ALASKA
TEAMSTER-EMPLOYER
SERVICE CORPORATION

Trust Fund News

If you have questions about this newsletter please call 907-565-8300 or (800) 478-4450 or email us at rosek@959trusts.com

www.959trusts.com
July 2008

The Biggest Myth:

The health plan is insured by an insurance company

The Alaska Teamster-Employer Welfare Plan is ***not*** an insured plan, it is a ***self-funded*** plan. This means your medical, dental and vision claims are paid primarily from the contributions made by the Teamster employers. Of the three sources of income; employer contributions, retiree self-payments and investment income from the reserve fund, 84% of the total income is from contributions paid by the participating employers, 12% from retiree's self-payments and 4% from investment income.

Size does matter. Larger employers become self-funded because it is less expensive than buying coverage through an insurance company. Smaller employers who cannot afford to be self-funded buy a group policy from an insurance company to cover their employees. Because the Union has negotiated over 100 collective bargaining agreements with the majority of these employers participating in the Plan, we are able to be self-funded; a much better way to pay benefits than buying a policy from an insurance company.

It is the duty of the Plan to balance the income with the claims expense. This is difficult and unpredictable. In fiscal year 2007, the fund ended the year with a gain of $4.6 million and in the first ten months of this fiscal year, July 1, 2007 through April 2008, the fund has spent more on benefits, compared to its income, by $1.7 million.

For a self-funded plan, balancing the income and expenses can be very difficult. Costs are determined by the marketplace and the ability to raise additional revenue is constrained by bargaining cycles and the economic ability of employers in many industries to pay more for health care.

In the current fiscal year, almost 31% of all dollars was spent on hospital (facility) charges. About 17% went to prescription drugs, 16% to diagnostics (MRIs, lab tests, chemo etc.), 12% to surgeons and 9% to physicians. The remaining 15% is a combination of the rest of the charges including dialysis, outpatient services, vision benefits, ambulance charges, etc.

Year to Date	Number of Active Eligibles	Number of Retiree Eligibles	Total Income	Total Expenses	Surplus/ Deficit
Jul-07	2182	989	$2,375,861	$2,170,403	$205,458
Aug-07	2243	985	$2,575,645	$2,759,755	($184,110)
Sep-07	2283	982	$3,110,498	$1,781,308	$1,329,190
Oct-07	2291	973	$3,036,018	$2,291,514	$744,504
Nov-07	2280	973	$2,370,679	$2,912,826	($542,147)
Dec-07	2293	948	$1,853,126	$2,462,038	($608,912)
Jan-08	2263	954	$1,600,196	$2,884,510	($1,284,314)
Feb-08	2226	949	$1,874,442	$2,840,443	($966,001)
Mar-08	2184	958	$2,369,255	$3,259,659	($890,404)
Apr-08	2209	935	$3,006,830	$2,492,532	$514,298
May-08	2268	935	$2,616,531	$2,562,475	$54,056
Total			**$26,789,082**	**$28,417,464**	**-$1,628,382**

The reserve fund is approximately $16 million.

Understanding Preferred Provider Organizations (PPOs)

Your health plan has two types of preferred providers. We realize that dealing with preferred providers can be confusing and frustrating, so below are some tips on how PPO providers work under your plan.

The first is your contracted, or preferred *facility*, which in Anchorage is ***Alaska Regional Hospital (ARH)***. Under your plan, you MUST utilize Alaska Regional for services that can be rendered there. This includes but is not limited to:

- CT scans
- MRIs
- X-rays
- Surgeries
- Lab tests
- Inpatient stays
- Ultrasounds
- Outpatient procedures

Services performed at Alaska Regional Hospital are reimbursed at 80% after your deductible has been satisfied.

In Anchorage all of the services listed above, with the exception of inpatient stays, are penalized 50% of the charged amount if performed at a facility other than Alaska Regional Hospital and the services are offered at Alaska Regional. The remaining balance is paid at 70%. Neither the 50% penalty nor your 30% responsibility applies toward your annual out of pocket.

Inpatient stays at a facility in Anchorage other than Alaska Regional Hospital are assessed a $1,000 deductible, and paid at 70% of the Alaska Regional contracted rate. The balance after our payment is patient responsibility and does not apply toward your annual out of pocket.

