

AFTRA Health & Retirement Funds

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Dear AFTRA Health Plan Participant:

The enclosed bulletin is the second in a series of announcements describing the 2007 changes to the AFTRA Health Plan. The changes will be implemented in two phases. The first phase goes into effect on January 1, 2007 and the second on July 1, 2007.

Last April the first announcement was mailed to all participants. It described the changes to the Health Plan that are planned for 2007. This bulletin, and those that will follow in 2007, will provide greater detail about the changes. You should keep the communications you have already received together with this bulletin and the 2005 AFTRA Health Plan Summary Plan Description (SPD) booklet for future reference. You can also access the SPD and the two announcements – the one you received in April and the enclosed bulletin – on the AFTRA H&R Web site at www.aftrahr.com.

If you have questions, please contact the Health & Retirement Funds' Participant Services Department at 1-800-562-4690 or the Board of Trustees through the AFTRA H&R Web site, www.aftrahr.com by clicking "Contact Us" at the bottom of the home page.

Sincerely,

Board of Trustees



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UPDATE ON THE 2007 CHANGES TO YOUR HEALTH PLAN

In February 2006, the Board of Trustees of the AFTRA Health Plan approved a number of changes to your health coverage. While the changes would not take effect until 2007, in April you were sent an announcement describing the changes to ensure that you would have sufficient time to understand and plan for the changes.

This bulletin is the second of several communications you will receive about the 2007 changes to the Health Plan. In addition, a new Health Plan summary plan description (SPD) booklet will be distributed next year, so that you have all the information you need to make informed health care decisions for yourself and your family.

The changes to the Plan will be implemented in two stages. The first phase will go into effect January 1, 2007, and the second phase on July 1, 2007. Because medical costs continue to rise, the Trustees have instituted these changes to help control costs, while continuing to provide quality health coverage to our participants.

PHASE ONE: JANUARY 2007

Beginning January 1, 2007, the first two changes to the Health Plan will take effect:

- Participant premiums will increase;
- Prescription Drug Program will be modified.

INCREASE TO QUARTERLY PREMIUM

While an increase to the premium costs is necessary, the Trustees approved a graduated approach to the increases to lessen the financial impact on each participant. Should circumstances require, the Trustees may modify this scheduled increase (up or down), in which case you will be notified.

Starting January 1, 2007, participant premiums will increase by 5% each year as illustrated in the schedule of quarterly premiums below.

QUARTERLY PREMIUMS	Current	1/1/2007	1/1/2008	1/1/2009	1/1/2010
Participant only	\$300	\$315	\$330	\$346	\$363
Participant and spouse/ Qualified Domestic Partner only	\$525	\$551	\$578	\$606	\$636
Participant and child(ren) only (no spouse/Qualified Domestic Partner)	\$525	\$551	\$578	\$606	\$636
Full Family	\$575	\$603	\$633	\$664	\$697
Senior Citizen retiree only	\$120	\$126	\$132	\$138	\$144
Senior Citizen retiree and spouse/Qualified Domestic Partner	\$345	\$362	\$380	\$399	\$418
Senior Citizen retiree and child(ren) (no spouse/Qualified Domestic Partner)	\$345	\$362	\$380	\$399	\$418
Senior Citizen Full Family	\$395	\$414	\$434	\$455	\$477

Remember, if your covered earnings qualify you for coverage under the AFTRA Health Plan, you will not be covered unless you have paid the quarterly premium. Coverage does not begin unless you pay the required premium in a timely manner.

NOTE: If a bank or financial institution makes an automatic quarterly payment on your behalf, be sure to notify it of the change in the premium amount effective January 1, 2007. In addition, if you have not done so already, you will want to notify your bank or financial institution of the change in the lock box address that became effective August 1, 2006.

PRESCRIPTION DRUG PROGRAM CHANGES

The Prescription Drug Program is being modified effective January 1, 2007. While the Program's covered benefits essentially remain the same, you should note that the copayments are being increased (see the chart that follows).

In addition, an important change to the Program further encourages the use of generic rather than brand name drugs. If there is a generic equivalent for your prescription drug, and you have your prescription filled with the brand name drug, you will be responsible for paying the difference in cost between the brand name and generic drug, plus the brand name with generic equivalent copayment. This change applies even if your doctor has prescribed a brand name drug and noted "no substitution" or "brand name only" on the prescription.

An important feature of the Prescription Drug Program which is not changing is the annual deductible that applies to all drug purchases at a retail pharmacy. Keep in mind that there continues to be no deductible when you purchase your drugs through the Mail Order Program.

The following chart outlines the changes to the Prescription Drug Program – and remember, regardless of your eligibility cycle, these changes go into effect for all participants on January 1, 2007.

