

# UNITED FOOD & COMMERCIAL WORKERS & EMPLOYERS AZ HEALTH FUND

**Date:** December 30, 2010

**To:** ALL **PLAN R** (RETIREE MEDICAL PLAN) PARTICIPANTS

**From:** Trust Fund Office

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

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This Participant Notice will advise you of certain material modifications 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.** Please take the time to read it carefully.

<p style="text-align: center;"><b>ELIMINATION OF CERTAIN LIFETIME MAXIMUMS EFFECTIVE JANUARY 1, 2011.</b></p>
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The Medical Plan's \$100,000 Lifetime Maximum and the \$2,000 annual restoration is being removed effective January 1, 2011. This means that there will be no overall lifetime maximum on essential medical plan benefits for Retirees.

<p style="text-align: center;"><b><u>ONE-TIME SPECIAL ENROLLMENT OPPORTUNITY</u></b></p>
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<p>The lifetime limit on the dollar value of benefits under the UFCW &amp; Employers AZ Health Fund 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, contact the Administrative Office at their phone number on the last page of this document.</p>
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**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 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 retirees who should also share this notice with their spouses who may now be eligible to enroll for coverage.

**CERTAIN CALENDAR YEAR MAXIMUMS CHANGED  
EFFECTIVE JANUARY 1, 2011**

Effective January 1, 2011, the Medical Plan will be **adding a calendar year maximum of \$100,000 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 \$100,000 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 UFCW & Employers AZ Health Fund health plan, **does not meet the minimum standards** required by the Affordable Care Act described above. Instead, it puts an annual limit of \$100,000 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.

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. 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**  
December, 2010

UFCW-PlanRHCRNotice-Jan1,2011