

# BENEFIT UPDATE



Spring 2004

## Benefit Plans Office

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## IMPORTANT! HEALTH PLAN PARTNER CHANGE

**On May 1, First Health® Network** will become a new partner with the WELS VEBA Plan in providing preferred provider network coverage and clinical management services to plan members.

The partnership with First Health is a step in the continuing effort to help control overall plan costs and provide the customer service that VEBA Plan members expect. First Health® Network gives access to physicians, hospitals and other health care professionals offering VEBA Plan members the care they need at locations throughout the U.S. While VEBA Plan members have the freedom to utilize non-network providers, savings to both individuals and the plan are realized through the use of in-network providers. First Health® Network providers may be identified at [www.firsthealth.com](http://www.firsthealth.com) after entering the Login ID: **WELS**. After April 5, members may contact First Health Monday through Friday from 7:00 am to 7:00 pm CST at **1-800-486-9439** for information about providers or to get answers about clinical management services for treatment after May 1.

Covered services under the WELS VEBA Plan are not affected by this change. An initial communication about this change was sent to all active plan members in early March. Both active and Medicare plan members will receive new identification cards reflecting the partner change prior to May 1. Further information will appear on the Benefit Plans website, [www.welsbpo.net](http://www.welsbpo.net), as the May 1 transition date approaches. Members may also contact the Benefit Plans Office at (414) 256-3860 or by e-mail to [bpo@sab.wels.net](mailto:bpo@sab.wels.net).

## STUDENT STATUS REMINDER

Please be reminded that with graduation time approaching, a dependent is no longer covered under the WELS VEBA Group Health Care Plan if he or she reaches age 19 and is not a full-time student. Full-time, unmarried students may have continuing coverage up to attaining the age of 26.

The WELS Benefit Plans Office must be notified within 60 days of the date of graduation (i.e. termination will be on the last day of the quarter in which they are no longer eligible). These dependents may then be eligible for continuation of coverage under COBRA.

Dependents who are not graduating and are not returning to school in the fall of 2004 as full-time students should notify our office no later than September 28, 2004. These dependents may also be eligible for continuation of coverage under COBRA.

If you have any questions regarding the dependent eligibility rules of the Plan, please contact the Benefit Plans Office at (414) 256-3860 or by e-mail to [bpo@sab.wels.net](mailto:bpo@sab.wels.net) for more information.

[www.welsbpo.net](http://www.welsbpo.net) is Now Available — See Back Page

# RIISING COSTS DICTATE PLAN DESIGN REVIEW

In the article below entitled, "A Picture of the VEBA Trust," the impact of the rising cost of health care and member utilization of VEBA plan benefits on plan assets is discussed. While the VEBA Commission has made efforts to mitigate plan costs through subsidizing premium rate increases with plan reserves, other measures must also be examined to help control plan costs.

Over the next months, Benefit Plans staff will be working with plan consultants to develop plan cost options for 2005. Changes to plan design may result in individual members picking up more of the plan costs through cost sharing of premiums, higher deductibles/copays and higher co-insurance percentages for out-of-network coverage, depending on the funding decisions of the calling bodies. To minimize the cost shifting to individuals, the plan will look to offer pre-tax funding of unreimbursed medical costs through Section 125 plans (known as flexible spending accounts). The offering of other voluntary benefits that individuals may purchase to

offset the financial impact of hospitalization and long-term illness will also be examined.

Preliminary options will be reviewed at the May 2004 VEBA Commission meeting. Communications about this review will be made through the Benefit Plans website, [www.welsbpo.net](http://www.welsbpo.net), and through presentation at the June 2004 district conventions. Final review of plan changes and 2005 premium rate setting will be done in the July commission meeting with communications about these decisions following that time.

The impact of future changes on both members and sponsoring organizations will be considered in light of the continuing goal to provide affordable and valued benefits to VEBA Plan members. Questions regarding this matter may be directed to the Benefit Plans Office at (414) 256-3860 or by e-mail to [bpo@sab.wels.net](mailto:bpo@sab.wels.net).