Some of these services may be available in your doctor's office. The following services ARE penalized if performed in your doctor's office:

- CT scans
- MRIs
- Certain cardiology services

If your doctor says you need one of these procedures and he is going to send you down the hall, let him know that you need to go to Alaska Regional Hospital. **Doctors are not going to know who your preferred facility is unless you tell them.**

When it comes to labs that your doctor sends out of office, ask for him or her to send the labs to Alaska Regional Hospital. If your order is written on a Providence form, you can still take the labs to ARH and they will accept that form.

Your next type of provider is a ***Beechstreet*** provider. These providers have contracted with the ***Beechstreet*** network. These include doctor's offices, independent labs, and facilities outside of Anchorage*. These providers' reimbursement is 80% after your deductible is satisfied. You can access the ***Beechstreet*** network through the Teamster Trust website at www.959trusts.com under ***Find Network Providers***. This plan does NOT have an out of area provision for non-preferred providers. If there is no ***Beechstreet*** provider available in your area, the plan will NOT reimburse non-preferred providers at 80%. Reimbursement is at the normal plan benefit of 70%.

One misconception regarding ***Beechstreet*** providers is that the member is penalized for not going to an in-network provider. This is not correct. The normal plan benefit is 70%. The member is receiving an enhanced benefit of 80% if you go to an in-network provider.

*Note – if services are not available at Alaska Regional Hospital and the facility that you go to is a member of the Beechstreet network, services are reimbursed at 80%.

As always, we urge you to contact the Teamster Trust office at (907)565-8300 if you have any questions on preferred providers or other aspects of your plan. Be Healthy!

Our recent favorite website, the website for U.S. Department of Health and Human Services:
http://www.ahrq.gov/

Quit Smoking with *Real* Support

"I've quit before, but this time is different – I have no more cravings for cigarettes."

"It's been over three months; I wish I'd done it 10 years ago."

"My sense of taste and smell have returned!"

"I feel more productive."

These are just a few of the praises from people who have quit smoking with the help of the program Nurtur (formerly Cardium Health) offers *free* to participants and dependents of Alaska Teamsters.

Quitting smoking is the most important thing you can do for your health. Alaska Teamsters and Nurtur are committed to helping you achieve a tobacco-free lifestyle through our ***Living Healthier Tobacco Cessation*** program! Quitting is not easy to do. It takes effort, determination, and commitment. The program is designed for people who have made up their mind and are ready to quit. A tobacco cessation counselor takes it from there. Nicotine replacement products, such as patches, gum and lozenges are mailed to individuals. Prescription medications to support tobacco cessation are also available. Our coaches can discuss these medications with you so that you can ask your doctor if they might be right for you. Information about how to obtain free medication to help with the transition also is provided. All the participant or dependent needs to do is be *ready to quit*.

Through this **free** and **confidential** program, professionally-trained healthcare clinicians help participants set a quit date and discuss all the lifestyle issues that go along with the decision.

Once you enroll in the program, you will be matched with a health coach who will help you develop a program that provides the right level of support to help you break free from tobacco. You will look at the strongest tobacco cues and triggers and come up with strategies to minimize or avoid them. Your coach can discuss alternatives to tobacco and also support you in maintaining your weight after you quit. Your health coach will call you on a regular basis at a time and place that works for you. You will also be able to call a toll-free number anytime.

Don't ever think it's too late to quit. Most harmful effects of tobacco are reversible and the benefits of quitting are immediate. Food tastes better, blood circulation improves, you might have more energy, fewer breathing problems, and over time your risk of heart disease is reduced. You will also save money on tobacco products. One participant in the program bought a car with the money he saved over one year. Others have taken vacations or purchased new furniture for their home. Most importantly, you feel better providing the greatest benefit for ***both you and your loved ones.*** If you have made up your mind and are ready to quit, do it with support. The ***Living Healthier Tobacco Cessation*** program provided by Alaska Teamsters and Nurtur is here to help you reach tobacco independence. Enrolling in the program is easy. Simply call 1-877-676-7700 and ask to speak with a Nurtur representative.

DID YOU KNOW...

Cigarette smoking causes 87 percent of lung cancer deaths. Compared to nonsmokers, men who smoke are about 23 times more likely to develop lung cancer and women who smoke are about 13 times more likely.

When smokers quit, within 20 minutes of smoking that last cigarette the body begins a series of changes.

