

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

February 2010

To: **ALL PLAN PARTICIPANTS AND ALTERNATE PAYEES OF THE
MICHIGAN CARPENTERS' HEALTH CARE FUND AND**

Dear Plan Participants:

We have attached the following Important Notices and Annual Reports for your review. These Notices and Reports are required to be mailed to each Plan Participant annually as provided by the Employee Retirement Income Security Act of 1974 (ERISA):

- Important Notice regarding Health Care Benefits Page 2
- Notice of Privacy Practices Page 3
- Important Information for all Medicare Beneficiaries who are also
Participants of the Health Care Plan Pages 4 – 6
- Summary of Material Modification for the Health Care Fund Page 7
- Summary Annual Report for the Health Care Fund Pages 8 – 9
- Women's Health and Cancer Rights Page 10

If you (and/or your dependents) have Medicare or will become eligible for Medicare in the next 12 months, a Federal law gives you more choices about your prescription drug coverage. Please see pages 4-6 for more details.

If you have any questions, please contact your Local Union office or the Fund Office.

Sincerely,

Board of Trustees
Michigan Carpenters' Health Care Fund

***IMPORTANT NOTICE REGARDING
HEALTH CARE BENEFITS***

TO: All Eligible Participants of the Michigan Carpenters' Health Care Fund

RE: **MICHIGAN CARPENTERS' HEALTH CARE FUND**

Dear Plan Participant:

As a reminder, the Michigan Carpenters' Health Care Fund *does not provide for any coverage for Motor Vehicle related accidents or incidents*. The Fund will totally and completely exclude coverage for any claim arising out of an auto or other vehicular related accident or incident.

To make certain that you have health care coverage if you have a vehicular accident/incident, you should check with your automobile insurance agent and/or insurance carrier to make sure that you are covered under your automobile policy "first and completely" for any claim arising out of a vehicular related accident or incident. You should make it perfectly clear to your agent or carrier that the Fund excludes such coverage from its Schedule of Benefits; thus it is imperative that your policy has the proper coverage to protect you and your dependents.

If you have any questions regarding these changes, please do not hesitate to contact the Fund Office.

Sincerely,

Board of Trustees
Michigan Carpenters' Health Care Fund

To: All Eligible Participants of the Michigan Carpenters' Health Care Fund

Re: **NOTICE OF PRIVACY PRACTICES**

Dear Participant:

Please be advised that this Notice is intended to confirm that the Michigan Carpenters' Health Care Fund is compliant with the Health Insurance Portability and Accountability Act (HIPAA) Privacy Regulations. The law refers to the nonpublic information of the employee and their dependents (if applicable), with regard to your group health plan benefits, and can only be disclosed by the Fund and its vendors, and your health care provider/s, for payment of claims, treatment of your illness, and for health care operations including administration of your health benefits, as permitted by law and defined in the HIPAA regulations.

For a complete copy of the Fund's Notice of Privacy Policy, please call or write the Fund Office at the address or telephone number listed on this notice.

If you have any questions regarding this information, please contact the Fund Office.

Sincerely,

Board of Trustees
Michigan Carpenters' Health Care Fund

**IMPORTANT INFORMATION FOR ALL
MEDICARE BENEFICIARIES WHO ARE ALSO PARTICIPANTS OF THE
MICHIGAN CARPENTERS' HEALTH CARE PLAN**

TO: ALL SUPPLEMENT TO MEDICARE PARTICIPANTS OF THE
MICHIGAN CARPENTERS' HEALTH CARE FUND

RE: **MEDICARE PART D PRESCRIPTION DRUG COVERAGE**

Dear Participant:

As you know, on January 1, 2006, the new Medicare Part D Prescription Drug Coverage became effective for those eligible for Medicare.

This letter briefly explains the Medicare Part D Prescription Drug Coverage and how it may affect you because as a Supplement to Medicare Retiree you currently have **NO** prescription drug benefit under the Michigan Carpenters' Health Care Plan.

This letter also confirms that because you currently have **NO** prescription drug benefit under the Michigan Carpenters' Health Care Plan, the Plan's prescription drug coverage is "non-creditable." This means that it is **NOT** as good as the new Medicare Part D Prescription Drug Coverage.

Below is important information related to Medicare Part D. Please read this material carefully and save this letter.

1. **Q. WHO ACTUALLY PROVIDES THE PRESCRIPTION DRUG BENEFIT UNDER MEDICARE PART D?**
 - A. Drug benefits under Medicare Part D are provided by private insurers that are approved, subsidized and regulated by Medicare. These private insurers range from national health insurance companies to smaller regional health insurance companies. Many of these private companies will offer several options which will vary considerably in their costs.

