

SUMMARY OF MATERIAL MODIFICATIONS

Date: July 1, 2024

To: Active Participants

From: The Board of Trustees

As the Trustees of the Operating Engineers Local 139 Health Benefit Fund (the “Fund”), we regularly review the Plan and make changes when necessary. By way of this Summary of Material Modification (SMM), we would like to make you aware of the following Plan changes. Please read this SMM in its entirety to make sure you understand your health care coverage.

ELIGIBILITY RULE CHANGE

Given the high value of the Health Fund benefits and the rising cost of health care, the Trustees have increased the minimum number of hours needed to earn initial eligibility, maintain eligibility, and to make self-payments to continue eligibility when work hours are not enough. The change also increases the credit the Health Fund provides under the short-term disability and workers compensation sections of the Plan for credit given to maintain eligibility.

The minimum requirements of 300 hours in a Work Quarter or 1,200 hours in the current and three prior Work Quarters has changed to 330 hours in a Work Quarter or 1,320 hours in the current and three prior Work Quarters, effective with the first full Work Quarter of the new Plan Year that starts July 1, 2024. As a reminder, the Work Quarter of July/August/September provides eligibility for December/January/February.

The Summary Plan Description (the “SPD”) sections that describe eligibility for coverage have all been updated to reflect the change.

1. Page 6 of the SPD, the section titled “**How Eligibility Quarters are Earned**” is replaced in its entirety as follows:

How Eligibility Quarters Are Earned

You have sufficient credit for an Eligibility Quarter if the Fund has received contributions from an employer(s) on your behalf of:

- 330 or more hours in the current Work Quarter; or
- 1,320 or more hours in the current and three prior Work Quarters.

You earn credit for hours if you are receiving loss of time benefits from the Fund or if you notify the Fund Office, in writing, that you are receiving Workers’ Compensation benefits. You must include a letter from either your employer or the Workers’ Compensation carrier (or a copy of your Workers’ Compensation check). In either case, you will receive credit for

up to 27.5 hours of contributions each week, not to exceed 110 hours per month, for up to a maximum of:

- 24 months, if you are receiving Workers' Compensation benefits;
- 26 weeks, if you are receiving loss of time Benefits; or
- 8 weeks, if you are receiving loss of time benefits due to intensive outpatient treatment or a partial hospitalization program.

2. Page 6 of the SPD, in the section titled "**Initial Eligibility**," the first paragraph is replaced in its entirety as follows:

If You Are A Bargaining Unit Participant Or An Alumni Participant

You become eligible to receive benefits on the first of the month after a Work Quarter in which the Fund receives at least 330 hours of employer contributions on your behalf.

3. Pages 6-7 of the SPD, the section titled "**If You Are A Bargaining Unit Participant Receiving Workers' Compensation Benefits**" is replaced in its entirety as follows:

If you are a bargaining unit Participant and a Disability prevents you from working after you become eligible, you will be given credit for 27.5 hours per week, up to 110 hours per month, for up to eight Work Quarters, to help maintain your eligibility for benefits.

You will receive the Disability hours credit if:

- You are receiving temporary total or permanent total Disability weekly benefits from Workers' Compensation as a result of your Injury or Sickness;
- Your Disability was due to employment with an employer for which employer contributions are payable to the Fund;
- You submit proof to the Fund Office that you are receiving temporary total or permanent total Disability weekly benefits from Workers' Compensation; and
- You provide medical evidence satisfactory to the Trustees, upon request.

You will not receive the credit if you are receiving temporary partial Disability or total partial Disability benefits from Workers' Compensation.

If any Injury or Sickness for which Workers' Compensation Benefits are paid allows you to return to work but later requires additional treatment, Disability hours can be credited while you are receiving additional treatment, for up to a total of eight Work Quarters or a maximum of 2,640 hours.

4. Page 7 of the SPD, in the section titled "**Continuing Eligibility**" the first paragraph and the subsection "**Bank of Hours**" are replaced in their entirety as follows:

Once you earn your Initial Eligibility, you continue to earn three-month periods of eligibility, called Eligibility Quarters. You stay eligible as long as you work at least 330 hours per Work Quarter and the Fund receives employer contributions for those hours. If you do not work at least 330 hours in a Work Quarter, you can still be eligible if at least 1,320 hours of employer contributions have been made on your behalf in the current and three prior Work Quarters.

The Fund always looks at your current and three prior Work Quarters, which continually change (see the example in the following “Bank of Hours” section).

Bank Of Hours

As you work, you build a “bank of hours.” This bank holds all your reported hours for the current and three prior Work Quarters. The hours accumulated in your bank help you keep your eligibility. If you do not have the required 330 hours in a Work Quarter, you will keep your eligibility as long as you have at least 1,320 hours in your bank. Your bank of hours changes at the end of each Work Quarter because only hours from your current and three prior Work Quarters are counted.

Example: Continuing Your Eligibility

As a new employee starting on May 1, Mike earned Initial Eligibility for July, August, September, October, and November because his employer made 350 hours’ worth of contributions on his behalf for May and June.

After meeting the Initial Eligibility requirements, Mike worked over 330 hours for the next two Work Quarters, so his eligibility continued. In his fourth Work Quarter, Mike worked only 280 hours for which his employer made contributions. Mike’s eligibility will continue because over his current and three prior Work Quarters, he built a “bank of hours” sufficient to continue his coverage. The bank holds the total of all hours for his current and three prior Work Quarters. Mike had 1,350 hours in his bank at the end of the Work Quarter that he worked only 280 hours. This is more than the minimum of 1,320—so his eligibility continues.

