

PLAN UPDATE

Updates to Your Summary Plan Description

Summer, 2003

This Plan Update contains important information about your rights under the Motion Picture Industry Pension and Health Plans and under ERISA. Please keep it with your Summary Plan Description for future reference.

NEGOTIATIONS LEAD TO NOTABLE BENEFIT MODIFICATIONS

Recently completed collective bargaining negotiations between the IATSE and the AMPTP have resulted in critical changes to some Motion Picture Industry Health Plan eligibility rules and benefits, and minor modifications to others, which will apply to all Participants. In addition, Pension Plan benefit increases for some Participants were agreed upon.

Some of these changes are significant and will impact your benefit coverage directly. This *Plan Update* is devoted to providing Active and Retired Participants a comprehensive explanation of these changes, along with advance notification of any required actions. We strongly encourage you to keep this document with your *Summary Plan Description* for future reference.

MPI Pension and Health Plans is proud of its 50-year record of providing Participants a comprehensive, high-quality and cost-effective package of benefits that includes medical, hospital, prescription drug, vision, dental and life insurance coverage. In the last several years, this exceptional package has been available in the face of soaring medical costs and a struggling economy.

Costs continue to escalate at an unprecedented rate, with prescription drugs climbing at five times the rate of inflation and medical care costs outpacing the average Consumer Price Index increases by a multiple of three. In light of these challenges, the Boards of Directors of the Motion Picture Industry Pension and Health Plans have voted to approve some cost-saving measures that allow the Plans to maintain the historically high standard of benefits provided to Participants.

These changes were carefully conceived and take advantage of proven and common insurance industry practices. While they do not represent the severe cutbacks other health plans are implementing, they do require new responsibilities on the part of both employers and Participants.

It is imperative that each Participant, Active and Retired, review this information carefully and take the actions required in order to maintain your benefits and avoid any disruption in your coverage.

IMPORTANT HEALTH BENEFIT CHANGES

A number of significant benefit modifications will go into effect August 1 and September 1, 2003. Details of the changes can be found in this *Plan Update* beginning on page 2. Highlights of these changes include the following:

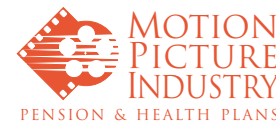
Health Plan Spousal Eligibility & Coordination of Benefits: Spouses or same-sex domestic partners who have health insurance coverage available through their own employers will no longer be eligible for primary coverage through the MPI Health Plan. Their benefits will be coordinated, with the Plan serving as a secondary insurer. It will be essential for your spouse or covered same-sex domestic partner to enroll in the health plan offered by his/her employer, even if the employer requires employees to pay a portion of the premium. Specified documents must be received by the Plan prior to September 1, 2003 for coverage to continue after that date. Coverage eligibility for dependent children is also addressed.

For further information, see page 2 and/or call us at Extension 130.

Health Plan Prescription Drug Program: The out-of-pocket co-payment rates for prescription medications will increase as of August 1, 2003. Use of generic drugs and mail order service remain the most cost-effective options for Participants.

Hospital Stay Limitations: This benefit enhancement lifts the current limit on the number of inpatient acute short-term hospital days covered annually. Participants covered by Medicare are not impacted by this change.

Chiropractic and Acupuncture Visits: The number of visits allowable annually for each of these services has been reduced.



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Telephone Access to MPIPH

In California
818 or 310.769.0007
Outside So. California
888.369.2007

Participant Services Extension 244
7 a.m. to 5 p.m.
Claims Inquiries
Health Benefits

Pension Department Extension 627
8 a.m. to 5 p.m.
Death Benefit
Pension History Print-outs
Refund of Employee Contributions
Retirement
Retirement Benefit Calculation Statements

Eligibility Department Extension 263
8 a.m. to 5 p.m.
Address Changes
Adding Dependents
Plan Enrollments

Medical Review Extension 286
8 a.m. to 5 p.m.
Case Management
Intravenous Therapy
Independent Medical Examination
Nursing Care
Second Surgical Opinion

MPI HEALTH PLAN SPOUSAL ELIGIBILITY & COORDINATION OF BENEFITS

Benefit Change:

As a result of recent collective bargaining negotiations, certain MPI Health Plan rules governing benefit eligibility of spouses, same-sex domestic partners, and dependent children of Active and Retired Participants have been modified. These rule changes also affect the coordination of benefits (COBs) with any existing employer-provided health insurance available to the Participant's spouse or same-sex domestic partner.

