

DIVISION 1181 A.T.U. – NEW YORK WELFARE FUND
101-49 Woodhaven Boulevard, Ozone Park, N.Y. 11416
(718) 845-5800

Dear Participant:

Enclosed is a Notice that updates the version of the new Health Care Law, the Patient Protection and Affordable Care Act (PPACA) that was sent out in March 2012.

Please review this Notice and keep a copy for your records.

Also, included is the Summary of Material Modification (SMM) that has been recently adopted by the Trustees.

Please review and keep this copy for your records.

Very truly yours,

THE FUND OFFICE

DIVISION 1181 A.T.U. – NEW YORK WELFARE FUND
101-49 Woodhaven Boulevard, Ozone Park, N.Y. 11416
(718) 845-5800

Dear Participant:

Attached is a Notice that we are required to send to you by federal law. This Notice updates the version of the Notice that you received in March 2012.

Under the new health care law, the Patient Protection and Affordable Care Act, group health plans generally cannot have annual limits of less than \$1,250,000 for the January 1, 2012 Plan Year for certain “essential” benefits. Plans can seek a waiver of annual limits for “essential” benefits from the Department of Health and Human Services if complying with the new annual limit would result in a significant decrease in employee access to benefits or a significant increase in employee payments.

Because the Active Plan currently has an annual limit on “essential” benefits below \$1,250,000 for hospitalization, major medical and “pediatric” dental benefits, and the Fund's benefit consultant projected that the Fund's cost of benefits would increase significantly if it were required to increase the annual limit for these benefits to \$1,250,000, the Board of Trustees obtained a waiver of these annual limits. As a result, if the Fund did not obtain the waiver, the Trustees would have had to consider decreasing benefits or increasing participant cost sharing, such as increases in deductibles, co-payments and co-insurance. Because the Trustees did not want to have to consider decreasing benefits or increasing the out of pocket costs you pay for your health insurance, they decided that the best alternative was to apply to HHS for the waiver. Please note that all other annual limits in the Plan are considered to be “non-essential” benefits and there have been no changes to any other annual limits.

You should be aware that as a result of obtaining the waiver, there have been no changes or reductions in the current package of health benefits you are receiving. The Board of Trustees is proud of the affordable health benefits that they have been able to provide over many years.

Please contact the Fund Office at 718-845-5800 with any questions you may have.

Very truly yours,



Robert D'Ulisse, Fund Director
On behalf of the Board of Trustees

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Notice of Waiver from the PPACA Annual Limit Requirement

Active Plan

The Affordable Care Act prohibits health plans from applying dollar limits below a specific amount on coverage for certain benefits. This year, if a plan applies a dollar limit on the coverage it provides for certain benefits in a year, that limit must be at least \$1,250,000.

Your health insurance coverage, offered by Division 1181 A.T.U. – New York Welfare Fund, does not meet the minimum standards required by the Affordable Care Act described above. Instead, it puts an annual limit of \$500,000 on hospitalization benefits, an annual limit of \$1,000,000 on major medical benefits and an annual limit of \$2,000 on “pediatric” dental benefits, i.e. dental benefits for dependent children age 18 or younger.

This means that your health coverage might not pay for all of the health care expenses you incur. For example, a stay in a hospital costs around \$1,853 per day. At this cost, your insurance would only pay 269 days.

Your health plan has requested that the U.S. Department of Health and Human Services waive the requirement to provide coverage for certain key benefits be at least \$1,250,000 this year. Your health plan has stated that meeting this minimum dollar limit this year would result in a significant increase in your premiums or a significant decrease in your access to benefits. Based on this representation, the U.S. Department of Health and Human Services has waived the requirement for your plan until December 31, 2013.

If you are concerned about your plan’s lower dollar limits on key benefits, you and your family may have other options for health care coverage. For more information, go to: www.HealthCare.gov.

If you have any questions or concerns about this notice, contact the Fund Office at (718) 845-5800.

In addition, if you live in New York, you can contact the New York Department of Insurance's Consumer Services Bureau at 1-800-342-3736. If you live in New Jersey you can contact the New Jersey Department of Banking and Insurance at 1-800-446-7467.

**DIVISION 1181 A.T.U. - NEW YORK WELFARE FUND
SUMMARY OF MATERIAL MODIFICATIONS**

The Board of Trustees of the Division 1181 A.T.U. - New York Welfare Fund is pleased to announce the following changes to the Division 1181 A.T.U. - New York Welfare Fund's Plan of benefits ("Plan"). Please keep this document with your SPD.

1. Effective September 1, 2010, Section 2(A) is amended by adding the following paragraph after the second paragraph:

Effective September 1, 2010, Employees must make a weekly contribution to the Fund for coverage. This contribution is made by a pre-tax deduction from your wages through your Employer's cafeteria plan. The Employer is responsible for timely submitting this payment to the Fund on your behalf. However, if you receive Fund coverage for a period during which you are not receiving a paycheck (i.e., while out on disability leave), **you** must send a check to the Fund for employee contributions for that period of coverage. Please discuss with the Fund Office and/or your Employer on how to make sure there are no outstanding employee contributions owed by you during a leave of absence.

2. Effective May 1, 2012, your life insurance and accidental death and dismemberment benefits are provided by Lincoln Life and Annuity Company of New York, 8801 Indian Hills Drive, Omaha, NE 68114-4066. The Fund continues to provide \$20,000 in life insurance and \$10,000 in accidental death and dismemberment benefits for Participants and \$9,000 in life insurance for Eligible Retirees through its new policy with Lincoln. The benefits are governed by the terms of the insurance contract with Lincoln and Lincoln processes these benefits.

3. The Fund has updated the Fund's HIPAA Notice of Privacy Practices in Section 21 of the SPD to reflect the HITECH provisions, effective February 17, 2010. If you would like a copy of this revised notice, please contact the Fund Office.

4. Effective September 1, 2010, in the subsection entitled "Sources of Contributions" in Section 22 of this SPD, the first sentence is replaced with the following:

"Benefits under the Plan are funded by contributions from employers that are signatories to collective bargaining agreements with the Union and agreements with the Fund, as well as contributions from Employees."

Notice of Grandfathered Status

The Division 1181 A.T.U. – New York Welfare Fund believes that both its Retiree Plan and non-new-hire Active Plan are "grandfathered health plans" 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, effective January 1, 2011, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits of 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 administrator as set forth below. 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