

Important Benefit Changes Effective January 1, 2011

December 2010

Dear Active Participant:

As you know, the **Patient Protection and Affordable Care Act** (the “Affordable Care Act”) mandates reforms for group health plans like ours. We must comply with the requirements on January 1, 2011. You’ve already received information about one significant change – covering dependents to age 26. The remainder of this letter explains additional changes required by the Affordable Care Act, which are benefit improvements.

Plan Changes

The Automobile Mechanics’ Local No. 701 Union & Industry Welfare Fund has always provided robust coverage, with only a small subset of benefits subject to annual limits. The Affordable Care Act includes provisions requiring the elimination of lifetime and annual dollar limits on certain essential services. As a result, our Plan is making the following changes.

Lifetime Limits

We are eliminating the Comprehensive Medical Benefit overall lifetime limit of \$1,000,000 effective January 1, 2011.

In addition, we are eliminating the following lifetime limits on specific categories of services:

- The \$5,000 limit on chiropractic/spinal care;
- The \$25,000 limit on substance abuse benefits; and
- The \$2,000 limit on well baby care benefits.

Annual Limits

We are adding an overall annual limit per person for calendar years 2011-2013, as follows:

- \$1,000,000 for 2011;
- \$1,250,000 for 2012; and
- \$2,000,000 for 2013.

This overall annual limit will be eliminated in 2014.

In addition, we are eliminating the following annual limits on specific categories of services:

- The \$10,000 annual limit on substance abuse treatment.
- The \$5,000 annual limit on speech, physical, and occupational therapy for dependent children diagnosed with a congenital, neurological disease; however, we are adding a limit to the number of visits per year of 70 visits.
- The \$600 annual limit on physical exams for adults.
- The \$150 annual limit on well child care benefits.
- The \$1,000 annual limit on chiropractic/spinal care is being eliminated; however, we are adding a limit to the number of visits per year of 20 visits.

The elimination on limits for adult physical exams, well child care, and well baby care is meant to encourage you and your family to receive regular check-ups and child immunizations. Keep in mind that it's easier to treat conditions that are diagnosed earlier rather than later. Take advantage of these Plan enhancements by taking care of your health for the New Year.

Dental Benefits

The \$1,000 Calendar Year Maximum for Dental Benefits remains in effect. However, oral care (routine exams, cleanings and x-rays) for eligible dependent children under age 19 will no longer be subject to this \$1,000 annual limit. In addition, the lifetime maximum of \$2,000 on orthodontia continues to apply.

Extending Coverage for Dependents

One of the changes is the extension of coverage to dependents up to age 26, regardless of whether they are students and/or are married or still live with you. While you have already received a special enrollment notice regarding this change, we are including the Plan's revised definition of dependent as a reference for you.

As a reminder, this special enrollment period will end December 31, 2010 – so if you have a dependent that you wish to enroll for coverage effective January 1, 2011, make sure you do so before the end of the month. Please note that if your child has access to health care coverage through an employer (your child's or your child's spouse's), your child **will not** be covered under this Plan.

More Information

Enclosed in this package is a new Active Summary of Benefits effective January 1, 2011. We suggest you keep this with your Summary Plan Description.

If you have questions about your benefits or these changes, please contact the Fund Office at (708) 482-0110.

Sincerely,

The Board of Trustees of the
Automobile Mechanics Local No. 701 Union & Industry Welfare Fund

This notice is a Summary of Material Modifications (SMM), within the meaning of Section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. This notice describes important changes to the Automotive Mechanics' Local No. 701 Union & Industry Welfare Fund. You may find full details in the most recent Summary Plan Description and Plan Document that establish the Plan provisions. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.

In addition, the Trustees believe that this Plan is a "grandfathered health plan" under the Affordable Care Act which permits us to preserve certain basic health coverage already in effect before the law was passed. Being a grandfathered health plan means that our Plan:

- May not include certain consumer protections in the Affordable Care Act that apply to other plans; but*
- Must comply with certain consumer protections in the Affordable Care Act that do apply to other plans (for example, the elimination of lifetime limits on benefits).*

If you have questions about what it means for a health plan to have grandfathered status and what might cause a plan to lose its grandfathered status, contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) at 1-800-444-3272 or visit its website, www.dol.gov/ebsa/healthreform. You can also call the Fund Office.

