



July 29, 2011

TO: All Participants Eligible for Retiree Health and Welfare and their Dependents, including COBRA Beneficiaries

**FROM: BOARD OF TRUSTEES
Carpenters Health and Welfare Trust Fund for California**

RE: BENEFIT IMPROVEMENTS

- Adult Child Coverage
- Removal of Lifetime Limit and
Re-Enrollment for Individuals who have Exceeded the Lifetime Maximum
- Annual Limit Changes
- Health and Welfare Employer Contributions for Post-Retirement Employment
During the Special Temporary Window Period
- Early Retiree Reinsurance Program

Effective September 1, 2011, the Board of Trustees has approved modifications to the Plan Rules and Regulations for the Carpenters Health and Welfare Trust Fund for California which are explained in summary form below. In the event of a dispute between this summary notice and the Rules and Regulations of the Plan, the Rules and Regulations will prevail.

In accordance with the Affordable Care Act (or "Health Care Reform"), the Plan is extending coverage for certain dependent children up to age 26, converting the overall lifetime dollar maximum to a calendar year maximum and removing annual maximums on specific benefits.

- 1) **Adult Child Coverage: *Attention Parents – the following information is being provided to you on behalf of your children.*** Coverage for Participants' adult natural, adopted or stepchildren age 19 up to the child's 26th birthday is offered starting September 1, 2011. Coverage will be provided to **adult children who do not have access to group health coverage through their own, their spouse's, or their domestic partner's employer.** *No action is required if you do not have an adult child to enroll, or if you choose not to enroll an adult child. If you elect to enroll an adult child, the child does not have to be unmarried, or be a full-time student, or even reside with the Participant in order to qualify for this extended coverage.*

Adult children whose coverage previously ended before their 26th birthday, or who were denied coverage (or were not eligible for coverage) because the availability of dependent coverage ended before the attainment of age 26, may be eligible to enroll in the Plan during a Special Enrollment period*. This includes a child that is currently on COBRA continuation coverage. The Special Enrollment period ends August 31, 2011 for a September 1, 2011 coverage effective date. Any qualified children enrolled during this Special Enrollment opportunity will have all the same benefits that are available to similarly situated individuals, but in some cases will not have identical coverage as other dependent children. As stated above, adult children with access to employer sponsored health coverage through their own, their spouse's, or domestic partner's employer are not eligible to enroll. Also, certain mandated benefits required for minor children may not be available for adult children.

Enclosed you will find the necessary form for enrollment. Complete the Enrollment Form and send in the required documentation of proof (see the back of the Enrollment Form for details). You must list all adult children to be enrolled in the "Adult Child Information" section. The Adult Child Special Enrollment Form must be returned to our office **before August 31, 2011**. If the enrollment form is not received by August 31, 2011 but it is later determined that the adult child may be eligible to enroll at a later date based on enrollment provisions stated by the Plan, eligibility will be granted prospectively only, and will not be retroactive to September 1, 2011.

Note: **Coverage up to age 26 is only available if the adult child is the Participant's natural child, legally adopted child or stepchild and the Participant is eligible for coverage and maintains eligibility. An adult child may not establish independent eligibility except as provided by COBRA. Legal guardianship children and children of domestic partners are not included in the age 26 extension. A child may not be enrolled in the Plan unless the Participant is also enrolled. If you, as the Participant, are eligible for coverage but not currently enrolled in the Plan, you also have the opportunity to enroll for coverage and must do so in the Special Enrollment Period in order for your dependent child to be able to enroll. Again if the Special Window is missed, Retiree Health and Welfare Plan provisions for enrollment will apply if eligible, Adult Child coverage will be granted prospectively beginning the 1st of the month following enrollment and not retroactively.*

*Since the Plan qualifies as a **Grandfathered Plan** under Health Care Reform, adult children are not eligible to enroll if they have access to health coverage through their employer or through their spouse's or domestic partner's employer. In addition, any children of the dependent child (the Participant's grandchild) will not be covered.*

The Plan will continue to provide coverage for disabled children of any age in accordance with the eligibility rules set out in the Plan Rules and Regulations. These rules extend coverage beyond age 26 when the Participant's unmarried Dependent children are incapable of self-sustaining employment by reason of a **mental or physical handicap** and such incapacity commenced prior to the date the Dependent child's coverage would otherwise have terminated, and provided that the child is dependent upon the Eligible Participant for support and maintenance.