At 20 minutes after quitting:

- Blood pressure decreases
- Pulse rate drops
- Body Temperature of hands and feet increases

At 8 hours:

- Carbon monoxide level in blood drops to normal.
- Oxygen level in blood increases to normal

At 24 hours:

- Chance of a heart attack decreases

Health Terms Defined

Coinsurance
The amount you must pay for medical care after you have met your deductible. Typically, your plan will pay 80% of an approved amount, and your coinsurance will be 20%, but this may vary from plan to plan.

Copay
The flat fee you pay each time you receive medical care. For example, you may pay $20 each time you pick up your prescription drugs.

Deductible
The amount you must pay each year before your plan begins paying (the first $100 of charges).

Exclusions
Services that are not covered by a plan, sometimes called limitations. These exclusions and limitations are clearly spelled out in your Summary Plan Description.

Formulary
The list of covered prescription drugs.

Group Health
Health plans offered to a group of individuals by an employer, association, union or other entity.

Managed Care
An organized way of getting health care services and paying for care. Managed care plans feature a network of physicians, hospitals and other providers who participate in the plan. In some plans, covered individuals must see an in-network provider; in other plans, covered individuals may go outside of the network, but they will pay a larger share of the cost.

Preferred Provider Organization
A form of managed care in which you have more flexibility in choosing physicians and other providers than in an HMO. You can see both participating and nonparticipating providers but your out-of-pocket expenses will be lower when you see only plan providers.

Self-Payment
The amount you pay as a retiree each month to participate in the Plan.

Pension News

Between July 1, 2007 and June 30, 2008, the Dow Jones industrial average, the most commonly referenced market index, declined over 2,000 points. The Pension Fund's fiscal year begins July 1 and ends June 30. The value of the Pension Fund at the end of the fiscal year, June 30, 2008, was $747 million. Following the market trends, this 6% decline in assets followed the 2007 fiscal year where the market was up and the fund returned over 17%. With all that said, the fund remains in the top 25% of all multi-employer plans for investment performance. Participant's naturally worry about the fund's solvency when the market trends downward. There is nothing to worry about. Defined Benefit pension plans are required to maintain minimum funding levels. If a fund is 100% funded, it means that even if contributions to the fund stopped, there is enough money in reserve, expecting a reasonable earnings rate, to pay for all the benefits that have been promised to plan participants. The Pension Protection Act of 2006 created funding zones; green, yellow and red. Funds in the green zone are those funded at 80% or higher, those in the yellow zone are funded between 65%, up to 80% and those with less than 65% funded are in the red zone. The Alaska Teamster-Employer Pension fund is in the green zone. Your pension plan is well funded and is managed by professionals including investment managers, consultants and actuaries.

How to Talk to Your Doctor

Waiting in your doctor's office can make you feel nervous, impatient or even scared. You might worry about what's wrong with you. You might feel annoyed because you're not getting other things done. Then when you see your doctor, the visit seems to be so short. You might have only a few minutes to explain your symptoms and concerns. Later that day, you might remember something you forgot to ask. You wonder if your question and its answer matter. Knowing how to talk to your doctor, nurse or other members of your health care team will help you get the information you need.

- **List your questions and concerns.** Before your appointment, make a list of what you want to ask, and then share the list with your doctor or nurse.
- **Describe your symptoms.** Say when these problems started. Say how they make you feel. If you know, say what sets them off or triggers them. Say what you've done to feel better.
- **Give your doctor a list of your medications.** Tell what prescription drugs and over-the-counter medicines, vitamins, herbal products and other supplements you're taking.
- **Be honest about your diet, physical activity, smoking, alcohol or drug use, and sexual history.** Not sharing information with your doctor can be harmful!
- **Describe any allergies to drugs, foods, pollens or other things.** Don't forget to mention if you are being treated by other doctors, including mental health professionals.
- **Talk about sensitive topics.** Your doctor or nurse has probably heard it before!
- **Ask questions about any tests or test results.** Get instructions on what you need to do to get ready for the test(s). Ask if there are any dangers or side effects. Ask how you can learn the test results. Ask how long it will take to get the results.
- **Ask questions about your condition or illness.** If you are diagnosed with a condition, what caused it? Is it permanent? What can you do to help yourself feel better? How can it be treated?
- **Ask your doctor about any treatment he or she recommends.** Be sure to ask about all of your options. Ask how long the treatment will last. Ask if it has any side effects.
- **Ask your doctor about any medicines he or she prescribes for you.** Make sure you understand how to take your medicine. What should you do if you miss a dose? Are there any foods, drugs or activities you should avoid when taking the medicine? Is there a generic brand of the drug you can use?
- **Bring a family member or trusted friend with you.** That person can take notes, offer moral support and help you remember what was discussed.
- **Call before your visit to tell them if you have special needs.** If you don't speak or understand English well, the office may need to find an interpreter. If you have a disability, ask if they can accommodate you.