The new rules are established to reflect common insurance industry practice regarding primary and secondary insurance coverage and coordination of benefits. They are being implemented as part of an effort to ensure that other employers pay their fair share of the cost of health care so that the Plan can continue to maintain the superior level of benefits historically provided for Participants and their dependents.

Effective Date:

September 1, 2003

Actions Required:

Documentation for *eligibility determination*, as listed below, must be received at the Plan office no later than September 1, 2003 or the affected spouse/same-sex domestic partner will not be eligible for any Health Plan benefits.

Rule Modification Summary -

Spouse/Same-Sex Domestic Partner Eligibility:

A Participant's spouse or same-sex domestic partner who is eligible for health insurance through his/her own employer, will no longer be eligible for primary health care coverage through the MPI Health Plan. MPI Health Plan coverage will be coordinated as a secondary plan for your spouse or same-sex domestic partner (see below).

It is important to note that if it is determined a Participant's spouse/same-sex domestic partner is eligible for health insurance through his/her employer but did not enroll for coverage, the MPI Health Plan will *not provide any coverage* for that spouse. This rule will apply even if the spouse/same sex domestic partner is required by his or her employer to pay a portion of the premium cost for coverage. Of course, if he/she is not employed or is employed but not eligible for other health insurance, MPI Health Plan will remain the primary coverage.

Spouse/Same-Sex Domestic Partner

Eligibility Determination Requirements:

In order to determine spouse or same-sex domestic partner eligibility for other health insurance coverage, additional information will be required. All married Active and Retired Health Plan Participants and those with same-sex domestic partners covered by the Active or Retiree Health Plan must periodically provide to the MPI Health Plan the following documents:

- If the spouse/same-sex domestic partner is *unemployed*, the Health Plan will require a sworn declaration attesting to that fact.
- If the spouse/same-sex domestic partner is *employed*, the Health Plan will require certification from their employer of

any health insurance for which he/she is eligible, and of enrollment or non-enrollment in such health insurance.

- Alternatively, a Participant may indicate that his/her spouse/same-sex domestic partner is covered by other employer-sponsored health insurance. In that instance, the sworn declaration will not be required, but the employer certification still must be submitted.

Please Note: If, for any reason, a Health Plan Participant fails to furnish the required spousal or same-sex domestic partner information, that dependent will automatically be excluded from all eligibility, including eligibility for medical, hospital, dental, vision and prescription drug coverage. The MPI Health Plan will assume the spouse or same-sex domestic partner has other health insurance. Therefore, it is extremely important that the required information be provided in a timely manner.

Rule Modification Summary -

Spouse/Same-Sex Domestic Partner Coordination of Benefits:

If a Participant's spouse or same-sex domestic partner is eligible for and/or enrolled in a medical/hospital insurance plan provided by his/her own employer, the MPI Health Plan will pay benefits only after his/her insurance issues its benefit payment. That is, the spouse's or same-sex domestic partner's insurance will be considered primary for the spouse/same-sex domestic partner, and the MPI Health Plan will be secondary. Payment from both plans combined will not exceed the billed amount.

Rule Modification Summary -

Coordination of Benefits for Dependent Children:

If a spouse is eligible to enroll his/her dependent child(ren) in their employer's health insurance and *no employee premium contribution is required* for the child(ren), his/her health insurance may be considered primary for the child(ren). The determination of which coverage is primary will be made based on whose birth date comes in an earlier month in the year. If the spouse's/same-sex domestic partner's birthday is earlier than the Participant's, his/her insurance will be considered primary. If the Participant's birthday comes first, or in the event an *employee premium contribution is required* to cover the children, the MPI Health Plan will be primary for the dependent child(ren).

Requirements for Determination of Primary Coverage for Dependents:

Each married Participant and Participant with a same-sex domestic partner will be notified in the near future of the specific information required, and will be provided with the relevant declaration and employer certification form. As in the past, it is important that Participants notify the MPI Health Plan West Coast Office within 30 days of any changes in their dependent status.

