

Locals 302 and 612 of the International Union of Operating Engineers Trust Funds

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Administered by
Welfare & Pension Administration Service, Inc.

March 1, 2011

**TO: All Active Employees, Retirees and Eligible Dependents, Including COBRA Beneficiaries of the
Locals 302 and 612 IUOE Construction Industry Health and Security Fund**

PARTICIPANT NOTICE ABOUT BENEFIT MODIFICATIONS

*Please be sure that you and your family read this notice carefully.
It should be kept with your benefit booklet or insurance records for future reference.*

This Participant Notice will advise you of certain material modifications that have been made to the Health and Security Fund to comply with the new Patient Protection and Affordable Care Act (the "Affordable Care Act") effective April 1, 2011.

COVERAGE FOR DEPENDENT CHILDREN TO AGE 26 - EFFECTIVE APRIL 1, 2011

Attention Parents - Please make sure to provide a copy of this notice to any children entitled to special enrollment rights. Under the law and applicable regulations, this notice is being transmitted to you for delivery to your children.

The Affordable Care Act allows certain young adults to be covered by their parents' plan until they reach age 26. The law states that the extension of dependent coverage for children is effective for Plan years beginning on or after September 23, 2010.

Therefore, effective April 1, 2011 the Fund is extending dependent child coverage up to age 26 for natural children, stepchildren, foster children, adopted children and children placed for adoption, regardless of whether the dependent child is married, a full-time student, resides with the employee or retiree, or is financially dependent on the employee or retiree. The current limiting age of 19 (or up to age 24 if a full-time student) will continue to apply to unmarried children who depend on the employee or retiree by virtue of a court order or for whom the employee or retiree has legal custody.

Any dependent children added during this Special Enrollment opportunity will have all the same benefits and coverage that are available to similarly situated individuals.

IMPORTANT NOTE: This Special Enrollment opportunity **does not apply** to dependent children who have health plan coverage available through their own employer, or their spouse's employer, regardless of whether they enroll in that coverage.

SPECIAL ENROLLMENT PROCEDURE – This Special Enrollment opportunity applies to dependent children (son, daughter, stepchild, foster child, adopted child, or child placed with you for adoption) under the age of 26 who:

- previously lost coverage under the Plan because they reached the Plan's limiting age; or
- were previously denied coverage under the Plan because they were over the limiting age; or
- previously lost coverage or were denied coverage because they failed to meet the dependent eligibility requirements (i.e. not a full-time student, were married, did not reside with the employee, did not meet financial support requirements).

Special Enrollment does not apply to children who are dependents by virtue of a court order or because the employee or retiree has legal custody. The limiting age of 19 (or age 24 if a full-time student) will continue to apply to these children. See pages 14-15 in your booklet for the eligibility rules for these dependents.

Eligible employees or retirees must request Special Enrollment for children who qualify within 30 days from the date of this notice for coverage to be effective on April 1, 2011. The Special Enrollment period is the 30-day period from March 1, 2011 through March 31, 2011. A dependent child enrolled during this period will have coverage effective on April 1, 2011. If you do not enroll a dependent child during this 30-day period, claims for that child will not be paid until a completed enrollment form is returned to the Trust Administration Office. Retirees who do not enroll an eligible dependent child during this 30-day period will only be able to enroll the child in the future as allowed under the "Special Enrollment Provisions" section on page 101 of the 2010 Health and Security Fund booklet.

If you have a child who qualifies for Special Enrollment and you wish to enroll him/her in the Plan, you must complete the enclosed enrollment form and return it to the Administration Office postmarked no later than March 31, 2011.

This new Special Enrollment opportunity afforded under the Federal law applies to dependent children and does not create any eligibility for coverage for the husband or wife of the dependent child (the employee/retiree's son-in-law or daughter-in-law) or the children of the dependent child (the employee/retiree's grandchild).

**ELIMINATION OF MEDICAL LIFETIME BENEFIT MAXIMUM AND IMPLEMENTATION OF
NEW ANNUAL BENEFIT MAXIMUM – EFFECTIVE APRIL 1, 2011**

Effective April 1, 2011, the Plan is eliminating the current \$1,000,000 lifetime medical benefit maximum. In place of the lifetime maximum, the Plan will be implementing an *annual* medical benefit maximum of \$1,000,000 in essential benefits. Individuals whose medical coverage previously ended by reason of reaching the lifetime limit are again eligible to enroll in the Plan. Individuals have 30 days from the date of this notice to request enrollment and coverage will be effective April 1, 2011. To enroll the individual must complete an Enrollment Form and return it to the Administration Office with a postmark of no later than March 31, 2011.

OTHER BENEFIT PLAN REVISIONS EFFECTIVE APRIL 1, 2011

The following benefit revisions are also being made effective April 1, 2011. All other Plan limitations and exclusions currently listed in the 2010 Summary Plan Description and subsequent notices will remain unchanged.

