

BENEFITS UPDATE

June 2009

The Latest Information About Your 2009 – 2010 Benefits

This *Benefits Update* provides information about:

- Premium rates that will become effective July 1, 2009,
- Changes to LACERA's Health Care Benefits Program for the 2009 – 2010 plan year, and
- The option to receive your annual benefits packet electronically.

If you have any questions about the information in this *Benefits Update*, please contact LACERA's Retiree Health Care Division at (800) 786-6464 and press 1, or at (626) 564-6132.

IMPORTANT MEDICARE PART D NOTICE:

Included in this packet is your Medicare Part D **Notice of Creditable Coverage (NOCC)**.

- *What it is:* An official statement that your LACERA-administered medical plan provides you with prescription drug coverage that is, on average, as good as or better than the coverage offered by the Medicare Part D model plan.
- *What to do with it:* Read it and keep it in a safe place.
- *Why it is important:* If you later decide to enroll in a Medicare Part D plan outside of the LACERA-administered plans, showing your NOCC will prevent you from paying a penalty for late enrollment in Medicare Part D.
- *If you misplace it:* You may download a copy of the NOCC from LACERA's website, www.lacera.com, or contact LACERA's Retiree Health Care Division at (800) 786-6464 and press 1, or at (626) 564-6132.

Two Important Things to Remember!

- You should not enroll in another Medicare Part D plan. Please consult with LACERA first if you are thinking of enrolling in another plan.
- If you are enrolled in a Medicare Part D plan not offered through LACERA, please contact LACERA immediately. CMS will not allow for both, and your coverage with LACERA may be jeopardized.

Hospitals Covered Under Your Medical Plan

Occasionally, hospitals discontinue their contracts with our medical plan providers. If a hospital has discontinued its contracts with our medical plan providers, the hospital is no longer considered an in-network facility and you will likely pay higher out-of-pocket costs if you receive care at that hospital, with the exception of emergency services. **If you are experiencing a true life-threatening emergency, do not think twice about going to the closest emergency room** where services will be provided according to your plan's benefits. Be sure to check with your medical provider before you receive scheduled care at a hospital to make sure it is part of your provider network.

New! Optional Electronic Benefits Packet

Next year you will have the option to receive your annual benefits packet electronically! You will be able to opt out of receiving the print version, so long as you have a working e-mail address. If you choose to receive your annual benefits packet electronically, you will still be able to request a paper copy at any time. Additionally, if the e-mailed packet is returned to LACERA as undeliverable, we will send a paper copy to your home address on file. To opt out of the print version and receive your benefits packet electronically for the 2010 – 2011 plan year, please e-mail LACERA at healthcare@lacera.com.

Premium Rate Changes for 2009 – 2010

On July 1, 2009, overall premiums will increase by an average of 4.5%. This means that some plans and coverage levels will experience a higher increase than the average, while others will experience a lower increase or even a decrease. Please refer to the enclosed rate booklet for your 2009 – 2010 rates.

Plan Changes for 2009 – 2010

Changes to your benefits for the 2009 – 2010 plan year are minor. This means you will continue to have access to most of the same benefits and levels of coverage you have now. There are, however, a few changes that will take effect July 1, 2009. These changes are described by plan in the following sections.

PacifiCare/Secure Horizons

For 2009 – 2010, the amount you pay for routine annual physical examinations that are not covered by Medicare will be decreasing. Additionally, the day-supply limit for prescription drugs ordered at a retail pharmacy will be increasing, so you can now order a full month-supply of the drugs you need.

Plan	Benefit	Current Benefit	2009 – 2010 Benefit
Secure Horizons	Annual Routine Physical Examinations (non-Medicare covered)	\$5 copay	No copay
	For prescription drugs at a retail pharmacy	30-day supply	31-day supply

SCAN Health Plan

Effective July 1, 2009, the SCAN Health Plan will be available to any LACERA members residing in Maricopa County, Arizona, in addition to those in locations where SCAN was previously available.

CIGNA Medicare Select Plus Rx (available only in Phoenix, Arizona)

Prescription Drug Benefits

Beginning July 1, 2009, you will be able to save money with CIGNA by using generic versions of certain prescription drugs at no cost! All CIGNA pharmacy and mail-order options will provide the generic drugs listed below at no cost.

