

SMWIA Local 49 Family Health Plan

Administrative Office
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www.southwestservicetpa.com

DATE: March 29, 2011

TO: **ALL PLAN PARTICIPANTS**

FROM: Trust Fund Office

RE: **IMPORTANT ANNOUNCEMENT – HEALTHCARE REFORM NOTICE**

This Participant Notice will advise you of changes that have been made to the SMWIA Family Health Plan to comply with the new health care reform law effective April 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 APRIL 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, 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 April 1, 2011, and therefore, the Trust Fund is extending dependent child coverage from the current limiting age of 19 (or to age 23 if a full-time student) up to the age of 26.

Effective April 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.

ONE-TIME SPECIAL ENROLLMENT

All dependent children who are age 19 to 26, or will turn 19 before March 31, 2011, are required to complete the Adult Dependent Certification and Enrollment Forms enclosed.

Individuals have 90 days to request enrollment and coverage will be effective April 1, 2011. For more information contact the Administrative Office at 602-249-3582.

One-Time Special Enrollment

If you have a child (son, daughter, qualified stepchild, adopted child or child placed with you for adoption) 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 April 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.

NOTE: This Special Enrollment opportunity **does not apply** to adult dependent children who are **eligible** to enroll in another employer-sponsored health plan (other than their parent's group health plan).

The Special Enrollment period is the 90-day period from April 1, 2011 through June 29, 2011.

- To enroll a dependent child, who is age 19 to 26, or will turn 19 before March 31, 2011, the dependent child and the employee must complete the Adult Dependent Certification and Enrollment Forms enclosed.
- Be prepared to present the child's birth certificate at the time you enroll the dependent child.
- A dependent child enrolled during this period will have coverage effective on April 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).

NOTE: Dependent children who reach the age of 19 after March 31, 2011 must complete the Adult Dependent Certification Form at the time they reach the age of 19.

The Plan will continue to provide coverage for disabled adult children who are age 26 and older in accordance with the eligibility rules set out in the SPD/Plan Rules, including the employee's

unmarried dependent children who are incapable of self-sustaining employment by reason of disability provided that such disability commenced prior to the date the dependent child's coverage would otherwise terminate, that the child is dependent upon the employee for support and maintenance, that the employee has been covered by the Plan for a minimum of five years, and that a Social Security disability award be submitted to the Trust Fund Office within 31 days of the date the child's coverage would otherwise terminate.

**OTHER CHANGES TO ENROLLMENT
EFFECTIVE APRIL 1, 2011**

Initial Eligibility Enrollment: A newly eligible participant has 90 days from the date of his or her commencement of eligibility in which to enroll his or her dependents. If a participant enrolls his or her dependents within those 90 days, dependent coverage is retroactive to the participant's first day of eligibility.

New Dependent Enrollment: If a participant enrolls a new dependent child (newborn/ adopted/ placed for adoption/ new stepchildren) or a new spouse within 90 days of the event (the child's birth, adoption, placement for adoption, or the participant's marriage), coverage is effective as of the date of the event.

Rolling Enrollment: If any dependents are not enrolled within the first 90 days of the participant's initial eligibility or the date the person first became a dependent, the employee may enroll them at any time, but coverage is not effective until the first day of month after enrollment, not retroactively.

**ELIMINATION OF CERTAIN LIFETIME MAXIMUMS
EFFECTIVE APRIL 1, 2011**

The Medical Plan's \$1,000,000 Lifetime Maximum is being removed effective April 1, 2011. This means that there will be no overall lifetime maximum on essential health benefits.

The lifetime limit on the dollar value of benefits under the SMWIA Family Health Plan no longer applies as of April 1, 2011. Eligible individuals whose coverage ended by reason of reaching a lifetime limit under the Plan are eligible and coverage will be effective April 1, 2011. For more information, contact the Administrative Office at their phone number included with this notice

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

**CERTAIN CALENDAR YEAR MAXIMUMS IMPLEMENTED
EFFECTIVE APRIL 1, 2011**

The Medical Plan will have a calendar year maximum for the 2011 Plan Year of \$1,000,000. In addition, any other calendar year dollar maximums currently in the Plan that relate to "essential health benefits," a technical term in the new law, will not apply.

The Wellness benefit was limited to \$300 per person per calendar year, paid at 100% and not subject to the deductible. Effective April 1, 2011 if you use in-network providers, that benefit will have no dollar limit and will cover physical exams, mammograms, pap smears, and colonoscopies at recommended frequencies, without a medical diagnosis. If you choose an out-

of-network provider, any amounts above \$300 will be subject to the deductible and will be paid at 50%.

Also effective April 1, 2011 dental services for children under the age of 18 will not be subject to the \$1500 calendar year maximum. (The limit will continue to apply to orthodontia services).

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

In accordance with the requirements in the Affordable Care Act, effective April 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 602-249-3582 or Toll Free at 800-474-3485. 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 at 602-249-3582.

Sincerely,

Board of Trustees
March, 2011