2. **Q. HOW DOES MY CURRENT PLAN PRESCRIPTION DRUG BENEFIT COMPARE TO THE NEW MEDICARE PART D PRESCRIPTION DRUG COVERAGE?**
 - A. The Michigan Carpenters' Health Care Plan does **NOT** offer you any prescription drug coverage. So, the Plan's drug coverage is "**non-creditable.**" In other words, the Plan's coverage is **NOT** as good as the standard Medicare Part D coverage.

3. **Q. WHAT DOES "CREDITABLE COVERAGE" AND "NON-CREDITABLE COVERAGE" MEAN?**
 - A. "**Creditable Coverage**" means that an insurance plan is expected to pay for prescription drugs, on average for all of that insurance plan's participants, at least as much as a standard Medicare Part D Prescription Drug Coverage will pay. In other words, "Creditable Coverage" means that an insurance plan's prescription drug coverage is, on average, at least as good as the standard Medicare Part D Prescription Drug Coverage.

“*Non-Creditable Coverage*” means that the amount the insurance plan is expected to pay for prescription drugs is, on average for all plan participants, *less than* what the Medicare Part D Prescription Drug Coverage is expected to pay on average.

4. **Q. ARE THERE ANY ADVANTAGES IN MY ENROLLING IN THE MEDICARE PART D PRESCRIPTION DRUG COVERAGE PROGRAM?**
- A. There may be because your Michigan Carpenters' Health Care Plan does *NOT* provide you any prescription drug coverage.
5. **Q. IF I ENROLL IN MEDICARE PART D, CAN I STILL PARTICIPATE IN THE MICHIGAN CARPENTERS' HEALTH CARE PLAN?**
- A. Yes.
6. **Q. WHAT HAPPENS IF I DON'T ENROLL IN THE MEDICARE PART D PRESCRIPTION PROGRAM WHEN I AM ENTITLED TO ENROLL BUT LATER DECIDE TO ENROLL IN THAT PROGRAM?**
- A. In this circumstance, you will be penalized for your late enrollment, because your Michigan Carpenters' Health Care Plan drug coverage is “non-creditable.” If you don't enroll during this period, you'll pay a penalty for your late enrollment.
7. **Q. WHAT IS THE PENALTY?**
- A. The penalty for late enrollment in Medicare Part D is an increase in your monthly premium payment. Specifically, your monthly premium will be higher by one percent (1%) per month for every month that you failed to enroll in Medicare Part D. So, for example, if you are six (6) months late in enrolling in Medicare Part D, your monthly premium will be six percent (6%) higher.
8. **Q. HOW LONG DO THE PENALTIES LAST?**
- A. All penalties last for as long as you participate in Medicare Part D program. So, in the example above, you'll pay a 6% higher monthly premium for as long as you're in the Medicare Part D Program.
9. **Q. ARE THERE SPECIFIC TIMES WHEN I CAN ENROLL IN MEDICARE PART D AFTER THE INITIAL ENROLLMENT PERIOD?**
- A. Yes. When you first become entitled to Medicare benefits, there is also an *annual* enrollment period for Medicare Part D. This *annual* period will be November 15th through December 31st of each year. But, remember, if you missed the *first* enrollment period, but later enroll during the annual enrollment period, you will still pay a monthly penalty.

10. Q. WHERE CAN I GET MORE INFORMATION ABOUT THIS NOTICE OR MY CURRENT PLAN PRESCRIPTION DRUG COVERAGE?

A. Contact the Plan office for further information at (800) 273-5739. You may also request a copy of this Notice from the Plan office at 6525 Centurion Drive, Lansing, MI 48917-9275. You will also receive this Notice in the future, including before the next Medicare Part D enrollment period.

11. Q. WHERE CAN I GET MORE INFORMATION ABOUT MY OPTIONS UNDER MEDICARE PART D?

A. The *Medicare & You 2006* handbook will provide you more detailed information about Medicare-approved plans that offer prescription drug coverage. This handbook has been available since October 2005. You will get a copy of it from Medicare in the mail. Or, you may be contacted directly by the Medicare prescription drug plans. You can also get more information about Medicare prescription drug plans from these places:

- www.medicare.gov for personalized help in comparing your Plan benefits with Medicare Part D;
- your State Health Insurance Assistance Program (see your copy of *Medicare & You 2006* handbook for their telephone number);
- call 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

12. Q. I HAVE EXTREMELY LIMITED INCOME, IS THERE ANY EXTRA HELP AVAILABLE FOR ME?

A. Yes, for people with limited income and resources, there is extra help to pay for the Medicare Prescription Drug Plan. Information for this extra help is available from the Social Security Administration office (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov or call them at 1-800-772-1213. (TTY users should call 1-800-325-0778).

