



1199SEIU FAMILY OF FUNDS

EmployerNEWS

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LETTER FROM THE EXECUTIVE DIRECTORS

The country's recent economic collapse and reports of lost jobs and retirement savings underscore the importance of the security that the 1199SEIU Funds, through your contributions, provides to your 1199SEIU employees. It is the type of support all working families depend on to remain productive at work, and especially in times of economic insecurity, it is these benefits that help keep the workforce healthy and stable.

Like other labor-management funds across the country, we are facing our own share of challenges in this economy. Over the last months, our Pension Fund's staff has been busy fielding thousands of phone calls from members concerned about their retirement benefits. Fortunately, we were able to reassure them that their defined pension benefits are safe and secure. Inside this issue of *1199SEIU Employer News*, you can read more about how we are working with our Investment staff, Trustees and employers to protect our pension assets.

You'll also read about how the National Benefit Fund will be expanding the prescription drug programs that have helped to keep our prescription costs in check while ensuring the highest quality and safety standards for our members. You'll learn about the Training and Upgrading Fund's foreign language and skills training opportunities to help improve patient care at your institutions, and about the Child Care Corporation's annual gala to raise money to continue child care services to low-income workers living in the communities our institutions serve – especially in these difficult economic times.

We've been working hard to tackle the issues most important to the industry and your employees. We welcome your feedback and look forward to working together to keep our Funds and our institutions strong during the challenging year to come.

Sincerely,

Mitra Behroozi
Executive Director
Benefit and Pension Funds

Deborah King
Executive Director
Training and Employment Funds

Vivian Fox
Executive Director
Child Care Funds

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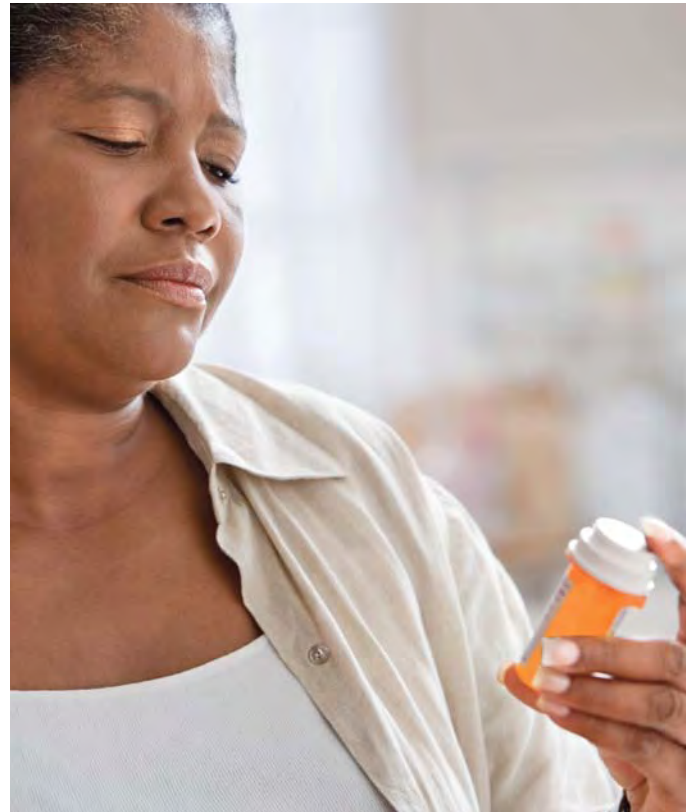
National Benefit Fund Pursues Additional Cost-Savings With Expanded Preferred Drug List, Step Therapy and Quantity Duration Rules

The expansion of the National Benefit Fund's Preferred Drug List, mandated in the last Collective Bargaining Agreement, along with smaller cost-savings initiatives, generated substantial cost savings – over \$5.1 million in the last quarter of 2007 alone – all while ensuring that 1199SEIU members still have access to the most clinically effective medications on the market. Now, the National Benefit Fund will be expanding the scope of our Preferred Drug List and Step Therapy programs again and introducing Quantity Duration rules in January 2009 to generate even more savings.

By adding 10 new drug classes to our Preferred Drug List and seven new drugs to our Step Therapy program, as well as introducing Quantity Duration Rules for seven medications, the Benefit Fund is projecting additional savings of \$4.5 million annually.

Additions to the National Benefit Fund's Preferred Drug List include several commonly prescribed medications such as cough and cold medications, acne therapy, analgesics, inhalers and certain prescription vitamins. Expanding the Preferred Drug List gives us greater control over costs, as providers choose from the range of clinically effective medications for which the Benefit Fund has negotiated discount prices rather than more expensive non-preferred brands.

Last year the National Benefit Fund introduced a Step Therapy program that requires members to use lower-cost alternatives before trying costly, specialty brand-name medications. The Fund's program started by implementing Step Therapy for the popular and highly-prescribed Nexium, and the cost-savings and member satisfaction were significant enough for the Fund to expand the program to seven new drugs, including some that treat arthritis, diabetes and epilepsy. The new program will affect new users of these drugs but will not



affect members who are already stabilized on these medications. Close oversight will enable the Fund to make sure that these medications are only being used for their approved FDA use, and are not being prescribed "off label," which could put members' health at risk. In addition, members are steered to less costly medications that are as clinically effective as their more expensive counterparts.

