

Michigan Conference of Teamsters Welfare Fund



VOLUME 23, ISSUE 3

SUMMER 2005

Messenger



Message from the Fund's Executive Director

Dear Teamster Families,

As I write this message, the last day of August is fast disappearing like an eight p.m. sun over Lake Michigan. This is my traditional last day of Summer tranquility before those first gnawings of early September low-grade anxiety beset me; an unshakeable vestige of school days. But this year is different.

I find myself unable to focus on much other than the Gulf coast nightmare afflicting hundreds of thousands of anguished, bewildered souls - once safe, with homes, lives, a future - now fleeing or marooned refugees - prey to hunger, dehydration, exhaustion, disease, intimidation, anarchy, criminally irresponsible disaster planning and the emasculation of FEMA by the Bush Administration. Someday, because it is in the nature of most people to be resilient and courageous in the face of disaster, and in the fabric of our society to respond to disaster with unstinting generosity, the survivors will overcome, in some ways, this tragedy. But what has been lost will not be soon forgotten.

Talking about resiliency and courage, I must make note of two men who, for so many years, have meant so much to the Fund and who recently have endured and are overcoming life threatening diseases - Bill Bernard, Fund Trustee and Principal Officer of Teamsters Local 164 and Chuck Weston, Trust Funds Manager at Blue Cross Blue Shield of Michigan. Not surprisingly, both men, with the help of ardent, life giving support from their families, have exhibited inspiring strength and dignity throughout their ordeals. Although still recuperating, Bill already has returned to active Trustee duty, having hardly missed a beat and, if I know Chuck, he will not take kindly to being out hustled by a man 20 years his senior, even if it is Bill Bernard.

In addition to the publication of the Fund's Summary Annual Report for plan year ended March 31, 2005 there are several important notices in this issue of the *Messenger*. Please read it thoroughly and take the time to contact the Fund's Member Services Department if you require clarification.

The Fund's Trustees, staff and I send you best wishes for a healthy and happy Fall season.

Richard Burkner

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If you have Medicare or will become eligible for Medicare in the next 12 months, a new Federal law gives you more choices about your prescription drug coverage, starting in 2006. Please see page 4 for more details.

Full-Time Student Eligibility Verification Form Reminder

Dependents age 19 and above who are attending a degree or certification program offered by an accredited academic institution or vocational school, must submit a completed Full-Time Student Eligibility Verification Form, to preserve their eligibility for Plan benefits.

You may obtain a form by contacting the Fund office or by printing one from the Fund's website at www.mctwf.org and clicking on the "Forms" button from any page on the site.



Summary Annual Report

Michigan Conference of Teamsters Welfare Fund

Plan Year Ended March 31, 2005

This is a summary of the annual report of Michigan Conference of Teamsters Welfare Fund (hereafter the Plan), EIN 38-1328578 for the plan year ended March 31, 2005. The annual report has been filed with the Employee Benefits Security Administration of the U.S. Department of Labor as required under the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan provides health, dental, optical, prescription drug, short and long term disability, and death benefits for its participants.

BASIC FINANCIAL STATEMENT

The value of plan assets, after subtracting liabilities of the Plan was \$182,199,968 as of March 31, 2005 compared to \$196,723,295 as of April 1, 2004. During the plan year, the Plan's net assets decreased by \$14,523,327. This decrease includes unrealized appreciation and depreciation in the value of 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 \$172,984,432 including, but not limited to, employer contributions of \$155,090,691, participant contributions of \$7,848,406, earnings from investments of \$6,560,389, rental income of \$34,505 and other income of \$3,450,441.

Plan expenses were \$187,507,759. These expenses included \$176,627,094 in benefits paid on behalf of participants and beneficiaries, and \$26,232 in premiums paid to an insurance carrier for the provision of benefits and \$10,854,433 in administrative expenses.

Insurance Information - The Plan has a contract with CNA Insurance to pay long-term disability claims incurred under the terms of the Plan. The premiums paid are for salaried staff of the Plan only. The total premiums paid for these policies for plan year ended March 31, 2005 were \$26,232.

