

MICHIGAN CARPENTERS' FRINGE BENEFIT FUNDS

Michigan Carpenters' Health Care Fund
Michigan Carpenters' Pension Fund
Michigan Carpenters' Apprenticeship & Training Fund

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INFORMATION ABOUT HEALTH CARE EXCHANGES AND YOUR CURRENT HEALTH CARE PLAN

September 2013

To: Employees of Employers Who Are Contributing to the Michigan Carpenters' Health Care Fund
From: The Michigan Carpenters' Health Care Fund
Subject: Required Notice Concerning the Health Insurance Marketplace (Exchange)

Health care exchanges (now called "marketplaces") are scheduled to be up and running as of January 1, 2014. You will be hearing a lot of information about the exchanges/marketplaces through public service announcements, news stories, advertisements and promotions. The Affordable Care Act, which is the name of the law that established the exchanges/marketplaces and many other health-care related regulations and requirements, is very complicated, and some of what you hear may be misleading.

About the Enclosed Notice

The Affordable Care Act (ACA) requires *employers* to provide their employees with the enclosed notice about the availability of other health insurance coverage through the exchanges/marketplaces. The notice rules assume that the employer is paying a premium to an insurance company that is providing health insurance directly to the employer's entire workforce. But, this is not how your health care coverage works. Your employer does not provide the coverage directly to you, but contributes to a *health care fund*—the Michigan Carpenters' Health Care Fund—under the terms of a collective bargaining agreement. **Therefore, the Fund, not your employer, is providing you with this notice—because the Fund is the entity providing your health benefits.**

Please Note

- You are NOT REQUIRED to purchase any other health care coverage if you are eligible for benefits through the Michigan Carpenters' Health Care Fund as of January 1, 2014.
- The Michigan Carpenters' Fund will continue to provide you with an excellent program of medical, prescription drug, dental, disability and death benefits.
- The plans offered through the exchanges/marketplaces may have narrower (smaller) provider networks than your current plan.
- The exchange/marketplace plans will generally not include comprehensive dental, vision or life insurance coverage.
- **THE ONLY TIME YOU MAY WANT TO SHOP FOR COVERAGE VIA THE EXCHANGE/MARKETPLACE IS IF YOU LOSE COVERAGE THROUGH THE MICHIGAN CARPENTERS' FUND.** The Fund will continue to offer COBRA coverage for employees and dependents who lose coverage due to COBRA qualifying events. But your financial situation may be such that you want to purchase less comprehensive—and therefore cheaper—coverage through the exchange/marketplace instead of Fund COBRA or self-payment coverage.

**** Required Notice ****

New Health Insurance Marketplace Coverage Options and Your Health Coverage

General Information

When key parts of the Affordable Care Act (ACA) take effect in 2014, there will be a new way to buy health insurance: the health insurance marketplace (formerly referred to as “exchanges”). To assist you as you evaluate options for you and your family, this notice provides some basic information about the new exchange/marketplace and employment-based health coverage offered by your employer.

The Michigan Carpenters’ Health Care Fund and ACA

Participating employers make contributions to the Michigan Carpenters’ Fund for the purpose of providing health care benefits to their employees and retirees, and their dependents, who meet the eligibility requirements of the Fund and the requirements set forth in the collective bargaining agreements. There is no cost to the active employee for this coverage, but the Fund charges for retiree coverage. The amount charged for retiree coverage is much less than the actual cost of the coverage.

What is the Health Insurance Marketplace?

The marketplace/exchange is designed to help you find health insurance that meets your needs and fits your budget. The marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

You are receiving this notice because your employer DOES offer coverage—through the Michigan Carpenters’ Health Care Fund—and the coverage provided by the Michigan Carpenters’ Fund meets the Affordable Care Act’s (ACA’s) minimum value standard, meaning that the Michigan Carpenters’ Fund’s share of the total allowed benefit costs covered by the Michigan Carpenters’ Fund is no less than 60 percent of such costs.

You are not required to pay premiums to the Michigan Carpenters’ Fund for coverage unless you terminate employment, in which case you may be able to elect and self-pay for continuing coverage (COBRA). If you lose full-time employee status or terminate employment, you might be able to save money through the Marketplace rather than electing to self-pay for the coverage provided through the Michigan Carpenters’ Fund.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the marketplace/exchange and may wish to enroll in your

employer's health plan.¹ However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If your “out-of-pocket” cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the “minimum value” standard set by the Affordable Care Act, you may be eligible for a tax credit. Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the marketplace. The marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

You are receiving this notice because your employer DOES offer coverage—through the Michigan Carpenters’ Health Care Fund—and that coverage meets the standards set by the Federal regulating agencies.

The coverage is intended to be “affordable.”

Note: If you purchase a health plan through the marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution—as well as your employee contribution to employer-offered coverage (for example, if you need to self-pay for COBRA coverage after you terminate employment)—is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

The paragraph above does not apply to you. Your employer is required by a collective bargaining agreement or participation agreement to contribute to the Michigan Carpenters’ Fund for the work you perform. You are not asked to “accept” this coverage or pay “out-of-pocket” contributions for it (unless you terminate employment, in which case you may be able to elect and self-pay for COBRA).

If you decide to shop for coverage in the marketplace, HealthCare.gov will guide you through the process.

How Can I Get More Information?

For more information about the coverage offered to Michigan Carpenters’ participants by your employer, please check your summary plan description or contact:

Michigan Carpenters’ Health Care Fund
c/o TIC International Corp.
Telephone: 517-321-7502

The marketplace/exchange can help you evaluate your coverage options, including your eligibility for coverage through the marketplace and its cost. Please visit HealthCare.gov for more information, including an online application for health insurance marketplace in your area.

¹ *You are not required to enroll in the Michigan Carpenters’ Plan. You and your eligible dependents will automatically be covered if you meet the eligibility requirements. (You may, however, be required to send documentation to show that your family members meet the Fund’s definition of “dependent.”)*