The National Benefit Fund is also introducing Quantity Duration rules, which hold down costs by ensuring that medications are being prescribed in the most clinically effective dosages. The Fund bases these measures on FDA-recommended prescribing and safety information. This program will affect both new and existing users, again assuring that our members receive quality care.

The Volatile Market and Economy Affect Pension Fund

Over the past years, the Health Care Employees Pension Fund has experienced tremendous growth, even while weathering economic stresses that have impacted our returns – for instance, the financial downturn following the events of 9/11. But now, like other Taft-Hartley funds, the crisis on Wall Street and the struggling economy are also impacting our Pension Fund. We expect to have significant losses in this calendar year.

In spite of that, because of close oversight of our assets, a well-diversified portfolio and our professional investment team, we are in a stronger position than most to meet the challenge of ensuring the health of our Pension Fund in this extraordinary financial climate.

The Pension Protection Act of 2006

One of the provisions of the Pension Protection Act (PPA) of 2006 requires us, like all other pension funds, to take a snapshot each year on March 31 of our assets and liabilities as of the prior December 31 and assign a “status” measure. This measure is based on many criteria and is particularly unforgiving since a fund can be considered “endangered” even if it has the assets to cover all of its liabilities but does not meet just one of these criteria. When this happens, the PPA requires the fund to notify members and employers and tell them that their plan is in a troubled status and may require an increase in pension contributions.

With the current economic crisis, the Health Care Employees Pension Fund may indeed be required to send out such a notice to members after the March 31, 2009 “snapshot.”

All stakeholders will be kept abreast of any developments as our Investment staff work closely with the Trustees to navigate us through this crisis and oversee our pension assets.

Foreign Language Training Builds More Effective Patient Communication and Better Outcomes

Communication between healthcare workers and their patients is essential to delivering quality care, but communicating effectively can be a struggle in an area with a patient population as diverse as that of New York City.

The Training and Upgrading Fund's Foreign Language Institute for Healthcare Providers offers language training that removes these barriers and helps 1199SEIU workers better communicate with the many different patients and families they serve. The Institute's programs provide healthcare workers with the basic foreign language skills necessary to communicate with patients and their families, while emphasizing awareness of the cultural values and attitudes that can impact how patients perceive and access care.

These affordable programs are customized for each institution's needs and are offered in Spanish, Korean, Chinese (Cantonese and Mandarin) and Russian. The focus is on training the front-line healthcare providers who deliver direct patient care, particularly Patient Care Associates, Certified Nursing Assistants, Licensed Practical Nurses and Registered Nurses, as well as administrative staff.

“This program offers our employees a fantastic opportunity to develop a strong rapport with our Spanish-speaking patients and visitors,” said Janett E. Hunter, Grants Manager, Division of Education and Organizational Development at Montefiore Medical Center. “It is affordable and effective. Our employees have been able to improve and increase their ability to communicate with our patients. I highly recommend the 1199SEIU Foreign Language Institute to any institution that serves a diverse community. Their instructors are top-notch.”

If you are interested in providing foreign language training at your institution, the Foreign Language Institute will conduct a needs assessment for your institution and provide an outline of available training services. For more details and information on pricing, please contact María Luisa Castañeda at (212) 284-9277, or email Mcastane@1199funds.org.

Third Annual Care for Kids Awards Gala Supports Child Care for Working Families in Need

The third annual 1199SEIU/Employer Child Care Corporation's Care for Kids Awards Gala will take place on Monday, December 8, 2008 at Tavern on the Green, located at Central Park West at 67th Street. Proceeds from the event will go toward supporting the Corporation's Future of America Learning Centers and the valuable programs that they provide to 1199SEIU members and other working parents in their communities. Access to affordable, dependable care gives employees the peace of mind they need to perform better on the job. The Care for Kids Awards Gala helps extend critical support to the working families who need it most.

This year's gala will honor Brenda Blackmon, co-anchor of My 9 WWOR-TV's 10:00 pm newscast, for her commitment to education and her volunteer efforts on behalf of the health and well-being of New York

City's children; Stanley S. Litow, President of IBM International Foundation, for his corporate leadership and dedication to New York City's public schools; and Jennifer J. Raab, President of Hunter College, for her public service and commitment to developing academic programs for youth.

Gregory B. Braca, President of the New York City Market Commerce Bank, will chair this year's gala. Honorary chairs are League of Voluntary Hospitals and Homes of NY President Bruce McIver, 1199SEIU President George K. Gresham, and Medco Chairman and CEO David B. Snow, Jr. Dr. Marcella Maxwell will serve as the Benefit Committee Chair.

To reserve your seats, take out a program ad or for more information, please call (212) 721-4071 or email careforkidsawards@gmail.com.



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