PROGRAM FEATURES	CURRENT PROGRAM	NEW PROGRAM EFFECTIVE 1/1/2007
Retail Deductible	\$75 individual/\$150 family	Same as current Program
Retail Generic Copayment For up to 30-day supply	Greater of \$3 or 25%	Greater of \$5 or 25%
Retail Brand Name Copayment For up to 30-day supply	Greater of \$15 or 25%	Same as current Program
Retail Brand Name with Generic Equivalent Copayment For up to 30-day supply	Greater \$15 or 25%	Greater of \$5 or 25%, plus entire difference in cost between brand and generic
Mail Order Deductible	None	None
Mail Order Generic Copayment For up to 90-day supply	\$6	Greater of \$10 or 20%, \$35 maximum copayment per prescription
Mail Order Brand Copayment For up to 90-day supply	\$25	Greater of \$30 or 20%, \$75 maximum copayment per prescription
Mail Order Brand Name with Generic equivalent For up to 90-day supply	\$25	Greater of \$10 or 20%, \$35 maximum copayment per prescription, plus entire difference in cost between brand and generic
Out-of-Pocket Maximum*	\$1,500 plus applicable deductible	\$2,000 plus applicable deductible

*The out-of-pocket maximum applies only to expenses covered under the Program.

PHASE TWO: JULY 2007

Beginning on July 1, 2007, additional changes will go into effect in the AFTRA Health Plan. They include:

- An increase in minimum covered earnings requirements in order to qualify for health care coverage; and
- Four new levels of health coverage will be offered – Core, Basic, Standard and Enhanced. (We will focus on these levels in the next Bulletin. But, for more information right now, refer to the “Changes to the AFTRA Health Plan” announcement that you received in April, or you can view it on the H&R Web site at www.aftrahr.com. You can also call Participant Services at 1-800-562-4690 and ask for another copy.)

To qualify for the four new levels of coverage, you will be required to meet new thresholds of minimum earnings requirements. Effective July 1, 2007 (for a period of coverage that begins on or after that date), the minimum requirement will increase from \$10,000 to \$15,000. Subsequently, all the minimum earnings requirements as shown in the following chart will be

increased approximately 2.75% (except for the Enhanced coverage) on each July 1 beginning in 2008 (rounded down to the nearest \$50 increment) through 2010. If you are in the middle of a four-quarter period of coverage at the time of a July 1 increase, the increase will not apply until that period is completed and a new four-quarter period of coverage begins.

Should circumstances require, the Trustees may modify this scheduled increase (up or down), in which case you will be notified.

NEW LEVELS OF COVERAGE	MINIMUM COVERED EARNINGS REQUIRED FOR ELIGIBILITY FOR EACH TIER			
	7/1/2007	7/1/2008	7/1/2009	7/1/2010
Core	\$15,000	\$15,400	\$15,800	\$16,200*
Basic	\$25,000	\$25,650	\$26,350	\$27,050*
Standard	\$60,000	\$61,650	\$63,300	\$65,000*
Enhanced	\$100,000	\$100,000	\$100,000	\$100,000

*These dollar amounts are corrected from the April Plan Change Announcement and are \$50 less than originally reported.

Let's look at some examples.

Let's assume a participant meets one of the new minimum covered earnings requirements (as shown in the chart above) from April 1, 2006 to March 31, 2007 and the participant's current eligibility period ends on June 30, 2007. He/she can enroll in one of the new levels of coverage which will begin on July 1, 2007. If the participant chooses to enroll in the Core Plan, he/she would be required to meet the new \$15,000 covered earnings requirement from April 1, 2006 to March 31, 2007 for coverage to begin on July 1, 2007. Of course, if he/she would like to enroll in one of the other levels of coverage, he/she must meet the new minimum covered earnings for that level.

Here's another example. Let's suppose a participant's current eligibility cycle ends on March 31, 2008 and he/she meets the new covered earnings requirements from January 1 to December 31, 2007. Eligibility for the new levels of coverage would begin April 1, 2008. If he/she enrolls in the Core Plan effective April 1, 2008 (for a period of coverage that will end on March 31, 2009), the earnings requirement would still be \$15,000 since the minimum covered earnings requirements do not increase until July 1 of each year – for purposes of this example, July 1, 2008.