NOTE: Retiree Self-Payment rates are calculated based on family composition. Adding additional dependents may significantly increase your self-payment rate. Please contact the Fund Office to find out how adding a dependent may impact your rate.

- 2) **Removal of Lifetime Limit:** The non-Medicare Retiree Plan will no longer include an overall lifetime benefit limit effective September 1, 2011. The Plan lifetime maximum of \$250,000 will be converted to a calendar year annual maximum that will apply to Medical benefits paid for each eligible Individual.

Re-Enrollment for Individuals who have exceeded the Lifetime Maximum Benefit: Individuals whose coverage previously ended because they reached a lifetime limit under the Plan are eligible to re-enroll for benefit coverage under the Plan starting September 1, 2011. Please contact the Fund Office at benefitservices@carpenterfunds.com, call (510) 633-0333 or toll free (888) 547-2054 for an Enrollment Form.

The following notice applies to retirees and dependents who are not eligible for Medicare.

The Affordable Care Act prohibits health plans from applying arbitrary dollar limits for coverage for key benefits. This year, if a plan applies a dollar limit on the coverage it provides for key benefits in a year, that limit must be at least \$750,000.

Your health insurance coverage, offered by the Carpenters Health and Welfare Trust Fund for California, does not meet the minimum standards required by the Affordable Care Act described above. Instead, it puts annual limits of:

\$250,000 on covered Medical benefits,
\$75,000 on covered outpatient Prescription Drug benefits, and
\$250 on the participant/spouse Routine Physical Exam benefit

In order to apply the lower limits described above, your health plan requested a waiver of the requirement that coverage for key benefits be at least \$750,000 this year. That waiver was granted by the U.S. Department of Health and Human Services based on your health plan's representation that providing \$750,000 in coverage for key benefits this year would result in a significant increase in your premiums or a significant decrease in your access to benefits.

If the lower limits are a concern, there may be other options for health care coverage available to you and your family members. For more information, go to: www.HealthCare.gov.

If you have any questions or concerns about this notice please contact:

The Carpenter Funds Administrative Office
Benefit Services Department
(510) 633-0333 or toll free at (888) 547-2054
benefitservices@carpenterfunds.com

In addition, you can contact:

California Department of Managed Health Care
California Help Center
980 9th St, Suite #500, Sacramento, CA 95814
(888) 466-2219
<http://www.healthhelp.ca.gov>, helpline@dmhc.ca.gov

- 3) **Annual Limit Changes:** As stated above, beginning September 1, 2011, a calendar year annual overall maximum of \$250,000 will be **included** in the non-Medicare Retiree Indemnity Plan for Medical benefits paid for each Eligible Individual.

On September 1, 2011, the Retiree Plan will **remove** the following specific benefit limits:

- Diabetes Instruction Program lifetime limit of \$500 per Eligible Individual.
- Hospice Care maximum Plan payment of \$5,000 per Eligible Individual.
- Low Vision Benefit maximum benefit of \$500 per person for children under age 19.

Although these specific benefit limits have been removed, benefits paid under the Diabetes Instruction Program and Hospice Care are included in the Plan's \$250,000 calendar year annual maximum.

- 4) **Health and Welfare Employer Contributions for Post-Retirement Employment during the Special Temporary Window Period:** In June 2009, Trustees of the Carpenters Health and Welfare Trust Fund approved a Special Temporary Window Period, effective June 1, 2009 through August 31, 2011, in which post-retirement Prohibited Employment rules were temporarily modified. Recently, Trustees have authorized extending that Temporary Window Period through December 31, 2013.