## MAINTAINING A HEALTHY WEIGHT

Losing weight and keeping it off can be very difficult. Many diets may provide temporary weight loss, but they may also encourage unhealthy eating habits, and their long-term effect is often minimal.

However, by improving your eating habits and engaging in daily physical activity, you can improve your chances of achieving and maintaining a healthy weight. As with any changes in your life, converting to a healthier lifestyle takes time and requires patience. In the end, though, the benefits to your health and weight are worth it.

Your weight has a direct influence on your health. If you're overweight, you put a constant burden on your back and legs. This can aggravate degenerative arthritis (osteoarthritis). It also increases the risk of complications following surgery—wounds can't heal as quickly and infection is more common.

Obesity also has direct links to serious diseases that can shorten your life. It's a strong risk factor for type 2 diabetes (non-insulin-

dependent diabetes). And, it's associated with increased risk of developing gallstones and cardiovascular diseases such as high blood pressure, coronary artery disease and stroke. You may also be at increased risk of many forms of cancer, such as those of the breast, prostate, colon and uterus.

But maintaining a healthy weight can be a challenge. Your body has a virtually unlimited capacity to store fat. In addition, as you age, the amount of muscle in your body tends to drop, and fat accounts for a greater percentage of your weight.

Losing even 5 to 10 pounds can improve your health and give you a brighter outlook on life. In addition, eating right and exercising regularly can give you more energy and vitality, which can increase your productivity and ability to tackle tough tasks. More importantly, establishing these lifestyle habits can decrease your risk for many diseases.

— Source: Mayo Clinic Health Letter, Volume 19, Number 1, January 2001

## A PICTURE OF THE VEBA TRUST

The graph to the right provides a good picture story of the relation between plan assets and claims over the past five years.

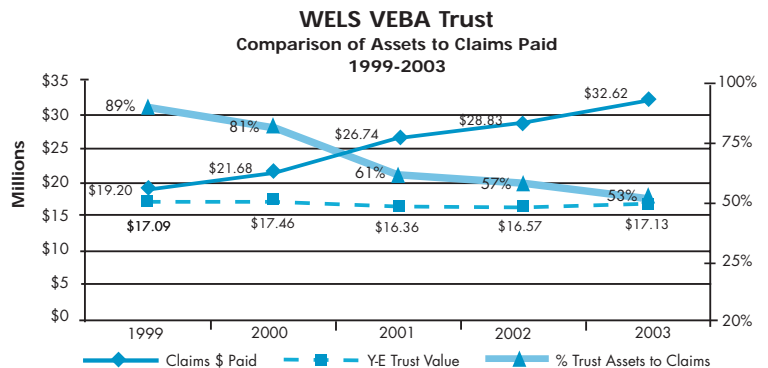
The solid blue line with an increasing trend shows the cost of claims during the period. It reflects both increased plan utilization by plan members as well as general health care inflation that is a daily media story in the U.S.

The dashed line at the bottom of the graph represents the year-end trust assets available to pay plan costs in the following year. This line indicates a stabilization of reserves and the plan's ability to pay its on-going costs from current income (the premiums paid mostly by sponsoring organizations on behalf of the VEBA Plan members).

The lightly blue shaded line indicates the relationship of year-end assets to claims paid in that year. The decreasing trend of this number has been driven by the VEBA Commission's decision to use plan reserves to subsidize yearly rate increases. While this has helped to mitigate the impact on the sponsoring organizations, it is a trend that cannot continue over an extended period without affecting the financial viability of the plan.

Plan assets continue to remain sufficient to cover the VEBA Plan

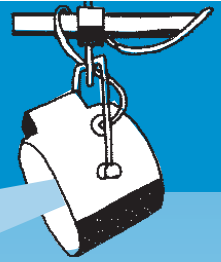
obligations. Efforts are underway to make changes to the plan for 2005 that will help ensure its ability to provide affordable and valuable benefits for plan members for the future. This planning work is outlined in the article above entitled, "Rising Costs Dictate Plan Design Review."





