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Rising Health Care Costs

The Numbers Tell the Story

Achieving and maintaining good health is important to all of us. Our health affects our quality of life in many ways — the better we feel, the more equipped we are to meet life's joys and challenges.

If you've been listening to or reading the news lately, you've likely heard about rapidly increasing health care costs. Read on to learn more about the rising cost of health care, how it's affecting your health care benefits and how we can work together to manage costs.

The Electrical Insurance Trustees face the task of providing you and your family with comprehensive health care benefits, while continuing to manage expenses so services can be competitively priced.

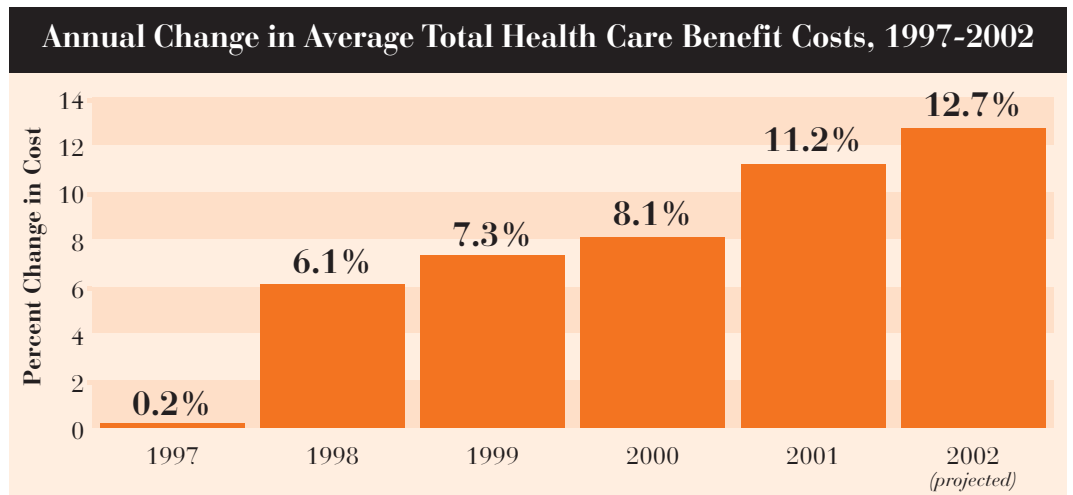
Because of the general economic slowdown, increasing health care costs are having even more of an impact on the financial health of our plan than in past years.

Health care costs are rising dramatically. In fact, since 1997 national health care costs have risen by more than two times the overall inflation rate (see chart below). In other words, health care expenses are growing at a rate more than *twice* that of the increase in the costs of other goods and services. The result: in 2001 the average plan sponsor spent 11% *more* on health care per employee than in 2000... the sharpest increase in 10 years. And these costs are expected to rise to an average of nearly 13% in 2002.

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Source: Mercer/Foster Higgins National Survey of Employer-Sponsored Health Plans 2001. Note: Results for 1997-1998 are based on cost for active and retired employees combined. Results and estimates for 1999-2002 are based on cost for active employees only.

What's Driving Growing Health Care Costs?

There are many factors contributing to the dramatic increase in health care costs, including:

- **Increases in provider charges.** The amount providers charge for certain services — especially hospital expenses and outpatient services — is increasing rapidly.
- **Advances in care and treatment.** These advances create a high demand for the “latest and greatest” in medical technology and services, and health care manufacturers pass along the cost of research and development to health care consumers.
- **Escalating cost of prescription drugs.** The Fund's prescription drug costs rose 23% last year and more than 54% the past three years.
- **Increased demand.** People seek health care treatments more frequently than in the past. This increase in demand drives health care costs up.

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Changes to Your Benefits

Over the past couple of years, health care costs have increased dramatically. In an effort to manage costs and still provide you with a comprehensive benefit plan, the following changes were made effective January 1, 2003:

- **Implementing the new BlueCross BlueShield Physician PPO (Preferred Provider Organization).** A PPO is a network of doctors, hospitals and other health care providers and facilities that agree to provide medical care services at lower prices than non-network providers. With the physician PPO, you can see any doctor you choose, but you receive a higher level of coverage if you choose an in-network provider. When you see an in-network provider, you will pay a \$15.00 office visit copay, and the Fund will pay 90% of covered charges for services received during your visit.

- **Introducing Global MED-NET.** Global MED-NET is a medical service that stores personal medical information (such as your medical history, allergies, personal physician and emergency contacts) on your behalf and at no cost to you. You may activate your Global MED-NET membership by calling **1-800-650-7283**. All information supplied to Global MED-NET is kept strictly confidential.

In the event of an emergency, emergency medical care personnel can request your medical records and information. This service helps ensure you receive safe and appropriate medical treatment.