Further Information:

For further information, please see the Spousal Coverage/COB questions and answers article on page 5 of this *Plan Update*, or contact us directly at **Extension 130**, or e-mail us at service@mpiphp.org

HEALTH PLAN PRESCRIPTION DRUG PROGRAM

Benefit Change:

MPI Health Plan's co-payment rate for prescription medications has remained remarkably low in the face of skyrocketing retail prices. In order to maintain a high level of overall health benefits for all Active and Retired Participants, the Board has determined it is necessary to increase the out-of-pocket co-payment for all Participants. Use of generic drugs and mail order service

remain the most cost-effective options for Participants. Plan coverage for other brand-name drugs is still provided, but, as always, at a higher cost to Participants.

Effective Date:

For prescriptions dispensed on and after next August 1, 2003.

Benefit Change Summary:

	ACTIVE HEALTH PLAN				RETIREE HEALTH PLAN			
	RETAIL CO-PAY (30-day Supply)		MAIL ORDER CO-PAY (90-day Supply)		RETAIL CO-PAY (30-day Supply)		MAIL ORDER CO-PAY (90-day Supply)	
	Current	New	Current	New	Current	New	Current	New
Generic Drugs	\$5	\$10	\$0	\$20	\$2	\$3	\$0	\$6
Preferred Brand Drugs	\$10	\$15	\$0	\$30	\$4	\$5	\$0	\$10
All Other Brand Drugs	\$10	\$25	\$0	\$36	\$4	\$5	\$0	\$10

Definitions:

Generic Drug - A generic version of a name-brand drug may be produced once the original patent has expired. The generic is required to have the same active ingredients, meet the same standards and produce the same clinical results as the brand-name prescription drug. It must be reviewed, tested and approved by the Federal Food and Drug Administration.

Preferred Brand Drug - This drug, listed on the Performance Drug List (PDL) as clinically appropriate medication, has been determined to be extremely cost-effective. Drugs in this class include, among others: Lipitor, Pravachol, Nexium, Valtrex, Celebrex, Vioxx, Allegra/Allegra-D, Clarinex, Flonase, Detrol/Detrol LA, Premarin, and Fosamax.

All Other Brand Drugs - A drug that is not on the PDL list and is not available in generic form..

Exceptions:

Please note there are certain drug classes that are not covered by the Health Plan, including preventive medication and medication that may be purchased without a prescription. (See page 100 of the Active and page 85 of the Retiree *Summary Plan Descriptions*.)

Also, please be aware there may not be generic medication available at this time for certain drug classes.

Further Information:

For questions specific to individual medications, please contact:

Advance PCS
800.966.5772

www.AdvanceRx.com

(Provides Participants with a direct link to look up your particular drug and determine what co-pay will apply.)

For questions specific to individual coverage or the change in the prescription benefit, please contact Participant Services at **Extension 106**.

MPI HEALTH PLAN HOSPITAL STAY LIMITATIONS

Benefit Change:

Active and Retired Participants will no longer have a limit on the number of inpatient acute short-term care hospital days covered. Those stays are currently limited to 90 days for Participants and 60 days for dependents, through July 31, 2003.

Skilled Nursing and Extended Care Facilities benefit levels remain unchanged at 90 days for Participants and 60 days for dependents.

Participants covered by Medicare are not affected by this benefit change. The plan does not cover these Participants once Medicare coverage is exhausted.

Effective Date:

August 1, 2003

Further Information:

For further information, please contact Participant Services at **Extension 106**.

HEALTH PLAN CHIROPRACTIC & ACUPUNCTURE VISITS

Benefit Change:

The number of Chiropractic visits allowable annually has been reduced. The modified benefit will allow for 20 visits for Chiropractic treatment, a slight decrease from the 24 currently covered per calendar year.

The number of Acupuncture visits allowable annually has also been reduced. The modified benefit will allow 20 visits per calendar year for Acupuncture treatment, a change from the 32 previously allowed per year.

Effective Dates:

The benefit reductions will be applicable to the calendar year 2003. For those Participants who have utilized or exceeded 20 visits in the period January through July 31, no additional visits will be covered from August 1 through December 31, 2003.

Further Information:

For further information, please contact Participant Services at **Extension 106**.

