

October 2003



ALASKA TEAMSTER – EMPLOYER WELFARE TRUST

2002 SUMMARY ANNUAL REPORT

This report reflects the financial health of your medical fund.

*If you have questions about this report, please call 907-565-8300 or 1-800-478-4450.
Or email us at rkalamarides@akteamsters.com*

SUMMARY ANNUAL REPORT FOR THE ALASKA TEAMSTER-EMPLOYER WELFARE TRUST

This is a summary of the annual report of the Alaska Teamster - Employer Welfare Trust, a multi-employer Plan, for the year beginning January 1, 2002 and ending December 31, 2002. The annual report has been filed with the Employee Benefit Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

SELF-FUNDED BENEFIT INFORMATION

The Plan maintains its medical, dental, drug, vacation, disability and vision benefits under a self-funded program.

INSURANCE INFORMATION

The following brief description of the Plan benefits is provided for general information purposes only. Participants should refer to the Plan document for more complete information. The Plan has contracts with Pacific Life Annuity to pay certain life insurance and accidental death and dismemberment claims. The Trust also maintains stop loss coverage under contract with ULLICO for participants and dependents. The total insurance premiums charged to the Plan for the year ended December 31, 2002 were \$664,547.

BASIC FINANCIAL STATEMENT

The value of Plan assets, after subtracting liabilities of the Plan, was \$4,274,030 as of December 31, 2002, compared to \$8,440,150 as of January 1, 2002. During the Plan year, the Plan experienced a decrease in its net assets of \$4,166,120. This decrease included unrealized appreciation or depreciation in the value of the Plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the

beginning of the year or the cost of assets acquired during the year.

During the Plan year, the Plan had total income of \$20,431,566 including employer contributions of \$16,803,216, participant contributions of \$3,092,883 and earnings from investments of \$535,467.

Plan expenses were \$24,597,686. These expenses included \$1,712,150 in operating expenses, \$56,256 in investment expenses, \$20,389,010 in benefits paid directly to participants and beneficiaries, \$664,547 in insurance premiums charged by insurance companies and a net increase of \$1,775,723 in benefit obligations.

Benefits and eligibility rules will change from time to time. Retiree benefits differ from active employee benefits and also can be changed or eliminated at any time. Be sure to use the most recent plan booklet and to read any special notices about your coverage. Do not rely on outdated information. If you lose your coverage, you may be entitled to continue it by making self-payments. Consult your booklet or the Plan office for details.

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YOUR RIGHT TO ADDITIONAL INFORMATION

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report;
2. Assets held for investments;
3. Insurance information including sales commissions paid by insurance carriers.

To obtain a copy of the full annual report, or any part thereof, write or call:

Alaska Teamster – Employer Service Corporation
520 East 34th Avenue, Suite 107
Anchorage, AK 99503
(907) 565-8300.

The charge to cover copying costs will be \$.25 per page for any part thereof.

You also have the right to receive from the Administrator, on request and at no charge, a statement of the assets and liabilities of the Plan and accompanying notes, or both. If you request a copy of the full annual report from the Administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the Plan, 520 E. 34th Avenue, Suite 107, Anchorage, AK 99503, and at the US Department of Labor in Washington, DC, or to obtain a copy from the US Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N5638, Employee Benefit Security Administration, US Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210.

FREQUENTLY ASKED QUESTIONS

Q: How is the Plan funded?

A: Your health Plan is self-funded, which means that costs are primarily paid from Plan assets, not by an insurance company. Your Plan has three sources of revenue: contributions from employers, retiree and COBRA self-payments and the return on investments. Approximately 85% of all revenue is from employer contributions.

Q: How much revenue does the Plan receive each year?

A: In 2002, the Plan's revenue was \$20,375,310, an average of \$1,697,943 per month. Through July 2003, the Plan has averaged \$1,732,737 per month.

Q: What are the Plan's expenses each year?

A: In 2002, the Plan's expenses were \$22,765,707, an average of \$1,897,142 per month, for 3,111 participants. Through July 2003, the Plan had average expenses of \$1,831,874 per month for 3,150 participants (6,492 covered lives), approximately \$100,000 more than it received each month.

Q: How long can the Plan spend more than it receives?

