



2004-2005 PPO PLAN CHANGES & RATES

Effective October 1, 2004, Central Valley Trust will be offering a select menu of ten (10) PPO plans. In studying the composition of the plans and listening to the suggestions you have offered, we found that the majority of the groups were designing

plans similar to the options that we will be offering this upcoming plan year. A district/unit will be offered four (4) PPO plans from the new menu of 10 PPO plans for the 2004-2005 plan year. Questions regarding CVT's new plans should be directed to

your Member Services Representative, or if you would like to schedule a presentation, contact your Field Representative at 1-800-288-9870.

CVT BOARD OF TRUSTEES RESPONDS WITH IMPROVEMENTS TO CONTAIN COSTS & ADDRESS SUBSCRIBER'S NEEDS

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Plan Design Changes

- Ten PPO Preset Plans – Eight plans will be similar to choices offered in 2003. Two leaner, high deductible options will provide members and districts more low costs choices which could be utilized with a Health Savings Account (HSA).
- Each unit/group may choose any four (4) PPO plans and one or both HMO plans, Kaiser and PacifiCare (if available in your area).
- Annual Physical Allowance – All plans will have \$200 annual physical allowance for member and spouse. Dependents as long as eligible.
- Emergency Room Copayment – The addition of an ER copayment of \$35 for all PPO plans (copay waived if admitted).
- Chiropractic/Acupuncture – All plans will have chiropractic/acupuncture with deductibles as required in selected options.
- Pharmacy – Four pharmacy plans will be offered. Each district/unit will have their choice of Rx plan for each of their health plan choices. There will be the addition of three-tiered pharmacy plan design option.
- Regional rates are applied to five (5) geographical areas statewide.

DENTAL BENEFIT ENHANCEMENT THROUGH DELTA PREFERRED OPTION

Central Valley Trust members have Delta Preferred Option (DPO), a dental PPO plan from Delta Dental of California. This plan allows you to visit any licensed dentist but gives you an increased benefit and lower out-of-pocket costs when you visit a DPO network dentist.

You have three options for selecting a dentist:

Option 1: A DPO dentist

When you visit a member of Delta's DPO dentist network (11,000 dentist locations in California and 66,000 nationwide), you have a higher calendar year maximum. Because DPO dentists agree to charge DPO enrollees discounted fees, you also enjoy lower out-of-pocket costs when visiting a DPO network dentist.

Option 2: A Delta dentist

DPO dentists are part of a larger group of Delta dentists, who represent 92 percent of the dentists in California (22,000 dentist locations in California and 141,000 nationwide). When you visit a non-DPO Delta dentist, you enjoy no-hassle claims administration because these dentists submit claims for you. You also benefit from cost protections. Delta dentist fees are approved, which guarantees your copayment percentage (a 30 percent copayment is 30 percent of the approved fee, and you cannot be asked to pay any additional fees).

Option 3: Non-Delta dentist

Under the DPO plan, you can visit any licensed dentist. However, with this option, you may have higher out-of-pocket costs. Non-Delta dentists are not under contract with Delta, and you may be required to pay additional fees and submit claim forms to Delta.

With the exception of the higher calendar year maximum when you visit a DPO dentist, your benefit levels remain the same no matter what Delta dentist you visit.

If you have any questions about your dental benefits or would like to request a listing of Delta Dentists, please call Delta's schools toll-free number at (866) 499-3001 or visit: www.deltadentalca.org.

CVT BOARD OF TRUSTEES RESPONDS WITH IMPROVEMENTS *-continued*

Rationale for Plan Design Changes

- Simplify – Establish a diverse set of plans
- Minimize Disruption – Over 80% of members should be able to continue in the plan they have today.
- Standardize – Establish certain features common to all/most plans
- Consistency – Offer plans generally available throughout industry
- Manage Utilization and Reduce Costs – Introduce modest changes in benefit design to encourage appropriate utilization.

Rationale For Including Annual Physical Exams in all Plans

- CVT's current annual physical benefit was elected by 91% of the members.
- Encourage as much preventive care as possible.

Rationale For Adding Emergency Room Co-Payment

- Research shows that co-payments on emergency room visits reduce unnecessary utilization, and that the addition of "waived if admitted" is a reasonable test of "true" emergency.
- CVT members had 14,427 emergency room visits in 2002, with \$2.5 million in paid claims and 14,008 visits in 2003 with \$2.8 million in paid claims; while the number of visits remained stable, the cost per visit increased \$29.
- The rationale for proposing a \$35 co-payment in the future is to prevent future utilization increases and sensitize members to the cost of emergency room care.
- From a member perspective, we believe it is reasonable to require members to pay an appropriate co-payment and share in the cost when they receive care in a more expensive setting.

