

# Sheet Metal Workers' Health Plan OF SOUTHERN CALIFORNIA, ARIZONA & NEVADA

P.O. BOX 10067  
MANHATTAN BEACH, CA 90266-8567  
PHONE: (800) 947-4338  
PHONE: (310) 798-6572  
FAX: (310) 798-0766

**April 15, 2016**

## IMPORTANT ANNOUNCEMENT

**TO: All Plan A Active Eligible Plan Participants and their Eligible Dependents**

**RE: Health Plan Changes Effective July 1, 2016**

**FROM: Board of Trustees**

This announcement has been prepared to advise you of a number of significant Health Plan changes that will go into effect on July 1, 2016.

After a lengthy process of thoroughly evaluating the Health Plan's eligibility rules and benefit plan offerings, we have determined it appropriate to make the changes outlined in this announcement to safeguard the long term success of the important and significant benefits provided under your Health Plan.

Please read this material carefully and keep it with your Summary Plan Description benefit booklet for future reference.

### **Eligibility Changes for Bargaining Unit Employees**

Starting with the July 2016 work month, the hours required to establish **initial eligibility** for employees will change from 600 hours in up to a six-month consecutive period to 240 hours in up to a two-month consecutive period. Coverage will begin on the first day of the second calendar month that follows the two consecutive calendar months in which the employee worked at least 240 hours in total.

For Example: If you met the 240 hours requirement during the months of July and August, your coverage would begin on October 1.

*Special transitional rule for participants in the process of obtaining initial eligibility on July 1, 2016: If you are working to obtain initial eligibility but have not yet obtained the hours required for eligibility, you will qualify for eligibility if you have worked at least 240 hours in two consecutive calendar months. Your coverage effective date will be the later of (1) the first day of the second calendar month that follows the first two consecutive calendar months in which you worked a total of at least 240 hours, or (2) July 1, 2016.*

*Example #1: If you worked 110 hours in April, 120 hours in May, and 130 hours in June*

2016, your coverage would begin on August 1, 2016 (based on the minimum required hours in the months of May and June).

*Example #2: If you worked 125 hours in February, 130 hours in March, 150 hours in April, 110 hours in May, and 120 hours in June 2016, your coverage would begin on July 1, 2016 based on the minimum required hours in the months of February and March. (Under the old rules, your coverage would have begun on August 1, 2016 based on 600 hours worked in February through June.)*

The hours required for **ongoing eligibility** is also changing effective with the July 2016 work month, from 110 hours in a calendar month to 120 hours in a calendar month.

In conjunction with the preceding eligibility changes, the Plan A **hour bank** will change from a maximum of 9 months of coverage to a maximum of 6 months of coverage (720 hours before deduction for the current month's coverage). All participant hour banks that are above 720 hours as of June 30, 2016 will be adjusted to 720 hours on July 1, 2016.

The number of hours credited to an employee's hour bank on the date his or her employer signs an initial collective bargaining agreement is changed from 220 hours to 240 hours (two months of coverage) as of July 1, 2016. Also, the 220 hours referenced on page 17 of the Plan A benefits booklet for new employees recruited as part of an organizing effort is changed to 240 hours.

**Disability hours credit** (as explained on page 19 of your Plan A benefits booklet) will be increased from 27-1/2 hours per week to 30 hours per week, up to a maximum of 120 hours per calendar month, beginning July 1, 2016.

### **Benefit and Eligibility Changes for Unemployed and Disabled Self-Pay Plan Participants (this does not affect COBRA participants)**

In the past, when a participant enrolled in the Plan's self-pay coverage for unemployed and disabled participants, **his or her coverage was reduced to Plan B coverage**. Effective July 1, 2016, the reduction in coverage from Plan A to Plan B will be eliminated. So, if a participant enrolls in the self-pay coverage for unemployed and disabled participants on or after July 1, 2016, his or her coverage will continue at the Plan A benefit levels. In addition, coverage will change from Plan B to Plan A, effective July 1, 2016, for participants enrolled in the unemployed and disabled self-pay extension prior to that date.

The current self-pay **maximum coverage periods** for unemployed and disabled self-pay participants will change effective July 1, 2016. The new maximum coverage period applies to both unemployed and disabled self-pay plan participants. Subject to the provisions in the next paragraph, the new initial maximum coverage period will be 6 consecutive months. A self-pay participant can apply to the Trust for an additional 6 consecutive months of coverage. In no event, however, will self-pay coverage be provided for more than 12 consecutive months with one exception as follows.

*Exception: If a disabled participant has applied for a pension from the Sheet Metal Workers' Pension Plan of Southern California, Arizona and Nevada, and such pension is pending a determination of disability from the Social Security Administration, the participant may apply to the Health Plan for a single additional extension of 6 consecutive months (for a maximum self-pay coverage period of 18 months).*

The new maximum coverage period may be reduced by prior use of the self-pay coverage. A participant who was previously enrolled in self-pay coverage will be eligible for a maximum of 6 months plus an additional 6 months (if approved) **less** the number of months of self-pay coverage previously used. However, if a self-pay participant goes back to work for a contributing employer and has one or more months of active coverage, the reduction to the self-pay maximum coverage period for prior use will be reduced for each month the participant has active coverage.

For Example: A participant uses 6 months of self-pay coverage, then goes back to work and has active coverage for 3 months. He then reapplies for self-pay coverage. This participant would have a maximum of 9 months of available self-pay coverage:  $12 - 6 + 3 = 9$ . This example assumes the participant's application for an additional 6-month extension is approved. If it were not approved, the participant would have a maximum of 3 months of available self-pay coverage:  $6 - 6 + 3 = 3$ .