From the International Foundation of Employee Benefit Plans and the U.S. Department of Health & Human Services

THE PLACEBO EFFECT

March 4, 2008 – New research shows that people who thought they were given a pricier painkiller reported less pain than those who believe they took the same drug at a discounted price. Researchers from MIT and Duke University tested 82 healthy volunteers in 2006. None of the participants was told of the study's purpose. All were told they were going to see how well a new FDA-approved painkiller worked. The participants were then lightly shocked on their wrists. Half of the group was given what they were told was the new pill, which cost $2.50. The other half was given what they were told was the same new drug, but at a discounted price of $0.10 a pill. No reason was given for the discount.

Both groups were actually given the same placebo pill. Among the findings:

- 85% of the participants in the regular-price pill group said they had reduced pain on average.
- Only 61% of the group who thought they were getting the cheaper pill said their average pain eased.

Mystery of the Placebo

"The placebo effect is one of the most fascinating, least harnessed forces in the universe," study researcher Dan Ariely, PhD, says in a news release. Ariely says perhaps prescription medications should come in more appealing packaging, instead of in simple plastic bottles. "How do we give people cheaper medication, or a generic, without them thinking it won't work?" he says. Study authors believe the findings may help explain why people more often choose expensive drugs over generic ones. They recommend that similar research be carried out among a broader population and in hospitals. The study was funded by MIT. The findings appear in a letter in the March 5 edition of *The Journal of the American Medical Association*.

The Journal of the American Medical Association, March 5, 2008; vol 299, no. 9

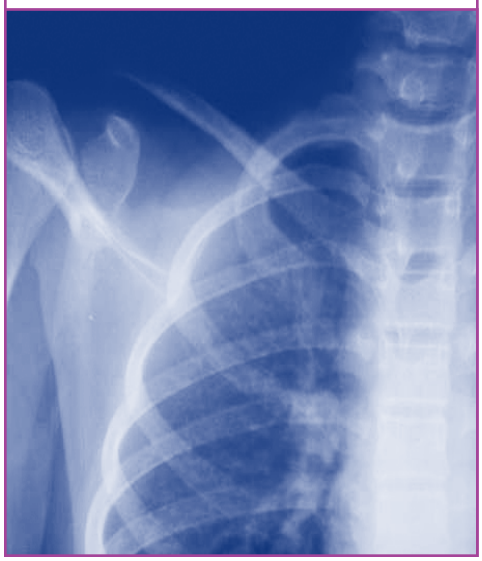
QUICK TIPS WHEN PLANNING FOR SURGERY

Take an active role in your health care by asking lots of questions of your doctors. No surgery is risk free and research has shown that patients who are informed make better decisions about their care.

Before having surgery, ask your physician these questions:

- What operation are you recommending?
- Why do I need the operation?
- Are there alternatives to surgery?
- What are the benefits of having the operation?
- What will happen if I don't have this operation?
- Where can I get a second opinion?
- What has been your experience in doing the operation?
- How many times have you performed the operation?
- Where will the operation be done?
- What kind of anesthesia will I need?
- How long will it take me to recover?
- How much will the operation cost?

From the International Foundation of Employee Benefit Plans and the U.S. Department of Health & Human Services



Spouses Dropping Coverage

The Teamsters health plan is self-funded. This means that the only revenue we receive are contributions made by Teamster employers, under the terms of the member's various collective bargaining agreements, self-payments made by our retirees and investment income on the fund's small reserve.

We are required to balance the costs of all the eligible participants and their dependents with this income. When dependents drop other available coverage and use this Plan as primary coverage, the Plan then has one more dependent's coverage to fully fund. In some cases, it means children are also added on.

Some non-union employers are offering an incentive to their employees by paying a small monthly amount and encouraging them to drop that employer's coverage for their spouse's Teamster coverage. This cost shifting is harmful to the Plan because we end up with this additional, unfunded burden.

