



CARPENTERS TRUSTS

of Western Washington

Health and Security Retirement Vacation Industry Fund

CARPENTERS HEALTH AND SECURITY TRUST OF WESTERN WASHINGTON

SUMMARY OF MATERIAL MODIFICATION JUNE 1, 2012

Increase In Dollar Bank Deduction Effective June 1, 2012 Eastern Washington, Idaho, Montana, Wyoming Benefit Package

The purpose of this notice is to advise you that the Board of Trustees has amended the Carpenters Health and Security Plan (the Employee Health Plan) to increase the dollar bank deduction from \$675 per month to \$750 per month effective June 1, 2012 for July 1, 2012 eligibility.

Background

The cost of providing medical, prescription and dental coverage for you and your family continues to increase. The current cost of this benefit package is valued at \$1,075 per family per month, up from \$942 in 2011 and \$743 in 2010. Even with these escalating costs, the goal of the plan continues to be:

1. Provide a meaningful package of benefits, including services specifically related to the Building and Construction Industry.
2. Provide eligibility at work levels short of full-time employment as demanded by the Building and Construction Industry.
3. Provide family level eligibility without out-of-pocket premium expenses for the carpenter or his or her eligible dependents.

The monthly dollar bank deduction has traditionally been set below the actual cost of coverage. However, the current economic environment requires changes to the plan, including an increase in the monthly dollar bank deduction.

Monthly Dollar Bank Deduction Increase

Effective June 1, 2012 for July 1, 2012 eligibility, the dollar bank deduction will increase from \$675 per month to \$750 per month. The monthly deduction from your dollar bank account is made the month before the month of eligibility. For example, the deduction for July 1, 2012 eligibility is made no later than June 30, 2012.

Here's How Dollar Bank Eligibility Works

As you may recall, each of you have a dollar bank account. Employer contributions made on your behalf are added to your dollar bank account. Your current and future eligibility are calculated based on the balance of this account. The amount credited to your dollar bank account equals the hourly contribution received from employers. For example, if you work 150 hours in June for an employer who is signatory to the Area Master Agreement, \$750 is submitted to the Employee Health Plan on your behalf. Once you gain eligibility, you must have \$750 or more in your dollar bank account no later than the last day of the month to have eligibility in the following month.

Maximum Dollar Bank Amount

Effective June 1, 2012, the maximum dollar amount you can have in your dollar bank account is \$4,500. This is an increase from the \$4,050 maximum and allows full-time carpenters to build and retain up to six months of future eligibility at the June 1, 2012 dollar bank deduction rate of \$750.

Initial Eligibility

If you are new to the Employee Health Plan or you have not had coverage under the dollar bank system for 12 months or more, you earn initial eligibility as follows:

- The hourly contributions from your employer(s) are added to your dollar bank account.
- For initial eligibility, you must have \$2,250 or more in your dollar bank account within a three-month period. The fourth month is the "lag month." This is the time required for your employer to send updated contribution records to the plan and the time required for the plan to process those records. *There is one exception to this rule.* If your three-month period is March 2012 – May 2012, you must have \$2,175 in your dollar bank for initial eligibility (\$675 for March, \$750 for April and \$750 for May). June 2012 is your "lag month" with eligibility effective July 1. In all cases, at least \$1.00 of contributions must be earned in the first month of the three-month period.
- You are then eligible for benefits beginning on the first day of the fifth month. The number of months of eligibility is based on the amount in your dollar bank and the current dollar bank deduction rate.

For example, if you work 150 hours per month in April, May and June and the contribution rate to your dollar bank is \$5.00 per hour, your dollar bank will accumulate \$2,250. Because your dollar bank has \$2,250, you will be eligible beginning on August 1, 2012. July is the lag month. You will then have three months of eligibility (August, September, October). You then must have \$750 in your dollar bank by October 31 to be eligible for a fourth month (November), and so on for future months.

When Eligibility Ends

Your eligibility ends on the first day of any month your dollar bank account is less than the amount required to buy one month of eligibility (\$750 effective June 1, 2012). If you lose eligibility under the dollar bank system, you may still qualify for Self-Contribution Coverage or COBRA Continuation Coverage.

Important Notice About “Grandfathered” Status

The Carpenters Health and Security Trust of Western Washington believes this plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by 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 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 administrator at PO Box 1929, Seattle, WA 98111. 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.

Questions

If you have any questions about the new dollar bank deduction amount or dollar bank eligibility in general, please contact Participant Services at the Trust Office in Seattle:

(206) 441-6514 Seattle Area

(800) 552-0635 Nationwide

www.ctww.org

