

January 30, 2006

NOTICE OF PLAN CHANGE

Health Net HMO Plan Effective March 1, 2006

Dear Participant:

Due to loss of major hospitals in Blue Shield network and after careful consideration, the Trustees terminated their health contracts with Blue Shield effective midnight Tuesday, February 28, 2006.

Wednesday, March 1, 2006 the Trust has contracted with Health Net to provide HMO coverage. Attached is your enrollment application. **Select a primary care physician; enter their name and Medical Group code number on your application. Return your completed application As Soon As Possible to ensure you are covered March 1st.**

Find an in-network provider

- 1) Log on to <https://www.healthnet.com/> and select "Search Our Doctor Network" on the right-hand side. When prompted to "choose a plan" select "HMO Group". When you have located the provider you wish to choose, click on that provider name. A list of medical groups that your provider is associated with, will be listed along with a number for each medical group. Choose the medical group you wish to belong to and write that number along with your doctor's name on your application:

Or

- 2) Request an HMO directory by calling PacFed at (818) 243-0222. Once you receive the Directory, select your primary care physician and enter the doctor's name, ID number on your application. Remember to include the medical group you wish to belong with the appropriate numbers as indicated.

A summary of benefits is attached. Health Net will be sending you a complete Evidence of Coverage (EOC). I.D. Cards will be mailed in late February or early March, providing we receive your completed application **no later than February 17th**. The sooner we receive your application the sooner we can process your ID Cards.

2006 participant co-premium and dependent premiums will not change. The premiums quoted in your 2006 open-enrollment will remain the same throughout 2006.

If you have any questions, please do not hesitate to call PacFed at (818) 243-0222.

Sincerely,
PacFed Benefit Administrators, Inc.



1000 North Central Ave.
Suite 400
Glendale, CA 91202
(818) 243-0222
(800) 759-3132

Health Net HMO Plan Chart Plan NRA	NRA 1/1/2001
PROFESSIONAL SERVICES	
Visit to a physician, physician assistant or nurse practitioner at a PPG.	\$10
Periodic health evaluations. Includes routine, preventive care, and well-baby care.	\$10
Annual routine physical examinations.	No
Vision and hearing examinations.	\$10
Specialist consultations. Includes OB/GYN self-referral. Refer to the Introduction pages for additional information.	\$10
Physician visit to member's home (at discretion of physician).	\$20
Physician visit to hospital or skilled nursing facility (excluding care for mental disorders).	Yes
Other immunizations (except foreign travel/occupational - see below).	\$5
Immunizations for foreign travel/occupational purposes.	20%
Allergy testing.	Yes
Allergy serum.	Yes
Allergy injection services (serum not included).	Yes
Injections related to infertility services.	50%
All other injections.	Yes
Surgeon/assistant surgeon in hospital or PPG.	Yes
Administration of anesthetics.	Yes
X-ray and laboratory procedures.	Yes
Rehabilitation therapy (inpatient/outpatient physical, speech, occupational and respiratory therapy). Provided as long as significant improvement is expected. See <i>PPG Operations Manual</i> .	\$10
Dental services (when medically necessary to properly monitor, control or treat a severe medical condition when excluded dental services are being performed. See <i>PPG Operations Manual</i>).	Yes
CARE FOR CONDITIONS OF PREGNANCY (professional services only)	
Prenatal and postnatal office visit.	\$10
Normal delivery, Cesarean section. Includes newborn inpatient care provided by a member physician.	Yes
Complications of pregnancy including medically necessary abortions.	Yes
Elective abortions.	\$150
Genetic testing of fetus.	Yes
Circumcision of newborn.	Yes
FAMILY PLANNING (professional services only)	
Contraceptive devices - intrauterine device (IUD).	\$20
Infertility services (including professional services, inpatient and outpatient care, treatment by injection and prescription drugs, if applicable. See <i>PPG Operations Manual</i>).	50%
Sterilization of females.	\$125
Sterilization of males.	\$50
Reversal of sterilization.	No
ALCOHOL/DRUG REHABILITATION and CARE FOR MENTAL DISORDERS	
ADMINISTERED BY MANAGED HEALTH NETWORK (MHN)	
Refer members to the MHN telephone number on the back of their Health Net ID card	

