



The Newsletter of the Screen Actors Guild – Producers Pension and Health Plans

IMPORTANT NOTICE

Important Information on Coordination of Benefits for Participants and dependents with coverage in other entertainment industry health plans

The purpose of this notice is to clarify the Health Plan Rules regarding coordination of benefits. Coordination of benefits is simply a method of determining which health plan pays your claims first (“primary”) and which pays second (“secondary”) when you have coverage under more than one plan.

Primary vs. Secondary

In general, the Plan follows the National Association of Insurance Commissioners (NAIC) guidelines for coordination of benefits. Under these guidelines, when you have the same type of coverage under more than one health plan, the plan in which you have had the longest continuous coverage is primary and the other plan is secondary. The primary plan pays its benefits on your claims first. The secondary plan then considers any charges not paid by the primary plan. This means that the primary plan pays the majority of the claim, usually 80%, and the secondary plan pays 20%.

The implementation of participant and dependent premiums has made coordination of benefits more complicated. Unfortunately, participants have, in many cases, changed their primary and secondary plans by not paying the premium in their primary plan. If you are entitled to primary coverage in another health plan and secondary coverage in the SAG-Producers Plan, but decline coverage in that other plan by failing to pay their premium, the SAG-Producers Plan has incorrectly become your primary plan. This is an added expense to your SAG-Producers Health Plan because instead of paying 20% of your claim, as secondary, the Plan would be responsible for paying the full 80% as the primary plan.

The best example of the appropriate primary-secondary relationship is Medicare claims. If you would have primary coverage with Medicare but you fail to enroll in Medicare, the SAG-Producers Plan reduces its payment to approximately 20% of the claim amount. In other words, it keeps Medicare in the primary position. This recognizes the importance of keeping the primary coverage in force and is less costly to the SAG-Producers Health Plan.

Beginning January 1, 2005

If you are entitled to primary coverage with another entertainment industry plan, but fail to pay the premium in that plan, the SAG-Producers Plan will maintain its secondary position.

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NEW COORDINATION OF BENEFITS PROCEDURES

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How will Coordination of Benefits be administered?

The procedure that we will follow beginning January 1, 2005, is that if you are entitled to primary coverage with another entertainment industry plan, but fail to pay the premium in that plan, the SAG-Producers Plan will maintain its secondary position. This means the Plan will pay no more than 20% of the allowed amount on the claim. **The balance of the bill is your responsibility.** This is very similar to the rule the AFTRA Health Plan adopted in 2003.

The effect of this rule clarification is that the Plan will apply its coordination of benefits rules consistently for all entertainment industry health plans and Medicare. This also maintains the correct primary/secondary positions of the health plans based on your longest continuous coverage.

For hospital and major medical claims, the Plan Office will continue to process your claims and pay up to 20% of your claims, subject to the deductibles and Plan allowances. For prescription drug benefits, you will not receive a Medco ID card. You must pay for your prescriptions at the pharmacy and submit a claim to the Plan Office for reimbursement of up to 20%, subject to the deductible and Plan allowances. For mental health and chemical dependency benefits, you are still required to pre-authorize all services with Value Options. The providers will collect 80% of the contract amount at the time services are rendered and will collect the remaining 20% from Value Options directly. Dental claims will continue to be administered by Delta Dental and vision services will continue to be administered by Vision Service Plan (VSP). Both of these benefits will be reimbursed as if the SAG-Producers Plan is primary.



Why are the Trustees clarifying their procedures?

More and more plans are requiring premiums for coverage, many of which are higher than the premium under the SAG-Producers Plan. It is expected that participants will make a choice of health plan based on the lowest premium. This means that participants who would otherwise receive primary coverage in another plan based on their longest continuous eligibility, will decide not to pay that higher premium, thus, changing the Plan's primary/secondary position.

In comparison to other industry plans, the SAG-Producers Health Plan has the lowest participant premiums. If we did not apply the new rule, the SAG-Producers Plan would become primary for many participants and their dependents. This increases the Plan's liability, because, in general, the SAG-Producers Plan will pay 80% as primary carrier in many more cases rather than 20% as secondary. The Plan's actuary has estimated the cost of keeping the current rule to be approximately \$5 million per year. The new rule will result in participants paying the premium in their primary plan, thus, keeping the SAG-Producers Plan in its original secondary position.

NEW COORDINATION OF BENEFITS PROCEDURES

Will the coordination procedures also impact dependents?

Yes. Coordination of benefit rules also apply to dependents in both Plan I and Plan II. And, it applies whether your eligibility is Earned or Senior Performers. There is one exception. If your other primary plan provides only individual coverage (excludes coverage for your dependents), the SAG-Producers Plan will continue to pay primary for your dependents. For example, the Individual Plan at AFTRA provides no dependent coverage, so dependents of participants in that plan would continue to be covered as primary in the SAG-Producers Plan, *regardless of whether you continued your AFTRA coverage*. However, the AFTRA Family Plan does provide for dependent coverage by paying a premium. Accordingly, you will be required to keep your AFTRA Family Plan dependent coverage in force to avoid a reduction in coverage with the SAG-Producers Plan.

What do I need to do?

If you or your dependents have other entertainment industry health plan coverage that is primary to your SAG-Producers Plan coverage, you should contact the Plan Office to determine what will happen to your SAG-Producers Health Plan coverage if you fail to pay the premium in the other plan. The other entertainment industry health plans include the AFTRA Health Plan, the Directors Guild of America-Producer Health Plan, the Equity-League Health Plan, the Motion Picture Industry Health Plan, and the Writers' Guild-Industry Health Plan. You should also contact your other plan to see how your coverage with them may be affected if you fail to pay the SAG-Producers Plan premium. If you're not sure which plan is primary, the Plan Office can help you with that as well.

What if I have already stopped paying the premium in the other plan?

You will not be subject to the new rule until your next eligibility period begins or until you again have the opportunity to be covered or to cover your dependents in the other plan. For example, if you are in AFTRA's Family Plan with an eligibility period from April 1, 2004 through March 31, 2005, but did not pay the premium for your dependents, the new rule will not apply to your dependents until April 1, 2005. The SAG-Producers Plan will remain primary on your dependents until then because that is the date you could again choose to cover your dependents in the AFTRA Family Plan. And, remember, the rule will not apply to your dependents if you are in the AFTRA Individual Plan.

However, this deferral exception only applies to your dependents. If you do not pay the premium for your own Family Plan coverage in AFTRA starting January 1, 2005, the new rule applies to your claims starting January 1, 2005.

Where can I get more information?

You will be receiving further details about this new rule in coming months. In the meantime, if you have any questions about this rule and how it may affect your benefits, please call the Plan Office.



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From outside the Los Angeles area:

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3601 West Olive
PO Box 7830
Burbank, CA 91510-7830



**This Special Edition
of Take2 contains
important information
on the rules governing
the Coordination of
Benefits (COB) for
participants with other
entertainment industry
health plan coverage.
See inside for details.**

PENSION AND HEALTH PLAN DIRECTORY

Burbank Plan Office: (818) 954-9400
From outside the Los Angeles area: (800) 777-4013
Fax: (818) 953-9880
New E-mail address: psd@sagph.org
Web site: 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	
SOUTHEASTERN Plan Office	(305) 670-9795
7300 North Kendall Drive #620, Miami, FL 33156	