- Physical Exams and Screenings for active members, COBRA beneficiaries, retirees and dependents age 14 and older – the maximum benefit of \$600 for Alaska and \$500 for Washington and other areas is removed. Physical exams will be limited to one per calendar year; necessary x-rays and laboratory tests in connection with an exam are also covered at 100% of the PPO allowed amount or the UCR amount. (see page 51 in your booklet).
- Well Child Care – the limit of \$100 per visit is removed. The Plan will cover one routine exam for a new born baby in the hospital; 10 routine exams for dependent children ages 1 month to 18 months; 8 routine exams for dependent children ages 2 years through 13 years. (see page 54 in your booklet)
- Chemical Dependency Treatment – the limits of \$5,000 in any 24-consecutive month period and \$10,000 per lifetime are eliminated. Preauthorization is required for inpatient treatment. (see page 42 in your booklet)
- Neurodevelopmental therapy – the Plan lifetime limit of \$2,000 is removed and benefits are available to dependent children age 6 or younger. (see page 48 in your booklet)
- Pediatric dental care (for dependent children to age 18 only) – the dental benefit maximum per calendar year (\$3,000 for treatment in Alaska and \$2,500 for treatment in Washington and other areas) is removed for children under age 18. All maximum benefit limits for adults and for other treatment limitations and exclusions, *including* the maximum lifetime dollar limit for Orthodontia, will still apply. (see page 66 in your booklet).
- Diabetic Education – the Plan annual maximum of \$300 is removed. (see page 40 in the your booklet).

MANDATORY REPORTING OF SOCIAL SECURITY NUMBERS

Federal law, Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA), requires that effective January 1, 2009 all individuals (members and dependents) who are covered by a health plan must report all social security numbers to their health plan. The Plan is then required to report all social security numbers to Medicare. You may view this requirement at: www.cms.hhs.gov/MandatoryInsRep.

NOTICE OF GRANDFATHERED STATUS

This Plan is a “grandfathered health plan” under the Affordable Care Act. As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted.

Being a grandfathered health plan means that this Plan does not include certain consumer protections of the Affordable Care Act that may apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, this Plan must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the Administration Office toll free at 877-441-1212, option 1. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

NOTICE ABOUT THE EARLY RETIREE REINSURANCE PROGRAM

The Fund has been certified for participation in the Early Retiree Reinsurance Program (“ERRP”). ERRP is a Federal program that was established under the Affordable Care Act. Under ERRP, the Federal government reimburses a plan for some of the costs of health care benefits paid on behalf of, or by, early retirees and certain family members of early retirees participating in the employment-based plan. By law, ERRP expires on January 1, 2014.

The Board of Trustees, as the Plan sponsor has chosen to use any reimbursements it receives from ERRP to offset increases in the Plan’s self-funded health benefit costs. This may benefit you if future increases to your contributions, co-payments, deductibles or co-insurance are delayed or avoided. This may be advantageous to you for so long as the reimbursements under ERRP are available and the Board of Trustees chooses to use the reimbursements for this purpose.

If you have received this notice, you are responsible for providing a copy of this notice to your family members who participate in this Plan.

MEDICAID AND THE CHILDREN’S HEALTH INSURANCE PROGRAM (CHIP) OFFER FREE OR LOW-COST HEALTH COVERAGE TO CHILDREN AND FAMILIES

The Fund does not charge a premium for coverage of dependents under the Plan (except in the case of retiree or COBRA coverage). However, this notice is being provided pursuant to the requirements of the Children's Health Insurance Program Reauthorization Act of 2009.

If you are eligible for health coverage from your employer, but are unable to afford the premiums, some States have premium assistance programs that can help pay for coverage. These States use funds from their Medicaid or CHIP programs to help people who are eligible for employer-sponsored health coverage, but need assistance in paying their health premiums.

If you or your dependents are already enrolled in Medicaid or CHIP and you live in Washington or Alaska, you can contact your State Medicaid or CHIP office at the number listed below to find out if premium assistance is available.

If you or your dependents are NOT currently enrolled in Medicaid or CHIP, and you think you or any of your dependents might be eligible for either of these programs, you can contact your State Medicaid or CHIP office or dial **1-877-KIDS NOW** or **www.insurekidsnow.gov** to find out how to apply. If you qualify, you can ask the State if it has a program that might help you pay the premiums for an employer-sponsored plan.

Once it is determined that you or your dependents are eligible for premium assistance under Medicaid or CHIP, your employer's health plan is required to permit you and your dependents to enroll in the plan – as long as you and your dependents are eligible, but not already enrolled in the employer's plan. This is called a "special enrollment" opportunity, and **you must request coverage within 60 days of being determined eligible for premium assistance.**

If you live in Washington or Alaska, you may be eligible for assistance paying your employer health plan premiums. You should contact the State for further information on eligibility –

WASHINGTON – Medicaid
Website: http://hrsa.dshs.wa.gov/premiumpymt/Apply.shtm Phone: 1-877-543-7669

ALASKA – Medicaid
Website: http://health.hss.state.ak.us/dpa/programs/medicaid/ Phone (Outside of Anchorage): 1-888-318-8890 Phone (Anchorage): 907-269-6529

To see if any other States have added premium assistance, or for more information on special enrollment rights, you can contact either:

U.S. Department of Labor
Employee Benefits Security Administration
www.dol.gov/ebsa
1-866-444-EBSA (3272)

U.S. Department of Health and Human Services
Centers for Medicare & Medicaid Services
www.cms.hhs.gov
1-877-267-2323, Ext. 61565

Please keep this important notice with your Plan Document/Summary Plan Description (SPD) for easy reference to all Plan provisions. Should you have any questions, please contact the Administration Office toll free at 877-441-1212, option 1.

Sincerely,

**Board of Trustees,
Locals 302 and 612 of the International Union of Operating Engineers
Construction Industry Health and Security Fund**

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Receipt of this notice does not constitute a determination of your eligibility. If you wish to verify eligibility, or if you have any questions regarding the Plan changes, please contact the Administration Office.