SOLANO AND NAPA COUNTIES

ELECTRICAL WORKERS BENEFIT FUNDS

June 2013

TO: **ALL PLAN PARTICIPANTS**

FROM: **BOARD OF TRUSTEES**
SOLANO-NAPA COUNTIES ELECTRICAL WORKERS HEALTH & WELFARE PLAN

RE: **PLAN CHANGES EFFECTIVE SEPTEMBER 1, 2013**

As all of you know, the economic and work situation for our Local has been a challenge for the past few years. The economic downturn has resulted in a significant decline in work hours for members in the Local; many of those who have been working have been commuting long distances to go where the jobs are. In addition, the financial crisis has impacted our cost of benefits - both health and pension. The Solano-Napa Counties Electrical Workers Pension Plan is now on sound and secure footing. The improvements in the investment market combined with prudent investment management have stabilized and protected our retirement income. Unfortunately, our health costs have continued to increase annually at a pace that is much higher than the overall cost of living and inflation.

This year, the initial news from Kaiser was again negative: they have requested an increase of 10.5% in premiums to the active benefits plan. In spite of having one of the richest health and welfare packages in Northern California, this increase would have required more than $1.00 per work hour in new contributions. This would have virtually consumed the entire amount of the increased wage package that became available in June under the terms of our Collective Bargaining Agreement.

The Trustees realized that this trend was not sustainable in either the short or the long term. A Subcommittee was formed by the Board of Trustees to explore all possible options and alternatives to the proposed Kaiser renewal. This included investigating other insurance carriers, potential merger with other local IBEW Health & Welfare Funds and merger with the NECA IBEW National Family Medical Care Plan. No options were excluded from consideration.

The Subcommittee met numerous times over the past months with its professional advisers. From the start, the goal was to provide an affordable plan that remained within reach of all actives in terms of cost and eligibility. In addition, continuing coverage for retired participants was a priority. The Subcommittee submitted a plan to the Board of Trustees which has been approved and that they believe will reduce plan costs both

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immediately and going forward while continuing to provide access at a reasonable cost to all Actives and Retirees.

Enclosed you will find a Summary of Material Modification (SMM) which details the changes to the Plan, Frequently Asked Questions & Answers, and a new Summary of Benefits from Kaiser. As you read through this material please keep the following key points in mind:

- Kaiser will remain as the sole healthcare provider of the Plan.
- While immediate costs will increase to members in the form of higher copayments, coinsurance and deductibles, the Plan will reimburse Participants for a significant part of their increased expenses.
- Retirees covered by Medicare will continue with their current Kaiser coverage with NO changes.

During the coming weeks and months a series of membership meetings will be held to help educate and inform you about the new benefit structure and how to best use the reimbursement program described on the following pages. Although the Trustees recognize that this change will require some extra work on your part, they remain committed to providing a benefits package that is both comprehensive and affordable and believe that these changes will help bring that about.

Working together we can control health costs and reverse the trend of recent years.

This document has been uploaded and is available on the participant website at www.ibew180benefitfunds.org

Solano-Napa Counties Electrical Workers Health and Welfare Plan

Questions and Answers Regarding September 2013 Plan Changes

Q. Will Kaiser remain the provider for the Solano Napa Counties Electrical Workers Health and Welfare Plan?
A. Yes.

Q. Will benefits be changed?
A. Yes for Active Inside Construction Participants and non-Medicare Retirees, a number of Kaiser benefits will change including the addition of a calendar year deductible, increased copayments for certain services, copayments for certain services that previously did not require copayments, the addition of coinsurance to certain services, increased out-of-pocket (OOP) maximums and the exclusion of optical benefits from the Kaiser benefit. These changes will become effective September 1, 2013.

Although the Kaiser benefits will change many of the increased costs will be reimbursed to you by the Plan.

Q. Will I get any extra benefits due to the reduction in costs paid by the Health and Welfare Plan?
A. Yes. An additional $.30 per hour will be added to your Supplemental Accumulated Share (SAS) VEBA Account, Class 1 contribution on all active VEBA/HRA accounts.

Q. If I am 65 or older on Medicare will there be any change?
A. No. You will remain on the Senior Advantage plan and will experience no changes.

Q. Why are benefits changing?
A. The Kaiser renewal called for a 10.5% premium increase to maintain the current Plan of benefits with no changes. This amounts to more than $1.00 per hour: all of which would need to be paid for by reducing the amount available for wage increases. The Trustees explored multiple alternative benefit options including changing insurance carriers and merging or joining with other trust funds to purchase coverage. Ultimately, no alternative to Kaiser proved to be feasible.