YOUR RIGHTS TO ADDITIONAL INFORMATION

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

- an accountant's report
- financial information and information on payments to service providers
- assets held for investment
- transactions in excess of five percent of plan assets
- insurance information, including sales commissions paid by insurance carriers information regarding any common or collective trusts, pooled separate accounts, master trusts, or 103-12 investment entities in which the plan participates

TO OBTAIN ADDITIONAL INFORMATION

To obtain a copy of the full annual report, or any part thereof, your request should be addressed to: Executive Director, Michigan Conference of Teamsters Welfare Fund, 2700 Trumbull Avenue, Detroit, Michigan, 48216-1269. The charge to cover copying costs will be \$.15 per page. You also have the right to receive, at no charge, the annual report's statement of assets and liabilities and accompanying notes or a statement of income and expenses and accompanying notes, or both. If you request a copy of the full annual report, these two statements and accompanying notes will be included, at no cost, as part of that report.

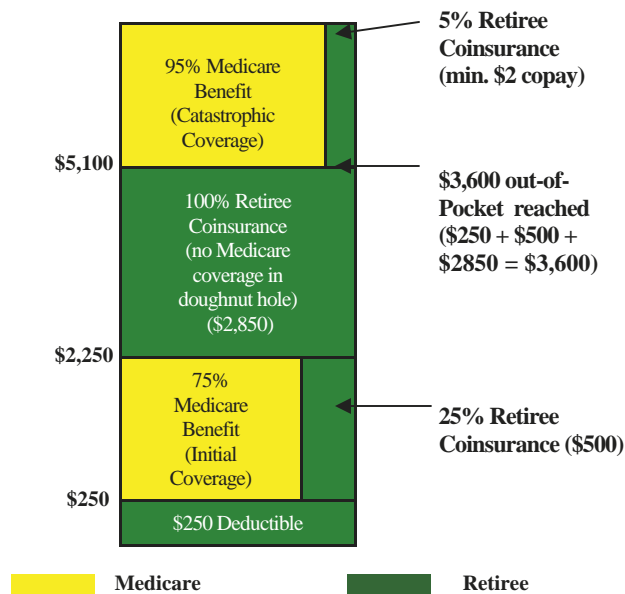
You also have the legally protected right to examine the annual report at the offices of the Michigan Conference of Teamsters Welfare Fund in Detroit, Michigan and at the U.S. Department of Labor in Washington D.C. To obtain a copy from the U.S. Department of Labor, your request should be addressed to:

Public Disclosure Room N 5638
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Affinity Rx Drug Program Termination

Effective January 1, 2006, pursuant to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, a new prescription drug program, under Medicare Part D, will be implemented. Medicare beneficiaries will have access to unlimited prescription drug coverage with substantially subsidized costs. The Fund's Trustees have determined that in light of the availability of the Medicare Part D program and the large and growing Fund subsidization required to maintain the Affinity Rx Drug Program, it is no longer necessary or prudent to continue to provide those benefits. Accordingly, the Affinity Rx Drug Program will terminate on December 31, 2005; purchases made after that date will not be covered.

Part D benefit plans will be offered regionally to Medicare beneficiaries by several approved health insurance carriers, pharmacy benefit managers, and others, starting in October. Competing policies will be offered that may be the same as, or variations on, the standard program designed by Medicare. That basic design, for 2006, covers, at 75%, annual aggregate purchases of up to \$2,250, subject to a \$250 deductible. This will cover the purchases of most Part D participants. Part D then resumes coverage, at 95%, when purchases exceed \$5,100. The chart below reflects those coverage levels, as well as corresponding out-of-pocket expense. Monthly premiums are expected to average about \$32, but may vary significantly based on region and plan design.