Definition of Eligible Dependent Child (Effective January 1, 2011)

Your child can be:

- Your natural child;
- Your legally adopted child, including a child placed with you for adoption;
- Your foster child; or
- Your stepchild who is the natural or adopted child of your spouse.

The following individuals qualify as a dependent child under the Plan:

- Your child, if under the age of 26. Your child is not eligible for coverage under this Plan if he or she has access to healthcare coverage through his or her own employer or that of his or her spouse,
- Your unmarried child age 26 or older who is handicapped due to a mental or physical handicap, provided the child:
 - Meets the Plan's definition of child;
 - Became handicapped due to mental or physical handicap before age 26;
 - Is incapable of self-sustaining employment and continues to be incapable of such employment;
 - Is dependent on you for more than one-half of his or her financial support and maintenance; and
 - Has his or her principle place of residence with you for more than one-half of the calendar year.
 - Initially, you must provide written proof of your child's handicap within 31 days after the date proof is requested. Thereafter, you need to provide proof of your child's continued handicap annually.
 - If the child does not live with the Eligible Employee, the child will be a Dependent, provided that:
 1. The child's parents:
 - a. Are divorced or legally separated under a decree of divorce or separate maintenance;
 - b. Are separated under a written separation agreement; or
 - c. Live apart at all times during the last 6 months of the Calendar Year;
 2. The child is in the custody of one or both of the child's parents for more than one-half of the Calendar Year;

3. The child receives more than one-half of his or her financial support during the Calendar Year from the child's parents; and
 4. The child is either a "qualifying child" or "qualifying relative," as such terms are defined under Internal Revenue Code Section 152, of either parent.
- Child of an employee, if that child is identified as an alternate recipient under a Qualified Medical Child Support Order (QMCSO) entered by a court. Coverage provided pursuant to QMCSOs cannot be greater in length, type, and amount of benefits than that provided to other eligible dependent children under Plan terms. The contents of QMCSOs and their administration are governed by both ERISA and written procedures adopted by the Welfare Fund.

You will be required to provide legal documentation, such as a certified birth certificate for your child.

Automobile Mechanics' Local No. 701 Union and Industry Welfare Fund Plan A

Grandfathered Summary of Benefits as of January 1, 2011

Comprehensive Medical Benefit		
Calendar Year Deductible	\$250 per person; \$500 per family	
Non-PPO Hospital Deductible	\$500 per person for each non-emergency admission to a non-PPO hospital	
Calendar Year Out-of-Pocket Maximum ¹	\$2,500 per person; \$5,000 per family	
Combined PPO and Non-PPO Maximum	\$1,000 per person; \$2,000 per family	
Additional Non-PPO Maximum		
Lifetime Maximum	None	
Substance Abuse Inpatient Treatment	One 21-day course of treatment per person	
Infertility Treatment	\$10,000 per person	
Calendar Year Maximums		
Overall		
2011	\$1,000,000 per person	
2012	\$1,250,000 per person	
2013	\$2,000,000 per person	
2014	None	
Chiropractic/Spinal Care	20 visits per person	
Mental Health Treatment		
Inpatient Maximum	15 days per person with up to 15 physician visits	
Outpatient Maximum	30 visits per person	
Speech Therapy (to restore normal speech)	30 visits per person	
Outpatient Physical, Speech, and Occupational Therapy	For dependent child (diagnosed with congenital, neurological disease) 70 visits per person	
Specific Benefit Maximums		
Hospital Daily Room And Board	Semi-private room rate	
Hospital Intensive Care	Three times semi-private room rate	
Hearing Aid Program	\$600 per person every three years	
Type of Service	PPO Provider	Non-PPO Provider
Outpatient Pre-Admission Tests	Plan pays 100%; no deductible	Plan pays 100%; no deductible
Hospital Benefits	Plan pays 90%	Plan pays 70%
Well Baby Care ²	Plan pays 80%; no deductible	Plan pays 70%; no deductible
Routine Physical Exam (for employees and dependent spouses) ³	Plan pays 100%; no deductible	Plan pays 100%; no deductible
Mammograms	Plan pays 100%; no deductible	Plan pays 100%; no deductible ⁴
Colon Cancer Screenings	Plan pays 100%; no deductible	Plan pays 100%; no deductible ⁴
Chiropractic/Spinal Care ⁵	Plan pays 80%	Plan pays 70%
Substance Abuse Treatment ⁶		
Inpatient Treatment ⁷	Plan pays 90%	Plan pays 70% ⁸
Outpatient Treatment	Plan pays 90% of first \$5,000 in a year; 50% thereafter	Plan pays 50%
Mental Health Treatment ⁹		
Inpatient Treatment	Plan pays 90%	Plan pays 50% ⁸
Outpatient Treatment	Plan pays 50%	Plan pays 50%
Hearing Aid Program	Plan pays 100%	Plan pays 100%
Ambulatory Surgical Center	Plan pays 90%	Not covered
For All Other Covered Medical Expenses	Plan pays 80%	Plan pays 70%

