



October 12, 2007

**TO: All Active Plan Participants**

**FROM: Board of Trustees  
Carpenters Health and Welfare Trust Fund for California**

**RE: Termination of the Active Health Net Plan**

**Effective January 1, 2008 Health Net will no longer be offered by the Carpenters Health and Welfare Trust Fund to Active Plan Participants.**

In November 1994, the Trust Fund expanded its choice of Medical Plans to include two more Health Maintenance Organizations (HMOs) - Health Net and Foundation Health. Before then, there were two choices - the Self-Insured Indemnity Medical Plan and Kaiser. The new HMOs were added in 1994 because they offered competitive pricing, and coverage in a much wider geographical service area than Kaiser did at the time.

After hiring the two HMOs, Foundation Health merged into Health Net. Health Net later abandoned some of the less populated service areas and its Northern California service area got smaller. At the same time its service area was shrinking, Health Net's rates kept increasing which caused it to lose its competitive value.

In January 2007, the Active Health Net rate was up to \$206 a month higher than other choices offered by the Fund. Effective January 2008, Kaiser has requested an increase on Active rates of about 5%. Health Net, which was already the most expensive plan, asked for a whopping 18% increase. Even though efforts were made to negotiate a lower fee, an affordable solution could not be reached.

Even with an hourly contribution rate of \$8.55 per hour, Health Net has priced itself out of the Carpenter market. **Effective January 1, 2008 Health Net will no longer be available to Active Plan Participants.** This change is expected to save the Fund approximately \$12 million in 2008.

**Effective January 1, 2008, all Active Health Net participants that do not enroll in Kaiser will automatically be moved into the Active Indemnity Plan.** You do not need to submit a new enrollment form unless you want to enroll in Kaiser. We understand that any change in medical coverage can be difficult, but unfortunately Health Net's active rates have priced them out of the Carpenter market.

**All licensed physicians are included in the Indemnity Plan, but to receive the Plan's maximum benefit your doctor must participate in the Blue Cross Preferred Provider Network (PPO).** Many Health Net doctors are also in the Blue Cross PPO. If your doctor is one of these, you will not have to change doctors to receive the Indemnity Plan's maximum benefits. If your doctor is not in the Blue Cross PPO, please check the website to find a PPO doctor so that you can receive the maximum benefits. **(To see if your doctor is a PPO provider check the Blue Cross website at [www.bluecrossca.com](http://www.bluecrossca.com). You may also check with your doctor's office.)**

There are important differences between Health Net and the Indemnity Plan or Kaiser. **A Summary of Indemnity and Kaiser Benefits is enclosed.** *(New enrollees in the Indemnity Plan must be aware of the Phantom C.O.B. provision.)*

For those Active Participants who prefer an HMO, Kaiser remains available to Participants living in a Kaiser service area. To change to Kaiser you must submit a new Enrollment Form. Enrollment Forms are available from the Fund Office or can be found on-line at [www.carpenterfunds.com](http://www.carpenterfunds.com).

**If you have any questions about this notice, please call the Fund Office toll free at (888) 547-2054, or at (510) 633-0333.** You may also send an email to [benefitservices@carpenterfunds.com](mailto:benefitservices@carpenterfunds.com).