

Alaska United Food and Commercial Workers Trust Funds

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Administered by
Welfare & Pension Administration Service, Inc.

September 1, 2016

TO: All Retirees and Dependents
Alaska United Food and Commercial Workers Health and Welfare Trust

RE: Summary of Material Modification – Prescription Drug Benefit Changes

This notice is considered an insert to your current (January 2010) Summary Plan Description. Please read this notice carefully as it describes important changes to your benefits provided through the Trust.

Market Priced Drug (MPD) Program through RxTE

Effective November 1, 2016, the Trust will introduce a Market Priced Drug (MPD) program. As you know, the pharmacy prescription drug market continues to undergo significant changes, with many new, expensive drugs being introduced. Often these very expensive drugs have much lower cost alternatives (generic, or even over the counter in some cases) available to treat the condition. The new MPD program will help you and your provider identify lower cost drugs for treating some common health conditions. Under the MPD program, **lower cost drugs are called “Preferred” Drugs**. The MPD program applies to many, but not all categories of prescription drugs.

About the Prescription Drug MPD Program

How does the MPD program work?

Identify Preferred Drugs: Preferred drugs are determined to be more cost effective for treating a specific condition. The Preferred drug will be similar in clinical effectiveness to the non-preferred drug in achieving the intended health goal.

If you use the Preferred Drug, you pay the applicable brand or generic copayment for the Preferred Drug.

Non-Preferred Drugs: If you use a non-Preferred drug, the Trust will pay the same cost it would for the lower cost Preferred drug and *you will pay the difference in the cost in addition to the applicable brand or generic copayment.*

IMPORTANT:

- If you use a **“Preferred” Drug**, there will be no change to your prescription drug costs.
- If you use a **“Non-Preferred” Drug**, you will pay more.
- Your provider will be able to request an exception if there is a medically necessary recognized reason for you to take a Non-Preferred Drug.
- Avia Partners will contact you before November 1st if you are currently taking a Non-Preferred drug.

You can impact your prescription drug costs. If you use a Non-Preferred Drug, talk with your provider about the new MPD program. Ask if a lower cost Preferred Drug is right for you.

What You Need to Do

The MPD program is effective November 1, 2016. **If you are currently taking prescription drugs, be sure to tell your provider about the MPD program right away.** Also, when you need prescription drugs in the future, be sure to tell your provider about this program so a Preferred drug can be prescribed.

If you recently started using a Non-Preferred Drug or are prescribed one in the future, you and/or your covered dependents will receive your first fill on or after November 1, 2016 at the pharmacy for the applicable copay, but a special letter will be sent from Avia Partners notifying you that the medication is non-Preferred. The letter will provide the alternative Preferred Drugs available and the estimated costs. It will also explain how to get a new prescription for a Preferred Drug. If you receive one of these letters from Avia Partners, we encourage you to share it with your provider and ask if a less costly Preferred Drug is right for you. Your provider knows your full medical history and which drug therapies he/she prefers for you. The cost for a prescription; however, is determined by the Plan’s prescription drug and MPD program.

MPD Program Examples – Drugs to Treat High Cholesterol†

| Health Condition | Drug Category | Non-Preferred Drug | Preferred Drugs |
|------------------|---------------|--------------------|------------------------------|
| High Cholesterol | Statins | Crestor® | simvastatin, lovastatin |
| High Cholesterol | Fibrates | Tricor® | fenofibric acid, gemfibrozil |

†This is not a full list of cholesterol drugs included in the MPD program.

Under the current benefit plan your retail prescription estimated costs are:

| Estimated Costs* (per 30 days, 1 tablet per day) | | | |
|--|------------------------------------|--|--|
| Currently using Tricor® 145mg | | Switch to fenofibric acid 105mg | |
| Tricor® drug price | \$143.16 | fenofibric acid drug price | \$24.30 |
| Member copayment* | Greater of: \$40 or 35% of cost | Member copayment* | Greater of: \$10 or 10% of cost (to max of \$30) |
| Total member cost per month | Retiree - \$50.11 | Total member cost per month | Retiree - \$10.00 |

The following example illustrates your estimated costs for the Preferred Drug Fenofibric acid vs the Non-Preferred Drug Tricor.[®] If you continue on Tricor rather than switch to Fenofibric acid, **beginning November 1, 2016** your current copayment will increase as illustrated above.

| Estimated Costs* (per 30 days, 1 tablet per day) | | | |
|--|------------|---|----------|
| OPTION 1: Continue using Tricor [®] 145mg | | OPTION 2: Switch to fenofibric acid 105mg | |
| Tricor [®] drug price | | fenofibric acid drug price | |
| | \$143.16 | | \$24.30 |
| Plan Pays: Retiree | \$14.30 | Plan Pays:* Retiree | \$14.30 |
| Total member cost per month Retiree | \$128.86 | Total member cost per month Retiree | \$10.00 |
| Estimated member yearly cost Retiree | \$1,546.32 | Estimated member yearly cost Retiree | \$120.00 |

* Costs and savings in the chart above are illustrative only. Actual costs and savings may vary.

If you have questions regarding your prescription drug benefits, or if you and your provider decide a Preferred Drug is not right for you, you may call Avia Partners at (800) 273-9166, 24 hours a day 7 days a week to discuss your benefits or to request an exception. Your provider must complete a short form and provide to Avia Partners evidence of a recognized medical reason for the exception request. If approved, you will pay the Preferred copayment for the medication.

| Your Options | Things to Consider | What You'll Pay |
|---|--|---|
| 1. Continue to use your current non-preferred prescription | <ul style="list-style-type: none"> ▪ You will likely have to pay more ▪ Your costs will change as the price of the drug changes | <ul style="list-style-type: none"> ▪ The difference between the price of your non-Preferred medication and the price of the preferred therapeutic alternative plus the therapeutic alternative's copay |
| 2. Switch to a lower-cost therapeutic alternative or Preferred Drug | <ul style="list-style-type: none"> ▪ You may have several options, depending on the condition ▪ Talk to your doctor | <ul style="list-style-type: none"> ▪ If you choose the Preferred Drug, you pay the generic copay |
| 3. Ask your doctor to file a MPD Exception Request Form | <ul style="list-style-type: none"> ▪ If you have tried the alternative, or there are contraindications, you or your doctor may request an exception | <ul style="list-style-type: none"> ▪ If your MPD Exception Request Form is approved, you pay the generic copay |

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