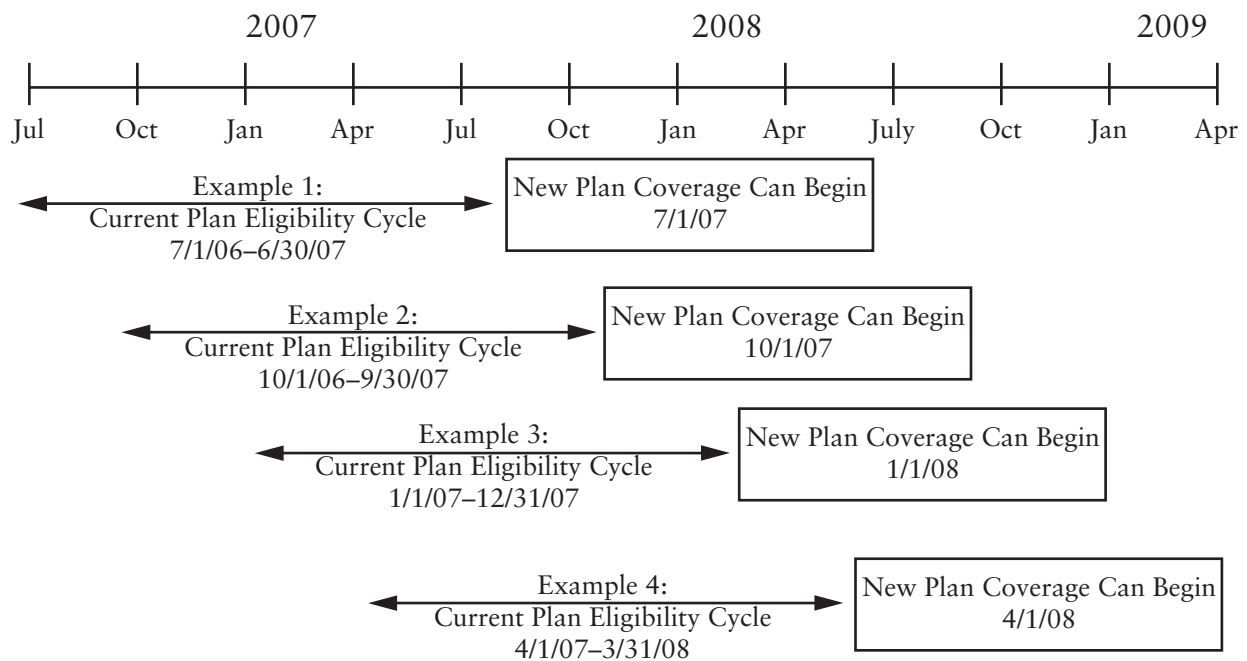
YOUR NEW COVERAGE BEGINS WITH NEXT ONE-YEAR ELIGIBILITY CYCLE

In general, you become eligible for the new coverage under the AFTRA Health Plan on the first day of the second calendar quarter following the quarter in which you meet the new minimum covered earnings requirement as outlined in the chart above. (Exceptions to this rule include expedited coverage for full-time station staff.) For more details, please visit the Web site at www.aftra.com.

It is important to keep in mind that if you have sufficient covered earnings to qualify for a higher level of coverage during a calendar quarter within a four-quarter eligibility cycle in which you are enrolled, you cannot move to a higher level of coverage during that cycle. The additional compensation will be used to determine what level of coverage you qualify for in your next four-quarter eligibility cycle as shown in the following chart.

IF EARNINGS REQUIREMENT IS MET DURING THE PERIOD OUTLINED BELOW:	THEN YOUR 4-QUARTER ELIGIBILITY CYCLE BEGINS:
April 1, 2006 - March 31, 2007	July 1, 2007
July 1, 2006 - June 30, 2007	October 1, 2007
October 1, 2006 - September 30, 2007	January 1, 2008
January 1, 2007 - December 31, 2007	April 1, 2008
April 1, 2007 - March 31, 2008	July 1, 2008
July 1, 2007 - June 30, 2008	October 1, 2008

Furthermore, to ensure a smooth transition for participants, the level of coverage in which you are enrolled under the current Plan that begins before July 1, 2007 will remain in effect through the end of your four-quarter eligibility cycle. The following four examples illustrate how the phase-in works, depending on the quarter in which your eligibility starts and provided you have met the covered earnings requirements as illustrated in the preceding chart.



To help you further understand, if you look at Example 2 above, we are assuming the period of coverage (eligibility cycle) under the current Plan runs from October 1, 2006 through September 30, 2007. You must meet the minimum covered earnings requirements from July 1, 2006 through June 30, 2007 for your new Plan coverage to begin on October 1, 2007.

WHAT'S NEXT

In this Bulletin we have highlighted the changes to the Health Plan premiums and the Prescription Drug Program that will take effect on January 1, 2007, and the new minimum covered earnings requirements which will go into effect July 1, 2007. We encourage you to keep this Bulletin together with the Plan Change Announcement that you received in April and your 2005 Health Plan benefits booklet (SPD). You can find the April announcement, as well as this Bulletin, on the H&R Web site at www.aftrahr.com. You will receive more information about the 2007 Plan changes in the coming months.

In the meantime, if you have any questions, please call Participant Services at 1-800-562-4690.

This is a summary and further explanation of the changes described to you in the April 2006 summary of material modifications titled "2007 Changes to the AFTRA Health Plan". If any item addressed in that announcement is not described here (or is only partially described here), please refer to it for the applicable rules.