

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

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Administered by
Welfare & Pension Administration Service, Inc.

October 6, 2011

**To: All Eligible Plan Participants
Locals 302 and 612 IUOE Construction Industry Health and Security Fund**

Re: Summary of Material 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.*

The 2010, Health and Security Fund/Summary Plan Description (“Plan/SPD”) was recently amended by the Board of Trustees. The changes made to the Plan/SPD are summarized below, with references to the corresponding Plan/SPD section(s) and page(s).

Preferred Provider Organizations (PPO)

Effective July 1, 2011, the definition of Preferred Provider Organizations (PPO) on page 120 of the 2010 Plan Booklet is amended to include:

- Mat-Su Regional Hospital as a PPO provider.

Step Therapy

Effective July 1, 2011, the provisions regarding Step Therapy on page 63 of the 2010 Plan Booklet are amended as follows:

- ACE Inhibitors is removed from Step Therapy

Benefits of Medicare Part B Expenses

Effective January 1, 2011, the provisions regarding Benefits of Medicare Part B Expenses on pages 106 and 107 of the 2010 Plan Booklet are amended as follows:

- The Plan pays \$162 of the deductible required by Medicare.

Acceleration of Initial Eligibility

Effective April 1, 2011, the provisions regarding Acceleration of Initial Eligibility on pages 11 and 12 of the 2010 Plan Booklet are amended as follows:

Initial dollar bank eligibility may be accelerated if you satisfy each of the following requirements:

- Your employer begins contributing to the Fund for the first time under a full compliance collective bargaining agreement on or after March 1, 2004, and signs a written agreement with the Fund to provide accelerated eligibility for all employees who qualify. You may also satisfy this requirement if you are part of a new employee group which was employed by an employer that was not signatory to a full compliance agreement, and the new employee group is acquired on or after April 1, 2011 by an employer signatory to a full compliance agreement covering the new employee group. An employee is considered part of a "new employee group" if the contributing employer: acquires substantial assets (such as a plant or division or substantially all of the assets of a trade or business) of the prior employer; or acquires all of the stock of the prior employer; or otherwise enters into a business transaction wherein the employer acquires the employees of the former employer and the former employer terminates employment of the new employee group. You must be employed by the employer that is signatory to the full compliance agreement and covered by that agreement on the date accelerated eligibility becomes effective. If you become employed by the employer after the effective date of accelerated eligibility, or you are not covered by the collective bargaining agreement, you will not qualify.
- The collective bargaining agreement provides for payment of contributions on your behalf to the Fund on a cents-per-hour basis.
- You were covered under the employer's (or prior employer's) group health insurance plan on the date immediately preceding the effective date of accelerated eligibility.

Accelerated eligibility becomes effective coincident with the termination of the employer's (or prior employer's) group insurance plan. The employer may elect to provide either one month or two months of accelerated eligibility for employees, with all employees receiving the same period of accelerated eligibility. If your employment terminates, accelerated eligibility terminates at the end of the month in which employment terminates. After expiration of accelerated eligibility, eligibility will continue only if you satisfy the dollar bank eligibility rules or apply for self-payment (COBRA) coverage pursuant to the provisions beginning on page 17.

To offset the cost of accelerated eligibility, once you establish dollar bank eligibility, the monthly dollar bank charge, plus an additional amount that is the lesser of the balance in the dollar bank (after deduction of the monthly dollar bank charge) or 25% of the monthly dollar bank charge, will be deducted from your dollar bank for each month of coverage. The additional amount will continue to be assessed until the total of the additional amounts equals the dollar value of the number of months of accelerated eligibility that you were provided.

The dollar bank will be used first to provide a month of current eligibility before assessing the additional amount. If the balance in the dollar bank is not sufficient to provide a month of current eligibility, then an additional amount will not be assessed for that month. However, any dollar bank balance that would otherwise be forfeited, because coverage is lost and not reinstated within a six-month period, will be credited toward the amount due to offset the cost of the accelerated eligibility. If the cost of accelerated eligibility is not recovered before your dollar bank is forfeited, and you later reestablish eligibility, the Plan shall resume crediting your dollar bank for the additional amount remaining due.

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.

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.

Board of Trustees

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