Pension Plan and IAP Benefit Modifications

The following Pension Plan and Individual Account Plan benefit increases are applicable only to Participants covered by the IATSE Basic Agreement and those covered by any other collective bargaining agreement that specifically provides for such increases.

Pension Plan and Individual Account Plan benefits for all other Participants are subject to ongoing and future collective bargaining negotiations, and will be communicated as such negotiations are concluded.

MPI PENSION PLAN

Benefit Change:

The Bargaining Parties have recommended to the Directors of the Pension Plan, and the Plan will adopt, pension increases to be funded out of increases in the hourly contribution rate to the Pension Plan. These increases are based upon the advice of the Plan's actuarial consultants that the three slated contribution rate increases are sufficient to support the agreed-upon increase in pension benefits. Upon their assurances, it is understood that such an increase would be both prudent and sound from an actuarial point of view.

Effective Date:

Varies

(see "Benefit Change Summary" below)

Benefit Change Summary:

Active Participants in the Pension Plan as of August 1, 2003: During the first quarter of 2006, the Directors will adopt a pension increase retroactive to August 1, 2003, in a maximum amount that the actuaries determine to be sound, but not less than 7.5 percent nor more than 15 percent. It is understood that the determination based on the Plan's actuarial experience must be the same as anticipated by the actuarial assumptions and, accordingly, any actuarial gains or losses will be attributed to the benefits in effect prior to August 1, 2003.

Employees Retired Prior to August 1, 2003:

Current retirees will be entitled to a 13th and 14th check on or about November 1 of each of the first two years of the agreement, provided that an eight-month reserve exists in the Retired Employees Fund at that time. In the third year of this agreement, these same retirees shall receive a 13th and 14th check, provided that an eight-month reserve exists in each of the Active Health Fund and the Retired Employees Fund at that time.

Further Information:

For further information, please contact the Pension Department at **Extension 627**.

MPI INDIVIDUAL ACCOUNT PLAN

Benefit Change:

Two annual Producer contribution increases to the Individual Account Plan (IAP) on behalf of employees have been agreed upon as part of the recent collective bargaining negotiations.

Effective Dates:

August 1, 2004 -

0.5 percent increase

July 31, 2005 -

0.5 percent increase

Benefit Change Summary:

Effective August 1, 2004, the Producer shall contribute to the IAP on behalf of each employee employed by the Producer, an additional one-half percent of the scale Regular Basic Hourly Rate of pay for all hours worked or guaranteed (in the case of "on-call" employees, the scale on-call rate). This will bring the total percentage contribution to the IAP to 4.5 percent.

Effective July 31, 2005, the Producers' contribution per-employee will be raised another one-half percent to a total percentage contribution to the IAP of 5 percent.

Further Information:

For further information, please contact the Pension Department at **Extension 627**.



We strongly encourage
Participants to keep this
Plan Update with your
Summary Plan Descriptions
for further reference.

YOUR QUESTIONS ANSWERED ABOUT ELIGIBILITY AND COORDINATION OF BENEFIT PLAN CHANGES

Significant modifications to the MPI Health Plan's spouse/same-sex domestic partner eligibility and coordination of benefits (COB) rules will be implemented September 1, 2003. These changes are spelled out in the *Plan Update* on page 2, but in order to provide further clarification to this critical information, the following answers to your commonly asked questions are provided below.

Q. To whom do the new rules apply?

A. The new rules apply to both Active and Retired Health Plan Participants.

Q. What information will the MPI Health Plan require from married Participants and same-sex domestic partners in the future?

A. Married Participants and those with same-sex domestic partners may need to periodically submit a sworn declaration attesting to the unemployed status of their spouse/same-sex domestic partner, along with the spouse's/same-sex domestic partner's employer-certification of enrollment or non-enrollment in health insurance offered by that employer.

Q. If my spouse and/or same-sex domestic partner receives health benefits through his/her employer, must I still submit a sworn declaration?

A. No. If your spouse or same-sex domestic partner is covered for health benefits through his/her employer, you should indicate that on the forms you will be receiving. In that case, the declaration will not be required, but the employer certification still must be submitted.

Q. What happens if a married Participant or a Participant with a same-sex domestic partner doesn't respond to the Health Plan's request for required information?