CIGNA Medicare Select Plus Rx (available only in Phoenix, Arizona)	Current Benefit	2009 – 2010 Benefit
Generic Prescription Drugs	<p>Generally, you pay the following amounts for generic prescription drugs:</p> <ul style="list-style-type: none"> ■ Retail: \$10 copay ■ Mail Order: \$25 copay 	<p>No copay for retail or mail order for the following 5 generic prescription drugs only:</p> <ul style="list-style-type: none"> ■ Enalapril (generic of Vasotec) ■ Simvastatin (generic of Zocor) ■ Amlodipine (generic of Norvasc) ■ Atenolol (generic of Tenormin) ■ Triamterene/HCTZ tablets (generic of Maxzide) <p>Copay amounts for all other generic prescription drugs will not change.</p>

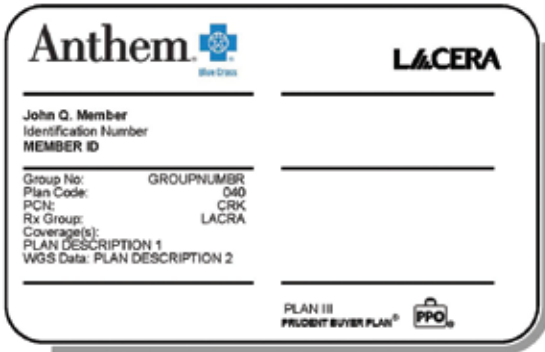
What Are Generic Drugs?

Many of the brand-name drugs prescribed by your doctor have generic versions that offer the same quality at a fraction of the cost. In fact, generic drugs are held to the same high standards for approval as brand-name drugs, and are offered only after their effectiveness is proven to the Food and Drug Administration (FDA). Generic drugs are just one of the ways you can get the most out of your benefits and save money at the same time. Remember to check with your doctor or plan provider and see if you can make the switch the next time you fill a prescription.

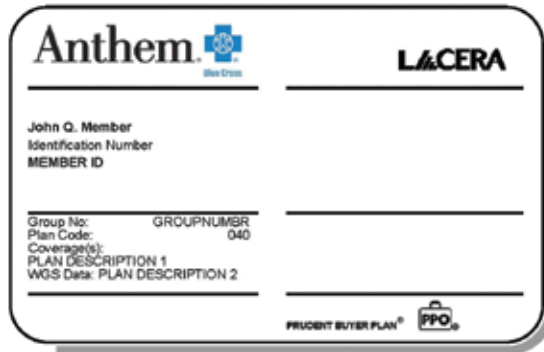
Anthem Blue Cross

Anthem Blue Cross has updated its ID cards to standardize them across the Anthem plans and make them simpler to use. Your current ID card will continue to work the same as before, and you do **not** need to request a new ID card before receiving care. If you request a replacement ID card or if you enroll in a different plan, you will receive an ID card with the new design. Your new ID card will still work the same as the old ID card. The images below show you what the new cards will look like for Anthem Blue Cross Plans I, II, and III and the Anthem Blue Cross Prudent Buyer Plan. If you have any questions about your ID card, please call Anthem Blue Cross at (800) 284-1110.

Anthem Blue Cross Plans I, II, and III



Anthem Blue Cross Prudent Buyer Plan



CVS/Caremark

A little over a year ago, Caremark, the prescription drug benefit administrator for Anthem Blue Cross plans I, II, and III, changed its name to CVS/Caremark. With this change, you can now receive in-network prescription drug benefits at over 63,000 CVS locations and other retail pharmacies across the country. There won't be any changes to your benefits, and they will continue to work the same as before. Call (800) 450-3755 to find out whether your pharmacy is in-network.

Kaiser Permanente, CIGNA Medical Group, and Anthem Blue Cross Members (in state of California)

- For those enrolled in Kaiser Permanente, CIGNA Medical Group, or Anthem Blue Cross in the State of California, there are no planned benefit changes.

Kaiser Permanente Members (outside California)

- For those enrolled in Kaiser Permanente outside of California, plan changes and rates are determined by the Kaiser Permanente region in which you reside. You will receive a separate mailing from LACERA.