

AUTOMATIC SPRINKLER

LOCAL 281, U.A.

WELFARE FUND



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SUMMARY OF MATERIAL MODIFICATIONS # 6

Important Changes to the Plan's Rules for Continuing Eligibility

August 2019

Dear Participant:

This notice, referred to as a Summary of Material Modifications (SMM), is intended to inform you of important changes to the rules for determining eligibility for benefits under the Automatic Sprinkler Local 281, U.A. Welfare Fund. Specifically, the Fund is adopting a new "look-back" system for determining continuing eligibility for coverage. Accordingly, you should read this notice carefully and keep it with your Summary Plan Description and Plan Document (Plan).

NEW "LOOK-BACK" SYSTEM FOR CONTINUING ELIGIBILITY | EFFECTIVE JANUARY 1, 2020

Current Rules. Under the current system for continuing eligibility, you will remain eligible for benefits provided at least 200 hours and corresponding contributions are reported and remitted on your behalf for work performed in covered employment during a two-consecutive month period. The eligibility month that corresponds with each two-consecutive period is separated by a one-month "bookkeeping" period. This period is necessary for the Fund Office to count your hours and contributions to determine whether you remain eligible.

For example, to determine whether you remain eligible for the month of January, the Fund Office will use the month of December to tabulate the hours and contributions reported and remitted on your behalf for the months of October and November. You will remain eligible if the Fund Office receives 200 hours' worth of contributions for work performed in covered employment during this period.

Under this system, you may enjoy an extended period of continued eligibility for benefits so long as you consistently hit 200 hours over the course of two-consecutive month periods. However, you may lose eligibility almost immediately if work suffers a significant slowdown. This loss of eligibility could occur regardless of whether you have been working full-time for months or even years.

Under the new system, the Plan takes into account longer periods of past employment when determining whether you remain eligible for benefits. If you have enough hours over the course of a three or six-month past period, rather than the limited window of two months currently in place, your coverage will continue. Consequently, if you are unexpectedly laid off or finish a job without a new position lined up, you can nevertheless stay eligible for benefits.

In addition, the new system adds an extra bookkeeping month to provide the Fund Office with additional time to count your hours and contributions. This feature should reduce the number of coverage termination notices sent to members who have met the hours requirement but have not yet had their contributions sent in by their employer. It should also help reduce confusion regarding whether members remain eligible for benefits and give them peace of mind as a result.

New Rules. Under the new system for continuing eligibility, the Plan will have two rules for determining whether you will remain eligible for benefits. You may meet either rule in order to continue your eligibility. Each rule is listed on the following page:

1. *300 Hours Within Three-Consecutive Months.* You will remain eligible for benefits provided at least 300 hours and corresponding contributions are reported and remitted on your behalf for work performed in covered employment during a three-consecutive month "look-back" period.
2. *600 Hours Within Six-Consecutive Months.* Alternatively, you will remain eligible for benefits provided at least 600 hours and corresponding contributions are reported and remitted on your behalf for work performed in covered employment during a six-consecutive month "look-back" period.

If you meet one of the two rules listed above, you will earn one month of continued eligibility. The month for which you earn eligibility and the corresponding look-back period is separated by a two-month "bookkeeping" period.

In other words, you must work enough hours during a three or six-consecutive month period (the "look-back" period), then the Fund Office will total up the contributions received for this period during the following two months (the "bookkeeping" period), and – assuming you have met the 300 or 600 hour rule – you will earn eligibility for the month after the bookkeeping period (the "eligibility month").

For example, to determine whether you remain eligible for the month of January, the Fund Office will use the months of November and December to tabulate the hours and contributions reported and remitted on your behalf from May through October. You will remain eligible if the Fund Office receives 300 hours' worth of contributions for work performed in covered employment between August and October. Alternatively, you will remain eligible if the Fund Office receives 600 hours' worth of contributions for work performed in covered employment between May and October.

The chart below shows the look-back and bookkeeping periods used in this example:

6-Month Look-Back Period (600 Hours)	3-Month Look-Back Period (300 Hours)	2-Month Bookkeeping Period for Counting Hours	Eligibility Month
May June July August September October	August September October	November December	January

A chart showing a complete listing of each look-back period, bookkeeping period, and corresponding eligibility month is available in **APPENDIX A** ("Look-Back and Bookkeeping Periods for Determining Continuing Eligibility") at the end of this SMM.

SPECIAL TRANSITION RULE

In order to ensure a smooth and efficient transition from the old rules to the new rules, the Trustees have adopted a special transition rule for the months of January, February and March 2020 to prevent an unexpected gap in coverage. Under this rule, if you fail to maintain eligibility for these months under the new rules, but would have maintained eligibility under the old rules, then you will nevertheless stay eligible.

Accordingly, if you fail to have sufficient hours and contributions reported and remitted on your behalf to remain eligible for benefits in January 2020, you will nevertheless remain eligible for benefits in January 2020 if the Fund Office receives at least 200 hours' worth of contributions on your behalf for the period of October and November 2019.

Likewise, if you fail to have sufficient hours and contributions reported and remitted on your behalf to remain eligible for benefits in February 2020, you will nevertheless remain eligible for benefits in February 2020 if the Fund Office receives at least 200 hours' worth of contributions on your behalf for the period of November and December 2019.

Finally, if you fail to have sufficient hours and contributions reported and remitted on your behalf to remain eligible for benefits in January 2020, you will nevertheless remain eligible for benefits in March 2020 if the Fund Office receives at least 200 hours' worth of contributions on your behalf for the period of December 2019 and January 2020.

