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A Message From the Board of Trustees

Dear Participant,

Just over a year ago, the Trustees of the Screen Actors Guild – Producers Pension and Health Plans announced changes designed to mitigate the financial losses to the Plans due to the 2008 financial crisis, lower contributions under the television contract, and the increased cost impact of federal healthcare legislation. In that message, the Trustees advised that additional changes may be required in 2011 and 2012. Unfortunately the Plans still face the same financial and regulatory challenges.

The Pension Plan was certified in the “green zone” for 2010 with an 83% funding level due to favorable returns on investments in 2010 and federal pension legislation that was enacted allowing pension plans more time to fund the 2008 losses. However, investment returns for 2011 are currently below what is needed to keep the Plan certified in the “green zone” for the long run and the markets remain quite volatile. The health of the Pension Plan is driven by investment returns and when the markets are not performing well, the Trustees must make changes to ensure the Plan does not enter the “red zone” where certain participant benefits may be retroactively reduced. Previously the Trustees implemented a \$1,000 annual earnings requirement escalator for pension credits starting in 2009 and ending when the earnings requirement reaches \$20,000 in 2013. After reviewing the financial status of the Plan at their July meeting, however, the Trustees had to make the difficult decision to implement the \$20,000 earnings requirement in 2012. Please see the article on page 4 for more information.

The Health Plan remains in a deficit situation as television contributions have continued to steadily decrease and the cost of providing federally mandated benefits is increasing. The Trustees reviewed the Plan’s financial deficit with the Plan’s consultants and determined that additional benefit changes were required. These changes are outlined on page 2 of this edition of Take Two 2.

The Trustees continue to monitor expenses, contributions and financial returns for both the Pension and Health Plans and unfortunately if the unfavorable trends do not improve, additional benefit modifications may have to be made. The Trustees will continue to provide updates on the website and in future editions of Take 2.

Sincerely,

The Board of Trustees

Health Plan Modifications Effective January 1, 2012

Minimum Earnings Requirement Increase

The minimum earnings required to earn health coverage has been increased by 2% for eligibility commencing January 1, 2012. There will be no increase to the number of days of employment for Alternative Eligibility.

Following are the new requirements:



Benefits Commencing	Plan I	Plan II	Plan II Based on Days	Plan II Based on Age and Service
2012 January, April, July and October	\$30,750	\$15,100	76 days (No change)	\$10,900 with 10 Health Plan Years and age 40 or over

Hospital Out-of-Pocket Maximums

Effective January 1, 2012, the individual out-of-pocket maximum for network hospital expenses will be \$1,750 for both Plan I and Plan II. The family out-of-pocket maximum will be \$3,500. This is a change from the 2011 hospital out-of-pocket maximums of \$1,250 per individual and \$2,500 per family. The co-insurance for all network hospital benefits remains at 90%. Remember, non-network hospital charges are only covered in emergency cases.



Coordination of Benefits with Medicare

Coordination of Benefits (COB) is a method of dividing responsibility for payment among the health plans that cover an individual so that the total of all reasonable expenses for covered services will be paid. Since the Health Plan adopted the network co-insurance rate of 90% some individuals have expressed concern regarding their financial responsibility after the Plan coordinates benefits, especially with Medicare. Please note that the coordination process will still cover the Medicare co-insurance amounts in most cases. Examples of Medicare COB scenarios under Plan I are found below.

Hospital Example:

\$8,800 Medicare allowance
- \$7,668 Medicare payment
\$1,132 balance (Medicare's hospital deductible)

This is how the Health Plan will calculate your benefit:

\$8,800 allowance
- \$ 250 deductible
\$8,550 balance
x 90% co-insurance
\$7,695 available benefit

In this example the benefit for this claim would be \$7,695 if you had no other insurance coverage. However, since Medicare is involved, the Health Plan is only responsible for your outstanding Medicare balance of \$1,132 and **you have no out-of-pocket expense.**

If you have questions about a specific claim, please contact the Plan Office.

