

November 1, 2016

To: All Health and Welfare Fund Participants

From: Dianne Shanahan
Fund Administrator

Effective January 1, 2017, there will be changes to some of the benefits offered by the Health and Welfare Trust Fund of IUOE Local 877 & 70. As described in the letter from the Trustees, various expenses, including the introduction of expensive new specialty drugs to the market, escalating medical costs, as well as increased member usage, have led to the decision to implement these changes. With limited member impact being of the utmost importance to both the Local and the Fund, the changes being put into place were adopted after careful review for necessity and financial impact. We are pleased that we are able to maintain our coinsurance levels at 100% and provide some of the best benefits available in the industry. Our hope is that these changes will not create a hardship for you, but will help to return the Fund to a stronger financial position so that we may provide excellent benefits for years to come.

The following changes will apply effective January 1, 2017:

- **Annual deductible:** An annual deductible of \$250 per individual to a maximum of \$500 per family will be implemented for In-Network benefits. Out-of-Network benefits will be subject to \$500 per individual to a maximum of \$1000 per family, paid at 85% after deductible. The deductible only applies to appointments and services that do not require a member co-pay. Co-pay amounts do not count toward the annual deductible. Annual wellness check-ups will continue to be covered at 100% and will not be subject to the deductible. See reverse of this page for some examples of how the deductible will apply.

Review the Fund's Wellness Initiatives (enclosed) to find out how you may be eligible for a waiver of your deductible starting in the 2018 calendar year.

- **\$15 Office Visit Co-Pays:** The co-pay for office visits has remained at \$10 for many years. Effective January 1, 2017, this co-pay will increase to \$15. This \$15 co-pay will apply to all office visits including chiropractor and physical therapy sessions. As part of the Fund's Wellness Initiative, however, the co-pay will be waived for Mental Health/Substance Abuse outpatient visits.

New medical cards will be issued. Be aware that with these changes in the co-pay structure and implementation of a deductible, new medical cards will be required. You will receive your new card from Health Plans, Inc. by the first week of January. Please be sure to present this new card to your physicians and practitioners for any appointments after the 1st of the year.

Snapshot of Benefit Changes

Revised Benefits	Impact of Change
Annual Deductible	<ul style="list-style-type: none">• \$250 deductible per individual per calendar year• A maximum of \$500 per family per calendar year• A deductible is an amount that must be paid by the member before the Plan will begin paying claims.• Where a co-pay is required, there is no deductible and the plan will pay 100% of in-network claims.
Co-Pay Change	<ul style="list-style-type: none">• Office visit co-pay will be \$15• Co-pay will apply to office visits, as well as chiropractor visits, physical therapy sessions, and other services where applicable. Review the new Summary of Benefits for more details (see enclosed).

Please contact the Fund Office with any questions:

Call 781-769-5789 (877-562-2570) or email Melissa Thomas at mthomas@local877.org

As the introduction of an in-network deductible is new to this Plan we have included some scenarios in the chart below to illustrate how the deductible will be applied. Also below is a more detailed explanation of how deductibles will apply to family coverage.

Procedure/Service	Co-Pay	Deductible	Member Responsibility	Fund Responsibility
Office Visit – Routine Physical	\$0	Not applied	\$0	100%
Office Visit – Ear Infection	\$15	Not applied	\$15 co-pay	Remaining 100% after co-pay
Surgery – Knee Replacement	\$0	Up to \$250	Up to \$250 deductible	100% after deductible
Physical Therapy	\$15	Not applied	\$15 co-pay	Remaining 100% after co-pay

Below outlines how the deductible applies:

- The first \$250 of medical claims subject to deductible will be paid by the member.
- Once an individual pays the \$250 deductible the Plan will pay 100% of in-network claims except when a co-pay is required.
- When a family pays the maximum of \$500 toward the in-network deductible the Plan will pay 100% of in-network claims except when a co-pay is required.
 - To reach the maximum family deductible of \$500, two members of the family may pay the full \$250 individual deductible or it may be a combination of all of the members in the family to reach the maximum.
 - No member of the family will ever pay more than the \$250 individual maximum except for co-pays.
 - Once the \$500 family deductible maximum is reached, the Plan will begin paying 100% of in-network claims except when a co-pay is required.

Please note there are annual out-of-pocket maximums set by the Plan.

- There is a \$2,500 individual maximum out-of-pocket amount set. If an individual reaches \$2,500 of out-of-pocket payments toward medical services and office visits the Plan will begin paying 100% in a calendar year.
- There is a \$5,000 family maximum out-of-pocket amount set. If a family reaches \$5,000 of out-of-pocket payments toward medical services and office visits the Plan will begin paying 100% in a calendar year.