Enrollment of Medicare beneficiaries who are not covered by a drug plan whose actuarial value equals or exceeds that of standard Part D coverage (i.e., providing "creditable" coverage) must occur between November 15, 2005 and May 15, 2006 (the Initial Open Enrollment Period) to avoid a premium penalty of one percent per month. Most entities that provide prescription drug coverage to Medicare beneficiaries must notify them by November 15th as to whether plan coverage is creditable. The Fund's Notice of Creditable Coverage for its active medical plans follows this article. While the Fund's Retiree Medical Program prescription drug coverage exceeds that of standard Part D coverage, no such notice is appropriate because that Program does not provide benefits to Medicare beneficiaries. Notice by the Affinity Rx Drug Program would be inappropriate given its termination effective December 31, 2005.

To contact Medicare for more information, call 1-800-633-4227 (TTY users should call 1-877-486-2048), or visit www.medicare.gov. State resources are also available, such as the Michigan Medicare/Medicaid Assistance Program at 1-800-803-7174, or contact your local Area Agency on Aging.

NOTICE OF CREDITABLE COVERAGE

TIF, SOA, Key I, Key II, I&S, and PEP Plans

The following Notice is published in accordance with regulations promulgated by the Centers for Medicare and Medicaid Services, pursuant to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 :

Important Notice from the Michigan Conference of Teamsters Welfare Fund (Fund) About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the Fund and new prescription drug coverage available January 1, 2006 for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

1. Starting January 1, 2006, new Medicare prescription drug coverage will be available to everyone with Medicare.
2. The Fund has determined that the prescription drug coverage offered by the Fund is, on average for all active medical and retiree medical plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay.
3. Read this notice carefully - it explains the options you have under Medicare prescription drug coverage, and can help you decide whether or not you want to enroll.

You may have heard about Medicare's new prescription drug coverage (Medicare Part D), and wondered how it would affect you. The Fund has determined that your prescription drug coverage is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay.

Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare through Medicare prescription drug plans. All Medicare prescription drug plans will provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

Because your existing coverage is on average at least as good as standard Medicare prescription drug coverage, you can keep this coverage and not pay extra if you later decide to enroll in Medicare coverage.

People with Medicare can enroll in a Medicare prescription drug plan from November 15, 2005 through May 15, 2006. However, because you have existing prescription drug coverage that, on average, is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later. Each year after that, you will have the opportunity to enroll in a Medicare prescription drug plan between November 15th through December 31st.

Note that even if you do decide to enroll in a Medicare prescription drug plan, under Fund rules you nonetheless may not drop your Fund prescription drug coverage. In that case, your Fund drug coverage will be primary and your Medicare prescription drug plan will be secondary.

However, if you are a COBRA beneficiary you may drop your Fund coverage in full, including prescription drug coverage, and enroll in a Medicare prescription drug plan. However, you may not be able to get this coverage back later. If you do elect COBRA continuation coverage, your COBRA prescription drug coverage will be secondary to your Medicare prescription drug plan coverage. You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

When Medicare Part D becomes available, your current prescription drug plan will continue to provide comprehensive coverage for eligible prescription drugs, subject to preauthorization requirements for non-sedating antihistamines, proton pump inhibitors and selective serotonin reuptake inhibitors, with both retail and mail order availability, subject to generic and brand copays, as detailed in your Summary Plan Description. Your current coverage pays for other health expenses, in addition to prescription drugs, and you will still be eligible to receive all of your current health and prescription drug benefits if you choose to enroll in a Medicare prescription drug plan.

You should also know that if you drop or lose your coverage with the Fund and don't enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare prescription drug coverage later. If after May 15, 2006, you go 63 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage; your monthly premium will go up at least 1% per month for every month after May 15, 2006 that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium as long as you have Medicare coverage. In addition, you may have to wait until next November to enroll.

For more information about this notice or your current prescription drug coverage...

Contact the Fund's Member Services Department at (313) 964-2400 or (800) 572-7687 for further information. NOTE: You may receive this notice at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, and if this coverage changes. You also may request a copy.

For more information about your options under Medicare prescription drug coverage...

More detailed information about Medicare plans that offer prescription drug coverage which will be available in October 2005 in the "Medicare & You 2006" handbook. You'll get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare prescription drug plans. You can also get more information about Medicare prescription drug plans from these places:

- Visit www.medicare.gov for personalized help,
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number)
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this notice. If you enroll in one of the new plans approved by Medicare which offer prescription drug coverage after May 15, 2006, you may need to give a copy of this notice when you join to show that you are not required to pay a higher premium amount.