Work Performed During this Work Quarter:	Reported Hours	Bank of Hours		Earns Eligibility For Eligibility Quarter:
April, May, June	350	Prior July – Current June	350	September, October, November
July, August, September	350	Prior October – Current September	$350 + 350 = 700$	December, January, February
October, November, December	370	Prior January – Current December	$370 + 700 = 1,070$	March, April, May
January, February, March	280	Prior April – Current March	$280 + 1,070 = 1,350$	June, July, August

However, in the next Work Quarter (April, May, and June) Mike works only 290 hours for which his employer made contributions. His eligibility will not continue because his total hours worked over the current and three prior Work Quarters is only 1,290 ($290 + 350 + 370 + 280$), which is less than the 1,320 minimum.

You are not eligible for a bank of hours if you are a Non-Bargaining Unit Participant or a bargaining unit Participant employed by a public employer that has entered into a collective bargaining agreement with the Union on or after November 1, 2016.

5. Page 9 of the SPD, in the section titled “**Losing Eligibility**” under the subsection titled “**You**”, the first bullet point is replaced in its entirety as follows:

- You have fewer than:
 - » 330 hours of employer contributions received on your behalf in a Work Quarter; or
 - » 1,320 hours of employer contributions received on your behalf in the current and three prior Work Quarters;

6. Page 9 of the SPD, in the section titled “**Reinstating Eligibility**” the first paragraph and Example are replaced in their entirety as follows:

If you lose your eligibility for coverage, you can become eligible for coverage again if you have 330 hours of contributions made on your behalf within a Work Quarter. However, unlike when you are initially eligible, when coverage is reinstated, your coverage begins on the first day of the Eligibility Quarter and consists of just that three-month Eligibility Quarter. (As stated on page 6, when you are initially eligible, your eligibility begins on the first of the month following the end of the Work Quarter and consists of five months.)

Example: Reinstating Eligibility

Mike earned Initial Eligibility in July, based on 330 hours in April, May, and June, and stayed eligible through November. Mike did not work in July, August, and September, and did not make self-payment contributions, so he was no longer eligible for December, January, and February. If Mike works more than 330 hours in October, November, and December, he will be reinstated and eligible for coverage in the following March, April, and May. He does not get five months of eligibility.

7. Page 19 of the SPD, in the section titled “**Working Outside The Fund’s Jurisdiction – Reciprocity**,” the third paragraph and Example are replaced in their entirety as follows:

Initial Eligibility can be established by having 330 hours of contributions reported by a contributing employer for hours worked during a calendar quarter. Hours may be prorated depending on contribution rates of out-of-state funds.

Example: Reciprocity

On June 1, 2018, the Fund’s contribution rate was \$9.65 per hour for active Participants. Jake worked 330 hours in a state where the rate was \$11.25. He received eligibility credit for 384.72 hours under the Fund, even though he only worked 330 hours, because the rate was higher in the other state. If the other state had a \$6.75 per hour contribution rate, Jake would have only received credit for 230.83 hours under this Fund.

8. Page 21 of the SPD, in the section titled “**When You Are Out Of Work Due To A Disability**,” the third paragraph is replaced in its entirety as follows:

Your benefits may continue and you may continue to earn credit for hours if you are out of work and receiving loss of time benefits from the Fund or Workers’ Compensation benefits. You will receive credit for up to 27.5 hours of contributions each week, not to exceed 110 hours per month, to a maximum of:

- 24 months if you are receiving Workers’ Compensation benefits;
- 26 weeks if you are receiving Loss of Time Benefits; or
- 8 weeks, if you are receiving Loss of Time Benefits due to intensive outpatient treatment or a partial hospitalization program.

9. Page 23 of the SPD, in the section titled “**Self-Payment Contributions For Active Coverage**,” the first paragraph is replaced in its entirety as follows:

If you are a bargaining unit Participant or Fund-related Operating Engineer who is available for full-time employment within the jurisdiction of the Fund, it is possible that there will be Work Quarters in which you have less than 330 hours and where you have less than 1,320 hours in the last four Work Quarters. If this happens, you will lose your eligibility for coverage.

10. Pages 64-65 of the SPD, in the section titled “**Loss of Time (Short-Term Disability) Benefits**,” the seventh paragraph is replaced in its entirety as follows:

While you are receiving Loss of Time Benefits, you continue to receive credit for hours toward eligibility. If you are receiving Workers’ Compensation benefits, you will receive credit for hours toward eligibility if you notify the Fund Office, in writing. In either case, you will receive credit for up to 27.5 hours of contributions each week, not to exceed 110 hours per month, to a maximum of:

- 24 months if you are receiving Workers’ Compensation benefits;
- 26 weeks if you are receiving Loss of Time Benefits; or
- 8 weeks, if you are receiving Loss of Time Benefits due to intensive outpatient treatment or a partial hospitalization program.

11. Page 93 of the SPD, in the section titled “**Glossary**,” the definition of Initial Eligibility is replaced in its entirety as follows:

Initial Eligibility means you become eligible to receive benefits on the first of the month after a Work Quarter in which the Fund received at least 330 hours of employer contributions made on your behalf. The initial period of eligibility is five months.

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, such as 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, such as 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 via <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 SMM with your family members and store it with your Summary Plan Description (SPD)/Plan Document booklet for easy reference.

If you have any questions regarding this SMM or your Plan 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.