For Retirees eligible for Retiree Health and Welfare, this notice will explain how employer contributions for work performed during this period will be used, provided the work does not result in suspension of your Pension benefits from the Carpenters Pension Trust Fund for Northern California.

If you engage in a type of work that requires contributions to the Active Carpenters Health and Welfare Plan during the Special Window Period, but does not result in the suspension of Pension benefits, you will **not** earn eligibility under the Active Health and Welfare plan, regardless of the number of hours you work.

However, if you work the number of hours that would normally qualify for eligibility under the Active Plan in the absence of this rule:

- 50% of the Health and Welfare Contributions paid to the Active Carpenters' Plan on your behalf will be rebated to you annually to offset your self-pay contributions for Retiree Health and Welfare coverage, up to a maximum of 480 hours in a calendar year. You will be eligible for this offset only if all three of these conditions are true: (1) you are eligible for Retiree Health and Welfare, and are making the required self-payments, (2) the work you perform does not result in the suspension of your Pension benefits, and (3) you work enough hours that, absent this rule, you would have normally qualified for Active coverage.
- If you are not eligible under the Retiree Health and Welfare Plan or are not making the required self-payments, if your return to work results in the suspension of your Pension benefits, or if the hours you work are less than the number required to earn eligibility under the Active Carpenters' plan in the absence of this rule, no Health and Welfare contributions will be credited on your behalf.

- 5) **Notice to Plan Participants about the Early Retiree Reinsurance Program:** You are a Plan Participant, or are being offered the opportunity to enroll as a Plan Participant, in an employment-based health plan that is certified for participation in the Early Retiree Reinsurance Program. The Early Retiree Reinsurance Program is a Federal program that was established under the Affordable Care Act. Under the Early Retiree Reinsurance Program, the Federal government reimburses a Plan Sponsor of an employment-based health 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, the program expires on January 1, 2014.

Under the Early Retiree Reinsurance Program, your Plan Sponsor may choose to use any reimbursements it receives from this program to reduce or offset increases in Plan Participants' premium contributions, co-payments, deductibles, co-insurance, or other out-of-pocket costs. If the Plan Sponsor chooses to use the Early Retiree Reinsurance Program reimbursements in this way, you, as a Plan Participant, may experience changes that may be advantageous to you, in your health plan coverage terms and conditions, for so long as the reimbursements under this program are available and this Plan Sponsor chooses to use the reimbursements for this purpose. A Plan Sponsor may also use the Early Retiree Reinsurance Program reimbursements to reduce or offset increases in its own costs for maintaining your health benefits coverage, which may increase the likelihood that it will continue to offer health benefits coverage to its retirees and employees and their families.

Grandfathered Health Plan: The Board of Trustees of the Carpenters Health and Welfare Trust Fund for California believes this Plan is a "grandfathered health plan" under the Patient Protection and Affordable Care Act ("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 your Plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventative health services without any cost sharing. However, grandfathered health plans 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 Plan administrator or the Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform. This Web site has a table summarizing which protections do and do not apply to grandfathered health plans.

Please keep this notice with your benefit booklet. If you have any questions, please contact Benefit Services at the Fund Office at (510) 633-0333 or toll free at (888) 547-2054. You may also send an e-mail to benefitservices@carpenterfunds.com. Forms and information can be found on our website at www.carpenterfunds.com.

The Board of Trustees maintains the right to change or discontinue the types and amounts of benefits under this Plan. This notice is intended as a summary only, and actual Plan documents will be used to interpret the Plan. Only the full Board of Trustees is authorized to interpret the Plan. The Board has discretion to decide all questions about the Plan, including questions about your eligibility for benefits and the amount of any benefits payable to you. No individual Trustee, Employer or Union Representative has authority to interpret this Plan on behalf of the Board or to act as an agent of the Board.

In accordance with ERISA reporting requirements this document serves as your Summary of Material Modifications to the Plan.