Prescription Drug Benefits	Participating Retail Pharmacy Program	Mail Order Service
Copayment	For up to a 30-day supply, you pay:	For up to a 90-day supply, you pay:
Generic Medication	\$6 copayment	\$15 copayment
Brand Name Medication – Single Source	\$25 copayment	\$65 copayment
Multi Source	\$40 copayment	\$100 copayment
Dental Benefits		
Calendar Year Maximum	\$1,000 per person (not applicable to oral care for eligible dependent children under age 19)	
Lifetime Orthodontia Maximum	\$2,000 per person	
Calendar Year Deductible		
Routine Services	\$25 per person	
All Other Covered Services	None	
Copayment Percentages		
Routine Services	Plan pays 100%; after deductible	
All Orthodontia And Other Services	Plan pays 50%	
Vision Benefits		
	VSP Vision Program	Non-Network Provider
Complete Eye Exam	\$10 copayment per person per year	Plan pays up to \$35 per person per year
Lenses	\$20 copayment every two years for lenses and/or frame	Plan pays up to:
Single vision		\$40 per person every two years
Bifocal		\$56 per person every two years
Trifocal		\$68 per person every two years
Contact lenses	In place of glasses plan covers up to \$120 every two years for contacts and contact lens exam	\$90 per person every two years
Frames	Frame covered up to \$120 every two calendar years	Plan pays up to \$50 per person every two years
Weekly Disability Benefits		
	Employee Only	
Benefit Amount	\$300 per week for up to 26 weeks	
Benefits Begin		
For immediate disability due to accidental injury	First day	
For disabilities due to a sickness	Eighth day	
Death Benefit		
	Employee Only	
Amount	\$20,000	
Accidental Death & Dismemberment Benefit		
	Employee Only	
For:	\$20,000	
Death, Both Hands, Both Feet, One Hand And One Foot, Entire Sight of Both Eyes, One Hand and Entire Sight of One Eye, or One Foot and Entire Sight of One Eye		
For:	\$10,000	
One Hand, One Foot, or Entire Sight of One Eye		

¹ Excludes deductibles and amounts paid for substance abuse and/or mental health treatment that are reimbursed at 50%.

² Well child care, including office visits, examinations, immunizations, screenings, and lab testing, is provided for dependent children .

³ Routine physical exams include lab tests, X-rays, and diabetes self-management training.

⁴ Benefit payable will be equal to the maximum allowed under the normal and customary charge guidelines in effect for the geographic area in which the procedure is performed.

⁵ Chiropractic/spinal care includes all services and supplies for care of the back, neck, spine, and vertebrae.

⁶ Amounts paid by the Plan at the 50% level for substance abuse treatment do not apply to the out-of-pocket maximum.

⁷ Inpatient treatment is covered if it is provided by a hospital or approved treatment facility and treatment is based on completion of a course of treatment and the discharge is certified by a physician.

⁸ Inpatient treatment provided by a non-PPO provider is subject to the \$500 per person non-PPO deductible for each non-emergency admission, in addition to the calendar year deductible.

⁹ Amounts paid by the Plan at the 50% level for treatment of mental health do not apply to the out-of-pocket maximum.