THE FOLLOWING INFORMATION APPLIES TO OUR ESTABLISHED GROUPS THAT ARE CURRENT PARTICIPANTS OF CVT

Should a unit/group be unable to notify CVT by August 15, 2004 that negotiations have concluded and/or a change in coverage is approved, CVT will assign the plans outlined below.

Groups currently in negotiations will be permitted an additional open enrollment period upon conclusion of bargaining and notifying CVT with a dually executed letter.

GROUPS CURRENTLY WITH: | WILL BE MAPPED TO:

100% PLAN	PLAN 1
90/10 PLAN	PLAN 4
80/20 PLAN	PLAN 6
UNIVERSAL BASE PLAN	PLAN 8

PHARMACY WILL BE MAPPED TO \$5 / \$12 PLAN

DIRECTIONS: Select a Medical Plan 1 through 10 and a Pharmacy Plan A-D.

NEW PLANS FOR 2004 - 2005

PLANS	1	2	3	4	5	6	7	8	9	10
Deductible										
Individual	\$0	\$0	\$100	\$100	\$100	\$250	\$250	\$500	\$1,000	\$2,000
Family	\$0	\$0	\$300	\$300	\$300	\$750	\$750	\$1,500	\$3,000	\$6,000
Coinsurance	100%	100%	100%	90%	90%	80%	80%	80%	80%	80%
Out-Of-Pocket Max (Per Person)	N/A	N/A	N/A	\$300	\$300	\$1,000	\$1,000	\$2,000	\$3,000	\$4,000
Office Visit Copay	\$0	\$10	\$10	\$10	\$20	\$10	\$20	Major Medical	Major Medical	Major Medical

(Plans 1, 4, 6, & 8 are current versions of Plans A, D, F, & Universal Base Plans.)

PRESCRIPTION PLANS ALL REGIONS

PLAN NAMES	A	B	C	D
An Rx plan must be chosen for each PPO plan.	Retail: \$5 / \$12 Mail Order: \$10 / \$18	Retail: \$7 / \$15 / \$30 Mail Order: \$15 / \$35 / \$70	Retail: \$7 / \$25 / \$40 Mail Order: \$15 / \$60 / \$90	Retail: \$10 / 30% / 50% (30% min = \$25, 30% max = \$40 50% min = \$40, 50% max = \$100) Mail Order: \$25 / 30% / 50% (30% min = \$65, 30% max = \$120 50% min = \$100, 50% max = \$250)

EXPLANATION OF THREE-TIER COPAYMENTS:

Tier 1:	All Generics
Tier 2:	Preferred Brands on Caremark Performance Drug List (PDL)
Tier 3:	Non-Preferred Brands (Brands that have a Preferred alternative on PDL) Non-Formulary Brands (Brands that often have no alternative drugs)

Any unit/group not currently a member of CVT may contact one of our field representatives to inquire about new group rates, arrange for a presentation or obtain more information about CVT.

WHAT'S BEHIND RISING PRESCRIPTION DRUG COSTS AND HOW YOU CAN HELP

Rising prescription drug costs are a growing concern for everyone. For the past several years, drug spending has grown more rapidly than any other component of health care in the United States. In fact, the total drug cost for Central Valley Schools Health and Welfare Trust prescription drug program have been increasing by nearly 12% annually in the last several years. Central Valley Trust's total drug costs alone in 2003 were a staggering \$59 million, with the Health Fund's portion topping 86.5% and members paying 13.5% of that total.

What's driving up drug costs?

Americans are being treated with prescription medication now more than ever. Physicians and consumers are open to increasingly aggressive diagnosis and prevention measures. Physicians are treating diseases sooner, treating and preventing many conditions with medication that was not previously available. While the advances in medicine and the benefits they provide are immense, this increase in utilization of prescription drugs has been a primary driver in the rise in drug spending.

Another key driver of rising drug costs is the introduction of new drugs. Consider this:

- In the last few years, the Food and Drug Administration has approved many more new drugs for marketing in the United States than in the past.
- Overall, new drugs tend to cost substantially more than older drugs. In 2002, the average ingredient cost per prescription was

over 60 percent higher for new drugs than for all others.

- The higher cost of new drugs is particularly evident when compared to older drug therapies that are available in generic form.
- The amount that pharmaceutical companies spend to market and promote new drugs also contributes to increasing costs.
- Price inflation, or increases in the cost of existing drugs, also plays a role in rising drug costs.

