISIT</u> | <u>PPO Provider</u> | <u>Non-PPO Provider</u> |
|---------------------|------------------------------|------------------------------|
| Charge | \$150 | \$170 |
| PPO Discount | \$50 | Does not apply |
| UCR Cutback | Does not apply | \$50 |
| Allowed Amount | \$100 | \$120 |
| Plan Benefit | \$80 (80% of Allowed Amount) | \$72 (60% of Allowed Amount) |
| Your Cost | \$20 | \$98 (UCR Cutback + 40%) |

Using a PPO Provider saved you \$78 extra dollars in this example!!

Surgery Coverage

Effective with services on or after June 1, 2017, non-Emergency orthopedic surgery expenses will be covered **ONLY** if provided through a PPO provider or through the Plan’s BridgeHealth surgical benefit. **Non-Emergency orthopedic surgery expenses are not covered by this plan unless the doctor and facility are in our PPO provider network or the service is approved through BridgeHealth. All orthopedic surgeries should be pre-authorized through Aetna, and a determination of whether the provider is a PPO provider is extremely important!**

All other medically necessary surgical services are covered as any other benefit **(subject to deductible and new PPO and non-PPO coinsurance levels described above)** when received in the hospital, at the doctor’s office, or elsewhere. Charges for an assistant surgeon will be covered at 25% of the allowed amount for the surgeon’s fee.

Coalition Health Center

Effective April 1, 2017 participants and eligible dependents can access the Coalition Health Center in Anchorage and Fairbanks for primary care. Visits to the CHC are subject only to a \$20 copay – the annual deductible is waived. See the attached flyers for more details.

Surgery Center of Anchorage

Effective April 1, 2017, as part of the plan’s PPO hospital relationship with Alaska Regional Hospital, you now have access to the Surgery Center of Anchorage as an in-network surgical option. The plan also has contracted with New Frontier Anesthesia, the anesthesiologist group at the Surgery Center of Anchorage, for discounted anesthesia services.

As always, you may select any provider or hospital for services and care, but using a non-PPO provider will result in a lesser payment by the plan, and you will be responsible for a greater share of the cost of the services.

If you have any questions concerning this notice or the plan changes described, please contact the Administration Office at (800) 478-8329, Option 1.

Sincerely,

**Board of Trustees
Alaska United Food and Commercial Workers Health and Welfare Trust**