A: In 2002, the cost of paid claims exceeded revenue by approximately \$2.4 million. In August of 2002, the Trustees made significant benefit modifications which slowed deficit spending. However, these changes were not enough. Through August 2003, the cost of paid claims has exceeded revenue by approximately \$700,000. With



reserves diminishing and net assets at an all-time low, the Trustees will soon be meeting to discuss ways to decrease costs (through Plan design modifications). The only meaningful way to increase revenue is through the collective bargaining process when Local 959 negotiates higher employer contributions to the Plan.

Q: Why doesn't the Union just go out and get higher contributions from employers?

A: The process of negotiation is not one-sided and, while the Union has done a very good job raising hourly contribution rates, realistically, employers cannot absorb the entire cost of health care and remain competitive.

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With health care costs increasing by double digits, employers – now more than ever – are looking at employees to share in the high cost of health care.

Q: Why are Plan expenses so high?

A: Health care costs are high across the entire nation. There are several reasons. Medical costs are increasing at approximately 14% per year and prescription drug prices are increasing at 18% per year. The American workforce is an aging population that is accessing health care more and continual new developments in pharmaceutical drugs are treating more conditions at higher costs. The largest contributing factor is that Americans are in the worst physical shape than at any time in history, leading to more chronic conditions which are expensive to treat.

Q: What is a “chronic condition?”

A: A chronic condition is one which lasts a significant period of time or over the remainder of an individual’s life and requires continual medical and pharmaceutical treatment. Most health care dollars are spent treating chronic conditions and most chronic conditions are preventable as they relate to lifestyle choices.

Q: How can a lifestyle lead to a chronic condition or disease?

A: Smoking, excess weight, alcohol abuse and inactivity lead to chronic health conditions, all of which are preventable. Chronic health conditions lead to higher and higher medical costs. Overweight Americans develop many diseases including heart disease, diabetes and arthritis, all related to excess weight. Smokers develop many diseases related to smoking, especially heart and lung diseases – all expensive, chronic conditions which are preventable. The majority of adult Americans, two-thirds, are overweight and one in five is classified as obese. Obesity rates doubled in the 1990s and are increasing at a rate of 5% per year. Obesity in young children has tripled since 1980, to 15%. Obesity-related deaths are the second leading cause of preventable deaths, quickly overtaking smoking-related deaths. There are usually years of expensive medical treatment before someone dies of an obesity- or smoking-related illness. Less than 20% of adult Americans exercise on a regular basis and even thin, inactive Americans develop chronic conditions due to their inactivity.

Q: How often do those with chronic conditions seek care compared to patients with non-chronic conditions?

A: Chronic conditions are responsible for 83% of prescription drug use and 80% of hospital stays.

Q: What can I do to reduce health care costs?

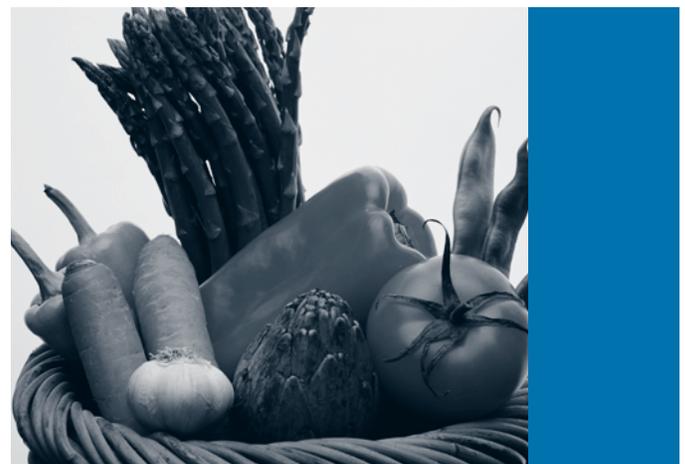
A: There are several things you can do.

■ First and foremost – take good care of your health. It is important to take an active role in your health – not only for yourself but for your family too! The solution is not simple because changing your lifestyle is one of the most difficult challenges you will face. If you are overweight, start a weight loss routine. You may first want to seek the advice of a mental health professional to find out why you overeat and then consult your doctor. If you smoke, start a smoking cessation program. The longer you smoke the more damage you do to your body. If you can’t find time to exercise, find ways to make yourself walk. Park your car as far from the entrance to the store or work and walk. At home, turn off the television and walk around the block. Take your mate dancing. Get your legs and your heart moving.

