

Summary of Material Modifications

December 2018

As the Trustees of the Local Union No. 9, IBEW and Outside Contractors Active Employees Health & Welfare Plan (the Plan), our priority is to provide you and your families with comprehensive benefits that are affordable for you, our contractors and the Plan. In order to continue meeting our objective, we have elected to make some Plan changes. The changes and their effective dates are explained in this notice.

Please review this Summary of Material Modifications (SMM) carefully and share it with your family. You should keep it with your Summary Plan Description ("SPD") and other SMMs.

Change No. 1

The Self-Payment Option under Continuation Coverage (on page 5 and as amended in a Summary of Material Modifications dated October 2016) is amended to eliminate the pension recipient prerequisite to use the Self-Payment Hour Bank option at retirement.

SELF-PAYMENT OPTION

The section "**Non-Pensioners**" is struck in its entirety. The section entitled "**Pensioners**" is modified to read as shown below (additions in underline and deletions in ~~striketrough~~):

Pensioners— ~~Employees who qualify for a pension under the Local No. 9, IBEW and Outside Contractors Pension Fund and who begin receiving the monthly benefit from that fund, and whose Hour Bank balance is greater than zero (0) at their retirement (proof of retirement must be submitted to and approved by the Fund Administrator) as of their Annuity Starting Date (as defined by said pension plan),~~ are eligible to continue their coverage under the Plan up to 60 consecutive months (immediately following the last Coverage Quarter for which they worked 360 hours or continued coverage using the Self-Payment Option) or up to age 65, whichever comes first; this is called the "Bridge to Medicare," ("Bridge" for short) and you have the option of determining how long your Bridge will run within those parameters.

Once you determine your Bridge (which you cannot change later), the Fund Office will calculate any monthly payment you may be required to make based upon the balance in your Hour Bank. You have two options for making your Bridge Self-Payments, both being determined using the total hours in your Hour Bank and the number of months you decide to continue coverage; this payment will be your Bridge Self-Payment. Your options are:

1. Divide the total number of hours in your Hour Bank by the number of months you wish to continue coverage. If it does not equal 120, you will be required to pay the difference between the number of hours available and the 120 hours, at the then-current Self-Payment Option rate. The Self-Payment Option rate is subject to change annually and the change usually goes into effect about November each year. You will be notified of any rate changes. You may not skip paying for certain months and then resume payment for any subsequent months; your months using the Extension Option must be consecutive and without breaks.
2. Apply your Hour Bank 100% up front until it is depleted and then continue coverage by making Bridge Self-Payments for the remainder of your chosen Bridge.

You will have until the 30th day of each month for which payment is required for coverage to continue (for example, the Bridge Self-Payment for June 2018 coverage is due by June 30, 2018) to Deliver your Bridge Self-Payment to the Fund Office; no exceptions will be made to this due date, except that when the 30th day falls on a Saturday, a Sunday, or banking holiday, the Bridge Self-Payment must be Delivered no later than the next business day.

You may make monthly Bridge Self-Payments in advance.

Keep in mind that even though you have until the 30th day of the month to Deliver your payment, any claims incurred during that month will not be paid until your Bridge Self-Payment for that month is received.

If the Fund Office has not received your Bridge Self-Payment by the 30th day of the same month in which the payment is due, your Bridge to Medicare coverage will be terminated and your remaining balance in your Hour Bank balance will be automatically reduced each month by 120 hours to continue your coverage until your Hour Bank is exhausted. If your final month of Hour Bank usage is less than 120 hours, you will be given the opportunity to pay the difference between the Hour Bank balance and 120 hours at the then-current Self-Payment Option rate. If your Bridge Self-Payment subsequently arrives at the Fund Office and it is considered Delivered, as defined in this Plan, the Bridge to Medicare termination and Hour Bank reduction will be reversed.

