

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

Date: April 1, 2019

Re: Commercial Division - Health and Benefit Trust Fund Plan Changes

Dear Participant,

Over the past 15 years, the Board of Trustees of the Health and Benefit Trust Fund of the International Union of Operating Engineers of Local 94-94A-94B, AFL-CIO (“Plan”) and the Fund Office worked diligently to successfully maintain and even strengthen the Plan without increasing costs to participants. Over the last 15 years the net assets of the Plan have increased from a month and a half (1.5 months) of “reserves” to sixteen (16) months of “reserves”. This success can be attributed to many things including, but not exclusively, health care savings initiatives, increases in health fund revenues through employer contributions and investment income, and partnerships with entities which have strengthened the Plan’s buying power. But as you know, the landscape in health care is ever changing and dynamic. Rising medical costs, health care related legislation, and stock market fluctuations have had and will continue to have a negative impact on the Plan. In order to keep the Plan in a position of strength, we need to continually assess the short term and long term strategy of the Plan so it can remain strong and provide benefits to participants for years to come.

When assessing the short and long term feasibility of the Plan, its sustainability requires change and tough decisions to be made. As an example, most recently the Plan switched its pharmacy benefit manager (“PBM”). With this change, the Commercial Division Plan is projected to save approximately ten (10) million dollars over the next three (3) years compared to what the Plan was spending under the Caremark contract that was previously in place. Unfortunately, the change in PBM is not enough; the viability of the Plan requires additional changes to be made. Accordingly, enclosed find a Summary of Material Modifications (“SMM”) describing upcoming changes to the Commercial Division Plan which we anticipate will position the Plan to continue to deliver expansive benefits to you, your dependents and other participants now and in the future.

Retiree premiums are being increased to re-establish the retirees’ proportionate share of expenses to the levels that were in place when retiree premiums were first implemented in 2005. As you know, the premium amounts have not changed since being first implemented, while medical costs have increased year over year. In the Plan’s evaluation, these retiree premiums are still below market value for the expansive benefits that you receive as a retiree.

We’ve also restructured the overall copay structure to offer an incentive to utilize your primary care doctor. You need to know your choices when you need care. Emergency room care is obviously your best option for true emergencies. Urgent care and clinics are cheaper and more convenient than the emergency room or when your primary care doctor isn’t available. Another consideration when your doctor isn’t available is LiveHealth Online. With this service you can video-chat with a board certified doctor online using a webcam, smartphone or a tablet. The doctor can answer your questions and diagnose common problems, like a sore throat, the flu or infection. However, your primary care doctor is typically your best and least expensive option. Additionally, your primary care doctor can “keep an

eye on things” and have a more holistic view of your overall health. Selecting the best site of care will improve your overall health and will save the Plan and you money.

The last benefit change described in the enclosed SMM relates to the eligibility criteria for retiree health benefits under the Plan. Currently, participants can be eligible for retiree health benefits as early as age 55. This means the participant and his or her family could potentially be covered for ten (10) years until Medicare becomes the primary insurer. A pre-Medicare participant such as this costs the Plan approximately \$3,600 a month versus a Medicare retiree who costs the Plan \$854 a month. These aforementioned costs, together with healthcare legislation such as the extension of coverage for adult children, and increases in life expectancies have placed a heavy burden on retiree costs for the Plan. Additionally, the new age requirement for retiree health benefits, regardless of disability, will now more closely align this benefit with the current average retirement age of 61.9 for the Commercial Division Plan.

With these modifications and continued cost savings initiatives, we aim to well position the Plan for the future. We would like to thank you ahead of time for your patience and consideration during these benefits changes.

**SUMMARY OF MATERIAL MODIFICATIONS TO
THE HEALTH AND BENEFIT TRUST FUND OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS
LOCAL UNION NO. 94-94A-94B, AFL-CIO**

Commercial Division

To: All 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

Re: Notice of Plan changes for the following:

- **Retiree Premiums Effective June 1, 2019**
- **Co-Payments Effective July 1, 2019**
- **Eligibility Requirements for Retiree Coverage Effective January 1, 2020**

Date: April 1, 2019

This document is a Summary of Material Modifications (“SMM”) intended to notify you of important changes under the Health and Benefit Trust Fund of the International Union of Operating Engineers Local Union No. 94-94A-94B, AFL-CIO (“the Plan”). This summary is intended to satisfy the requirements for issuance of a SMM under the Employee Retirement Income Security Act of 1974, as amended. You should take the time to read this SMM carefully and keep it with the Summary Plan Description (“SPD”) that was previously provided to you. If you need another copy of the SPD or if you have any questions regarding this change to the Plan, please contact the Plan Administrator during normal business hours at: 331-337 West 44th Street, New York, New York, 10036, telephone number: (212) 331-1800.

