OPERATING ENGINEERS LOCAL 139
HEALTH BENEFIT FUND

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SUMMARY OF MATERIAL MODIFICATION

Date: March 2017

To: Plan Participants of the Operating Engineers Local 139 Health Benefit Fund

From: The Board of Trustees

This Summary of Material Modification (SMM) announces several important changes to your Plan of benefits, effective June 1, 2017 and November 1, 2016, as noted. Please read this SMM in its entirety.

ELIMINATION OF OUT-OF-NETWORK COVERAGE, EFFECTIVE JUNE 1, 2017

Anthem Blue Cross and Blue Shield ("Anthem") is the Preferred Provider Organization (PPO) contracted with the Operating Engineers Local 139 Health Benefit Fund (the "Fund") to provide discounted fees for the medical expenses you incur. On average, Anthem provides more than a 50% discount if you use an Anthem in-network hospital, facility or doctor. Since the billable charge is reduced, the Fund pays less and any cost-sharing amount you are required to pay is also less. On top of that, Anthem providers cannot balance bill you for any difference (the remaining balance) between their billed charges and the Fund's allowable charge, which is the negotiated fee/rate PPO network providers have agreed to charge for supplies and services rendered. On the other hand, out-of-network providers are not obligated to discount their fees, which means you and the Fund pay more when you use their services—and they can balance bill you. Your deductible, co-insurance and out-of-pocket maximums are also higher when you use out-of-network providers.

Therefore, effective June 1, 2017, the Fund will no longer cover the costs of services you receive from providers that do not participate in the Anthem PPO network. See the Summary of Benefits for coverage levels. Below are a few exceptions:

- In the event of an emergency, out-of-network treatment and services provided by non-Anthem PPO network providers will be covered. This also applies to emergency ambulance services (ground and air transportation), as well.
- Radiologist, pathologist, anesthesiologist and emergency room physician and laboratory technician services will be covered when they are performed at an Anthem PPO network facility or doctor's office, regardless of whether or not the individual providing the service is an Anthem PPO network provider.
- Chiropractic therapy provided by non-Anthem PPO network providers will be covered.
- Acupuncture provided by non-Anthem PPO network providers will be covered.
- Hearing aids provided by non-Anthem PPO network providers will be covered.
- Prescription drugs provided by non-CVS Caremark network providers will be covered.

The aforementioned benefits will still be subject to all other Plan limits and exclusions, including, but not limited to, deductibles, out-of-pocket maximums, usual, customary and reasonable limitations and medical necessity.

We encourage you to use providers that are in Anthem's PPO network, even when seeking the services listed above. The Anthem PPO network is a broad network consisting of doctors, facilities and hospitals nationwide:

- Anthem has 99% of hospitals and 97% of doctors in-network in the state of Wisconsin.
- Anthem has 97% of hospitals and 92% of doctors in-network in the country.

You should not encounter any difficulty in finding a network provider in your area. To find an Anthem PPO network provider, call the phone number on the back of your medical ID card, check online at www.anthem.com or call the Fund Office at (800) 242-7018.

INCREASES IN THE ANNUAL DEDUCTIBLE AND ANNUAL OUT-OF-POCKET MAXIMUMS, EFFECTIVE JUNE 1, 2017

The Board of Trustees continually evaluates the projected, future financial status of the Fund. In the face of rising health care costs, we must make smart decisions to ensure that the Fund can continue to offer quality health care to you and your eligible family members and, at the same time, maintain the financial stability of the Fund. Health care costs are expected to continue to increase between 8% and 11% each year for the next few years. Because of these significant cost factors, the Trustees have approved the following increases in your annual deductible and out-of-pocket maximum, effective June 1, 2017:

Benefit Component	Current	Effective June 1, 2017
Annual Deductible		
In-Network: Single/Family	$200/$600	$250/$750
Out-of-Network: Single/Family	$400/$1,200	$500/$1,500
Annual Out-of-Pocket Maximum		
In-Network: Single/Family	$3,000/$6,000	$3,500/$7,000
Out-of-Network: Single/Family	$4,000/$8,000	$5,000/$10,000

You are responsible for meeting your annual deductible, which applies during the period from June 1 through May 31. The annual out-of-pocket maximum period, on the other hand, is on a calendar year basis, from January 1 through December 31. Once you reach the out-of-pocket maximum (which does not include the amounts you pay toward your deductible), the Plan covers 100% of the charges you incur for covered services for the remainder of the calendar year. Therefore, **if you incur a claim(s) and reach the current out-of-pocket maximum by May 31, 2017, you can only expect to pay out-of-pocket for the difference between the current out-of-pocket maximum and the one that becomes effective June 1, 2017.**

Financial Incentive for a Biometric Screening

We are committed to providing you with the benefits and tools you need to improve your health and make smart decisions about your benefits. As such, you and/or your spouse will receive a gift card when you and/or your spouse completes a biometric screening in 2017, in partnership with Aurora Health Care. Biometric screenings provide a baseline assessment of your health status regarding obesity, blood pressure, blood glucose, and cholesterol and triglyceride levels. The screenings can be a valuable tool for both you and your doctor. The Fund will announce when the Aurora Health Care screenings are available at the local union offices or the training center in Coloma.

New Eligibility Rules for Bargaining Unit Employees of Public Employers, Effective November 1, 2016

If you are a bargaining unit employee who is employed by a public employer that entered into a collective bargaining agreement with the Union on or after November 1, 2016, and if your public employer elects to have you covered by the Plan, you will become eligible to receive benefits under the Plan on the first day of the month after which the Fund receives 173.33 hours of contributions from your employer. Note that your public employer will be required to pay 173.33 hours of employer contributions to the Fund per month on your behalf.

If you are a non-bargaining unit employee or a bargaining unit employee who is employed by a public employer that entered into a collective bargaining agreement with the Union on or after November 1, 2016, you are not eligible for the Fund's "bank of hours" provision.

Statement of the Plan's Grandfathered Status

The Operating Engineers Local 139 Health Benefit Fund believes this Plan 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 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 (262) 549-9190 or (800) 242-7018.

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.

FINAL NOTE

Please share this Summary of Material Modifications (SMM) with your family members who are eligible for coverage and store it with your Summary Plan Description (SPD) booklet for easy reference.

If you have any questions regarding this notice or your Plan of benefits, do not hesitate to contact the Fund Office at (262) 549-9190 or (800) 242-7018.

This Summary of Material Modifications provides only highlights of recent changes to the Operating Engineers Local 139 Health Benefit Fund. Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time.

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