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July 28, 2014

TO: **All Retired Participants and their Dependents**

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

RE: **BENEFIT CHANGES**

- **Adult Child Dependent Coverage**
- **Opt-Out of Vision Coverage**
- **Remove the Annual Dollar Maximums for Non-Medicare Retirees**
- **Clarify Coordination of Benefit Rule**
- **Marketplace Late Enrollment Provisions**
- **Health and Welfare Employer Contributions for Post-Retirement Employment**

Effective September 1, 2014, the Board of Trustees will modify the Plan Rules and Regulations for the Carpenters Health and Welfare Trust Fund for California. In accordance with the Affordable Care Act (ACA, or "Health Care Reform"), the Plan is extending coverage for certain adult dependent children up to age 26 even if they have access to other group health coverage and allowing participants the opportunity to opt-out of vision coverage.

1) **Adult Child Coverage:** When the Fund originally implemented Health Care Reform on September 1, 2011, it allowed adult dependent natural children, step children, or legally adopted children to enroll for coverage up until the child's 26th birthday. This special enrollment period was not extended to these adult dependent children who were eligible to enroll in another employer-sponsored health plan (other than their parent's group health plan) such as the health plan of their own employer or their spouse's employer. **Effective September 1, 2014**, the Fund will no longer deny eligibility to adult dependent natural children, step children, or legally adopted children because they have access to another employer-sponsored health plan. In addition, coverage will not terminate until the end of the month in which the adult dependent child turns age 26 (rather than on the 26th birthday). Under ACA guidelines, these adult dependent children do not have to be unmarried, or be full-time students, or reside with the employee in order to qualify for this extended coverage. However, if one or more of these adult dependent children are eligible for coverage under his/her own employment, benefits will be coordinated with the dependent's own coverage being delegated as the prime carrier.

   Please contact the Fund Office if you have an adult dependent child to enroll under this new provision.

2) **Opt-out of Vision Coverage:** At this time, vision benefits **for Retired Employees and their dependents** are available automatically at the same time you are enrolled in the Fund's medical benefits.

   Effective September 1, 2014, you will be able to "opt out" of the self-funded vision benefits if you do not want this coverage. Even though you may opt out of this coverage, there will be no financial reward to do so and you will receive nothing in exchange. **Please note:** If you do nothing, you (and any eligible dependents) will automatically be enrolled in vision coverage. Please contact the Fund Office if you would like to drop (opt out of) vision coverage for yourself and your eligible dependents.

3) **Remove the Annual Dollar Maximums:** The Non-Medicare Retiree Plan currently has a $250,000 calendar year overall maximum for all Medical benefits, a $75,000 calendar year maximum for outpatient Prescription Drug benefits paid for each Eligible Individual and a limit of $250 for a routine physical exam for the participant and spouse. This Plan applied for and received a temporary "waiver" from the federal government to keep the annual limits in place for a period of time. The waiver will expire starting on September 1, 2014 (first day of the Plan year in 2014) and the dollar maximums will be removed. Note: HMO benefits have not included annual or lifetime maximums for some time.

4) **Coordination of Benefits Clarification:** Please note that for Coordination of Benefits purposes, the benefits of the plan that covers the person as a Participant, employee or subscriber are always determined before those of the plan covering the person as a dependent (exception when Medicare Secondary Payer provisions apply).

5) **Marketplace Late Enrollment Provisions:** If a Retiree and/or Dependent Spouse either didn't elect, or terminated Retiree Health and Welfare coverage, and subsequently became covered under the Affordable Care Act Health Insurance Marketplace or state exchange, the Retiree and/or Spouse may re-enroll in this Plan within 31 days of the date the other health coverage ceases provided that coverage was continuous.

6) **Health and Welfare Employer Contributions for Post-Retirement Employment**: In June 2009, a Special Temporary Window Period allowed a Retiree working in Covered Employment to receive 50% of the Health and Welfare employer contributions paid to the Active Carpenters' Plan to offset a portion of the cost of Retiree Health and Welfare coverage. The offset was up to a maximum of 480 hours in a calendar year, provided that certain criteria were met including: 1) The Retiree must be eligible for the Plan's Retiree Health and Welfare coverage, and be making the required self-payments, and 2) The work performed must be of a nature that does not result in the suspension of Pension benefits, and 3) The Retiree must work enough hours that, if not on the Retiree Health Plan and receiving pension payments, he/she would have qualified for Active coverage under the Plan. The Board has approved the continuation of this policy with no sunset provisions. Please note: A Form 1099-Misc income statement will be issued to recipients of offset payments which exceed IRS reporting requirements.

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 website 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.