Lastly, if 1) your Bridge to Medicare was terminated due to non-payment of your Bridge Self-Payment, and 2) your time of coverage under the Bridge to Medicare and the subsequent Hour Bank usage was less than 18 months, and 3) you are under age 65, you will be sent an offer of COBRA continuation coverage to complete the 18 months of coverage or to extend your coverage to age 65, whichever time period is less. You should refer to page 7 for additional information about COBRA Continuation Coverage.

Change No. 2

In addition to the above noted change, we are pleased to announce the following:

Right now, to qualify for the Local Union No. 9, IBEW and Outside Contractors Retired Employees Health and Welfare Plan, an employee must also qualify to receive a pension from the Local Union No. 9, IBEW and Outside Contractors Pension Plan. Effective January 1, 2019, we are pleased to announce that the pre-requisite of qualifying for the pension plan is being eliminated; this change will expand the retiree health and welfare benefit to Communications employees and to plan participants whose pensions are in plans through other IBEW jurisdictions. The requirements of being covered under the Plan for ten years (one of which must have been within five years of retirement) and not being engaged in any gainful employment in the electrical industry still apply.

Change No. 3

This change eliminates the continuation of coverage method wherein the Self-Pay option and the COBRA Continuation option run concurrently and allow extension of coverage by having the COBRA Continuation Coverage begin after exhaustion of the Self-Pay Option. On Page 7, COBRA Continuation Coverage section is modified to read as follows (additions in underline and deletions in ~~strike through~~), and all subsequent portions of the section remain the same:

Under the Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA, you and/or your Spouse or Dependents may continue health care coverage past the date coverage would normally end if you and/or your Spouse or Dependents lose Plan medical, prescription drug, dental, or vision coverage due to a qualifying event described below. Under certain circumstances, by making Self-Payments, you or your Spouse or Dependents may continue:

- Medical and prescription drug benefits; or
- Medical, prescription drug, dental, and vision benefits.

The COBRA Continuation Coverage will be identical to the coverage you had under the Plan, except that you will not be eligible for Loss of Time Benefits or Death Benefits.

If you have a newborn child, adopt a child, or have a child Placed for Adoption with you (for whom you have financial responsibility) while your COBRA Continuation Coverage is in effect, you may add the child to your coverage. To have this child added to your coverage, you must provide written notification to the Fund Office within 30 days of the birth, adoption, or Placement for Adoption of the child.

Children born, adopted, or Placed for Adoption as described above, have the same COBRA Continuation Coverage rights as a Dependent who was covered by the Plan before the event that triggered COBRA Continuation Coverage. Like all qualified beneficiaries with COBRA Continuation Coverage, these children's continued coverage depends on timely and uninterrupted Self-Payments on their behalf.

~~COBRA Continuation Coverage will run concurrently with any other type of continuation coverage provided under the Plan. If two or more continuation coverages would apply, any election for continuation coverage will be an election to take that coverage concurrently with COBRA is available to Plan Participants who suffer loss of coverage after exhaustion of the Self-Payment Option or who qualify for COBRA continuation under any other loss of coverage qualifying event provided for by the Consolidated Omnibus Budget Reconciliation Act of 1985.~~

A FINAL NOTE

Please keep this Summary of Material Modifications (SMM), which describes changes to information provided in the most recent SPD with your SPD for future reference. Only the provisions described in this letter are changing; no other Plan changes are being made at this time. If you have any questions about this change or your benefits, please contact the Fund Office at 708-449-9004.

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 SMM describes important changes to the most recent Summary Plan Description/Plan Document for the Local Union No. 9, IBEW and Outside Contractors Active Employees Health and Welfare Plan effective as noted in this notice. Please keep this SMM with your Plan Document/SPD for future reference. An SMM is not the SPD, nor is it the Plan Document itself; rather, it is a supplemental document to your Plan Document/SPD. Please contact the Fund Office to request copies of the Plan Document/SPD or any SMM relating to the Plan.