September 1, 2005
Michigan Conference of Teamsters Welfare Fund
Member Services Department



Prescription Drug Benefit SSRI Step Therapy Program

SSRIs (selective serotonin reuptake inhibitors) comprise a therapeutic class of prescription drugs that are commonly referred to as psychostimulants or antidepressants. SSRIs are the Fund's second largest class of drug expense, representing almost 10% of total drug program cost. Successful marketing strategies have propelled Zoloft, Effexor and Lexapro into dominance in this class (other brand SSRIs are Paxil CR, Effexor XR, Cymbalta, Pexeva, Prozac Weekly and Welbutrin XL), despite the availability of effective and cheaper generic therapeutic alternatives Prozac, Celexa, Paxil, Welbutrin and Welbutrin SR.

Effective January 1, 2006, the Fund will implement a SSRI Step Therapy Program. This Program requires that participants commencing SSRI therapy must first try two generic SSRIs in a 12 month period prior to being covered for the use of a brand SSRI. Any participant using brand SSRIs as of January 1, 2006 will be grandfathered, without limitation under the Program for the duration of therapy. Any participant who thereafter satisfies Program requirements and commences use of a brand SSRI will remain eligible without limitation under the Program, for the duration of therapy. Participants who seek to resume SSRI therapy after a lapse of one year will be subject to the two generic trial requirement.

Dental Benefit Improvement - Implants

Effective August 25, 2005, the Fund's Dental Plan I and Dental Plan II will provide coverage for dental implants, subject to Class III (prosthodontics) limitations. Allowable charges will, of course, apply toward the patient's annual dental benefit maximum.

Dental implants are an alternative to dentures and fixed and removable bridges and are used to replace single or multiple teeth using implant retained prostheses. Prior to this change, the Fund covered implants only when prior authorized. While this restriction has been eliminated, we urge participants to have their dentist submit a predetermination request to Delta Dental so that the participant can be apprised of to what extent his/her annual benefit maximum will cover the charges.



The *Messenger*, published quarterly, notifies you of changes to your plan of benefits. Please retain all issues of the *Messenger*, along with your SPD booklet and other plan materials, for future reference.

MICHIGAN CONFERENCE OF
TEAMSTERS WELFARE FUND

2700 TRUMBULL AVE.
DETROIT, MICHIGAN 48216
313-964-2400

Metro Detroit 1-800-572-7687
Upstate 1-800-824-3158
Out-of-State 1-800-334-9738

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**Durable Medical Equipment and Supplies - Benefit Improvement
SOA, TIF, I&S and PEP Plans**

Most types of Durable Medical Equipment (DME) are covered under the Major Medical benefit category in each of the above Plans, while the medical supplies necessary to utilize those types of DME are covered under the Plans' Additional Services and Supplies benefit category. In-network coverage levels are higher for Major Medical benefits (SOA, TIF and PEP at 90% and I&S at 80% of contracted charges) than for Additional Supplies and Services (all Plans at 75% of contracted charges).

The Trustees have addressed this inconsistency. Effective August 25, 2005, all such supplies will be covered under the Plans' Major Medical category. Below is a representative list of the affected supplies and associated DME.

Supplies Covered Under Major Medical Effective August 25, 2005 *

Supplies

Lancets, Test Strips
Masks, Hoses, Headgear, Filters,
Corrugated Tubing, Nasal Pillows,
Replacement Pillows, Chinstrap
Masks, Canisters, Reservoir Bottles,
Dome and Mouthpieces, Water Collection
Devices, Hoses, Corrugated Tubing, Filters
Tubing, Button Kits
Leads
Canisters, Dressings

Associated DME

Blood Glucose Monitor
C-PAP or BI-PAP Machine
Nebulizer
Respiratory Suction Pump
"TENS" Unit
Wound Therapy Pump



**This list is not necessarily all inclusive and may change from time to time*