

**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**

School 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 – School Division

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 – School Division

Re: Notice of Plan changes effective January 1, 2020:

- **PPO Retiree Benefit eligibility requirements for Retirees aged 62-64**
- **Retiree premiums for PPO Retiree Benefit coverage**

Date: May 12, 2020

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”) is pleased to announce the availability of the **PPO Retiree Benefit** to eligible Retirees ages 62-64. Please note, the Death and Medicare Related Premium Reimbursement Benefits for Retirees remains unchanged.

This SMM must be read in conjunction with a copy of the SPD for your orientation to the Sections referenced in the SPD. The following Plan changes are **effective January 1, 2020**:

I. The definition of Retiree in the Glossary on page 4 of the SPD has been amended as follows:

Retirees: Members who are receiving pension benefits under the Central Pension Plan and who satisfy the eligibility requirements under Section 1 of this SPD. Eligible Retirees, who are (i) under or over the age of 65 and (ii) are eligible for Medicare shall be referred to as “**Medicare Retirees**” herein. Retirees who are (i) ages 62 to 64, (ii) ineligible for Medicare, and (iii) eligible for and have purchased the Retiree PPO Benefit under the Plan, shall be referred to as “**PPO Retirees**” herein.

II. The Eligibility for Retirees section on page 10 of the SPD has been amended as follows:

Eligibility for Medicare Retirees' Death and Medicare Related Premium Reimbursement Benefits

Medicare Retirees are eligible for the **Death and Medicare Related Premium Reimbursement Benefits** under Section 4 herein. In order to be eligible for these benefits, (as described under Section 4 herein), Retirees must also:

- Have fifteen (15) years of Total Credited Service (as defined in the Central Pension Plan),
- Be receiving a pension under the Central Pension Plan, and
- Must have continuous coverage under the Fund for the five (5) years immediately preceding their respective retirement date under the Central Pension Plan.

Eligibility for PPO Retiree Benefit

To be eligible for the **PPO Retiree Benefit** under Section 4 herein, Retirees, ages 62-64, 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 under Section 4 herein, as amended from time to time.

In addition, Active Members who became totally and permanently disabled and, as a result, lost their coverage under the Fund will again be eligible if they receive a disability pension from the Central Pension Plan and Social Security Disability Award before recovering from the disability.

III. Section 2's heading and first paragraph thereunder on page 24 have been amended as follows:

PPO BENEFITS AVAILABLE FOR ACTIVE MEMBERS, PPO RETIREES AND THEIR ELIGIBLE DEPENDENTS

As discussed above in Section 1, the Fund offers medical, health care, and hospitalization benefits to Active Members, PPO Retirees and their Eligible Dependents through an insurance agreement entered into between the Fund and Empire Blue Cross Blue Shield. . . . The Fund first offered the PPO to School Division Active Members on September 1, 2004. The Fund first offered the PPO Retiree Benefits to eligible School Division Retirees on January 1, 2020.

IV. The Fund-Office Administered Benefits for Active Members, Retirees and Their Eligible Dependents Section on page 25 of the SPD has been amended as follows:

For Active Members, Medicare Retirees, PPO Retirees and their Eligible Dependents, the Fund-Office Administered Benefits are limited to:

- Annual Physical Examinations (PEMG only), (available only for Active Members and their Eligible Dependents & PPO Retirees and their Eligible Dependents)**
- Infertility Prescription Drugs (For medical services pertaining to infertility please refer to the Empire Blue Cross Blue Shield Appendices) (available only for Active Members and their Eligible Spouse & PPO Retirees and their Eligible Spouse)**
- Eye Care, (available only for Active Members and their Eligible Dependents & PPO Retirees and their Eligible Dependents)**
- Hearing Aids, (available only for Active Members and their Eligible Dependents & PPO Retirees and their Eligible Dependents)**
- Loss of Time Benefits (available only for Active Members),**
- Death Benefits (available only for Active Members and Retirees),**
- Accidental Death and Dismemberment Benefits (available only for Active Members) and/or**
- Medicare Related Premium Reimbursement (available only for Medicare Retirees and their eligible Spouse)**

V. The first sentence of Section 4 on page 30 of the SPD has been amended as follows:

The Death Benefit and the Medicare Related Premium Reimbursement benefit are provided to individuals who are Medicare Retirees and meet the eligibility requirements applicable to Medicare Retirees as set forth in Section 1 of this SPD. The PPO Retiree Benefit is provided to individuals who are PPO Retirees and meet the eligibility requirements applicable for the PPO Retiree Benefit set forth in Section 1 of this SPD and pay the required premium payment.

VI. Section 4: The following shall be inserted after the first paragraph on page 30 of the SPD for Retirees' Benefits:

PPO RETIREE PREMIUMS

PPO Retirees that meet the eligibility requirements for PPO Retiree Benefit coverage will be required to pay a premium in order to continue their health coverage under the Plan.

PPO Retirees age 62-64, who are ineligible for Medicare and are eligible for and wish to purchase the PPO Retiree Benefit, will have to pay \$850.00 per month for either individual or family coverage (Note: The PPO Retiree premiums are subject to change from time to time).