There are several factors that will continue to contribute to increases in prescription drug spending. In particular, Caremark (the Central Valley Trust prescription drug administrator) anticipates that advances in pharmaceutical research and development, as well as growing expenditures in pharmaceutical marketing will remain key contributors to rising drug costs.

Two Ways to Keep Prescription Drug Costs Down

- **Generic Drug Substitution:** Generic drugs are reviewed and approved by the U.S. Food and Drug Administration before they are available to the public. Plus, generic

drugs have the same active ingredients as their comparable brand-name drugs. Substituting generic drugs for brand name multi-source drugs can offer substantial cost savings. Always ask your pharmacist if a generic is available for the prescription your doctor has written.

- **Therapeutic Drug Substitution:** Therapeutic substitution encourages the use of preferred drugs. These preferred drugs are



clinically equivalent to other brand name - drugs in the same drug category and provide an effective alternative for many patients at a reduced cost. Your pharmacist may ask you to consider changing to a preferred drug. If you and your physician agree the preferred alternative is right for you, your pharmacist will dispense the preferred drug.

CLAIMS PROBLEMS

If there comes a time when you are faced with a claim problem, there are a few simple steps you can take to solve the problem. Most often claim problems are easily solved over the phone.

First of all, make sure that the provider's office has current insurance information for you and your enrolled family members.

If there is a claim problem, contact the carrier first, i.e., Blue Cross, Delta Dental, etc.

Claims problems can include something that has not been paid or a balance bill. If you receive a bill from your provider or a balance

bill, DON'T pay it until you are certain that you OWE it.

Call the carrier first. Nine times out of ten, the problem can be cleared up with just one phone call. If you don't get satisfaction at that level, you can call CVT for assistance.

Please don't sit and fume over a claim problem. Let us (the carrier or CVT) help. We are only a phone call away.



OPEN ENROLLMENT IS COMING . . .

September is Central Valley Trust's annual open enrollment period for an October 1 effective date for any changes. Please see your district and submit an enrollment form in a timely manner if one of the following applies:

- You would like to choose a different medical plan offered by your group
- You would like to add or terminate an eligible dependent to or from your medical, dental, or vision coverage.
- You are a part time employee and would like to enroll for or terminate your medical, dental, or vision coverage.

CVT WELCOMES NEW GROUPS

Effective July 1, 2004

Big Oak Flat-Groveland Unified	Health, Dental, Vision	Classified and Management/Confidential Units
Camino Union Elementary	Health, Dental, Vision	Certificated Unit
Mother Lode Union School District	Health, Dental, Vision	Classified and Management/Confidential Units

ADVANCE PCS IS NOW PART OF CAREMARK

On March 24, 2004, Caremark and Advance PCS combined, creating the new Caremark. If you have a pharmacy benefit from Caremark or Advance PCS, know that your benefit is not affected by this change. You can continue to use the same ID card, same pharmacies, and same customer support phone number if you have any questions.

CVT Prudent Buyer Information:

BLUE CROSS MERCED FOUNDATION	(209) 723-9157	
BLUE CROSS RANCHO CORDOVA	(800) 234-4333	www.bluecrossca.com
BLUE CROSS TULARE FOUNDATION	(800) 662-5502	
BLUE CROSS PRE-ADMISSION	(800) 274-7767	
BLUE CROSS BLUE CARD PROGRAM	(800) 810-2583	www.bluecares.com

CVT Interplan Information:

HEALTHCOMP (Claims Office)	(800) 442-7247	www.healthcomptpa.com
INTERPLAN CORPORATION		
(PPO Network and Chiropractic Authorization)	(800) 444-4036	www.interplancorp.com
HEALTH INTERNATIONAL (Utilization Review)	(800) 448-9776	
CCN (For Interplan members residing/traveling out of California)	(800) 247-2898	www.ccnusa.com

Other CVT Information:

CENTRAL VALLEY TRUST	(800) 288-9870	www.cvtrust.org
DELTA DENTAL	(866) 499-3001	www.deltadentalca.org
EMPLOYEE ASSISTANCE PROGRAM (EAP)	(800) 979-7291	www.mhn.com
KAISER MEMBER SERVICE CENTER	(800) 464-4000	www.kaiserpermanente.org
PACIFICARE	(800) 624-8822	www.pacificare.com
ADVANCE PCS / CAREMARK (Pharmacy and Mail Order)	(888) 354-6390	www.advancepcs.com
VISION SERVICE PLAN	(800) 877-7195	www.vsp.com

*Your comments are always welcome.
Give us a call!*

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