Health Net HMO Plan Chart Plan NRA		NRA
OTHER SERVICES		
Medical social services.		Yes
Patient education.		Yes
Ground ambulance.		Yes
Air ambulance.		Yes
Durable medical equipment.		50%
Diabetic supplies (refer to the Introduction section for additional information).		20%
Hearing aids.		No
Prosthesis (replacing body parts).		Yes
Blood, blood plasma, blood factors and blood derivatives.		Yes
Nuclear medicine (professional services only).		Yes
Organ and bone marrow transplants (non-experimental and noninvestigative. Professional services only).		Yes
Chemotherapy (professional services only).		Yes
Renal dialysis (professional services only).		Yes
Home health visit. The copayment starts the 31st calendar day after the first visit.		\$10
Hospice care.		Yes
HOSPITAL AND SKILLED NURSING FACILITY SERVICES		
Unlimited days of hospital care in a semi-private room or ICU with ancillary services. Excluding care for mental disorders.		Yes
Confinement in a skilled nursing facility (limited to 100 days each calendar year).		Yes
Maternity care. Includes routine nursery charges.		Yes
Outpatient services.		Yes
OUT-OF-POCKET MAXIMUM		
For each member.		\$1,500
For two-party.		\$3,000
For each family (3 or more members).		\$4,500
EMERGENCY CARE/URGENTLY NEEDED CARE - Within or outside the PPG service area - (Refer to the Introduction pages for more information)		
NOTE: Non-emergency care (including urgently needed care) received within the PPG service area must be performed or authorized by the member's PPG in order for services to be covered. When urgently needed care is provided outside the PPG service area, authorization is not mandatory in order for services to be covered. When services are provided that meet the criteria for emergency care, whether within or outside the PPG service area, the services are covered, even if the member never contacted the PPG. See the Introduction pages for more information.		
Use of emergency room (facility and professional services). *		\$50
Use of urgent care center (facility and professional services). *		\$50
* The copayment will not be required if the member is admitted as a hospital inpatient directly from the emergency room or urgent care center. See the Introduction pages for more information regarding emergency services/urgently needed care.		

STANDARD

BEHAVIORAL HEALTH

plan ZP

What Member pays for services	Effective 7/1/00
<i>Mental health</i>	
Severe mental illness	
<i>Outpatient</i>	
Outpatient copayment	\$10
Maximum visits per calendar year	unlimited
<i>Inpatient</i>	
Inpatient care for mental health in hospital or skilled nursing facility	no charge
Maximum days per calendar year	unlimited
Physician visit to hospital or skilled nursing facility	no charge
Other mental illnesses	
<i>Outpatient</i>	
Outpatient copayment	\$30
Maximum visits per calendar year	20
<i>Inpatient</i>	
Inpatient care for mental health in hospital or skilled nursing facility	no charge
Maximum days per calendar year	30
Physician visit to hospital or skilled nursing facility	no charge
Chemical dependency rehabilitation	
<i>Outpatient</i>	
Individual therapy session	\$30
Maximum visits per calendar year	20
<i>Detoxification</i>	
	no charge
<i>Inpatient</i>	
Chemical dependency rehabilitation	no charge
Maximum days per calendar year	30

The following conditions are considered severe mental illnesses: schizophrenia, schizoaffective disorder, bipolar disorder, major depressive disorders, panic disorders, obsessive-compulsive disorder, pervasive developmental disorder or autism, anorexia nervosa, bulimia nervosa and serious emotional disturbances of children.

prescription drug program

Health Net is contracted with many major pharmacies including Longs, Rite Aid, Sav-on and Walgreens, and those located in the Albertsons, BelAir, Raley's, Safeway, Save Mart and Vons/Pavilions supermarket chains. There are many other neighborhood pharmacies that are also part of our network. For a complete and up-to-date list of participating pharmacies, call Health Net Member Services at the number listed on your ID card.

PRESCRIPTIONS BY MAIL DRUG PROGRAM

If your prescription is for a maintenance medication (a drug that you will be taking for an extended period), you have the option of filling it through our convenient Prescriptions By Mail Drug Program. This program allows you to receive up to a 90-consecutive-calendar-day supply of maintenance medications. For complete information, call Member Services.

THE HEALTH NET RECOMMENDED DRUG LIST

The Health Net Recommended Drug List is the approved listing of medications covered for illnesses and conditions. It was developed to identify the safest and most effective medications for Health Net members while attempting to maintain affordable pharmacy benefits. Some drugs on the list may require prior authorization from Health Net. For a copy of the Health Net Recommended Drug List, call Member Services at the number listed on your ID card or visit our website at www.health.net.