We frequently receive calls where a spouse is letting us know that he or she is opting out of their employer funded coverage to use the Teamster plan as their primary coverage, because they think Teamster benefits are "free."

As this trend continues, it means that one of two things will have to happen; either the union will need to negotiate higher hourly contribution rates that the Teamsters' employers pay, or the Trustee will have to decrease the level of benefits currently provided. Neither one of these is an attractive option. Further, with the average hourly contribution rate in excess of $5.00 per hour, additional monies that the employer will need to come up with may be in lieu of wages which means Teamster members may have to forego wage increases because of the need to increase funding to the health plan.

We wanted to explain this so that if your spouse is thinking of dropping their employer funded coverage, you should understand the negative impact on your Teamster plan.

ATTENTION VETERANS!

If you are a Veteran who may have been exposed to Agent Orange, you should contact your nearest VA Medical Center, Vet Center or Regional Office to register for a health examination to determine eligibility for special medical care, disability compensation, outreach and education. Call (888) 353-7574 or access via the web at http://www1.va.gov/AgentOrange/. In Anchorage, call (907) 257-4700; Fairbanks (907) 456-4238; Juneau (907) 586-7472 and Soldotna/Kenai (907) 260-7640.

RETIREE STORIES WANTED

If you have a great story of the early days of trucking in Alaska, please send your stories and pictures to:

Charlie Barr
5050 Nottingham Way,
Anchorage AK 99503
(907) 561-0630

How to Calculate How Much Money You Will Need to Retire

Whether you've reached middle age and you are just now starting to wonder if you are going to be able to retire comfortably at a reasonable age, or you're one of those few people in your 20s or 30s who's already thinking about retirement, you need to crunch some numbers in order to make it happen.

1 Calculate your current living expenses. The income that you would need to live off of after retirement is approximately 65-70 percent of the income that you live off of while working. However, this rule of thumb may not be accurate since people are living longer than ever and retiring in good enough health to incur additional expenses (travel, entertainment, and so on). Your estimate will likely go up if any of the following assumptions don't apply in your situation:

- Your house will be paid off (no rent/mortgage).
- No work-related expenses (commuting, business attire, eating out for lunch).
- Social Security will replace 45 percent of income for middle-income Americans. Example: Social Security will replace 43 percent of the income earned by the single-earner couple that makes $60,000.
- Your children will be financially independent.
- Fewer taxes because of lower income.
- No debt.

2 Adjust your desired retirement income. If there are any additional major expenses that you anticipate during retirement, you will need a higher income to cover that. On the flip side, you may be able to cut costs dramatically by changing your lifestyle upon retirement. Consider the following factors in determining how much you need annually during retirement:

- Are you going to want to travel? If your family isn't nearby, you'll need to consider the cost of flying or driving to visit. If you'd like to go sight-seeing, perhaps cross-country or internationally, you'll need to increase your income to account for this.
- Will you relocate to an area with a low cost of living? Many people seek retirement destination where the cost of living is low, usually where the weather is forgiving and the economy is mid-paced. If you sell your house in a pricey area, you can buy a house in a less expensive area and add the difference to your retirement fund.
- Do you anticipate significant medical expenses? If there is any debilitating disease that requires costly medical treatment running in your family (or in the family of your spouse) it's a good idea to assume the worst and have money set aside to cover these potential expenses.
- Will you still be working when you're retired? Some people look forward to never having to work again, but others would like to continue working, just on their own terms (part-time, flexible schedules, not worrying about needing a high salary). A part-time job or business can supplement your retirement income, but you need to ask yourself if you can reliably get work, for how many years in your retirement can you work, and how much money you can expect to make from such a job.
- Are there any pensions or trust funds you can count on?

3 Tack on the cost of inflation. Every year, life gets a little more expensive, so what sustains you in your first year of retirement may not be enough in your tenth year of retirement. Moreover, if you still have a good ten or more years before you actually retire, you'll need to account for the effect of inflation before you retire as well. For example, if you make $100,000 a year and you followed the previous steps and determined you'll need $65,000 a year in retirement, but you're not retiring for another 15 years, by that time $65,000 won't really be enough. Assuming an inflation rate of 3%, you can calculate how much more money you'll need each year by multiplying the previous year's income by 1.03.

