

MICHIGAN CARPENTERS' FRINGE BENEFIT FUNDS

Michigan Carpenters' Health Care Fund
Michigan Carpenters' Pension Fund
Michigan Carpenters' Apprenticeship & Training Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

December 2002

IMPORTANT NOTICE

RE: Michigan Carpenters' Health Care Fund – Summary of Material Modifications

Dear Participant:

For over a year, we've carefully monitored the spiraling and disturbing increases in health care costs and its impact on this Fund. As we discussed with you before, health care costs have increased in excess of 20% *per year* in the last several years alone.

Unfortunately, these dramatic increases have placed a significant strain on the Funds' finances and demands us to take additional action to protect your benefits and the Fund. So, we must implement several benefit/eligibility modifications. These changes, which are discussed below, are simply unavoidable. They are a result of the astonishing cost increases in health care. The changes are as follows:

Continuing Eligibility Provisions

Effective with the work month of October 2002, the monthly eligibility contribution requirement will be four hundred and thirteen dollars (\$413). The initial eligibility provisions will remain *unchanged*, however.

Hour Bank Maximum

Effective with the work month of October 2002, each participant can accumulate a *maximum* hour bank of twelve (12) months. Hour banks that currently exceed twelve (12) months will be reduced to twelve (12) months as of October 2002.

Health Care Benefits

Effective January 1, 2003 the Fund's health care program will be changed from the current Basic PPO plan with Master Medical to a Comprehensive Major Medical PPO program. This *new* program is called ***Community Blue PPO***. Benefits previously paid through Master Medical are now part of this new Comprehensive Major Medical PPO Program.

(Health Care Benefits (cont.))

Now, you will no longer pay for Master Medical benefits and receive reimbursement from Blue Cross Blue Shield (BCBSM). Instead, services formally under Master Medical will be billed direct by, and be reimbursed directly to, participating providers.

Office visits will require a fixed \$10 co-payment. Other services will require a ten percent (10%) co-payment up to \$500 on an individual and \$1,000 (see attached benefit summary). You must use a PPO participating provider to avoid additional out-of-pocket expenses. To make an informed choice before receiving services, ask your health care providers if they participate in the Community Blue PPO program. To verify whether a provider participates with BCBSM PPO, you can check the BCBSM web site at www.bcbsm.com.

Note: Individuals who receive primary benefits through Medicare are not affected by this change. Benefits remain the same.

Prescription Drug Coverage

Effective January 1, 2003, the Prescription Drug co-payment for **Brand Name** drugs will be forty dollars (\$40) per prescription. The co-payment for Generic drugs (\$10 per prescription) remains *unchanged*.

Please keep this document with your Summary Plan Description (SPD). If you have any questions regarding the above, please call the Fund Office.

Very truly yours,

Michigan Carpenters' Health Care Fund
Board of Trustees