Thus, if you are eligible for and elect PPO Retiree Benefit coverage, your premium is due on the 20th of the prior month or the next business day for the 1st of the next month of PPO Retiree Benefit coverage. **If you fail to remit a payment by its due date or appropriate funds are not available from the account in the automatic withdrawal that has been implemented with the Fund, your coverage will be terminated (and cannot be reinstated). There is a grace period of thirty (30) days to pay the monthly PPO Retiree premium payments.** If the payment of the amounts due is not made by the end of the applicable thirty (30) day grace period, your health coverage under the Plan will terminate as of the end of the last month for which you timely paid and, thereafter, cannot be reinstated. **Administrative extensions will not be granted beyond the 30-day grace period.**

Any PPO Retiree, who is eligible for medical coverage through payment of the aforementioned PPO Retiree premiums with the Fund, will have an option to have their respective PPO Retiree premium payments withdrawn from their personal bank account automatically each month. Please contact the Fund Office if you wish to have your premium deducted each month.

PPO RETIREE BENEFITS

Effective January 1, 2020, if you are a Retiree aged 62 to 64, ineligible for Medicare and who satisfies the eligibility requirements for PPO Retiree Benefits set forth in Section 1 herein, you will have the option to purchase the PPO Retiree Benefit in order to continue the Empire Blue Cross Blue Shield PPO benefits you had while you were an Active Member.

If you are eligible for and elect the PPO Retiree Benefit coverage, there is a premium requirement of \$850.00 per month for either individual or family coverage. (Note, these PPO Retiree premiums are subject to change from time to time.) There will be a grace period of thirty (30) days to pay the monthly PPO Retiree premium payments. If the payment of the premium amounts due is not made by the end of the applicable thirty (30) day grace period, your health coverage under the Plan will terminate as of the end of the last month for which you timely paid and, thereafter, cannot be reinstated.

Note, the following additional special rules regarding the PPO Retiree Benefit:

- Your **Eligible Dependent** (as defined under Section 1 herein) will be eligible for the PPO Retiree Benefit for as long as you remain eligible for the PPO Retiree Benefit.
- You and any Eligible Dependents' PPO Retiree Benefit coverage will **terminate on the last day of the month prior to the month in which you reach age 65**. COBRA Continuation Coverage may be purchased for a maximum of 18 months for any Eligible Dependent who loses coverage following this event.
- Your eligible **spouse** who is terminated from the PPO Retiree Benefit coverage because you reach age 65 will be eligible for the **Medicare Related Premium Reimbursement Benefit** when they become Medicare eligible.

Fund-Office Administered Benefits

Please refer to the Section 3: Fund-Office Administered Benefits in the SPD.

Hospital, Prescription Drug, Dental and Eye Care

As a PPO Retiree you are eligible for the same hospital, prescription drug, dental and eye care benefits that you would have received if you remained an eligible Active Member. Please refer to the applicable sections in this SPD and the PPO Booklet Actives Appendix A for more details on coverage for PPO Retirees.

- VII. The third paragraph of the Medicare And Other Coverage Section on page 50 of the SPD has been amended as follows:**

If you are a Retiree and eligible for Medicare, Medicare will be your primary health benefit Plan. For Retirees, the Plan is not a primary or secondary payor of health claims. As a reminder, the Death Benefit and the Medicare Related Premium Reimbursement benefit are provided to individuals who are Medicare Retirees and meet the eligibility requirements applicable to Medicare Retirees as set forth in Section 1 of this SPD. The Death Benefit and PPO Retiree Benefit is provided to individuals who are PPO Retirees and meet the eligibility requirements applicable for the PPO Retiree Benefit set forth in Section 1 of this SPD and pay the required premium payment. Since the Plan does not provide or pay health claims for Medicare Retirees (or their spouses), the Plan does not coordinate benefits for Medicare Retirees with any other Plan including Medicare. Since the Plan does provide or pay health claims for PPO Retirees (or their spouses), the Plan does coordinate benefits for PPO Retirees with any other Plan.

VIII. Appendix A's Welcome section on page A-1 of the SPD has been amended as follows:

Welcome to Empire's Preferred Provider Organization ("PPO"), which is a network of physicians and other health care Providers who agree to offer medical or hospitalization services and/or supplies according to an established fee schedule or pre-negotiated rate. . . . Accordingly, this benefits booklet explains the specific health and medical PPO benefits for members who are actively employed, PPO Retirees, and any eligible individuals who have elected COBRA Continuation Coverage; as well as their eligible dependents.

. . .

Retirees, other than PPO Retirees, (as defined in the Summary Plan Description for the Health and Benefit Trust Fund of the International Union of Operating Engineers Local 94-94A-94B, AFL CIO Active and Retiree Members in the School Division effective January 1, 2018) are not eligible for any benefits set forth or discussed in this Appendix A PPO Booklet. If you have any questions you can visit the Local 94 website at: <http://www.local94.com> or by calling (212) 331-1800.

IX. The Health Care Terms and Definition section on page A-60 is amended by the addition of the following:

PPO Retirees

Retirees who are (i) ages 62 to 64, (ii) ineligible for Medicare, and (iii) eligible for and have purchased the Retiree PPO Benefit under the Plan

X. The Health Care Terms and Definition section is amended by the addition of the following:

Retirees

Members who are receiving pension benefits under the Central Pension Plan and who satisfy the eligibility requirements under Section 1 of this SPD. Eligible Retirees, who are (i) under or over the age of 65 and (ii) are eligible for Medicare shall be referred to as "**Medicare Retirees**" herein. Retirees who are (i) ages 62 to 64, (ii) ineligible for Medicare, and (iii) eligible for and have purchased the Retiree PPO Benefit under the Plan, shall be referred to as "**PPO Retirees**" herein.

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.