■ If you are on maintenance medications (drugs you must take continually), have your medication sent directly to your home through the Plan’s mail order program. You receive a 90-day supply with one co-payment, instead of the 34-day limit at a retail pharmacy.

■ If you live in or seek care in Anchorage, use Alaska Regional Hospital for both inpatient and outpatient services. Services include emergency room, inpatient hospital services, outpatient hospital services, maternity care and surgical services. If you use these services, your co-payment is only 20% (instead of 30%) and the Plan is charged less. If you do not use

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Your Plan, as required by the Women’s Health and Cancer Rights Act of 1998, provides benefits for mastectomy-related services including reconstruction and surgery to achieve symmetry between breasts, prostheses, and complications resulting from a mastectomy (including lymphedema).

DON'T BECOME A DIABETES STATISTIC

Type 2 diabetes, in which the body can't produce enough insulin to properly convert blood sugar to energy, is on the rise. The National Institutes of Health estimate that 16 million Americans have prediabetes, a condition that may lead to diabetes. Left untreated the result can be blindness, kidney disease, heart disease and nerve damage, especially in the hands and feet.

The good news is you can do plenty to prevent or delay the onset of this debilitating illness:

LEARN who's at risk. Risk factors include being overweight, obese or physically inactive; having a parent or sibling with diabetes; high blood pressure or high cholesterol; giving birth to a baby weighing more than 9 pounds; being of African-American, Hispanic, Asian or American Indian descent; and being over age 45.

KNOW the warning signs. The most common warning signs include increased thirst and frequent urination. Other symptoms include fatigue, constant hunger and

blurred vision. Women can also experience menstrual irregularity and chronic yeast infections.

MAKE lifesaving changes. Diabetes experts recommend cutting fats and carbohydrates as part of a diet and exercise program. Replace fatty and sugary foods with vegetables and whole grains . . . eat smaller portions at the holiday table . . . ramp up physical activities to burn more calories.

GET screened. Type 2 diabetes can strike without any symptoms. Both type 2 diabetes and prediabetes can be diagnosed through simple tests that measure glucose levels.

Bottom Line: Talk to your doctor about whether you're at risk and, if you are, take action. So much depends on it.

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BE A FLU FIGHTER

Believe it or not, now is the time to get a flu shot. Why? Even though flu season peaks from late December through March, getting the vaccine now gives your body time to build antibodies to fight this viral infection.

CAN THE FLU SHOT CAUSE THE FLU?

No. Flu vaccine is made from inactivated or killed influenza viruses, so it cannot cause the flu, although it may cause mild cold-like symptoms.

I KNOW SOMEONE WHO GOT A SHOT AND STILL BECAME SICK. HOW COME?

Sometimes people who receive the vaccine become ill from a different respiratory virus. Overall, the vaccine is 70-90% effective in preventing the flu in healthy young adults.

WHO NEEDS A FLU VACCINE?

Anyone who doesn't want to get the flu but especially those at high risk for serious complications: anyone over 65; people with diabetes, heart disease, asthma or other lung problems; those already seriously ill; and women who will be in the second or third trimester of pregnancy during flu season.



IS THE FLU SHOT A ONE-TIME DEAL?

No. Because flu viruses are constantly changing, the vaccine is different every year and you need the flu shot annually. Call your doctor's office or check community calendars for flu clinics. Shots are sometimes free. (Source: National Center for Infectious Diseases)

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**Anchorage members: Get a flu, pneumonia or tetanus shot before the Union Meeting on Thursday, Nov. 6th, 6pm-7pm.
520 East 34th Avenue**

SMOKING: IT'S NEVER TOO LATE TO QUIT

Even if you don't smoke, it's inspiring to learn how quickly and effectively the body recovers from the ravages of tobacco once a person stays quit.

