TWO NEW HEALTH PLANS

1. HealthChoice Basic (replaces HealthChoice Low) AND A

2. NEW PacifiCare Nonstandard Alternative HMO
(this is in addition to the High and Low HMO options which are standardized as shown in the GOLDFOLDOUT)

1. HealthChoice Basic Plan Design

The plan pays the first $500 in allowable medical expenses.
The member pays the next $500 in allowable medical expenses.
The plan and member split the next $10,000 in allowable medical expenses 50/50.
After that (beyond $11,000 in total allowable medical expenses), the plan pays 100%
Annual Individual max out-of-pocket=$5,500/Family out-of-pocket max can be met by any combination of multiple members' expenses up to $11,000

Annual Allowable Medical Expenses	MEDICAL		Prescription Drugs
BEYOND $11,000	PLAN PAYS 100%		MEMBER PAYS scheduled copays for prescription drugs/PLAN PAYS remainder
$11,000	MEMBER PAYS 50%	PLAN PAYS 50%	
$1,000	MEMBER PAYS 100% of next $500		
$500	PLAN PAYS 100% of first $500		

1. About Basic. QUESTIONS & ANSWERS About the NEW HealthChoice Basic Plan...

HEALTHCHOICE BASIC REPLACES HEALTHCHOICE LOW. MEMBERS WHO ARE ENROLLED IN HEALTHCHOICE LOW DURING 2003, MUST MAKE ANOTHER HEALTH PLAN ELECTION FOR 2004.

Q1. If I am currently enrolled in HealthChoice Low and do not make a positive election into another health plan for 2004, will I default to the new HealthChoice Basic?
A1. No. Under EBC's enrollment rules you would default into HealthChoice High Option. With a "default" enrollment, you would lose your Vision plan and your participation in the Flexible Spending Accounts.

Q2. As I spend the first $500 paid by the new HealthChoice Basic plan, does it cover eligible expenses, such as office visits, hospital admissions, emergency room use, surgeries, annual wellness exams, etc?
A2. Yes, any eligible medical service or procedure covered under the plan would be available to you. Remember though that both HealthChoice plan options reimburse providers at the HealthChoice Fee Schedule rate. To avoid paying additional dollars out of your pocket, use network (contracted) providers and be sure that your procedures are covered benefits and that any admissions and outpatient procedures are precertified as required by the plan.

Q3. Can I use the first $500 to purchase prescription drugs?
A3. NO. The Pharmacy program operates alongside of the health plans, but pharmacy copays and coinsurance amounts do not overlap into the medical benefits. Beginning in January 2004, every covered individual member of either HealthChoice High or Basic option will begin with a zero pharmacy balance and can accrue pharmacy benefits over a lifetime up to a maximum of $2 million.

Q4. In 2004, if I were to use $1,000 of eligible health expenses under the new HealthChoice Basic, the plan would pay for the first $500 of my eligible health expenses and I would pay for the next $500 as a Corridor Deductible? Is this correct?
A4. Yes, that's correct.

Q5. After the first $1,000 of eligible health expenses are used, but I continue to need additional health care and services, who pays then?
A5: You and HealthChoice Basic split the next $10,000 on a 50/50 basis. Your part is $5000; their part is also $5000. After this $10,000 coinsurance level is exhausted and you continue to utilize eligible health services, the HealthChoice Basic plan will pay at 100%.

2. PacifiCare ALTERNATIVE NONSTANDARD HMO Plan

This plan is offered as an ALTERNATIVE HMO in addition to the PacifiCare High and Low Standardized Options outlined in the Gold Foldout) The Alternative HMO is NOT standardized; so employees should read and compare benefits carefully. This plan offers a LOWER PREMIUM, but HIGHER copayments and coinsurances. THIS PLAN USES THE SAME PACIFICARE NETWORK PHYSICIANS AND HOSPITALS AS THE STANDARDIZED HIGH AND LOW OPTIONS. You must select a contracted Primary Care Physician within the PacifiCare Network. Specialty care is available only upon a referral from your PCP. Note some split copays and caps.

