

Laborers and Operating Engineers Utility Agreement Trust Funds for Arizona

HEALTH AND WELFARE

ADMINISTRATIVE OFFICE

VACATION

2400 W. Dunlap Ave., Suite 250
Phoenix, AZ 85021
(602) 249-3582
www.southwestservicepa.com

Date: November 29, 2010

To: All Active Employees, including COBRA beneficiaries, of the Laborers' & Operating Engineers Utility Agreement Health and Welfare Fund

PARTICIPANT NOTICE ABOUT BENEFIT MODIFICATIONS

This Participant Notice will advise you of certain material modifications that have been made to the Laborers' & Operating Engineers Utility Agreement Health and Welfare Fund to comply with the new health care reform law effective January 1, 2011. **This information is VERY IMPORTANT to you and your dependents.** Please take the time to read it carefully.

COVERAGE FOR DEPENDENT CHILDREN TO AGE 26 EFFECTIVE JANUARY 1, 2011

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

The Affordable Care Act, the short-hand name for the health care reform law signed by President Obama on March 23, 2010, allows 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.

For our Plan, this law is effective January 1, 2011, and therefore, the Trust Fund is extending dependent child coverage for a natural child, stepchild, adopted child, foster child and child under a legal guardianship from the current limiting age of 19 (or to age 23 if a full-time student) up to the birthdate on which a dependent child turns age 26.

Effective January 1, 2011, 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.

SPECIAL ENROLLMENT

Individuals whose coverage ended, or who were denied coverage (or were not eligible for coverage), because the availability of dependent coverage of children ended before attainment of age 26 are eligible to enroll in the Laborers' & Operating Engineers' Utility Agreement Health and Welfare Plan. Individuals have 30 days to request enrollment and coverage will be effective January 1, 2011. For more information the Administrative Office's contact information is on the last page of this notice.

Special Enrollment

If you have a child who is under age 26 (whether married or unmarried), including a child that is currently on COBRA continuation coverage, that child may be eligible to enroll in the Plan with coverage effective on January 1, 2011.

This special enrollment opportunity applies to children whose coverage under the Plan already ended (or eligibility was never approved) because they did not meet the eligibility requirements of the Plan including reaching the limiting age, were not full-time students or graduated from college, married, were not residing with the employee or not meeting the financial support requirements of the Plan along with children who are currently on COBRA continuation coverage because they lost eligibility under the Plan.

The Special Enrollment period is the 30-day period from November 30, 2010 through December 30, 2010.

- To enroll a dependent child, the employee must complete an Enrollment Form. See the Administrative Office's contact information on the last page of this notice.
- Be prepared to provide a copy of the child's birth certificate at the time you complete the Enrollment Form.
- A dependent child enrolled during this period will have coverage effective on January 1, 2011.
- Any dependent children added during this Special Enrollment opportunity will have all the same benefits that are available to similarly situated individuals.

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

The Plan will continue to provide coverage for unmarried disabled adult children who are age 26 and older in accordance with the eligibility rules set out in the SPD/Plan Rules, including the Eligible Employee's Dependent children who are incapable of self-sustaining employment by reason of a mental or physical handicap provided that the Eligible Employee continues Dependent coverage and such incapacity commenced prior to the date the Dependent child's coverage would otherwise terminate, and provided that the child is dependent upon the Eligible Employee for support and maintenance.

**ELIMINATION OF THE \$1,000,000 LIFETIME MAXIMUM
EFFECTIVE JANUARY 1, 2011.**

**PLAN IS REPLACING THE LIFETIME MAXIMUM WITH
AN ANNUAL MAXIMUM ON ESSENTIAL BENEFITS**

The Medical Plan's \$1,000,000 Lifetime Maximum and reinstatement of the lifetime maximum is being removed effective January 1, 2011. This means that there will be no overall lifetime maximum on essential medical plan benefits. Instead, the **Plan will implement a \$1,000,000 calendar year maximum for all essential benefits under the Medical Plan for all plan participants effective January 1, 2011.**

Additionally, the 60-day maximum per person per lifetime for substance abuse admissions and the \$500 per person per lifetime maximum for TMJ medical, surgical and dental treatment are removed effective January 1, 2011.

SPECIAL ENROLLMENT OPPORTUNITY

The lifetime limit on the dollar value of benefits under the Laborers' & Operating Engineers' Utility Agreement group health plan no longer applies as of January 1, 2011. Individuals whose coverage ended by reason of reaching a lifetime limit under the Plan are eligible to enroll in the Plan. Individuals have 30 days to request enrollment and coverage will be effective January 1, 2011. For more information, see the Administrative Office's contact information on the last page of this notice.

The Special Enrollment period is the 30-day period from November 30, 2010 through December 30, 2010. To enroll an eligible individual who previously lost coverage on account of exceeding the lifetime maximum, the employee must complete an Enrollment Form. Be prepared to provide a copy of proof of dependent status such as the marriage certificate or birth certificate at the time you complete the Enrollment Form. The effective date for coverage for individuals who enroll under this Special Enrollment opportunity will be January 1, 2011.

This notice is being provided to employees who should also share this notice with any dependents who may now be eligible to enroll for coverage.

CERTAIN CALENDAR YEAR MAXIMUMS CHANGED EFFECTIVE JANUARY 1, 2011

The Plan will be removing the following calendar year maximums effective January 1, 2011:

- There will no longer be a \$1,000/calendar year maximum payable for ambulance transportation to the first hospital where treatment is given.
- There will no longer be the following annual maximums: the 30-day maximum for inpatient mental health and substance abuse admissions, the 25 visit maximum for outpatient mental health visits, or the \$2,000 per year maximum for outpatient substance abuse treatment.
- There will no longer be a maximum of \$500 per person per year for foot orthotics.
- There will no longer be a maximum of \$2,000 per person per calendar year for Durable Medical Equipment.
- There will no longer be a maximum of \$750 per person per year for Outpatient Therapy: including any combination of speech, physical, occupational, rehabilitative and respiratory therapy). The benefit is now converted to a maximum of 10 visits per person per year.

The Plan will add a \$1,000,000 calendar year maximum for all essential benefits in the medical plan effective January 1, 2011.

**NO RETROACTIVE CANCELLATION OF COVERAGE
EFFECTIVE JANUARY 1, 2011**

In accordance with the requirements in the Affordable Care Act, effective January 1, 2011, the Plan will not retroactively cancel coverage except when contributions are not timely paid, or in cases of fraud or intentional misrepresentation of material fact.

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Because this Plan is a “grandfathered health plan,” we are required by law to provide this notice to you:

This group health plan 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 preventive 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 **Administrative Office** at their contact information listed on the last page of this notice. 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 Administrative Office.

Sincerely,

Board of Trustees

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 Administrative Office.

Administrative Office

Southwest Service Administrators, Inc.

Phone: (602) 249-3582 or toll free at 1-800-474-3485

Website for the Enrollment form: www.southwestservicetpa.com

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