MICHIGAN CARPENTERS' FRINGE BENEFIT FUNDS

Michigan Carpenters' Health Care Fund
Michigan Carpenters' Pension Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

October 2016

IMPORTANT NOTICE

RE: Michigan Carpenters' Health Care Fund (Fund) – Summary of Material Modifications to Benefits and Self-Payment Rates – Effective January 1, 2017

Dear Participants:

This is a Summary of the Material Modifications (SMM) we've made to your Fund benefits. These changes are ***EFFECTIVE JANUARY 1, 2017.***

Please Note: the new *Enhanced and Standard Plan* applies to everyone except: (a) Participants in the Supplement to Medicare Program, (b) Participants in the Minimum Coverage Program, and (c) Surviving Spouses. The other changes – to Self-Pay rates and the Fund's Dental Benefit Provider – apply to everyone.

1. The Benefit Changes

Effective January 1, 2017, the Fund will:

- Implement an "*Enhanced and Standard Plan"* **(***ES Plan*) for all Participants (except those in the Supplement to Medicare and Minimum Coverage Programs),
- Increase all Self-Pay rates by ten percent (10%); and
- Change the Fund's Dental Benefit Provider.

Below, we explain these changes.

A) The New ES Plan

What is It?

The new *ES Plan* consists of two parts: an *Enhanced Plan* and a *Standard Plan*.

The medical benefit package of the *Standard* and *Enhanced Plans* are identical.

The only difference between the *Standard* and *Enhanced Plans* is out-of-pocket expenses: that is, participants in the *Standard Plan* pay ***higher*** deductibles, co-pays, and coinsurance amounts then those participants in the *Enhanced Plan.*

The chart below has additional details about out-of-pocket costs under both the *Enhanced* and *Standard Plans*.

	Current In-Network	**Current Out-of-Network**	***Enhanced* In-Network Eff: 1/1/17**	***Enhanced* Out-of-Network Eff: 1/1/17**	***Standard* In-Network Eff: 1/1/17**	***Standard* Out-of-Network Eff: 1/1/17**
Deductible	$250/$500	$250/$500	$250/$500	$500/$1,000	$1,000/ $2,000	$2,000/ $4,000
Coinsurance	20%	30%	20%	40%	20%	40%
Coinsurance Maximum	$500/ $1,000	$1,000/ $2,000	$5,350/ $10,700	$10,700/ $21,400	$5,350/ $10,700	$10,700/ $21,400
TROOP Limit	$6,350/ $12,700	$12,700/ $25,400	$6,350/ $12,700	$12,700/ $25,400	$6,350/ $12,700	$12,700/ $25,400
Office Visit (including Chiropractor and Urgent Care)	$20	30% after deductible	$30	40% after deductible	$40	40% after deductible
Emergency Room Copay	$0	$0	$150	$150	$250	$250
Rx Copay	$20/$60/50% with $80 min $100 max 50% lifestyle	Copay + 25% Sanction	$15/$50/50% up to $100 Pharmacy Initiatives	Copay + 25% Sanction	$20/$60/50% up to $300 Pharmacy Initiatives	Copay + 25% Sanction

How Do I Become Eligible for the Enhanced Plan?

Here's how:

On January 1 of each year, you'll be in the *Enhanced Plan* **provided** you've had a physical exam before January 1.

If you didn't get a physical **before** January 1, you'll be in the *Standard Plan*.

So, to be eligible for the *Enhanced Plan*, you must get a physical prior to January 1, and provide proof to the Fund Office of your physical.

> **Please note:** If you, the participant, had a physical in the prior calendar year, then your entire family (*i.e.*, your spouse, children and/or other dependents with Plan coverage) will be in the *Enhanced Plan* for the next calendar year. Only participants – not spouses or other dependents – must get a physical to be eligible for the *Enhanced Plan*.

Is There a Deadline to Submit Proof of My Physical Exam?

Yes. By December 15th of each year, you must submit proof of your physical to the Fund Office. If you haven't done so by that date – December 15 – you (and your dependents) will be in the *Standard Plan* for the following year.

But, for 2017 only, there's a Special Eligibility Rule. Please see below for more details.

What is the Special Eligibility Rule for the Enhanced Plan for 2017?

For 2017 *only* – the first year of the *ES Plan* – there is a Special Rule for *Enhanced Plan* Eligibility. Under this Special Rule, if you get a physical *anytime* during 2017, you'll be eligible for *the rest of 2017 and all of 2018*. This is so even if you didn't get a physical in 2016.

This is a one-time only eligibility rule exception. This Special Rule *only applies for 2017*. After that, you must get a physical prior to January 1 of each year (and give the Fund Office proof you had the physical exam by December 15 of the prior year) to be eligible for the *Enhanced Plan* for all of the next calendar year.

What if I Move to the Enhanced Plan During 2017, But I've Already Paid My Standard Plan Deductible?

If you become eligible for the *Enhanced Plan* during 2017, any money you've paid toward your annual *Standard Plan* deductible will apply to your *Enhanced Plan* deductible.

If you've paid a *Standard Plan* deductible that exceeds the *Enhanced Plan* deductible, your *Enhanced Plan* deductible will be met. But, you *won't* receive a refund or credit for the amount over the *Enhanced Plan* deductible you paid) although any deductible you paid while in the *Standard Plan* will count toward your "TROOP" amount for 2017. TROOP is an Affordable Care Act-imposed annual limit on your out-of-pocket costs under the Plan).

What is a "Physical?"

A physical is a normal, routine physical exam performed by a physician. For women, an annual gynecological exam satisfies the physical requirement.

How Can I Prove that I had a Physical?

There are several ways. You can:

a. Use the Fund's custom "Physical Verification Form." Your doctor simply completes the form and sends it to the Fund Office. (A copy of the Form is attached. You can get more by calling the Fund Office); or

b. Submit, to the Fund Office, the BCBSM "Explanation of Benefits" (EOB) you receive after your physical.

In some cases, BCBSM will directly notify the Fund Office that you had a physical.

If you're unsure if you had a physical, or if you're unsure if you've notified the Fund of your physical, contact the Fund Office.

> **Please Note:** The Fund *does not* see or receive any of your medical information when you submit proof of your physical. The Fund only gets confirmation that you've had a physical.

When Do I Become Eligible for the Enhanced Plan?

You'll become eligible for the *Enhanced Plan* 30 days after you submit proof of your physical to the Fund Office.

What If I Don't Get a Physical?

If you don't get a timely physical, you and your family will be in the *Standard Plan* for the next calendar year.

But if you're disabled, and can't get a physical, the Fund will still place you in the *Enhanced Plan*. You're considered disabled for purposes of getting the *Enhanced Plan* if you received both a Social Security Disability Award *and* are collecting disability payments under the Michigan Carpenters' Pension Fund.

If you're disabled and can't get a physical, contact the Fund Office.

Do I Pay for the Annual Physicals?

No. The physicals cost you nothing. The Fund pays for this entire benefit.

B) ***Increased Self-Payment Rates***

We've raised *all* Self-Payment rates by ten percent (10%) – except Self-Payments connected to "short-hours." (You can see these new Self-Payment rates at the Fund website www.michigancarpenters.org).

C) ***New Dental Provider***

Effective January 1, 2017, the Fund is switching dental providers from BCBSM's Dental Network of America to Delta Dental's Dentemax Traditional Network. Additional information regarding the Delta Dental Networks will be sent in the next few weeks.

Your dental benefits are ***not*** changing, only the provider is changing.

Again, if you have any questions, contact the Fund Office at (800) 273-5739.

Sincerely,
Board of Trustees of the
Michigan Carpenters' Health Care Fund