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PACIFICARE ALTERNATIVE NONSTANDARD HMO

COVERED BENEFITS

Emergency Services (waived if admitted from E.R.)	$150 copay
Professional Services	$20 PCP copay $40 Specialist
Inpatient Hospital (no physician copay while hospitalized)	20% per admission
Outpatient Surgery/Procedures	$200 copay per visit
X Ray & Lab including but not limited to CT Scans & MRIs	-0- copay
Allergy Testing	$40 copay
Six wks. Supply of serum/treatments	-0- copay
Well-Baby Care (routine healthy exams during first 2 years of life)	-0- copay
Immunizations (birth thru 18)	-0- copay
Age 19 and over	$40 copay
Maternity One copay for all office visits once pregnancy is confirmed	$40
Inpatient Hospital	20%

COVERED BENEFITS

Family Planning office visit	$20 PCP copay
office visit	$40 Specialist copay
If vasectomy, IUD Insertion or removal, or Tubal Ligation performed in outpatient facility then	$200 copay
Depo-Provera Per injection	$40 copay
Infertility Services	50 % of Cost
Plus per visit	$40 office copay
Mental Health	
Inpatient	20% per admission
Outpatient	$40 copay per visit
Chemical Dependency Detox & Rehab	
Per Outpatient Visit	$40 copay
Per Inpatient Admission	20%
Hearing Screening	$20 PCP copay $40 Specialist copay
Rehab Care (Short Term) 60 days for combined inpatient, outpatient physical, speech or occupational therapy	20 % per admission
Outpatient Svcs by a registered therapist	$40 copay per visit
Blood & Blood Plasma	-0- Copay
Temporomandibular Joint Disorder (TMJ)	20% limited to $1500 nonsurgical lifetime maximum

2. PacifiCare ALTERNATIVE NONSTANDARD HMO . . . Covered Benefits continued. . .

One Routine Eye Refraction Exam per Plan Year	$20 copay
Scalp Prosthesis For those undergoing chemotherapy or radiation treatments	$150 copay
Skilled Nursing Care	20% per admission -limited to 100 days per Plan Year
Home Health	$20 copay
Hospice Care	$20 copay
Durable Medical Equipment	20% for initial equipment plus 20% for repair or replacement; Maximum of $5,000 per calendar year
Health Education Services StopSmoking program, Prenatal and baby care	-0- copay

All Covered benefits must be obtained from a contracted PCP or through an authorized referral from the PCP.

Exclusions and Limitations will apply to noncovered or limited-covered benefits. Contact your Benefits Coordinator or PacifiCare's Customer Service Department (800) 825-9355 for more plan details.

ANNUAL COPAY MAXIMUM

Per individual	=	$4500
Per Family	=	$9000

Any combination of multiple members' copays can be used to meet the family maximum.

COPAYS FOR HMO SUPPLEMENTAL BENEFITS DO NOT COUNT TOWARD THE MAXIMUM OUT-OF -POCKET AMOUNTS.

PACIFICARE ALTERNATIVE NONSTANDARD HMO PHARMACY SCHEDULE

A $200 Per Person prescription "Access Charge" (deductible) per Plan Year must be met before prescriptions may be obtained with only a designated copayment as shown below. Purchases made within the first $200 will be at the PacifiCare contracted rate from a PacifiCare network pharmacy.

Prescriptions will only be offered up to a 30 day supply.

Summary of Pharmacy Benefits	Tier 1 Generic Formulary	Tier 2 Brand Formulary	Tier 3 Non Formulary
Retail Pharmacy Copayment Per Prescription Unit or up to 30 days	$10 copay	$35 copay	$60 copay
Mail Service Pharmacy Copayment 3 Prescription units or up to a 90 day supply	$30	$105	$180

Note: Selected medications require preauthorization. You may find the list of selected Generic, Brand-Name and NonFormulary medications at www.pacificare.com or by calling customer service at 1-800-825-9355.

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