

IMPORTANT NOTICE – CHANGES TO YOUR HEALTH PLAN BENEFITS

To All Active and Retired Participants:

As you have probably heard in the media, there continues to be an alarming escalation in the cost of providing health care benefits. These realities apply to the Connecticut Carpenters Health Fund. The Board of Trustees and its Fund professionals have closely monitored the Health Fund's financial position and the ever-increasing cost of providing benefits and other factors impacting the Health Fund. We have concluded that certain benefit changes need to be made to stem the tide of the escalation in the Fund's health care expenses and to preserve the solvency of the Fund for the future so the quality of benefits can continue to be maintained.

We are grateful that the active members have voted to increase the hourly contribution by 85 cents to \$4.05. Taking that into consideration, we have agreed on these steps to contain costs:

1. We have simplified the benefit plans into two basic categories:
 - i. one for active members and individuals (retirees, spouses or widows) who are NOT eligible for Medicare, and
 - ii. one for individuals (retirees, spouses or widows) eligible for Medicare because of age and for members eligible for Medicare because of disability;
2. We have eliminated and reduced benefits as described in this notice; and
3. We have increased significantly the costs of retirees coverages.

Therefore, effective July 1, 2003, the following changes will be made to the Health Fund benefit plans:

Changes to the Plan for Eligible Active Members and the Self-Pay Plan for Eligible Retirees/Spouses/Widows NOT on Medicare

- **Office Visit Copayment.** The copayment you pay each time you visit your physician will be increasing to \$20.
- **Emergency Room Copayment.** The copayment for use of the emergency room will be increasing to \$75 for each visit. This copayment will be waived if you are admitted to the hospital at the time of your visit to the emergency room.
- **Individual and Family Deductibles.** The annual individual deductible will be increasing to \$300 and the annual family deductible will be increasing to \$600. The common accident deductible will also be increasing to \$300.

- **Prescription Drug Plan Changes.** A three-level formulary prescription drug program will be implemented for all covered individuals. The prescription drug program will continue to be provided through Express Scripts. The program works as follows:

	Generic Drug	Formulary Drug	Non-Formulary Drug
At a network pharmacy your copayment for up to a 30-day supply	\$10.00	\$20.00	\$35.00
Through the Express Scripts mail order program your copayment for a 90-day supply will be	\$20.00	\$40.00	\$70.00

- **Formulary Drugs.** A formulary drug is a listing of prescription drugs that are therapeutic equivalents to other drugs by other manufacturers and if prescribed by your physician, offer cost savings to both you and the Health Fund. The list is extensive so you should not worry that your physician will not be able to select a drug from the list. Ultimately, it is a decision between you and your physician as to which drug is best for you. You may call Express Scripts (1-800-451-6245) to receive a listing of the Health Fund's formulary drugs that you can share with your physician when you have an office visit.
- **Waiver of Premium Change.** Presently, if an eligible active member becomes totally and permanently disabled before age 62, he may apply to the Fund's insurance company for a "waiver of premium" to maintain his life insurance – without cost – until he reaches age 65 or, if earlier, recovers. This basically means that a totally and permanently disabled member keeps \$6,000 of life insurance in force until age 65. We are eliminating the waiver of premium benefit for anyone who has not obtained insurance-company approval before July 1, 2003. If you become disabled after then, you will lose your life insurance coverage unless you choose to pay the monthly cost for one of the new Self-Pay Plans described in this letter. You will only be entitled to the life insurance coverage available under that plan (e.g. \$2,000 under the Medicare-eligible plan) if you die while covered by that plan.
- **Life Insurance.** Life insurance will be provided under the Self-Pay Plan in the same amount and manner as the Full Spectrum Active Plan including accidental death and dismemberment benefits for the member.
- **Weekly Disability Income.** Weekly disability income benefits are only available to Active members.
- **Monthly Contribution Rate.** The monthly contribution rate under the Self-Pay Plan will be increasing to \$615.

