



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 Western and Central Washington 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 \$725 per month to \$800 per month effective June 1, 2012 for July 1, 2012 eligibility.

Background

The cost of providing medical, prescription, dental, and vision coverage for you and your family has continued to increase over the years. The current cost of this benefit package is valued at \$1,101 per family per month, up from \$968 in 2011 and \$821 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 – and previously cast-back eligibility – have 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 \$725 per month to \$800 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 less the hourly amount credited to the Retiree Health Plan Reserve Fund. For example, the June 1, 2009 Area Master Agreement in Western Washington calls for an employer contribution of \$6.91 per hour to the Employee Health Plan. Currently, \$.60 per hour funds the Retiree Health Plan Reserve Fund leaving \$6.31 per hour for your dollar bank account.

If, for example, you work 130 hours in June for an employer who is signatory to the Western Washington Area Master Agreement, \$898.30 is submitted to the Employee Health Plan on your behalf. Of that amount, \$820.30 is contributed to your dollar bank account. Once you gain eligibility, you must have \$800.00 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 \$6,400. This is an increase from the \$5,800 maximum and allows full-time carpenters to build and retain up to eight months of future eligibility at the June 1, 2012 dollar bank deduction rate of \$800.

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 \$2,400 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 \$2,325 in your dollar bank for initial eligibility (\$725 for March, \$800 for April and \$800 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 130 hours per month in April, May and June and the contribution rate to your dollar bank is \$6.31 per hour, your dollar bank will accumulate \$2,460.90. Because your dollar bank has at least \$2,400, 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 \$800 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 (\$800 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