LEVEL III DRUGS NOT ON THE LIST

These are prescription drugs that are not listed on the Health Net Recommended Drug List, and are not excluded from coverage. Some drugs may require prior authorization from Health Net. Health Net will approve a drug not on the list at the brand name copayment if medical necessity is demonstrated by the physician.

OUTPATIENT PRESCRIPTION MEDICATION

Recommended Drug List

\$10 LEVEL I generic drugs

\$15 LEVEL II brand name drugs when generic equivalent is not commercially available

\$15 LEVEL II brand name drug, plus the difference in cost between the brand name drug and the generic equivalent, if a brand name drug is requested by the member when its generic equivalent is commercially available. However, if the Prescription Drug Order states "do not substitute" or "dispense as written," in the physician's handwriting, only the brand name drug LEVEL II copayment will apply.

Drugs not on the Recommended Drug List

\$35 LEVEL III when the drug is not on the list

\$35 LEVEL III brand name drug, plus the difference in cost between the brand name drug and the generic equivalent, if a brand name drug is requested by the member when its generic equivalent is commercially available. However, if the Prescription Drug Order states "do not substitute" or "dispense as written," in the physician's handwriting, only the brand name drug LEVEL III copayment will apply.

(continued on reverse)

WHAT'S COVERED

- Prescription drugs, for up to a 30-day supply per prescription from a Health Net contracted pharmacy, for one copayment
- If the pharmacy's usual and customary charge is less than the applicable copayment, the member will pay the pharmacy's usual and customary charge
- Mail order for maintenance drugs, for up to a 90-consecutive-calendar-day supply. The member is responsible for twice the applicable copayments
- Diabetic drugs and supplies including blood glucose monitoring test strips and lancets (copayments apply)
- Diaphragms and cervical caps (copayments apply)
- Drugs prescribed for treating organically based sexual dysfunction (subject to a 50% copayment, limited to eight tablets per month or two doses per week)¹
- Insulin needles and syringes (copayments apply)
- Oral contraceptives and devices (copayments apply)
- Oral drugs prescribed for treating infertility (subject to a 50% copayment)¹

WHAT'S NOT COVERED

Limitations and exclusions

In addition to the exclusions and limitations listed below, prescription drug benefits are subject to the plan's general exclusions and limitations.

- Allergy serum²
- Contraceptives such as contraceptive foams, abortifacients or menstrual induction drugs
- Cosmetics, health or beauty aids, or drugs prescribed for cosmetic reasons, including drugs prescribed for baldness or to eliminate wrinkles
- Drug products that help you quit smoking (e.g., nicotine patches)
- Drugs or medicines administered by a physician or physician's staff member³
- Drugs prescribed for non-organically based sexual dysfunction, including drugs that establish, maintain or enhance sexual function or satisfaction

- Drugs that are appetite suppressants or are indicated and prescribed for body weight reduction
- Drugs used as dietary or nutritional supplements, including vitamins and herbal remedies
- Experimental drugs (those that are labeled "Caution – Limited by the Federal Law to Investigational Use Only")
- Hypodermic needles or syringes, except when dispensed for use with insulin
- Immunizing agents, injections (except for insulin), agents for surgical implantation, biological sera, blood, blood derivatives or blood plasma³
- Individual doses of medication dispensed in plastic or foil packages
- Medical devices or appliances (other than diaphragms and cervical caps)
- Over-the-counter drugs or a drug where there is a nonprescription equivalent available, except for insulin and certain diabetic supplies
- Oxygen³
- Prescription drugs filled at pharmacies that are not in the Health Net pharmacy network
- Prescription drugs prescribed by a physician other than a physician from your selected physician group or an authorized specialist, except in emergency or urgent care situations (applies to HMO members only)
- Replacement of lost, stolen or damaged medications
- Services or supplies for which there is no charge, or for which you are not legally required to pay
- Supply amounts (for any number of days) that exceed the Food and Drug Administration's indicated usage or Health Net's recommendations
- Vitamins, nutritional supplements or homeopathic products

¹Must be approved by Health Net and your physician group.

²These items are covered under the medical coverage portion of your plan only if your employer has purchased the coverage.

³These items are covered under the medical coverage portion of your plan.

This is only a summary. Consult your plan's Evidence of Coverage to determine the exact terms and conditions of your coverage.