

To: All Eligible Participants and Beneficiaries in the Health and Benefit Trust Fund of the International Union of Operating Engineers Local Union No. 94-94A-94B, AFL-CIO

From: The Plan Administrator of the Health and Benefit Trust Fund of the International Union Operating Engineers Local Union No. 94-94A-94B, AFL-CIO

Date: October 2, 2014

**Important Notice from the Health and Benefit Trust Fund of the International Union of Operating Engineers Local 94-94A-94B, AFL-CIO
School Division
About Your Prescription Drug Coverage and Medicare**

2015 NOTICE OF CREDITABLE COVERAGE

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the Health and Benefit Trust Fund of the International Union of Operating Engineers Local 94-94A-94B, AFL-CIO ("Fund") provided through CVS Caremark and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are a few important things that you need to know about your current coverage under the Fund and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium. Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from October 15th through December 7th.
2. The Board of Trustees ("Trustees") of the Fund has determined that your prescription drug coverage offered by the Fund through CVS Caremark is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay and, therefore, is considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (as a penalty) if you later decide to enroll in a Medicare drug plan.
3. Read this notice carefully - it explains the options you have under Medicare prescription drug coverage, and can help you decide whether or not you want to enroll in a Medicare prescription drug plan.

When Can You Join A Medicare Drug Plan?

You can join a Medicare prescription drug plan when you first become eligible for Medicare and each year from October 15th through December 7th. This may mean you may have to wait to join a Medicare drug plan and that you may pay a higher premium (a penalty) if you join later. However, if you lose creditable prescription drug coverage under the Fund, through no fault of your own, you will be eligible for a two (2) month Special Enrollment Period ("SEP") to join a Medicare prescription drug plan. You should compare your coverage under the Fund, including which drugs are covered at what cost, with the coverage costs of the plans offering Medicare prescription drug coverage in your area.

POSSIBLE DIFFERENCES AMONG MEDICARE PRESCRIPTION DRUG PLANS THAT MAY BE OFFERED IN YOUR AREA	
Premiums	You pay the premium to the Medicare prescription drug plan that you choose. The amount depends on the type of coverage you choose. For people with limited income and resources, extra help paying for a Medicare prescription drug plan may be available.
Covered Drugs	Each Medicare prescription drug plan covers different brand name drugs at different costs to you. Your drugs may not be covered under every plan, so you need to choose carefully. For instance, one plan might cover your current brand-name medication, and another might not.
Cost-Sharing	Each Medicare prescription drug plan has a different deductible, co-payments, and other costs that you would be responsible for paying. For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available.
Pharmacies	Each Medicare prescription drug plan will have a different network of retail and mail order pharmacies.

Information About Your Current Prescription Drug Coverage Through The Fund:

Currently, the Fund provides prescription drug benefits using CVS Caremark for Retail and Mail Order drugs. There is no additional premium specifically for your prescription drug coverage.

Retail – The 30 day prescription co-pay at retail will be:

- » Generics = \$5.00 co-pay.
- » Brand Formulary or Brand Non-Formulary = \$15.00 co-pay.

Specialty Drugs 20% up to a \$50.00 co-pay.

For a Brand Drug with an FDA approved Generic (Multi-Source Brand) Drug available, the participant will be responsible for the Brand Drug co-pay plus the cost differential between the Brand Drug Ingredient cost and the approved Generic Drug Ingredient cost.

Mail Service – 90 day supply

- » Generics = \$10.00 co-pay.
- » Brand Formulary or Brand Non-Formulary = \$25.00 co-pay.

Specialty Drugs – 20% up to a \$150.00 co-pay

For a Brand Drug with an FDA approved Generic (Multi-Source Brand) Drug available, the participant will be responsible for the Brand Drug co-pay plus the cost differential between the Brand Drug Ingredient cost and the approved Generic Drug Ingredient cost.

What Happens To Your Current Coverage If You Decide To Join A Medicare Drug Plan?

If you do decide to join a Medicare prescription drug plan, your current prescription drug coverage with the Fund (as well as your eligible dependents' current prescription drug coverage with the Fund) will not be affected and, therefore, continue as long as you (or they) continue to meet the eligibility requirements of the Fund. If you do not enroll in a Medicare prescription drug plan, your current prescription drug coverage with the Fund (as well as your eligible dependents' current prescription drug coverage with the Fund) will also continue as long as you (or they) continue to meet the eligibility requirements of the Fund.

If you enroll in a Medicare prescription drug plan and are an active participant, your coverage with this Fund will be primary and Medicare will pay on a secondary basis after this Fund has paid its benefits. As a retired member of the School Division there are no benefits available, except for the Death benefit and the Medicare B and D premium reimbursement if you meet the eligibility requirements.

You may, in the future, enroll in a Medicare prescription drug plan during Medicare's annual enrollment period (October 15th to December 7th of each year). In addition, Medicare beneficiaries who drop or lose employer- or union-sponsored coverage may be eligible to enroll during the applicable SEP, which may allow enrollment in a Medicare prescription drug plan outside the regular annual enrollment period.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your coverage with this Fund and do not enroll in a Medicare prescription drug plan within 63 continuous days after your current coverage ends with this Fund, you may pay a higher premium (as a penalty) to enroll in a Medicare prescription drug plan later. If you go 63 continuous days or longer without creditable prescription drug coverage (prescription drug coverage that is at least as good as Medicare's prescription drug coverage), your monthly premium may go up at least 1% of the Medicare base beneficiary premium per month for

every month that you did not have that coverage. For example, if you go nineteen (19) months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the next annual enrollment period for Medicare prescription drug coverage (October 15th through December 7th, each year) to enroll.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

Contact the Fund Office at 212-541-9880.

NOTE: You will receive this notice each year. You will receive this notice at other times in the future (such as before the next period you can enroll in Medicare annual enrollment period, and if this coverage through the Fund changes). You also may request a copy at any time.

For More Information About Your Options Under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage will be in the “Medicare & You” handbook that Medicare annually publishes and sends in the mail to Medicare beneficiaries every year. You may also be contacted directly by Medicare prescription drug plans. You can also get more information about Medicare prescription drug plans from these places:

- Visit www.medicare.gov;
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number) for personalized help; and/or
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for a Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (“SSA”). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may need to give a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium amount (a penalty).

Date: October 2, 2014
Name of Entity/Sender: Health and Benefit Trust Fund of the I.U.O.E. Local 94-94A-94B, AFL-CIO
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As in all cases, the Trustees reserve the right to modify benefits available under the Fund at any time, in accordance with applicable laws.

This document is intended to serve as your Notice of Creditable Coverage as required by law.

IMPORTANT GOVERNMENT NOTICE REGARDING THE FUND’S GRANDFATHERED STATUS

As of the date of this notice, the Trustees believe that the Fund is a “grandfathered plan” as such term is defined under the Patient Protection and Affordable Care Act of 2010 (more commonly known as Health Care Reform). As permitted by Health Care Reform, a grandfathered health plan can preserve certain basic health coverage that was already in effect when Health Care Reform was enacted. Being a grandfathered health plan means that the medical coverage that you have elected under the plan may not include certain consumer protections of Health Care Reform that apply to other group health plans, for example, the requirement for the provision of preventive health services without any cost sharing (*i.e.*, copayments, coinsurance, deductibles). 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 and extension of coverage to dependents until age 26. 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 Plan Administrator during normal business hours at: 331-337 West 44th Street, New York, New York, 10036, telephone number: (212) 541-9880. You may also contact the Department of Labor at (866) 444-3272 or www.dol.gov/ebsa/healthreform. This website has a table summarizing which protections do and do not apply to grandfathered plans.