NOTICE TO PARTICIPANTS OF BENEFIT CHANGES

To: Participants of the B.A.C. Local No. 3 Health and Welfare Plan

From: Board of Trustees

This notice describes several benefit changes to the B.A.C. Local No. 3 Health and Welfare Plan. The effective date of each of the changes is stated below.

1. **EXTENSION OF THE SUBSIDIZED SELF-PAYMENT AND SHORT PAYMENT PROVISIONS THROUGH JUNE 30, 2018**

Maintaining your coverage under the B.A.C. Local No. 3 Health and Welfare Plan requires a monthly combination of 120 credited work hours and "banked" hours. If your work and banked hours do not total at least 120, you will lose active eligibility and receive a COBRA notice that explains your options for continuing coverage under the Plan. The COBRA rules are in your Summary Plan Description (SPD).

In addition to COBRA, there are two options available for maintaining your coverage: subsidized self-payments and short payments. These options were recently extended for eligibility months through June 30, 2018.

**Subsidized Self-Payments**

This option is available for up to 3 months in any 12-month period only if:

1. you have had at least 60 months of active coverage under the Plan over your lifetime,
2. you are on the Union’s out-of-work list and available for dispatch, or you were covered under the Plan’s disability coverage rules and that coverage has expired, and
3. you pay the current subsidized self-payment rate, subject to change:
   • $420/month for medical only
   • $450/month for medical, dental, and vision.

**Short Payments**

This option is available only if your active and banked hours total at least 80.

1. Your monthly payment amount will be the number of hours needed to bring your hours total up to 120, times the hourly employer contribution rate (currently $9.85). For example, if your work and banked hours total 90, you would pay 30 x $9.85 or $295.50.
2. Short payments will provide coverage for medical, dental and vision benefits.
3. If you are eligible to make a short payment and choose not to, you cannot make a short payment until your active eligibility is reinstated.

The following rules apply to both Subsidized Self-Payments and Short Payments:
• You are not eligible for either option if you lose coverage for cause, such as working for a non-signatory or delinquent employer.
• This coverage runs concurrently with COBRA coverage.

Additionally, the Covered California Health Exchange may have options available to those who no longer have employer-provided health insurance.

2. **HEALTH REIMBURSEMENT ARRANGEMENT**

Effective January 1, 2017, as an additional benefit to active employees that work over 250 hours in a month between January, 2017 and December, 2018, the Plan is implementing a Health Reimbursement Arrangement (HRA). An HRA is an employer-funded medical reimbursement plan that allows active employees, retirees, former employees and their eligible dependents to receive reimbursement for health expenses that are not otherwise covered by the Plan on a tax-free basis, up to the amount in their HRA Account.

**Contributions to Employees’ HRA Accounts**
Under the HRA, monthly contributions will be made to HRA Accounts for active employees who work in excess of 250 hours per month and have the maximum allowable hours in their reserve account (480 hours).

The amount of the monthly contribution will be equal to the number of hours worked in a month over 250 multiplied by the then-current hourly employer contribution made to the Plan on the employee’s behalf. For example, if Employee A works 260 hours in the month of June and the collective bargaining agreement specifies an hourly employer contribution of $9.85, Employee A will receive an HRA Account contribution in August in the amount of $98.50 (10 hours x $9.85).

**Reimbursement of Eligible Health Care Expenses**
The HRA will allow those with an HRA Account to be reimbursed for Eligible Health Care Expenses not otherwise covered by the Plan as defined in Internal Revenue Code Section 213(d) (i.e., COBRA or retiree premiums, prescribed medications, insulin, copayments, coinsurance, deductibles, dental expenses and laboratory expenses). Questions about whether an expense is an Eligible Health Care Expense can be directed to the Administration Office.

If you have an HRA Account, you can request reimbursement by submitting a claim form, which can be obtained from the Administration Office, with supporting documentation for the expense.

**Rollover of HRA Account Year-to-Year and What Happens When You Die**
Your HRA Account will continue to rollover year-to-year until exhausted. In the event of your death before exhaustion of your HRA Account, your eligible dependents under the Plan can continue to receive reimbursement for health care expenses. If there are no eligible dependents under the Plan, the HRA Account is forfeited to the general assets of the Plan. The Plan is not permitted to make cash distributions to beneficiaries under the Internal Revenue Code.

3. **CLASS ACTION WAIVER**

Effective November 1, 2017, Participants must bring any claim against the Plan as an individual action. Participants are prohibited from bringing claims as a class action.
4. **ELIGIBILITY RULE FOR NEWLY ORGANIZED EMPLOYEES OF EVEREST WATERPROOFING**

Due to organizing efforts by Local 3, some employees of Everest Waterproofing and Restoration Inc. ("Everest"), a non-signatory employer, have left employment with Everest and have been dispatched to a Local 3 signatory contractor. To provide immediate health coverage under the B.A.C. Local No. 3 Health and Welfare Plan to these employees starting the first of the month following dispatch, the Board of Trustees have instituted a negative hour bank, which advances 360 hours into the hour bank for each of the former Everest employees to satisfy the Plan’s initial eligibility provision.

The former Everest employees can continue to use the negative hour bank for up to 12 months. At the end of 12 months, employees will no longer be able to continue use of the negative hours to meet eligibility requirements, and will have to meet the monthly hours requirement under Plan rules for continuing eligibility (currently 120 hours per month). Hours worked that are not used to continue eligibility will be used to offset the negative hours until the 360 hours have been restored. Once the 360 advanced hours have been restored, the employee will begin accruing an hours bank under regular Plan rules.

Former Everest employees who lose coverage under the Plan while still having a negative hours bank will be permitted to reinstate eligibility under normal Plan rules, however, the employees will still have to restore the negative hours used before beginning to accrue an hours bank under Plan rules.

This Notice of Benefit Changes provides you with a summary of changes to the B.A.C. Local No. 3 Health and Welfare Plan. This notice supplements the Summary Plan Description (SPD). Please read it carefully and retain it with your copy of the SPD for future reference. If you have any questions, call or write the Administration Office at:

BeneSys Administrators  
P.O. Box 1607  
San Ramon, CA 94583  
(925) 208-9995

This group health plan believes it is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the “Affordable Care Act”). Under the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on non-essential benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the Plan Administration Office, P.O. Box 1607, San Ramon, CA 94583.

You may also contact the Employee Benefits Security Administration, U. S. Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

*This document has been uploaded and is available on the participant website at: www.BAC3-brickbenefits.org*