SELF-PAYMENTS TO CONTINUE ELIGIBILITY

Under the new rules, if you have at least 225 hours and corresponding contributions reported and remitted on your behalf during a particular three-consecutive month period, but fail to have sufficient hours and corresponding contributions reported and remitted on your behalf to remain eligible for benefits, you may make a self-payment to the Fund so your eligibility continues.

The amount of the self-payment is calculated by taking the number of hours you are short of 300 hours, up to a maximum of 75 hours, and multiplying that amount by the applicable Employer contribution rate. For example, if 290 hours and corresponding contributions are reported and remitted on your behalf during a three-consecutive month period, and you fail to qualify for continued coverage from your hours and contributions for the corresponding six-consecutive month look-back period, you may pay for the remaining 10 hours you require to continue coverage.

If you fail to have at least 225 hours and corresponding contributions reported and remitted on your behalf during a particular three-consecutive month period, and fail to qualify for continued coverage from your hours and contributions for the corresponding six-consecutive month look-back period, you may continue your coverage under COBRA Continuation Coverage.

To be eligible to make a self-payment, the Union must certify you are available for work in covered employment under this Fund, and you are not working in the industry for an employer who does not contribute to the Fund. If you are eligible to make a self-payment, you will be notified in writing of the amount owed. The Fund must receive full payment no later than the due date listed on the self-payment notice. It is your responsibility to submit the self-payment on time to prevent termination of eligibility.

You may make self-payments for up to 12 consecutive eligibility months. The Trustees may extend the maximum self-payment period during periods of high unemployment. After exhausting the maximum self-payment period, you may continue your coverage under COBRA.

REINSTATEMENT OF ELIGIBILITY

If you have lost your eligibility for benefits under the Plan, you may reestablish eligibility by meeting the Plan's continuing eligibility rules, provided that the period of ineligibility lasted less than twelve months. However, if the period of ineligibility lasted twelve months, or more, you must satisfy the Plan's initial eligibility requirement to reinstate eligibility for benefits, unless the absence from work

was due to a work-related Disability. As a result of the change to the new continuing eligibility system, if you lose coverage, you may incur an additional two-month delay before you reestablish eligibility based on the additional month for which hours are counted and the additional bookkeeping month.

CONCLUSION

The Trustees will continue to monitor the Fund's resources to ensure it is able to provide high-quality health coverage to members and their families for many years to come. As always, if you have any questions about this SMM, or the Fund in general, please feel free to contact the Fund Office.

To see exactly how the Plan's text was changed to incorporate the modifications described in this SMM, please refer to the formal Plan amendment enclosed with this correspondence. In the event of an ambiguity or conflict between this SMM and the Summary Plan Description and Plan Document, as amended, the Summary Plan Description and Plan Document will control.

The Importance of Using In-Network Providers

The Fund has contracted with Blue Cross Blue Shield of Illinois (PPO) to help manage certain health care expenses for you and the Fund. PPO Providers, such as hospitals and physicians within the PPO Network, have agreed to charge discounted rates for services. When you choose to use a PPO Provider, both you and the Fund will save money.

The Plan typically covers 85% of the Usual and Customary Charges associated with treatment rendered by a PPO Provider. However, the Plan will cover only 60% of the Usual and Customary Charges associated with treatment rendered by a non-PPO Provider, and the Usual and Customary Charge will typically be no greater than what a PPO Provider would have charged for the same treatment.

Additionally, unlike PPO Providers, providers outside the PPO Network have not agreed to charge discounted rates for their services. Therefore, if you use a non-PPO Provider you may be responsible for significant medical fees pursuant to a practice known as *balance billing*. Under this practice, the non-PPO Provider charges the patient the difference between the amount billed and the amount paid by the Fund. Consequently, the Fund strongly encourages all participants to remain *in-network* when seeking medical care.

APPENDIX A

LOOK-BACK AND BOOKKEEPING PERIODS FOR DETERMINING CONTINUING ELIGIBILITY

This Appendix A provides additional detail regarding the Plan's "look-back" and "bookkeeping" periods used for determining whether you remain eligible for benefits after you meet the Plan's initial eligibility rule.

Recap of the New Rules. In order to continue your eligibility after you meet the Plan's initial eligibility rule, you must have at least: (a) 300 hours and corresponding contributions reported and remitted on your behalf for work performed in covered employment during a three-consecutive month look-back period; or (b) 600 hours and corresponding contributions reported and remitted on your behalf for work performed in covered employment during a six-consecutive month look-back period.

Each look-back period precedes a two-month bookkeeping period during which the Fund Office counts your hours and contributions. The first month after the bookkeeping period is the eligibility month for which the Fund Office will determine whether you qualify for continued coverage.

The following chart applies these rules for each eligibility month throughout the year:

6-Month Look-Back Period (600 Hours)	3-Month Look-Back Period (300 Hours)	2-Month Bookkeeping Period for Counting Hours	Eligibility Month
May June July August September October	August September October	November December	January
June July August September October November	September October November	December January	February
July August September October November December	October November December	January February	March

August September October November December January	November December January	February March	April
September October November December January February	December January February	March April	May
October November December January February March	January February March	April May	June
November December January February March April	February March April	May June	July
December January February March April May	March April May	June July	August
January February March April May June	April May June	July August	September

February March April May June July	May June July	August September	October
March April May June July August	June July August	September October	November
April May June July August September	July August September	October November	December