*Special transitional rule for participants covered under the self-pay extension as of June 30, 2016: If you are covered under the self-pay extension as of June 30, 2016, your initial maximum extension period (12 months for unemployed participants or 29 months for disabled participants) will not change while you are continuously enrolled in self-pay coverage. If you were approved for an additional extension before July 1, 2016 (6 months additional coverage), you may remain on that extension until it expires. No new additional 6 month extensions will be available on or after July 1, 2016, except for disabled participants awaiting a Social Security disability determination as described in the Exception provision above.*

### **Self-Pay Rate Changes for Unemployed and Disabled Self-Pay Plan Participants (this does not affect COBRA participants)**

The monthly **self-pay contribution rates** for unemployed and disabled self-pay plan participants will change from \$300 per month (regardless of family size) to the following rates based on the number of dependents currently enrolled:

- \$300 for single coverage (1 person)
- \$450 for two-party coverage (2 people)
- \$550 for family coverage (3 or more people)

These new self-pay contribution rates will apply to the payment due June 20, 2016 for July 2016 coverage for all self-pay participants, including those who fall under the special transitional rule described above. The self-pay contribution rates are subject to change. It is anticipated that the rates will be adjusted no more frequently than once each year. Self-pay participants will be notified in advance of any future changes to the self-pay rates.

### **Vision Benefit Changes**

Effective July 1, 2016, the Plan's vision care coverage provided by Vision Service Plan (VSP) will be replaced by coverage provided by Anthem Blue Cross, called Blue View Vision plan. Benefit levels will generally be the same but your choice of network providers may change. Anthem's vision care provider network can be found at [www.Anthem.com/ca](http://www.Anthem.com/ca). Or, you can obtain a provider listing by calling 866-723-0515. Additional information about Anthem's vision

care plan, including how to obtain services, will be included in the 2016 open enrollment materials that will be mailed to you shortly.

## **Dental Plan Changes**

As of July 1, 2016, the United Concordia (UCCI) dental will be replaced with Delta Dental's DMO dental plan, called DeltaCare USA. In addition, enrollment in the current Delta Dental's PPO dental plan will be closed to new enrollments.

Participants who are currently enrolled in Delta's PPO plan as of June 2016 will remain on the PPO Plan, provided they maintain continuous coverage with no lapse. If coverage terminates, and is later reinstated with a lapse, you will automatically be enrolled on the DeltaCare USA plan, unless you reside outside DeltaCare USA's service area. You are considered to be outside DeltaCare USA's service area if you live more than 30 miles from the nearest DeltaCare USA network dentist.

If you are currently enrolled in UCCI's dental plan, you will automatically be enrolled in DeltaCare USA effective July 1, 2016, unless you live more than 30 miles from a DeltaCare USA network provider. If you live more than 30 miles from a DeltaCare USA network provider, your dental coverage will automatically change to Delta's PPO dental plan effective July 1, 2016.

DeltaCare USA's enrollment packet will be included in the 2016 open enrollment material that you will receive shortly. If the Administrative Office does not receive a completed enrollment form from you by June 1, 2016, you will automatically be assigned to a DeltaCare USA network dentist closest to where you live. You can later change your assigned network dentist upon 30 days advance notice.

*Special transitional rule for dental work in progress: If your dental coverage is changing to DeltaCare USA and you or a family member are undergoing dental work at the time of this change, including orthodontia, please refer to the enclosed DeltaCare USA brochure on how coverage for work in progress will be provided.*

If your dental coverage is changing to DeltaCare USA, you will be receiving a new ID card and Evidence of Coverage booklet, which describes the benefits, limitations, and exclusions in detail.

## **HMO Plan Changes**

Benefits under all the HMO plans will be changed for services and supplies rendered on or after July 1, 2016. The changes are summarized in the attached benefit chart. This is only a summary of the benefit changes. You will be receiving a new Evidence of Coverage booklet for the plan in which you are enrolled, that describes the benefits, limitations, and exclusions in detail.

## **Retiree Health Care Eligibility, Benefits, and Monthly Self-Pay Rate Changes**

Effective for participants who retire on or after July 1, 2016, the number of pension credits needed to qualify for Retiree Health Plan eligibility is increased from 12 to 15 pension credits earned under the Sheet Metal Workers' Pension Plan of Southern California, Arizona and

Nevada (reciprocal pension credits do not apply). All other current eligibility requirements for Retiree Health Plan coverage are unchanged, including the requirement that at least two pension credits be earned in the 60 months (5 years) prior to the effective date of the pension benefits unless an exception applies under current rules.

For participants who retire on or after July 1, 2016, the monthly retiree self-pay rates will be based on a different rate structure than the one currently in place. This new rate structure will be phased in, starting in 2017, for current retirees and participants who retire before July 1, 2016.

Benefits under the Retiree HMO plans for non-Medicare eligible retirees and non-Medicare eligible dependents will change effective July 1, 2016.

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If you have questions concerning any of the Health Plan changes, please direct them to the Administrative Office where the staff will be happy to assist you. If you have specific questions about network providers or benefit levels, you should contact the applicable insurance company.

***AVISO A LOS PARTICIPANTES QUE HABLAN ESPAÑOL:*** *Si tiene alguna pregunta tocante este aviso, o requiere alguna otra información tocante a su cobertura de salud, por favor no dude en comunicarse con la Oficina Administrativa al 800-947-4338, donde habrá varios representantes bilingües que con gusto le ayudarán.*

*[Summary of Material Modification (SMM) -- Active Plan A]*

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