The Affordable Care Act prohibits health plans from applying arbitrary dollar limits for coverage for key benefits. This year, if a plan applies a dollar limit on the coverage it provides for key benefits in a year, that limit must be at least $750,000.

Your health insurance coverage, offered by the Central Laborers' Welfare Fund, does not meet the minimum standards required by the Affordable Care Act described above. Instead, it puts an annual limit of:

- **$250,000 on all covered benefits and**
- **$150,000 on organ transplant benefits (no lifetime limit)**
- **$10,000 on substance abuse treatment (no lifetime limit)**
- **$25,000 on prosthetic devices (no lifetime limit)**
- **$750 for Well Child exams and immunizations**
- **$750 for adult Physical Exams**
- **$2,500 for Durable Medical Equipment**
- **$ 600 for Spinal Manipulation**

In order to apply the lower limits described on the previous page, your health plan requested a waiver of the requirement that coverage for key benefits be at least $750,000 this year. That waiver was granted by the U.S. Department of Health and Human Services based on your health plan's representation that providing $750,000 in coverage for key benefits this year would result in a significant increase in your premiums or a significant decrease in your access to benefits. This waiver is valid for one year.

If the lower limits are a concern, there may be other options for health care coverage available to you and your family members. For more information, go to www.HealthCare.gov.

If you have any questions or concerns about this notice, contact Cynthia Smith-Brannan, the Welfare Fund Director, at 1-800-252-6571.

In addition, for information about the Illinois consumer assistance program you can call the Office of Consumer Health Insurance at (877) 527-9431 (toll-free) or go to the website at http://www.insurance.illinois.gov/Main/consumer.asp

Central Laborers' Welfare Funds

P.O. Box 1267 • Jacksonville, Illinois 62651 • Phone 217/243-8521 • Fax 217/243-8619
http://www.central-laborers.com

January 2011

Dear Participant:

This letter announces changes to your healthcare coverage with the Central Laborers' Welfare Fund ("Fund") based on a waiver granted by the United States Department of Health and Human Services ("HHS") for certain limits required under the Patient Protection and Affordable Care Act ("PPACA"). The PPACA is commonly referred to as the healthcare reform bill.

In the open enrollment packet for 2011, you were informed of important changes mandated by healthcare reform. Specifically, the Fund notified you the annual maximum limit of $250,000 would be increasing to $750,000 commencing January 1, 2011 (then to $1,250,000 commencing January 1, 2012 and then to $2,000,000 commencing January 1, 2013). This change was scheduled to begin on January 1, 2011. However, when the Fund's actuaries estimated the cost of this change, they found that the increase in costs would require significant increases in the deductibles and copayments to help pay for the additional costs, and that increasing the amount that participants would have to pay could limit participants' access to medical care and prescription drugs. Therefore, the Fund applied for and was granted a waiver with the HHS that allows the Fund to keep certain annual limits at its prior levels. As required by the HHS's waiver rules, enclosed please find a copy of an important notice regarding the effects of this waiver. **Since the Fund received the waiver, the Fund's annual limit will not increase to $750,000 commencing January 1, 2011, as stated in the open enrollment packet**. Instead, the Fund's annual limits will be those set forth in the enclosed notice.

If you have questions about your benefits or these changes, please contact the Fund Office at 1-800-252-6571.

Sincerely,

Central Laborers' Welfare Fund Trustees

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 Central Laborers' 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.

The Central Laborers' Welfare Fund ("Fund") believes that it is a "grandfathered health plan" 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 the Fund 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. The Fund will notify you when certain other consumer protections are adopted.

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 Welfare Fund Director, Cynthia Smith-Brannan, at 1-800-252-6571. 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. The Web site has a table summarizing which protections do and do not apply to grandfathered health plans.