A. The Plan will assume the spouse or same-sex domestic partner has other health insurance and will deny all future MPI Health Plan coverage on behalf of that dependent until he/she meets the eligibility requirements.

Q. Will MPI Health Plan pursue any overpayments that may have resulted if, in the course of reviewing the new information, it determines one of the following:

- a spouse or same-sex domestic partner had been enrolled in an employer-sponsored health plan prior to September 1, 2003, but neglected to notify the MPI Health Plan, or
- prior to September 1, 2003, a spouse or same-sex domestic partner did not enroll in an employer-sponsored health plan for which he or she was eligible and for which no employee premium contribution was required?

A. Yes, the MPI Health Plan will pursue overpayments. That is the current practice and the new rules do not require any change. Coordination of Benefits rules are part of the Health Plan's policies, as explained in the *Summary Plan Descriptions* (page 41-Active and page 30-Retiree SPDs). The Health Plan is entitled to recovery.

Q. If a dependent spouse or same-sex domestic partner is eligible for his/her employer's health insurance program on or after September 1, 2003, but chooses not to enroll because a premium contribution is required, will the MPI Health Plan provide coverage as it has in the past?

A. No. Under the new rules, the working dependent spouse or same-sex domestic partner will not be eligible for coverage under the MPI Health Plan. However, if the spouse's/domestic partner's plan requires an additional premium to cover dependent children, MPI Health Plan will provide primary coverage for the dependent children. This is true even if the operation of the Birthday Rule would have made the spouse's/same-sex domestic partner's coverage primary for the dependent child(ren).

Q. Will the MPI Health Plan enforce the Birthday Rule for dependent children regardless of whether or not the spouse's or same-sex domestic partner's employer's health plan is an HMO?

A. Yes, the Birthday Rule will be enforced unless the dependent spouse or same-sex domestic partner has to pay an additional premium to cover the dependent children, in which case the MPI Health Plan will remain the primary coverage for the dependent children.

Q. If more than one type of health insurance is offered by the spouse's or same-sex domestic partner's employer, will the MPI Health Plan allow the spouse to make his/her own choice?

A. Yes. The Health Plan will not dictate what type of health insurance to choose.

Q. If the dependent spouse or same-sex domestic partner has medical but not other benefits such as dental or vision, will the MPI Health Plan provide coverage for those other benefits?

A. Yes

Q. If a working spouse or same-sex domestic partner chooses not to enroll in their employer's health plan because they believe it is not as good as the MPI Health Plan, will it be possible for them to pay to continue to use the MPI Health Plan as the primary insurer?

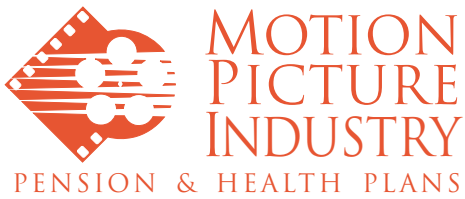
A. No. The Plan has no "self-pay" provision.

Q. If a dependent spouse or same-sex domestic partner loses coverage when they change jobs, will they then be eligible for coverage through the MPI Health Plan?

A. Yes. If your spouse or same-sex domestic partner loses their employer-provided health benefits, you will need to submit a completed certification form in order to reinstate their health benefits with the MPI Health Plan.

Q. If my spouse's/same-sex domestic partner's employer's health plan does not permit enrollment until sometime after September 1, will the MPI Health Plan continue to cover him/her until such enrollment is possible?

A. Yes. The Plan will continue to cover your dependents until enrollment under their employer's plan is possible.



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MPI Pension and Health Plans

This notice contains important information about your rights under the Motion Picture Industry Pension and Health Plans and under ERISA. Please keep it with your Summary Plan Description for future reference.

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Do You Know...

...There are New Claims and Appeals Procedures and Privacy Policies?

A summary of the Claims and Appeals Procedures was mailed to all Plan Participants in a *Plan Update* issued in December 2002, and a new Participant Privacy Policy and Practices was issued in a *Plan Update* in April 2003. Additional copies of both will be provided free-of-charge upon your request. Also, the special notices, in their entirety, are available in the "What's New" section at www.mpiphp.org.

...The New York Offices have Consolidated?

There were two, but now there is one. New York offices, that is. Participants who need to access information or support through the New York office should now contact us at our 46th Street address listed to the left.