- **Increasing prescription drug copays.** We are asking members to contribute a greater percentage toward the costs of their prescription drugs through increased copays for preferred and non-preferred drugs (copays for generic drugs will remain the same). The chart below shows your prescription drug copays:

	In-Network		Out-of-Network
	Retail Copay <i>(up to a 30-day supply)</i>	Mail Order Copay <i>(up to a 90-day supply)</i>	
Generic	\$9	\$15	Not covered
Preferred Brand	\$15	\$25	
Non-Preferred Brand	\$25	\$30	

For more information about these changes, please review the information packet you received in December.



Did You Know ...

.... Health care providers charge different rates for the same services? Although you pay the same copay regardless of the provider you visit, the Fund could end up paying up to two and one-half times more for the same services, depending on the provider you select. In 2002, providers charged approximately \$50 for a primary care office visit and \$75 for a specialist office visit.

.... Generally, you pay less than half the retail price for brand-name drugs? Members pay \$9 for generic drugs, \$15 for preferred brand drugs and \$25 for non-preferred brand-name drugs. For some drugs, you receive a substantial discount because the drug costs several times the amount of your copay. For example, last year the Fund covered over 10,000 prescriptions for drugs used to treat gastrointestinal disorders (drugs such as Prilosec and Nexium). The retail cost of a single prescription is over \$108.00.

Managing Health Care Costs

What's the Prescription?

Because we all share in the cost of health care benefits, looking for ways to control costs is everyone's responsibility. While the Fund pays the majority of the cost to provide a valuable benefits program for you and your family, sharing health care expenses enables us to continue to provide comprehensive coverage despite the cost-related challenges in the health care industry.

How We Can Help

There are several ways the Fund can manage future increases in its health care costs while still offering you comprehensive benefit protection. These include:

- **Assessing our health care plan.** We periodically review our health care plan to ensure we provide cost-effective coverage without compromising quality of care.
- **Educating members.** We will help you become more informed about your health care options.

Your Role — How You Can Help

In addition to the Fund's efforts, there are several ways *you* can help manage future increases in health care costs — most notably, by being a smart consumer of health care services. Here are some ways to get you started.

- **Take a closer look at the health care options available.** Know what's covered under the medical plan and which service will best meet your needs. Take advantage of

the preventive care and wellness services the plan offers, and use the doctors and hospitals belonging to the PPO network.

- **Use your prescription drug program wisely.** Talk with your doctor about the various drug options available, including generic drugs. Generic drugs are therapeutically equivalent to brand-name drugs and typically cost 30% to 70% less than brand-name drugs. When your doctor prescribes a drug, ask if a generic equivalent is available and appropriate for your needs. In addition, take advantage of the mail order program to obtain long-term or maintenance prescriptions to save both you and the plan money.
- **Consider your options for emergency care.** Use the emergency room only for illnesses or injuries that need immediate medical attention. If your need for treatment is not a life-threatening emergency, consider using an urgent care center or make an appointment with your doctor. Keep in mind, the average visit to the emergency room can cost the Fund much more than a doctor's office visit.



Ask EIT

The number of important questions we continue to receive from members shows that **Ask EIT** — the newest section of the *EIT Communicator* — is a popular addition to our newsletter. **Ask EIT** gives you the chance to ask general benefits-related questions and gives you and all our members the opportunity to benefit from the answer. Remember, questions pertaining to more specific inquiries or personal information should be directed to the Fund Office.

While we always attempt to answer every question, space constraints may limit us to the most frequently asked questions.

Now for this edition's question:



Q: Is Global MED-NET an insurance plan?



A: No, Global MED-NET is not an insurance plan.

Global MED-NET is a medical information service. If you are registered with Global MED-NET and become incapacitated and are not able to provide your medical history to emergency medical personnel, Global MED-NET can do it for you. When a paramedic or emergency room physician sees your Global MED-NET ID, they know where to call to learn if you have drug allergies or a medical condition, such as diabetes, that requires special care. Knowing this enables you to receive swift and accurate

medical care. Membership in Global MED-NET is free and voluntary. All information is kept under strict confidence. Global MED-NET does not share your private information with anyone, not even EIT.

Did you submit a question but did not receive an answer in this edition of the *EIT Communicator*? We will do our best to address it in subsequent editions. If you have a question or comment for **Ask EIT**, you can submit it via e-mail to ASKEIT@fundoffice.org or fax it to **Ask EIT** at **1-312-782-4431**.



This newsletter contains information on various benefits, but it does not give you all the details. The official plan documents have all of the details. If there are any differences between this newsletter and the plan documents, the plan documents will govern. If you have any questions about your benefits, please contact the Fund Office at **1-312-782-5442**.



Your EIT Newsletter!

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