

# GREATER PENNSYLVANIA CARPENTERS' MEDICAL PLAN

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## EMPLOYER TRUSTEES

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## IMPORTANT NOTICE

### SIGNIFICANT MEDICAL CHANGES

October 29, 2010

Dear Member:

Due to a reduction in our hours of employment over the past two years, changes in the law and an expected medical inflation rate in the 10% range, our Plan is facing significant deficits and we must make changes in order to stay viable. Assuming that a number of contracts will be realigned on their anniversary date in 2011 such that the medical contribution amount will be in line with the new MBA rate, we will still have projected deficits as follows:

	2011	2012
Revenue	\$59.4 million	\$62.2 million
Expense	<u>64.3 million</u>	<u>70.2 million</u>
Deficit	\$ 4.9 million	\$ 8.0 million

Please be advised of the following changes concerning your Medical Plan. We are currently working on an update to the Summary Plan Description and we hope to get this to you in early 2011. In the interim, here is an outline of the most significant changes authorized by the Board of Trustees at its October 27, 2010 meeting. Also be advised that, even with these changes, it is projected that we will still have a deficit of \$1.6 million in 2011 and \$4.0 million in 2012.

- The monthly self-payment amounts for retirees will be increased 10% per year in each of the next three years.
- The monthly self-payment amounts for early retirees will be:

	current	10/1/11	10/1/12	10/1/13
retiree only	\$ 670	\$ 737	\$ 811	\$ 892
other than retiree	\$1,340	\$1,474	\$1,622	\$1,784

For early retirees who have their self-payment deducted from their pension check, please note that the increased amount will be deducted starting with your April 1, 2011 check.

- The monthly self-payment amounts for senior or disabled retirees where the retiree has elected Freedom Blue will be:

	current	10/1/11	10/1/12	10/1/13
retiree only	\$200	\$220	\$242	\$266
other than retiree	\$400	\$440	\$484	\$532

For senior or disabled retirees who have their self-payment deducted from their pension check, please note that this increased amount will be deducted starting with your April 1, 2011 check.

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- The monthly self-payment amounts for senior or disabled retirees where the retiree has not enrolled in Freedom Blue will be:

	<b>current</b>	<b>10/1/11</b>	<b>10/1/12</b>	<b>10/1/13</b>
retiree only	\$221	\$243	\$267	\$294
other than retiree	\$442	\$486	\$534	\$588

For senior or disabled retirees who have their self-payment deducted from their pension check, please note that this increased amount will be deducted starting with your April 1, 2011 check.

- Currently, active members need to work the equivalent of 650 hours in the six-month work period at the majority journeyman rate (MBA rate) in order to be eligible for medical coverage without making a self-payment. Effective for the work period of January 1, 2011 through June 30, 2011 (coverage period equals October 1, 2011 through March 31, 2012) this requirement is being increased to 750 hours at the majority journeyman rate.

And so, for example, in order to be eligible October 1, 2011 without making self-payment, a member will need employer contributions as follows:

$$\$5.11/\text{hr. times } 750 \text{ hours} = \$3,832$$

\$3,832 for work performed during the period January 1, 2011 through June 30, 2011

-OR-

\$7,664 for work performed during the period July 1, 2010 through June 30, 2011.

- For active members and early retirees, effective January 1, 2011, our plan is being modified by increasing the inpatient deductible and establishing a member/family co-pay. Please see the enclosed grid which outlines the new plan design. Again, early in 2011 we expect to get you an updated Summary Plan Description. The key changes with the new plan design are as follows:
  - Our current \$400 once per family per year inpatient deductible is being increased to \$600 once per family per year.
  - Our current office visit deductible of \$100 per individual per year is being increased to \$200 per individual per year.
  - We are establishing a \$200 emergency room copay which will be waived if the patient is admitted to the hospital.
  - We are establishing a \$15 copay for various therapy services such as chiropractic, speech, occupational and rehabilitation therapy.
  - We are establishing a member copay equal to 10% of the inpatient benefit and 20% of the outpatient benefit. The annual out of pocket maximum will be \$1,000 per individual, \$2,000 maximum per family. The inpatient and office visit deductibles and any copays for emergency room or therapy services will not count toward the \$1,000/\$2,000 maximums. Deductibles and co-pays for prescription drugs or items paid through the Fund Office will not count toward the \$1,000/\$2,000 maximums.

In addition, as required by law:

- Effective January 1, 2011, our plan will cover children up to the age of 26 without regard to marital status, student status, financial dependency or other special requirements. Should you have a child under the age of 26 who has been terminated under our plan, please contact the Fund Office right away to request an application.
- Effective January 1, 2011, our plan will cover stepchildren up to the age of 26 in the same manner as biological children.
- If you have a stepchild/stepchildren that you want to add to the plan, please contact the Fund Office right away to request an application.

We realize that these changes are substantial and it was difficult for the Board of Trustees to make these decisions. However, not to take significant action could put the future of the plan in jeopardy. Please do not hesitate to call our office should you have any questions on these changes.

Sincerely,



Jim Klein  
Administrator

**Greater Pennsylvania Carpenters' Medical Plan  
Comparison of Current and Alternative Medical Plan Design for 2011**

<b>Plan Design for Active and Non-Medicare Retirees</b>		
<b>Category / Plan Provision</b>	<b>Current Plan</b>	<b>Plan Effective 01/01/2011</b>
<b>Dependent Eligibility</b>	Up to age 19; For full-time students, up to age 23	Up to age 26 regardless of whether employer-based coverage is available
<b>Medical Benefits</b>		
<b>Coinsurance Out-of-Pocket Maximum (deductible is additional)</b>		
Single	None	\$1,000
Family	None	\$2,000
<b>Physician / Outpatient Med Surgical Services</b>		
Deductible	\$100	\$200
Plan Benefit %	80%	80%
Maximum Benefit per Year for Office Visits	\$1,000	Unlimited
<b>Preventive Services</b>		
Adult Exam Copay	\$0	\$0
Pediatric Exam Copay	\$10	\$0
Immunizations, etc.	100% (limited)	100% (expanded)
<b>Emergency Room</b>		
Copay	\$0	\$200 (waived if admitted)
Benefit %	100 %	100 %
<b>Hospitalization Services</b>		
Hospital Deductible per Family per Year	\$400	\$600
Inpatient Plan Benefit %	100 %	90%
Outpatient Plan Benefit %	100 %	80%
<b>Mental Health</b>		
Inpatient Deductible per Family per Year (combined with hospital deductible)	\$400	\$600
Inpatient Benefit %	100 %	90%
Inpatient Days Limit per Admit	120	120
Outpatient Benefit %	50%	50%
Outpatient Visit Limit per Yr	35	35
<b>Substance Abuse</b>		
Inpatient Deductible per Family per Year (combined with hospital deductible)	\$400	\$600
Inpatient Detox Benefit %	100 %	100 %
Inpatient Detox Day Limit per Admit	7	7
Inpatient Detox Admit Limit per Lifetime	4	4
Inpatient Treatment Benefit %	100 %	90%
Inpatient Treatment Days per Year	30	30
Inpatient Treatment Days per Lifetime	90	90
Outpatient Benefit %	100 %	80%
Outpatient Visits per Year	60	60
Outpatient Visits per Lifetime	120	120
<b>Other Medical Services</b>		
Chiropractic	100 %	100 %, \$15 copay
Speech Therapy	100 %	100 %, \$15 copay
Occupational Therapy	100 %	100 %, \$15 copay
Rehabilitation Therapy	100 %	100 %, \$15 copay