

UNITED FOOD & COMMERCIAL WORKERS & EMPLOYERS AZ HEALTH FUND

Date: November 19, 2010
To: ALL **PLAN C4** 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 UFCW & Employers AZ Health 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, 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 from the current limiting age of 19 (or to age 23 if a full-time student) up to the age of 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.

ONE-TIME SPECIAL ENROLLMENT

All dependent children who are age 19 to 26, or will turn 19 before December 31, 2010, are required to complete the Adult Dependent Certification and Enrollment Forms enclosed.

Individuals have 30 days to request enrollment and coverage will be effective January 1, 2011. 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 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.

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 November 19, 2010 through December 19, 2010.

- To enroll a dependent child, who is age 19 to 26 or will turn 19 before December 31, 2010, 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 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).

NOTE: Dependent children who reach the age of 19 after December 31, 2010 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 Eligible Employee's unmarried Dependent children who are incapable of self-sustaining employment by reason of **mental retardation 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.

**REMOVAL OF THE PRE-EXISTING CONDITION LIMITATION
FOR CHILDREN UNDER 19 EFFECTIVE JANUARY 1, 2011**

Effective January 1, 2011, children under 19 will no longer be subject to the Plan's pre-existing condition limitation. Children under 19 were previously subject to pre-existing condition limitations as described in Part E of Article 4 of your Plan Document.

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

The Medical Plan's \$500,000 Lifetime Maximum is being removed effective January 1, 2011. This means that there will be no overall lifetime maximum on essential health benefits under Plan C4.

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

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.

**ELIMINATION OF THE \$500,000 LIFETIME MAXIMUM
EFFECTIVE JANUARY 1, 2011**

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

The Medical Plan's \$500,000 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 \$750,000 calendar year maximum for all essential benefits under the Medical Plan for all participants effective January 1, 2011.

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.

**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 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
November, 2010

UFCW-PlanC4HCRNotice-Jan1, 2011