Medical Example:

\$300 Medicare allowance
- \$240 Medicare payment
\$ 60 balance

If this provider is a network provider, this is how the Health Plan will calculate your benefit, assuming you have satisfied your major medical deductible:

\$300 allowance
- \$ 15 co-payment
\$285 balance
x 90% co-insurance
\$256.50 available benefit

In this example the benefit for this claim would be \$256.50 if you had no other insurance coverage. However, since Medicare is involved, the Health Plan is only responsible for your outstanding Medicare balance of \$60 and **you have no out-of-pocket expense.**

There are times where you will be responsible for a portion of the bill even though you have two insurance coverages. In the network medical example above, if you had not satisfied your major medical deductible, here is how the Plan would have calculated your benefit:

\$300 allowance
- \$250 deductible
\$ 50 balance
- \$ 15 co-payment
\$ 35 balance
x 90% co-insurance
\$ 31.50 available benefit

In this example, the Health Plan will only pay \$31.50 and you are responsible for \$28.50 (\$60 outstanding balance - \$31.50 Plan payment).

As this last example shows, the Plan does not provide benefits that exceed the amount the Plan would have paid as the primary carrier.

Minimum Earnings Requirement for Pension Credit To Increase January 1, 2012

Effective January 1, 2009 the Board of Trustees announced an incremental increase in the annual minimum earnings requirement to earn a Pension Credit. In accordance with this schedule, the minimum earnings requirement was expected to be \$19,000 in 2012 and \$20,000 in 2013. At the last meeting, the Trustees reviewed the scheduled increase and made the decision to accelerate the \$20,000 requirement to be effective January 1, 2012 instead of January 1, 2013. This proactive action was taken in order to avoid more extreme changes in the Pension eligibility and vesting requirements as the Plan faces the continued impact of lower contributions and volatile financial markets. At this time, there will be no increase to the number of days of employment required to earn an Alternative Pension Credit.



Women's Health and Cancer Rights Act of 1998 Annual Notice



As required by the Women's Health and Cancer Rights Act of 1998, the Health Plan provides benefits for mastectomy-related services including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedema).

For more information contact the Plan Office at (818) 954-9400 or (800) 777-4013.

Self-Pay Program Adopts Tiered Structure January 1, 2012

As mentioned in the Winter 2011 edition of Take 2, the Health Plan's Self-Pay Program will move to a three-tier rate structure effective January 1, 2012. As a result, the Lower Cost Self-Pay Plan, which was established to provide a less expensive coverage option for individual-only participants, will no longer be available. This does not mean your self-pay coverage will end.

The new structure will mirror that of earned eligibility and provide more flexibility for adding dependents and choosing your rate.

The following tiers will be available:

- Individual only,
- Individual with one dependent and
- Individual with two or more dependents.

If you are currently enrolled in the Self-Pay Program, you will receive personalized information this fall that will include the new rates and provide you with instructions on how to re-enroll in the Self-Pay program effective January 1, 2012. You will have the option to choose your tier rate and enroll your dependents.



e-Communications – Go Paperless Today!

Sign up for e-Communications by simply logging into our secure website at www.sagph.org. *You must have a valid e-mail address on file with the Plans to register.* Once you register, a password will be e-mailed to you within 24 hours. By going paperless, you will not only reduce paper waste, but also help the Plans save money. We are pleased to announce that you will soon be able to receive your Explanation of Benefits electronically in addition to the new Health Plan Summary Plan Description, scheduled to be published around the first of next year. You can enjoy the convenience of securely accessing information from home by signing up to receive these documents electronically:

- Premium Payment Reminder
- Take 2 Newsletter
- Health Plan Summary Plan Description
- Pension Plan Summary Plan Description
- Annual Summary of Earnings
- Health Identification Cards
- Explanation of Benefits (*coming November 1, 2011!*)

Screen Actors Guild – Producers Health Plan
P.O. Box 7830 • Burbank, CA 91510-7830

September 2011

Notice of Creditable Coverage

This Notice contains important information about your current prescription drug coverage with the SAG-Producers Health Plan and your options under Medicare’s prescription drug coverage. Please read it carefully and keep it in a safe place with your important papers.

This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area.

Key Information

Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare Prescription Drug Plans and Medicare Advantage plans that offer prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher premium.

The SAG-Producers Health Plan’s existing prescription drug benefits have been determined to be “creditable coverage” which means that the Health Plan is expected to pay as much in claims for all participants as standard Medicare prescription drug coverage. Because your Health Plan drug coverage is comparable to the standard Medicare drug benefits, you do not need to join a Medicare drug plan as long as you have coverage under the Health Plan.

You do not need to enroll in a Medicare drug plan as long as you have coverage under the SAG-Producers

Health Plan. If you do enroll in a Medicare drug plan, you will not be eligible for any prescription drug coverage from the SAG-Producers Health Plan.