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Q. What are the changes that are occurring?

A. The following changes to the Kaiser coverage will be effective September1, 2013.

- ***Deductible -*** *Most services will be subject to a $1,500 individual annual deductible (maximum of $3,000 per family) which you will have to pay.*
- ***Out-of-Pocket (OOP)*** *- The Annual Out-of-Pocket (OOP) Maximum that applies to certain services has increased to $3,000 for the individual (maximum of $6,000 per family).*
- ***Copayments*** *- The copayments for certain services have changed:*
    - *Most primary care & specialty care consultations, exams and treatment (expect for routine physical exams) - $20 per visit after the deductible has been met*
    - *Urgent care consultations, exams and treatment - $20 per visit after the deductible has been met*
    - *Physical, occupational and speech therapy - $20 per visit after the deductible has been met*
    - *X-rays and laboratory tests (except for preventive) - $10 per encounter after the deductible has been met*
    - *MRI, most CT and PET scans - $50 per procedure after the deductible has been met*
    - *Ambulance Services - $150 per trip after the deductible has been met*
    - *Individual outpatient mental health & chemical dependency evaluation and treatment - $20 per visit after the deductible has been met*
    - *Group outpatient mental health - $10 per visit after the deductible has been met*
    - *Generic prescriptions at Plan Pharmacy - $10 for up to 30-day supply, $20 for 31-60 day supply, or $30 for 61-100 day supply (Deductible does not apply to these services)*
    - *Generic refills through Kaiser mail-order service - $10 for up to 30-day supply or $20 for a 31-100 day supply (Deductible does not apply to these services)*
    - *Brand-name prescriptions at Plan Pharmacy - $30 for up to 30-day supply or $60 for a 31-60 day supply or $90 for a 61-100 day supply (Deductible does not apply to these services)*
    - *Brand-name refills through Kaiser mail-order service - $30 for up to a 30-day supply or $60 for a 31-100 day supply (Deductible does not apply to these services)*

- ***Coinsurance*** *– The patient will be responsible to pay a percentage of the cost for the following services:*
    - *Outpatient surgery and certain other outpatient services – 20% patient coinsurance after the deductible has been met*
    - *Inpatient hospitalization room & board, surgery, anesthesia, x-rays, laboratory tests and drugs (includes psychiatric and detoxification hospitalizations) – 20% patient coinsurance after the deductible has been met*
    - *Emergency Department visits – 20% patient coinsurance after the deducible has been met*
    - *Durable Medical Equipment – 20% patient coinsurance (Deductible does not apply)*
    - *Covered Infertility Treatment – 50% patient coinsurance (Deductible does not apply)*
- ***Optical Care*** *– Optical care, except for routine eye exams, is no longer covered benefit through Kaiser.*

Q. Will I be out of pocket for amounts applied to the deductible?
A. No, although you will have to pay for the deductible upfront you can submit amounts applied to your deductible to the Plan for reimbursement.

Q. How will that work?
A. Once you have made payment send your Kaiser bill or Summary of Account (SOA/EOB) and proof of payment to the Plan Office (BeneSys) and you will be reimbursed.

Q. What happens after I have met my $1,500 deductible (or $3,000 for my family)?
A. You will remain responsible for the copayments that are not applied to your deductible. These charges will not be reimbursed by the Health and Welfare Plan. You may however, submit these charges for reimbursement under your Supplemental Accumulated Share (SAS) VEBA account.

Q. How much are those charges?
A. Please review the enclosed material from Kaiser on how to estimate the amount of costs you will be responsible for.

Q. Are there other charges I will be responsible for that I did not have to pay before?
A. Yes, coinsurance which is a percentage of the total cost of a particular service (for example, the coinsurance for in-patient hospitalization will be 20%). You will need to pay these charges but can request reimbursement from the Health and Welfare Plan. Additionally, you will be responsible for any optical care charges (except for routine eye exams).

Q. Will the Plan reimburse me for these Out-of-Pocket (OOP) charges?
A. The Plan will reimburse you for coinsurance charges up to the OOP max using the same process for deductible reimbursement. The Plan will NOT reimburse you for optical care charges or copayments. Those charges may be submitted for reimbursement under your SAS VEBA account.

Q. Do I still have prescription drug coverage?
A. Yes. However, prescription drug copayments are your responsibility. Depending upon the category of drug (name brand, generic) or days of supply (30, 60, or 90), or mail order the copayment may be anywhere from $10.00 to $90.00. Prescription payments do not count towards the deductible or out-of-pocket (OOP) maximum. You may, however, submit these costs to your SAS VEBA/HRA for reimbursement.