20 MINUTES AFTER QUITTING: Your blood pressure drops to a level close to what it was before your last cigarette.

8 HOURS AFTER QUITTING: The carbon monoxide level in your blood drops to normal.

24 HOURS AFTER QUITTING: Your chance of a heart attack decreases slightly.

2 WEEKS TO 3 MONTHS AFTER QUITTING: Your circulation improves and your lung function may increase by up to 30%.

1 TO 9 MONTHS AFTER QUITTING: Coughing, sinus congestion, fatigue and shortness of breath decrease.

1 YEAR AFTER QUITTING: Excess risk of coronary heart disease is half that of a smoker's.

5 TO 15 YEARS AFTER QUITTING: Stroke risk is reduced to that of a nonsmoker.

10 YEARS AFTER QUITTING: The lung cancer death rate is about half that of a continuing smoker's. The risk of cancer of the mouth, throat, esophagus, bladder, kidney and pancreas decreases.

15 YEARS AFTER QUITTING: The risk of coronary heart disease is that of a non-smoker's.

QUITTING WAYS: Many former smokers quit cold turkey, but other effective methods are now available. Consider nicotine replacement therapy (patch, gum, nasal inhalers) . . . the prescription medication Zyban . . . cessation counseling.

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**This facility is
smoke free.**



FREQUENTLY ASKED QUESTIONS

continued

this facility when in Anchorage, you pay more out-of-pocket and often penalties apply.

■ If you live in the Fairbanks area, use the Fairbanks Urgent Care Center for care. Call the Trust Customer Service office at 1-800-478-4450 for a complete description of services which are covered with a \$10 co-payment.

■ Become a good consumer. You have every right to know what a doctor will charge for services. Call around and get the best price for the best quality. For example, a vasectomy at Medical Park Family Center is more than \$1,000 performed by a general practitioner. The same surgery at Alaska Southcentral Urology Specialists is approximately \$880 and is performed by a specialist.

■ Use an Advanced Nurse Practitioner for routine care. These highly qualified nurses are well trained, often spend more time with a patient than a physician and charge up to 40% less than a doctor charges. Many physician's employ Advanced Nurse Practitioners.

Q: If I have questions about the Plan, whom do I call?

A: There is a well-trained, friendly customer service staff available to you each work day to explain your benefits or discuss your claims. You may call from 8am to noon and from 1pm to 5pm, by calling 565-8300 in Anchorage or 800-478-4450 outside Anchorage. You may also email them at benefits@akteamsters.com. If you have questions on the funding of the Plan or issues contained in the newsletter, please contact the Administrator, Rose Kalamarides, at (907) 565-8310 or rkalamarides@akteamsters.com.

LIVE LONG AND PROSPER

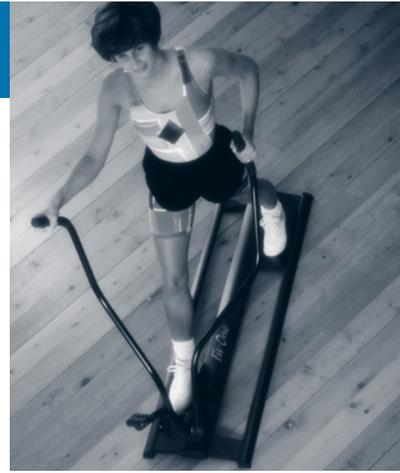
Want to live longer? According to the Harvard Study of Adult Development, which has followed men and women since the 1930s, these are the six laws of aging well:

AVOID CIGARETTES. Smoking increases risk of the top three killers – heart disease, cancer and stroke. New findings in the *American Journal of Public Health* show that quitting smoking, even in old age, can lead to longer life.

LEARN GOOD ADJUSTMENT OR COPING SKILLS. Although it's a cliché, making lemonade out of lemons is a proven key to longer life.

KEEP A HEALTHY WEIGHT. Being overweight is a risk factor for many life-limiting illnesses including heart disease and diabetes.

STAY PHYSICALLY ACTIVE. It helps you manage weight, maintain strength, agility and flexibility, keep your heart and lungs aerobically fit and improve your mood.



MAINTAIN STRONG SOCIAL RELATIONSHIPS. Many studies have confirmed that having others to care about and care for you encourages a healthy lifestyle and makes you more stress resistant.

PURSUE EDUCATION. Higher education often leads to greater socioeconomic status, which in turn has been linked to better health in many studies.

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