LABORERS' WELFARE FUND

HEALTH and WELFARE DEPARTMENT of the CONSTRUCTION and GENERAL LABORERS' DISTRICT COUNCIL of CHICAGO and VICINITY

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Announcing an Important Change in Your Pharmacy Benefit

Dear Active Participant:

The Board of Trustees of the Chicago Laborers' Welfare Fund (the "Welfare Plan") is pleased to announce that, effective January 1, 2017, the Welfare Plan is adopting a card program through the CVS/Caremark pharmacy network that will make it easier for you to get your prescriptions filled and significantly reduce your upfront out-of-pocket costs—without changing your prescription drug coverage.

The Basic Prescription Drug Benefit

Under the Basic Prescription Drug Benefit provision of your pharmacy benefit, you currently pay for the entire cost of your medication at the time of purchase and then you have to submit your receipt to the Fund Office for reimbursement. Effective January 1, 2017, instead of paying for 100% of the cost of your medication when you fill your prescription, you will only pay a minimal amount, which you can submit for reimbursement. The amount you will pay upfront is called a "copay." It is a fixed dollar amount that you will be initially required to pay when you have a prescription filled at a CVS/Caremark network retail pharmacy or through the CVS/Caremark mail order facility. Your copays will be as follows:

	Retail Copays	**Mail Order Copays**
	30-day supply	**90-day supply**
Generic Drug	$ 5.00	$12.50
Preferred Brand Name Drug	$10.00	$25.00
Non-Preferred Brand Name Drug	$25.00	$62.50

How the Program Will Work

In many ways, your pharmacy benefits will be administered in the same manner. Only your upfront out-of-pocket costs will decrease. All other Plan provisions will remain the same. Here's how things will work:

1. **Your Basic Prescription Drug Benefit**—The Welfare Plan will still cover 100% of the first $5,000 in expenses associated with your prescription drug medications, which includes the cost of the medication and any amount you pay upfront (for instance, your copay). However, instead of paying for the entire cost of the medication upfront, you will only need to pay your copay (the amount shown above). You can then submit a claim to the Fund Office (the same way you do now) to have your copay reimbursed to you. When the first $5,000 of annual expenses payable at 100% has been reached, your copays are no longer eligible for reimbursement from the Fund Office.

2. **Your Annual Deductible**—Once the Welfare Plan has paid $5,000 toward the cost of your prescription medications, you will still be required to meet your annual prescription drug deductible. The annual deductible will remain the same—$200 per person per calendar year and $400 per family per calendar year. While you are meeting your deductible, you will be responsible for paying the full cost of your prescriptions—just as you do now. The amount you pay toward meeting your deductible **is not** reimbursable through the Prescription Drug Program.
3. **Your Coinsurance (In-Network)**—You will save money when you use CVS/Caremark network pharmacies. Once your deductible is met (for example, the total amount you've paid for prescriptions equals $200), the Welfare Plan will cover 80% of the eligible expenses associated with your covered prescription drug medications. You will be required to pay 20% of the cost of your medications at the time of purchase. Your coinsurance is your out-of-pocket responsibility and **will not** be reimbursed to you.
4. **Your Coinsurance (Non-Network)—**If your prescriptions are not filled at a CVS/Caremark network pharmacy or you do not show your medical/prescription drug identification (ID) card when you pick up your prescriptions, you will have to pay for 100% of the cost of your medications when you have your prescriptions filled and then request reimbursement of 50% of the cost of your medications from the Fund Office. The cost of prescription drugs that are filled at non-network pharmacies **will not** count toward your Basic Prescription Drug Benefit or your prescription drug annual deductible.

You can continue to have your medications filled at the same network retail pharmacies and/or through the CVS/Caremark mail order facility. You will also be able to get a 90-day supply of your prescriptions for maintenance medications (like those used to treat chronic illnesses like arthritis, diabetes, emotional distress, heart disorders, high blood pressure and ulcers) filled only at a CVS retail pharmacy or through the CVS/Caremark mail service at applicable mail service rates.

Specialty drugs are filled through a separate program with CVS/Caremark. You will also be responsible for paying 20% of the cost of any specialty medications you take, up to a maximum of $1,000 each calendar year. Once you have paid $1,000 out of pocket, the Welfare Plan will cover 100% of the cost of such medications for the remainder of the year. Please contact the Fund Office for more information about specialty drugs.

Final Note

Please share this Notice with your family members who are eligible for coverage and store it with your Summary Plan Description (SPD) booklet and other benefits information for easy reference. If you have any questions regarding the changes to your pharmacy benefits or your other Plan benefits, please contact the Fund Office at 708-562-0200 or 866-906-0200.

Sincerely,

Board of Trustees

Statement of the Plan's Grandfathered Status. The Board of Trustees of the Chicago Laborers' Welfare Fund believes this Plan is a "grandfathered health plan" under the Patient Protection and Affordable Care Act (the Affordable Care Act), which means that the Welfare Plan existed when the health care reform law was signed on March 23, 2010. 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 the Welfare 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 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 Fund Office at 708-562-0200 or 866-906-0200. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor at (866) 444-3272 or **http://www.dol.gov/ebsa/healthreform/**. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

SUMMARY OF MATERIAL MODIFICATION
EIN: 36-2151212 PLAN: 501
November 2016

The information contained in this Notice only highlights certain features of the Chicago Laborers' Welfare Plan and is intended to be a Summary of Material Modifications. Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the language in this Notice and the documents that establish the Plan, the document language will govern. The Trustees reserve the right and have the authority to amend, modify, or eliminate benefits at any time, or terminate the Plan when financial conditions dictate. Receipt of this Notice does not confer or guarantee eligibility for benefits. In addition, the Trustees, or such other persons as delegated by the Trustees, have the discretion to interpret and construe the Plan's provisions.