Q. I think these changes sound complicated, can you provide an example of what I might realistically expect?
A. Meet Joe Wireman, he is usually fairly healthy but he has to see his doctor 3 times and each office visit costs $100, which Joe will have to pay at the time of service. Since Joe has paid out over $250 in reimbursable expenses he can submit to the Plan for reimbursement and he will be reimbursed $300.

Later, Joe has an outpatient surgical procedure done that costs $2000. He does not have to pay that surgery up front but will be later billed by Kaiser for his remaining deductible ($1200) and 20% of the balance ($800 x 20% = $160). He will pay Kaiser and submit the Kaiser SOA/EOB and proof of payment for reimbursement. Since Joe has again accumulated over $250 in reimbursable expense, he will then submit the $1360 to the Plan for reimbursement.

Joe has to go back to his doctor twice for follow-ups. During one visit he had lab work performed and on the other he had an x-ray. Joe pays his co-payments of $20 for each of the doctor's visits and $10 each for the lab and for the x-ray. These charges can be submitted to his SAS VEBA/HRA for reimbursement. Copayments are not reimbursable directly from the Plan.

Subsequently, Joe has an accident at home and has to be transported by ambulance to the hospital and incurs $10,000 in charges while at the hospital. Again, Joe doesn't have to

pay up front but he will get a bill from Kaiser for $150 for the ambulance copayment and $1340 for the remaining 20% coinsurance that would reach his maximum out-of-pocket (OOP). Joe will then pay Kaiser. He can then submit the $150 ambulance copayment to his SAS VEBA/HRA reimbursement (copayments are not reimbursable directly from the Plan) and the $1340 coinsurance to the Plan for reimbursement.

Q. How am I affected if both my spouse and myself have coverage under Kaiser as both Participant and Dependent?

A. For medical benefits, "Dual Coverage" applies to members enrolled in at least two Kaiser Permanente plans within the California regions. The member will not be required to pay a cost share as long as the benefit is covered under both plans.

"Dual Coverage" does NOT apply when the service is not a covered benefit under both plans (a common example is Infertility, which is not covered on many plans); or, to members with one Kaiser Permanente plan in a California region and one Kaiser Permanente plan from a region outside of California.

While receiving care at Kaiser Permanente facilities, the member should not be required to pay the deductible, copayment, or coinsurance. If the member is asked to pay at the point of service, he should inform Reception that he is "Dual Covered". Kaiser Permanente staff should accept the member's word as well as inform the member that if the service does not qualify for Dual Coverage, he will be billed.

Ancillary services such as Chiropractic, Acupuncture, Dental, Optical and Hearing Aid benefits are excluded from the dual coverage guidelines.

If the member believes he has been/is being charged incorrectly under the dual coverage provisions, he should contact the Kaiser's Member Services Call Center at (800) 464-4000.

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Benefit Summary

KAISER PERMANENTE®

Customer Name: Solano Napa
Customer ID: 16968 & 14152

Benefit Plan 4415
HC2 TYPE XP8 HRA;$1500D;$20 O P;20%IP;$30/10 RX MOI

Principal Benefits for Kaiser Permanente Deductible HMO Plan with HRA (09/01/2013 — 05/31/2014)

The Services described below are covered only if all of the following conditions are satisfied:

- The Services are Medically Necessary
- The Services are provided, prescribed, authorized, or directed by a Plan Physician and you receive the Services from Plan Providers inside our Northern California Region Service Area (your Home Region), except where specifically noted to the contrary in the *Evidence of Coverage* (*EOC*) for authorized referrals, hospice care, Emergency Services, Post-Stabilization Care, Out-of-Area Urgent Care, and emergency ambulance Services

"Kaiser Permanente Deductible Plan with HRA" is a health benefit plan that is designed for Members with an employer-sponsored HRA (Health Reimbursement Arrangement). You may use the funds in your HRA to pay Copayments, Coinsurance, and Deductibles. Your Group will give you information about your HRA, including the amount of your HRA funds and how to access your funds.