Changes to the Self-Pay Plan for Eligible Retirees/Spouses/Widows Eligible for Medicare

- **Plan Changes.** The Health Fund will be eliminating the current Plans of Benefits for retirees, spouses and widows over age 65 and disabled members, dependents, spouses or widows receiving Medicare benefits. In its place, the Fund will be implementing a Medicare Supplemental Program for anyone who is currently eligible for Medicare and elects to continue receiving benefits under the Health Fund.
 - The Medicare Supplemental Plan will only cover what Medicare covers and will be reimbursed at 80% subject to a \$300 individual deductible or a \$600 family deductible.
 - Retiree life insurance - \$2,000 (while you remain covered under the Plan) for the member only.
 - The Medicare Supplemental Plan excludes vision and dental benefits but includes prescription drug coverage under the new three tier drug program described under the Active Plan.
 - For disabled carpenters, submit your Social Security Disability Award notice to the Fund Office and notify the Fund Office when you become covered by Medicare.
- **Monthly Contribution Rate.** The monthly contribution rate for anyone covered under the Medicare Supplemental Plan will be \$300.
 - If a retiree covered under the Medicare Supplemental Plan has a spouse and/or dependents under age 65, the spouse/dependents would be covered under the Self-Pay Under Age 65 Plan and the contribution rate for the spouse/dependents will be two-thirds of the monthly contribution rate for the Self-Pay Under Age 65 Plan. For this year, the monthly contribution is \$410.

Pay Stub Credit

The Fund's 2001 summary plan description describes how and when you will be given hours credit for eligibility based on pay stubs. The Trustees voted to change the limit on pay stub credit that can be given for covered employment after June 2003. Our goal is to encourage participants to help us collect delinquent contributions by reporting promptly when they don't receive receipts or other evidence that Fund contributions have been made on their work.

The new rule is that you may receive pay stub credit for your work in the first two consecutive calendar weeks when your employer is delinquent. The two-week maximum applies separately if you work for more than one delinquent employer. However, once you receive pay stub credit for work after June 2003 for an employer, you cannot receive credit in any future year for work for that employer.

Coverage If You Enter the Military

Presently, if you enter qualified military service, any Health Fund eligibility (including buy-in rights) you earned will remain in effect. When eligibility ends, you are entitled to self-pay to continue that coverage for up to 18 months. When you return from the military, you must work

the required number of hours to re-establish eligibility. These rules are described in the Fund's 2001 summary plan description and the notice dated June 2002.

The Trustees voted to give you a choice to use the present rules OR to freeze your earned eligibility and use it when you return from the military to the carpentry trade in Connecticut. Here's how the OPTION TO FREEZE would work:

1. You would have to give written notice to the Fund before or within 90 days after you first enter the military. If you left for the military before May 1, 2003, your deadline to elect to freeze any unused coverage is July 1, 2003. You may not revoke this election.
2. Your decision would apply to you and all family members the Fund covers, so you could not freeze your coverage and leave coverage in effect for your spouse/children.
3. Your decision would take effect the first of the month after you give written notice to the Fund. It cannot be retroactive.
4. You must return to, or register as being available for, covered employment within 60 days after your honorable discharge from military service.
5. When you return/register on time, you will be entitled to immediate eligibility, or buy-in rights, in the plan of benefits then being provided by the Fund. Coverage will be for your spouse and dependents when you return, so it would apply to a new spouse or new child, but not to a former spouse or a child who no longer qualifies as your dependent. If you have frozen your buy-in rights, you may exercise them at the Fund contribution rate in effect when you return.
6. If you do not return to covered employment on time, you and your family will forfeit all frozen coverage.
7. If you return and use frozen coverage to become immediately eligible, there may be a gap between when that coverage is used up and you establish new coverage. You would have to make monthly payments to continue coverage during that gap.

Please investigate the Tricare coverage available through the military before you decide to freeze Health Fund coverage, especially if you have family members remaining in CT.

Note: New ID cards will be forwarded at a later date.

Board of Trustees
April, 2003