4 Estimate how long you'll be retired. Think about at what age you'd like to retire, and how long you think your retirement will last. That's a nice way of saying that you need to think about how long you'll live. It's a morbid question to ask yourself, but it's important if you want to live joyfully until that day comes. Knowing how long you can expect to be around after you retire can help you when it comes to preparing. There are life expectancy calculators that can give you a "guestimate" on how long you can expect to live, which could feasibly help you prepare for your retirement.

5 Make a plan. The simplest way to think about retirement is to add up all the money you'll need during all of your years of retirement, and save up that much – but for most people, that goal is way out of reach. Another way to approach it is to build a retirement fund that you can draw enough interest and principal from to sustain you through retirement. It's actually very complicated business to determine what kinds of investments will generate the income you need (and it's beyond the scope of this article; get in touch with a financial advisor) but now you have a much better idea of how much money you'll need per year when you're retired. A good rule of thumb is to start setting aside 15% of your gross annual income just for retirement until you can develop a more reliable plan with a professional.

- It is never too late to start preparing to retire. Yes, you should start when you're in your 20s, but life happens!
- You may not want to count on Social Security benefits, but there is no shame in using them to beef up any other income that you have managed to accumulate.
- To get a better idea of how close you are to a comfortable retirement, calculate what your "net worth" is.

From WikiHOW.
http://www.wikihow.com/Calculate-How-Much-Money-You-Need-to-Retire

Go to www.wikihow.com, then type in "retirement" in the search feature for many articles on retirement.

ASK YOUR DOCTOR TO PROTECT YOUR IDENTITY

Doctors in Alaska are slow to get signed on to EDI; the electronic submission of claims forms. Electronic Data Interchange (EDI) is the transfer of structured data, by agreed standards, from one computer system to another without human intervention. EDI is the format used by the vast majority of electronic transactions in the world. EDI documents generally contain the same information that would normally be found in a paper document. The EDI contains all this same information, but instead of sending it through the postal service, it is sent electronically in a digitally encrypted format. EDI transmission is a much safer way of sending the claim forms which contain the member's name, address, date of birth and social security number – all the components an identity thief needs to steal a patient's identity and their money. A&I Benefit Plan Administrators, the third party that process claims for the Alaska Teamster plan has had EDI available for some time, but a small percentage of Alaska doctors have signed up. Encourage your doctor to better protect your identity by sending your claim form via EDI. Have your doctor contact us at 800-547-4457, ext. 1651 to get started.

A Few Simple Pension Facts You Should Know

Established July 1, 1966, the ***Alaska Teamster-Employer Pension Plan*** (herein called "***the Plan***") has been providing benefits to plan participants and beneficiaries for over 40 years.

The Plan is a "defined benefit plan" designed to provide lifetime, monthly payments to you at retirement. ***The Plan*** is also a multi-employer pension plan where Teamsters in Alaska may work for a variety of Teamster employers over their career and participate in one pension plan.

The Plan exists for the sole and exclusive benefit of the Teamsters who participate in ***the Plan***. The Union negotiates the contracts that require the employers make contributions on your behalf. The Union has over 100 current collective bargaining agreements which provide for participation in ***the Plan***.

The Employee Retirement Income Security Act of 1974, as amended (commonly called "ERISA"), is the federal law that governs the operation of pension plans and protects plan participants and their assets. As required by ERISA, ***the Plan*** is managed by a *balanced* Board of Trustees consisting of four Labor Trustees and four Employer Trustees. The Board engages the services of professionals, including an enrolled Actuary, ERISA attorneys, money managers and consultants.

The Plan assets are professionally managed by the Frank Russell Trust Company, a major investment and consulting company, who manages investments for over 400 clients. The assets are allocated to a mix of domestic and international stocks, bonds and real estate.

The Alaska Teamster-Employer Pension Plan has consistently performed in the top core-percentile of the Frank Russell Trust Company's client universe and in the top 25% of all multi-employer pension plans in the U.S.

The funds of ***the Plan*** are never co-mingled with Union or employer money and the funds are tax exempt. The contributions are made "pre-tax;" the Employer gets a tax deduction and you are not taxed on those contributions until you are retired and receiving benefits. Retirees today receive back all contributions paid into the Plan on their behalf during the first five years of retirement – the remaining lifetime benefits are paid from investment earnings.