# PLAN SPOTLIGHT

## WELS LONG TERM DISABILITY PLAN



### Did you know . . .

#### In the United States:

- Someone is injured at work every 17 seconds.
- 30% of all workers between the ages of 25 and 65 will experience an accident or illness that keeps them out of work for at least three months.
- The average duration of disabilities lasting longer than 90 days is 2.8 years for workers between the ages of 25 to 55.
- Workers between the ages of 27 and 52 are nearly 3 times more likely to suffer a long-term disability than they are likely to die. — Statistics courtesy of UnumProvident®

As an active WELS VEBA Policyholder, you are automatically covered under the WELS VEBA Long Term Disability Plan (LTD). The LTD coverage is included as part of the health premium.

For those eligible active WELS/ELS workers who are not VEBA policyholders, LTD is available as a supplemental plan. The annual cost for the Optional LTD coverage is calculated by multiplying the premium rate times the worker's annual compensation. The current premium rate is 0.33%. As such, the annual cost to cover a worker whose annual compensation is \$25,000 would be \$82.50 ( $.0033 \times \$25,000 = \$82.50$ ). A worker is eligible to enroll in the Optional LTD Plan within 60 days of their start date. Any workers wishing to enroll beyond the 60 day period may do so by completing a long form enrollment application which includes an evidence of insurability form. Please note that enrollment in the Optional LTD Plan is available to active workers who are not enrolled in WELS VEBA whose sponsoring organization provides WELS VEBA coverage to at least one worker.

The LTD Plan is fully-insured and underwritten by The Prudential Company of America.

Below are some of the key features of the Plan:

- A disabled worker will receive a benefit amount equal to 66.67% of the worker's total compensation up to a maximum of \$5,000 per month. Compensation is the

sum of a worker's base salary, housing allowance (if any) and utilities (if any).

- A disability is defined as any sickness or injury which prevents the worker from carrying out the duties of his/her own occupation.
- A worker may be eligible to receive benefits on the 91st day of the disability.
- A disabled worker's benefit will be reduced by any Social Security benefits which are received by the worker, any retirement benefits received from the Employer sponsored retirement program, any benefits received from Worker's Compensation, any benefits received under occupational disease law, or any other similar benefit, and any other group LTD plan which is maintained by the respective sponsoring organization.
- There will be NO Social Security reduction of benefits for workers who have opted out of Social Security.
- Benefits may be continued until your normal retirement age based on your age on the date that your disability begins.

For further information regarding the benefits available under the WELS Long Term Disability Plan, please contact the WELS Benefit Plans Office at (414) 256-3860 or by e-mail to [bpo@sab.wels.net](mailto:bpo@sab.wels.net).

## VEBA ENROLLMENT REMINDERS

### MARRIAGE

In order to add your spouse as a dependent under your health plan, you must notify the Benefit Plans Office and complete an enrollment form within 60 days of the marriage date.

### BIRTH

In order to add your new baby as a dependent under your health plan, you must notify the Benefit Plans Office and complete an enrollment form within 60 days of the birth.

### ADOPTION

In order to add a child who is adopted or placed for adoption under your health plan, you must notify the Benefit Plans Office and submit a completed enrollment form within 60 days of the child's adoption or placement for adoption date.

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## BENEFIT PLANS OFFICE WEBSITE

Benefit Plans Office

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Welcome to the WELS Benefit Plans Office!

The new website of the WELS Benefit Plans Office, [www.welsbpo.net](http://www.welsbpo.net), is now available!

On the website, you can find:

- Online Forms
- Current Rates
- Plan Documents
- In-Depth Plan Information
- Up-to-date Information Regarding Plan News and Events

Visit us today at [www.welsbpo.net](http://www.welsbpo.net)

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*The staff at the Benefit Plans Office  
wishes a Blessed Easter  
to all of our members.*



Benefit Plans Office



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