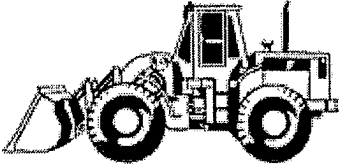


## EMPLOYERS AND OPERATING ENGINEERS LOCAL 520

*Health & Welfare, Pension, Annuity & Vacation*

Eight Executive Woods Court  
Swansea, Illinois 62226-2057



618-233-7978  
618-233-7979  
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## IMPORTANT INFORMATION ABOUT YOUR HEALTH AND WELFARE BENEFITS FOR 2011

March 2011

Dear Participant:

As Trustees of the Employers and Operating Engineers Local No. 520 Health and Welfare Fund (the "Plan"), we value your service and are proud to offer coverage to help meet the health care needs of you and your family. With a key commitment to keeping you informed, we want to make you aware of many enhancements to your benefits effective January 1, 2011. These changes are primarily a result of the Patient Protection and Affordable Care Act (the "Affordable Care Act") and are highlighted in this document.

### CHANGES IN PLAN MAXIMUMS

#### *Elimination of Lifetime Maximums*

Effective January 1, 2011, the Plan eliminated the following lifetime maximums/dollar limits to comply with the Affordable Care Act:

- Removal of \$1 million lifetime maximum for all covered expenses.
- Removal of \$500,000 lifetime maximum for Organ Transplant Benefits.
- Removal of \$50,000 lifetime maximum for Prosthetic Devices (supplies, repair, and servicing).
- Removal of \$40,000 lifetime maximum for Cochlear Implants.

#### *Changes to Annual Maximum Benefits*

The Plan adjusted the following annual benefit maximums, effective January 1, 2011:

- **Overall Annual Benefit Limit** – With the removal of the lifetime maximum for all covered expenses noted previously, for the 2011 calendar year, the Plan added a \$1 million dollar limit on the annual amount of covered expenses that each participant may incur.
- **Wellness/Physical Exam Benefits** – The Plan will continue to pay for routine physical exams for participants and their Dependent spouses and children, but the Plan is removing the dollar limit for those benefits and is limiting physical exams for adults age 19 and older to one per Coverage Period. The Plan is also limiting physical exams for Dependent children under age 19 to the American Academy of Pediatrics Bright Futures periodicity guidelines. Exams in excess of this maximum are not covered under any other benefit of the Plan.

The Affordable Care Act prohibits health plans from applying arbitrary dollar limits for coverage for key benefits. This year, 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 Employers and Operating Engineers Local No. 520 Health and Welfare Fund, does not meet the minimum standards required by the Affordable Care Act described above. Instead, it puts an annual limit of:

\$3,500 on Prescription Drug Benefits

In order to apply the lower limit 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 Prescription Drug 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 limit is 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 Plan Administrator at the Fund Office at 618-233-7978.

## **EXTENSION OF DEPENDENT COVERAGE TO AGE 26**

During November 2010, we announced a change that was effective January 1, 2011. You now have the opportunity to enroll your dependent children up to age 26, regardless of their student status or marital status.

In order for your child to be eligible to enroll in coverage through the Plan, your child must **not** be eligible to enroll in other employer-sponsored coverage (other than through a parent). This means that if your child has group health coverage available through his or her own job (or his or her spouse's job), he or she will **not** be permitted to be covered under the Plan.

### ***Revised Definition of Dependent Children***

Because of the age extension for dependent children, the Plan's definition of a Dependent child is changing. Effective January 1, 2011, an eligible Dependent child (whether a student, married or unmarried) will include your:

- Child under age 26 who is your natural child, adopted child, child placed with you for adoption, or stepchild;
- Unmarried child under age 26 for whom the financial responsibility for medical, dental, or other health care expenses has been assigned to you by a court, provided the child maintains a principal residence with you for more than one-half of the calendar year, that you provide more than one-half of the child's support during the calendar year, and that the child is younger than you;
- Unmarried child age 26 or older who is permanently and totally disabled, which means that the child is unable to engage in any self-sustaining employment because of a medically determinable mental or physical handicap, and is covered for benefits under the Plan on the date the benefits would otherwise end due to reaching age 26, provided:
  - The child remains disabled and incapable of self-sustaining employment;
  - The child is dependent on you for more than one-half of the child's support;

- The child has a principal place of residence with you for more than one-half of the calendar year;
  - The child is younger than you;
  - The child’s coverage under the Plan does not end for any other reason; and
  - You provide proof of disability to the Fund Office within 60 days after the child reaches age 26. Proof of continuing disability may also be required from time to time.
- The Plan recognizes all Qualified Medical Child Support Orders (QMCSOs), and children who are named as alternate recipients in such orders will be considered Dependent children under the Plan. Procedures for QMCSOs are available from the Fund Office, upon request, at no charge.
  - If a permanently and totally disabled child or a child for whom the financial responsibility for medical, dental, or other health care expenses has been assigned to you by a court, does not have a principal place of residence with you, the child will be a Dependent child, provided that:
    - The child’s parents are: 1) divorced or legally separated under a decree of divorce or separate maintenance; 2) separated under a written separation agreement; or 3) live apart at all times during the last six months of the calendar year;
    - The child’s parents provide over one-half of the child’s support;
    - The child is in the custody of one or both of their parents for more than one-half of the calendar year;
    - You provide over half the child’s support and the child is not a “qualifying child” of any other person.

The new definition of Dependent child applies not only to health benefits, but also to life insurance coverage for an active Employee’s Dependent child and to the death benefit paid by the Plan for a Retired Employee’s Dependent child.

### **PLAN’S RIGHT TO RECOVER OVERPAYMENTS OR MISTAKEN PAYMENTS**

If a payment for a claim filed by or for you or one of your Dependents is found to be more than the amount payable under the terms of the Plan or is found to have been made in error, then the Trustees at their option may seek to recover the overpayment or mistaken payment from the provider, from you, or from any other party that may be responsible to refund the excess or erroneous payment. The Trustees may take whatever action they deem necessary to recover the overpaid or mistakenly paid amounts, including, but not limited to, reducing benefits payable for future claims filed by or for you or your Dependents to offset the overpaid or mistakenly paid amounts or bringing a legal action against you and/or your Dependent to collect the overpayment. If it is necessary for the Trustees to institute legal proceedings to collect an overpayment and they prevail, you and/or your Dependent will be responsible for paying the reasonable attorney’s fees and costs they incur in connection with such action.

### **STATEMENT OF GRANDFATHERED STATUS**

Federal regulations require us to advise you that 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 the law was passed. 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 Manager at:

Employers and Operating Engineers Local 520 Health and Welfare Fund  
Eight Executive Woods Court  
Swansea, Illinois 62226  
618-233-7978

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). The website includes a chart summarizing the protections that do and do not apply to grandfathered health plans.

### **A FINAL NOTE**

Please take some time to review this announcement. If you are married, share this information with your spouse. Contact the Fund Office at 618-233-7978 if you have any questions about the benefits described in this notice.

Sincerely,

The Board of Trustees

*This announcement, which serves as a Summary of Material Modifications, contains only highlights of recent changes to the Employers and Operating Engineers Local No. 520 Health and Welfare Fund. Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.*