The Board of Trustees of the Plan (the “Board”) wish to announce the following Plan changes effective June 1, 2019, July 1, 2019 and January 1, 2020, respectively:

RETIREE PREMIUMS WILL BE INCREASED EFFECTIVE JUNE 1, 2019

Effective June 1, 2019, Retirees who meet the eligibility requirements for coverage under the Plan will be required to pay the following **increased premiums** in order to continue their health coverage under the Plan:

Basic Retirees under age 65, who have the basic benefit Plan, will pay \$445.00 for either individual or family coverage per month.

Medicare Retirees under or over age 65, who are eligible for Medicare, will pay \$445.00 for either individual or family coverage per month.

PPO Retirees under age 65, who are ineligible for Medicare and wish to purchase the PPO Benefit, will have to pay \$850.00 for either individual or family coverage per month.

Retiree premiums are subject to change from time to time.

CO-PAYMENTS EFFECTIVE JULY 1, 2019

The Board has approved **changes to co-payments** effective as of July 1, 2019, and is pleased to announce that several co-payments have been reduced as set forth below. All Plan design exclusions and limitations remain unchanged.

Commercial Division Actives & Commercial Retired PPO	Current Co-Pay/Cost for Participant	Co-Pay for Participant Effective 7/1/19
Primary Care Physician	\$30	\$20
Specialist	\$30	\$40
Urgent Care	\$30	\$40
Emergency Room	\$50	\$70
Lab	\$10	\$15
LiveHealth Online		
Medical	\$49	\$15
Allergy	\$49	\$15
LiveHealth Online Mental Health		
Psychology - Therapist	\$80	\$15
Psychology - Psychologist	\$95	\$15
Psychiatry – Initial Evaluation	\$175	\$15
Psychiatry – Follow up	\$75	\$15

RETIREE ELIGIBILITY REQUIREMENTS EFFECTIVE JANUARY 1, 2020

Retirees are eligible for applicable benefits under Section 4 of the SPD. Effective January 1, 2020, in order to be **eligible for Retiree Benefits** under the Plan (as described under Section 4 of the SPD), Retirees, regardless of disability status, must satisfy all of the following requirements:

- Must be at least age 62 on their respective retirement date under the Central Pension Fund,
- Have at least twenty-five (25) years of Total Credited Service (as defined in the Central Pension Plan),
- Be receiving a pension under the Central Pension Plan,
- Must have continuous coverage under the Fund for the fifteen (15) years immediately preceding their respective retirement date under the Central Pension Plan, and
- Must pay the required premiums set forth under Section 4 of the SPD, as amended from time to time.

Sincerely,

Board of Trustees, Health and Benefit Trust Fund of the International Union of Operating Engineers of Local 94-94A-94B, AFL-CIO

This SMM is intended to provide you with an easy-to-understand description of material issues concerning the Plan. While every effort has been made to make this description as complete and as accurate as possible, this SMM, of course, cannot contain a full restatement of the terms and provisions of the Plan. The Board of Trustees or its duly authorized designee, reserves the right, in its sole and absolute discretion, to amend, modify or terminate the Plan, or any benefits provided under the Plan, in whole or in part, at any time and for any reason, in accordance with the applicable amendment procedures established under the Plan and the Agreement and Declaration of Trust establishing the Plan (the "Trust Agreement"). The Trust Agreement is available at the Fund Office and may be inspected by you free of charge during normal business hours. No individual other than the Board of Trustees (or its duly authorized designee) has any authority to interpret the plan documents, make any promises to you about benefits under the Plan, or to change any provision of the Plan. Only the Board of Trustees (or its duly authorized designee) has the exclusive right and power, in its sole and absolute discretion, to interpret the terms of the Plan and decide all matters arising under the Plan.

IMPORTANT NOTICE REGARDING THE PLAN'S GRANDFATHERED PLAN STATUS

Trustees believe that the Plan is a "grandfathered plan" as such term is defined under PPACA (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 (Le., copayments, coinsurance, deductibles). However, grandfathered health plans must comply with certain other consumer protections in Health Care Reform, 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) 331-1800). 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.