When Can You Join a Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15th to December 7th. In addition, if you lose your Health Plan prescription drug coverage you may be eligible for a two-month Special Enrollment Period to sign up for a Medicare drug plan.

Your Choices and the Consequences

If you do not enroll in a Medicare drug plan, you will continue to receive your current prescription drug benefits from the Health Plan as long as you are otherwise eligible for Plan coverage. Remember that the Health Plan also covers hospital and medical benefits. There is no separate premium for prescription drug coverage under the Health Plan.

If you enroll in a Medicare drug plan, you will no longer receive any prescription drug coverage from the Health Plan. However, you will continue to receive medical and hospital benefits from the Health Plan as long as you are otherwise eligible for Plan coverage. If you enroll in a Medicare drug plan and later drop that coverage, you can again receive your prescription drug coverage from the Health Plan, provided you are still otherwise eligible. Your Health Plan prescription drug coverage will be effective the first of the month after your Medicare drug plan coverage ends.

Notice of Creditable Coverage

When Will You Pay a Higher Premium (Penalty) to Join a Medicare Drug Plan?

If you drop or lose coverage with the SAG-Producers Health Plan and do not enroll in a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later. If you go 63 days or longer without prescription drug coverage that is as good as Medicare's drug coverage, your monthly Medicare Part D premium may increase by at least 1% for each month that you did not have that coverage. For example, if you go 19 months without coverage, your premium for Medicare drug coverage may be at least 19% higher than what you would have paid had you enrolled as soon as you lost your Health Plan coverage. You may have to pay this higher premium for as long as you have Medicare drug coverage. In addition, you may have to wait until the following October to join.

For More Information About This Notice or the Health Plan's Prescription Drug Coverage

Contact the Plan Office at:

- 1-800-777-4013
- 1-818-954-9400

An updated copy of this Notice will be provided annually. You will also get it before the next period you can enroll in Medicare prescription drug coverage, and if this coverage through the SAG-Producers Health Plan changes. You may also request a copy at any time by contacting the Plan Office.

Benefits under the SAG-Producers Health Plan are not vested or guaranteed. They may be modified, reduced or terminated at any time by the Board of Trustees.



For More Information About Your Options Under Medicare Prescription Drug Coverage

Detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You will get a copy in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. To get more information, you can:

- Visit www.medicare.gov.
- Call your State Health Insurance Assistance Program (see "Medicare & You" for phone number).
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call (1-877-486-2048).

If you have limited income and assets, extra help paying for Medicare prescription drug coverage is available. Information about this help is available from the Social Security Administration:

- Visit www.socialsecurity.gov.
- Call 1-800-772-1213 (TTY 1-800-325-0778).

Keep this Notice of Creditable Coverage

If you enroll in a Medicare drug plan, you may be required to provide a copy of this Notice when you enroll to avoid paying a higher premium. This Notice verifies that you have creditable coverage with the SAG-Producers Health Plan so that you are not required to pay the higher premium.



**SCREEN ACTORS GUILD-
PRODUCERS PENSION
AND HEALTH PLANS**

PO Box 7830
Burbank, CA 91510-7830



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Moving???

When you move, you must notify the Pension and Health Plan Office so that you will continue to receive information about your eligibility and benefits. This is especially important now that premium payment coupons are mailed every quarter to your address on file.

You can change your address with the Plan Office four different ways:

- Online at www.sagph.org
- Call the Plan Office
- File a Change of Address Card
- Write or FAX a letter to the Plan Office

The Screen Actors Guild is a separate entity from the Pension and Health Plans and requires a separate notice for change of address.

PENSION AND HEALTH PLANS DIRECTORY

Burbank Plan Office: (818) 954-9400 or (800) 777-4013
Fax: (818) 953-2525
E-mail address: psd@sagph.org
website: www.sagph.org

IF YOU NEED:ASK FOR:

- Benefit and Eligibility Information**..... Participant Services
- Pension Plan Information** Pension Department,
Ext. 2020
- Information on Medical Claims**..... Participant Services
- Information on Dental Claims**
 - Delta Dental – Member Services..... (800) 846-7418
 - Directories..... (800) 846-7418
- Information on Prescription Drugs**
 - Medco Health..... (800) 903-4728
 - Prescription Pre-Authorizations..... (800) 753-2851
- NEW YORK Plan Office** (212) 599-6010
275 Madison Ave. #1819, New York, NY 10016