

On page 11 of this report, the payments made by the Trust over the most recent 10 years (with separate totals for medical and life insurance benefits in each of those years) are also set forth in detail. In recent years there has been a decline in net claims payments made by the Trust. With the reduction in the number of employees in the industry, there has been a corresponding reduction in the number of participants in the Trust. Since 2006, the number of participants has dropped by almost 10%, which has been a contributing factor to the drop in claims payments.

First Health Network. In 2009, the Trust contracted with First Health to provide network discounts to non-Medicare Indemnity program participants who use health care providers within its network. Both the Trust and those Indemnity program participants who use First Health network providers are able to realize lower costs. In 2011, the Trust and its participants realized over \$1.3 million in savings when participants visited First Health Network providers.

Prescription Drug Claims. For the seventh consecutive year, prescription drug claims payments were lower than the previous year. The increased use of generic drugs, and their greater availability and acceptance by Trust participants, combined with the economies of ordering prescriptions by mail order, has had much to do with these declines. The requirement that participants receive maintenance medications through the mail order program (i.e., the mandatory mail provision of the plan) has also been a contributing factor to this decline.

Medicare Part D Subsidy. In addition, the Trust receives an average of over \$4 million each year from Medicare for its sponsorship of a prescription drug program that is at least as valuable as the Medicare Part D program.

Early Retiree Reinsurance Program. The Affordable Care Act has affected the Trust through its Early Retiree Reinsurance Program (ERRP), established as part of health care reform. The Trust received a \$1.5 million payment for 2010 claims in 2011 for ERRP; about \$375,000 was returned to the federal government. The Trust has not yet determined if additional funds for 2011 claims will be available. At this time, it is uncertain whether any additional funds will be received for 2011 claims.

Disease Management Program. The Nurtur disease management program is another example of an investment paying off for the Trust and its participants. The purpose of the Nurtur program is to help participants avoid costly hospitalizations. The Trust pays Nurtur for each participant who uses the program. For every dollar spent by the Trust in this program, \$2–\$3 is saved due to fewer hospitalizations and related health care expenses. The Trust and its participants avoid costly hospital bills, with the added benefit of participants who are healthier and enjoy an improved quality of life.

Medco Health Store. Trust participants can also save time and money with access to the Medco Health Store™, which offers discounts on over-the-counter medicines, cosmetics, diabetes supplies, vitamins, supplements, and more. Purchases are checked against participants' Medco prescription drug history to help avoid drug interaction risks. Medco reduces prices an average of 15% on nearly 30,000 products, and standard shipping is 99 cents.

Cancer Nutrition Program. Another recent addition is Medco's Cancer Nutrition Program. Proper nutrition is a critical element of patient care that supports recovery from chemotherapy, radiation and other cancer treatments. With one in five cancer deaths related to severe malnutrition, weight loss, and nutritional needs that are often overlooked by overburdened health care providers, this program offers a safety net. Early detection of malnourished patients or those at risk for malnutrition can promote recovery and improve prognoses. The Trust also makes available to participants access to Medco's Advanced Oncology Solutions to optimize pharmaceutical therapy. Participants receive assistance from Medco Specialist Pharmacists in learning to take their medications safely, how to get essential nutrition, and how to reduce side effects of cancer treatments. Further, TherapEase Cuisine is a Medco company that provides personalized, online nutritional counseling and meal planning from registered dietitians who specialize in oncology.

Simplifying Life for Participants in Nursing Homes. When our participants require nursing home care, they should not have to worry about their prescriptions being covered. Nursing homes generally use a single pharmacy for receiving prescriptions, and the orders must