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# Los Angeles Machinist Benefit Trust

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## SUMMARY OF MATERIAL MODIFICATIONS

## IMPORTANT NOTICE

**DATE:** **NOVEMBER, 2011**

**TO:** **ALL ELIGIBLE ACTIVE PLAN PARTICIPANTS**

**FROM:** **BOARD OF TRUSTEES OF LOS ANGELES MACHINIST BENEFIT TRUST**

**RE:** **BENEFIT CHANGES REQUIRED UNDER THE AFFORDABLE CARE ACT**
- **CALENDAR YEAR MAXIMUMS**
- **MEDICAL THERAPIES & WELLNESS BENEFITS**

**DOMESTIC PARTNER ELIGIBILITY**

This Important Notice advises you of material modifications that have been made to the Los Angeles Machinist Benefit Trust plan of benefits for active participants ("Plan"), to comply with the Patient Protection and Affordable Care Act ("Affordable Care Act"). This Important Notice also clarifies the eligibility requirements for registered domestic partners of active and retired plan participants. This information is important. Please take time to read it carefully and keep a copy of this notice with your benefit booklet and other important Plan information.

***Calendar Year Benefit Limits***

Last year a notice was mailed to active participants detailing some of the initial changes to the Plan required by the Affordable Care Act. One of those changes was the removal of the lifetime maximum for essential health benefits. As you may recall, lifetime maximums were removed and replaced with a new calendar year maximum for essential health benefits under the Indemnity Medical Plan. Effective January 1, 2012, the calendar year maximum will increase from $1,000,000 to $1,250,000. Under the Affordable Care Act, the calendar year maximum may increase again next year. As additional changes are made, you will be notified accordingly.

***Medical Therapies and Wellness Benefits (Charges on or after July 1, 2011)***

The Affordable Care Act also prohibits the use of restrictive dollar limits on certain benefits. As a result, the following changes have been made effective July 1, 2011 for Plan participants and beneficiaries enrolled in the Indemnity Medical Plan.

## For Those enrolled in the "High Option A Plan":

- Effective July 1, 2011, the $2,000.00 calendar year maximum for physical, speech, respiratory and vision therapy benefits is replaced with a 13 visit per calendar year limit.
- Effective July 1, 2011, wellness benefits will be covered at 100% for the first $500.00 (for adults) and 100% for the first $200.00 (for children). The balance of charges will be payable at the applicable percentage allowed by your plan.

## For those enrolled in the "High Option B & Medium Options Plans":

- Effective July 1, 2011, the $750.00 calendar year maximum for physical, speech, respiratory and vision therapy benefits is replaced with a 6 visit per calendar year limit.
- Effective July, 1, 2011, wellness benefits will be covered at 100% of the first $500 (for adults) and 100% of the first $200.00 (for children). The balance of charges will be payable at the applicable percentage allowed by your plan.

***Note: Please refer to your schedule of benefits for the applicable percentages payable for in-network and out-of-network services.***

If you need further information or have questions about any of these changes, please contact the Administrative Office at (800) 499-8121.

## DOMESTIC PARTNERS POLICY CLARIFICATION

Effective November 1, 2011, domestic partner coverage is available to active and retired participants with HMO medical plan coverage, provided the domestic partnership is properly registered in accordance with the state registry system of the principal state of residence. Eligible domestic partners shall be treated as an eligible "spouse" for all eligible coverages and for purposes of eligibility under the Trust, including with respect to eligibility and coverage of children. However, participants will be responsible for declaring and paying taxes on the value of domestic partner coverage for federal and any state tax purposes in accordance with applicable law.

To establish eligibility for your domestic partner, you must submit to the Administrator, a copy of your certificate of registration of domestic partnership issued by the applicable department in your state of residence. If you're a California resident and need further information on how to register your domestic partner, please visit http://www.sos.ca.gov/dpregistry/ or contact the California Secretary of State at (916) 653-3984.

As noted above, there are significant tax considerations for adding a domestic partner. For further information, please contact the IRS or a licensed tax professional.

**THE LOS ANGELES MACHINIST BENEFIT TRUST IS A "GRANDFATHERED HEALTH PLAN"**

The Board of Trustees of the Los Angeles Machinist Benefit Trust believes this group health plan is a "grandfathered health plan" under 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 the 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 (800) 499-8121. You may also want to 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.