Annual Out-of-Pocket Maximum for Certain Services	
For Services subject to the maximum, you will not pay any more Cost Sharing during a calendar year if the Copayments and Coinsurance you pay for those Services, plus all your Deductible payments, add up to one of the following amounts:	
For self-only enrollment (a Family of one Member)	$3,000 per calendar year
For any one Member in a Family of two or more Members	$3,000 per calendar year
For an entire Family of two or more Members	$6,000 per calendar year

Deductible for Certain Services	
For Services subject to the Deductible, you must pay Charges for Services you receive in a calendar year until you reach one of the following Deductible amounts:	
For self-only enrollment (a Family of one Member)	$1,500 per calendar year
For any one Member in a Family of two or more Members	$1,500 per calendar year
For an entire Family of two or more Members	$3,000 per calendar year
Lifetime Maximum	None

Professional Services (Plan Provider office visits)	**You Pay**
Most primary and specialty care consultations, exams, and treatment	$20 per visit after Deductible
Routine physical maintenance exams	No charge (Deductible doesn't apply)
Well-child preventive exams (through age 23 months)	No charge (Deductible doesn't apply)
Family planning counseling	No charge (Deductible doesn't apply)
Scheduled prenatal care exams and first postpartum follow-up consultation and exam	No charge (Deductible doesn't apply)
Eye exams for refraction	No charge (Deductible doesn't apply)
Hearing exams	No charge (Deductible doesn't apply)
Urgent care consultations, exams, and treatment	$20 per visit after Deductible
Physical, occupational, and speech therapy	$20 per visit after Deductible

Outpatient Services	**You Pay**
Outpatient surgery and certain other outpatient procedures	20% Coinsurance after Deductible
Allergy injections (including allergy serum)	No charge after Deductible
Most immunizations (including the vaccine)	No charge (Deductible doesn't apply)
Most X-rays and laboratory tests	$10 per encounter after Deductible
Preventive X-rays, screenings, and laboratory tests as described in the *EOC*	No charge (Deductible doesn't apply)
MRI, most CT, and PET scans	$50 per procedure after Deductible
Health education:	
Covered individual health education counseling	No charge (Deductible doesn't apply)
Covered health education programs	No charge (Deductible doesn't apply)

Hospitalization Services	**You Pay**
Room and board, surgery, anesthesia, X-rays, laboratory tests, and drugs	20% Coinsurance after Deductible

Emergency Health Coverage	**You Pay**
Emergency Department visits	20% Coinsurance after Deductible

Ambulance Services	**You Pay**
Ambulance Services	$150 per trip after Deductible

(continues)

Prescription Drug Coverage	**You Pay**
Covered outpatient items in accord with our drug formulary guidelines:	
Most generic items at a Plan Pharmacy	$10 for up to a 30-day supply, $20 for a 31- to 60-day supply, or $30 for a 61- to 100-day supply (Deductible doesn't apply)
Most generic refills through our mail-order service	$10 for up to a 30-day supply or $20 for a 31- to 100-day supply (Deductible doesn't apply)
Most brand-name items at a Plan Pharmacy	$30 for up to a 30-day supply, $60 for a 31- to 60-day supply, or $90 for a 61- to 100-day supply (Deductible doesn't apply)
Most brand-name refills through our mail-order service	$30 for up to a 30-day supply or $60 for a 31- to 100-day supply (Deductible doesn't apply)
Durable Medical Equipment	**You Pay**
Most covered durable medical equipment for home use in accord with our durable medical equipment formulary guidelines	20% Coinsurance (Deductible doesn't apply)
Mental Health Services	**You Pay**
Inpatient psychiatric hospitalization	20% Coinsurance after Deductible
Individual outpatient mental health evaluation and treatment	$20 per visit after Deductible
Group outpatient mental health treatment	$10 per visit after Deductible
Chemical Dependency Services	**You Pay**
Inpatient detoxification	20% Coinsurance after Deductible
Individual outpatient chemical dependency evaluation and treatment	$20 per visit after Deductible
Group outpatient chemical dependency treatment	$5 per visit after Deductible
Home Health Services	**You Pay**
Home health care (up to 100 visits per calendar year)	No charge (Deductible doesn't apply)
Other	**You Pay**
Skilled nursing facility care (up to 100 days per benefit period)	20% Coinsurance after Deductible
Covered external prosthetic devices, orthotic devices, and ostomy and urological supplies	No charge (Deductible doesn't apply)
Chiropractic Services	$10 per visit up to 30 vists per calendar year
All Services related to covered infertility treatment	50% Coinsurance (Deductible doesn't apply)
Hospice care	No charge (Deductible doesn't apply)

This is a summary of the most frequently asked-about benefits. This chart does not explain benefits, Cost Sharing, out-of-pocket maximums, exclusions, or limitations, nor does it list all benefits and Cost Sharing. For a complete explanation, please refer to the *EOC*. Please note that we provide all benefits required by law (for example, diabetes testing supplies).