

# SOUTHWESTERN TEAMSTERS SECURITY FUND

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December 27, 2010

To: **All Eligible Retirees and their Dependents of the Southwestern Teamsters Security Fund**

## PARTICIPANT NOTICE ABOUT BENEFIT MODIFICATIONS

This Participant Notice will advise you of certain material modifications that have been made to the Southwestern Teamsters Security Fund to comply with the new health care reform law effective December 1, 2010. **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 DECEMBER 1, 2010

***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 December 1, 2010, 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 or up to the birth date on which the dependent child turns age 26.

Effective December 1, 2010, dependent children do not have to be unmarried or be full-time students or reside with the retiree in order to qualify for this extended coverage. For more information on the appropriate enrollment forms, contact the Administrative Office.

### ONE-TIME 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 Southwestern Teamsters Security Fund health plan.

Individuals have 30 days to request enrollment and coverage will be effective December 1, 2010. For more information, contact the Administrative Office at 602-249-3582.

## **One-Time Special Enrollment**

If you have a child (son, daughter, stepchild, foster child, 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 December 1, 2010.

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 retiree 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 30-day period from January 1, 2011 through January 31, 2011.**

- To enroll a dependent child, the retiree must complete an Enrollment Form available from the Administrative Office.
- Be prepared to present 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 December 1, 2010.
- 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 retiree's son-in-law or daughter-in-law) or the children of the child (the retiree's grandchild). As noted by our Plan, a child for whom you are a legal guardian **is not** eligible children under this Plan.

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 Eligible Retiree's unmarried Dependent children who are incapable of self-sustaining employment by reason of a **mental or physical handicap** provided that the Eligible Retiree 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 Retiree for support and maintenance.

<p style="text-align: center;"><b>ELIMINATION OF CERTAIN LIFETIME MAXIMUMS EFFECTIVE DECEMBER 1, 2010.</b></p>
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**For Retirees and their dependents**, the Medical Plan's \$125,000 Lifetime Maximum and the \$2,000 annual restoration is being removed effective December 1, 2010. This means that there will be no overall lifetime maximum on essential medical plan benefits for Retirees.

### **ONE-TIME SPECIAL ENROLLMENT OPPORTUNITY**

The lifetime limit on the dollar value of benefits under the Southwestern Teamsters Security Fund health plan no longer applies as of December 1, 2010. 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 December 1, 2010. For more information, contact the Administrative Office at their phone number on the last page of this document.

**The Special Enrollment period is the 30-day period from January 1, 2011 through January 31, 2011.** To enroll an eligible individual who previously lost coverage on account of exceeding the lifetime maximum, the retiree must complete an Enrollment Form available from the Administrative Office. Be prepared to present proof of dependent status such as the marriage certificate or birth certificate at the time you complete the Enrollment card. The effective date for coverage for individuals who enroll under this Special Enrollment opportunity will be December 1, 2010.

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

### **CERTAIN CALENDAR YEAR MAXIMUMS CHANGED EFFECTIVE DECEMBER 1, 2010**

**For Retirees and their dependents:** Effective December 1, 2010, the Medical Plan will **adding a calendar year maximum of \$125,000 per person per calendar year.** Additionally, the Trustees applied for and the government approved a waiver of the annual maximum for the medical plan allowing the Fund to implement this \$125,000 annual maximum.

The Affordable Care Act prohibits health plans from applying arbitrary dollar limits for coverage for key benefits. In 2011, 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 Southwestern Teamsters Security Fund health plan, **does not meet the minimum standards** required by the Affordable Care Act described above. Instead, it puts an annual limit of \$125,000 on all covered medical plan benefits.

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.

This waiver is valid for one year.

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](http://www.HealthCare.gov).

If you have any questions or concerns about this notice, contact the Administrative Office at 602-249-3582.

- An Extended Care Facility is payable not to exceed 90 days per disability and the \$12 per day limit no longer applies.
- Home Health Care is payable not to exceed 70 days per calendar year and the \$15 per day limit no longer applies.
- Outpatient rehabilitation (includes any combination of Physical, Occupational and/or Speech Therapy, Respiratory Therapy or Cardiac Rehabilitation) is payable to a maximum of 50 visits per person per calendar year instead of \$5,000 per calendar year.
- Skilled Nursing Facility (SNF), Long Term Care Facility or Sub-Acute Care Facility is payable up to a maximum of 90 days per person per calendar year. The \$12 limit per day no longer applies and the requirement to be confined in a hospital for at least 5 days before this benefit is payable also no longer applies.
- Spinal manipulation and related services (by a Physician or Chiropractor) are payable to a maximum of one treatment per day, to a maximum of 50 treatments per calendar year, and the \$1,500 per person per Calendar Year limit no longer applies. This 50 treatments limit does not include radiology services performed by the Health Care Practitioner or medically necessary supplies.

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.

<p style="text-align: center;"><b>NO RETROACTIVE CANCELLATION OF COVERAGE EFFECTIVE DECEMBER 1, 2010</b></p>
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In accordance with the requirements in the Affordable Care Act, effective December 1, 2010, 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. 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](http://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

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.

*In accordance with ERISA reporting requirements this document serves as your Summary of Material Modifications*