Sincerely,

Board of Trustees
Michigan Carpenters' Health Care Fund

TO: PLAN PARTICIPANTS OF THE MICHIGAN CARPENTERS' HEALTH CARE FUND

RE: SUMMARY OF MATERIAL MODIFICATIONS

Dear Plan Participant:

This Notice, known as a Summary of Material Modifications ("SMM"), describes changes in the Fund's Plan adopted by the Trustees during the 2008 Plan Year and after the Plan Year ended. It is an amendment to the Summary Plan Description ("SPD"), you received previously. You should keep this SMM with the SPD for future reference.

The Board of Trustees as of today's date is:

Tyler McCastle, **Chairman**
2310 West Washtenaw Avenue
Lansing, MI 48917

Robert Root, **Secretary**
Forrester Construction
8102 W US Highway 2
Manistique, MI 49854

Travis Fairbanks
Carpenters' Local No. 525
140 N. 64th Avenue
Coopersville, MI 49404

Gary Benjamin
Gundlach Champion, Inc.
105 East A Street
Iron Mountain, MI 49801

Chad Miller
Carpenters' Local No. 525
3617 Gembrit Circle
Kalamazoo, MI 49001

Scott D. Fisher
AGC of Michigan
2323 North Larch
Lansing, MI 48906

Michael S. Parrett
1219 First Avenue, South
Escanaba, MI 49829

Duane Bremer
3129 E. Monroe Road
Midland, MI 48642

Leon Turnwald
Carpenters' Local No. 706
3160 Commerce Centre
Saginaw, MI 48601

Stanley Buell
Grand River Construction, Inc.
5210 36th, Box 323
Hudsonville, MI 49426

Victor Walter
PO Box 1904
Traverse City, MI 49685

Hazel Leonard
Kreighoff-Lenawee
Box 100
Adrian, MI 49221

TO: PLAN PARTICIPANTS OF MICHIGAN CARPENTERS' HEALTH CARE FUND

RE: **SUMMARY ANNUAL REPORT FOR 2009**

Dear Plan Participant:

This is a summary of the Annual Report of the Michigan Carpenters' Health Care Fund, Employer Number 38-6058383, Plan No. 501, for the period September 1, 2008 through August 31, 2009. The Annual Report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

The Board of Trustees has committed itself to pay certain medical, surgical and other health care claims incurred under the terms of the Plan.

INSURANCE INFORMATION

The Plan has a contract with Blue Cross Blue Shield of Michigan to pay certain excess medical claims incurred under the terms of the Plan. The total premiums paid for the Plan Year ending August 31, 2009 were \$312,983.

BASIC FINANCIAL STATEMENT

The value of Plan Assets, after subtracting Liabilities of the Plan, was \$13,007,111 as of August 31, 2009, compared to \$12,119,981 as of September 1, 2008. During the Plan Year, the Plan experienced an increase in its Net Assets of \$887,130. This increase includes unrealized appreciation in the value of Plan Assets; that is, the difference between the value of the Plan's Assets at the end of the year and the value of the Assets at the beginning of the year or the cost of the Assets acquired during the year. During the Plan Year, the Plan had Total Income of \$22,942,735, including Employer Contributions of \$15,976,385, Employee Contributions of \$5,870,649, realized Losses of \$(443,363) from the sale of Assets, Earnings from Investments of \$1,463,187 and Other Income of \$75,877.

Plan Expenses were \$22,055,605. These Expenses included \$2,311,448 in Administrative Expenses (*see Schedule A*) and \$19,744,157 in benefits paid or incurred on behalf of Participants and Beneficiaries.

YOUR RIGHTS TO ADDITIONAL INFORMATION

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The items listed below are included in that report:

1. An Accountant's report;
2. Financial information and information on payments to service providers;
3. Assets held for investment;
4. Transactions in excess of 5% of the Plan Assets; and
5. Insurance information, including sales commissions paid by insurance carriers.

To obtain a copy of the full Annual Report, or any part thereof, write or call the office of the Board of Trustees, Michigan Carpenters' Health Care Fund, 6525 Centurion Drive; Lansing, MI 48917 or at Toll Free (800) 273-5739 or (517) 321-7502. The charge to cover copying costs will be \$4.50 for the full Annual Report or twenty-five cents per page for any part thereof.

You also have the right to receive from the Plan Administrative Manager, on request and at no charge, a statement of the Assets and Liabilities of the Plan and accompanying notes, or a statement of Income and Expenses of the Plan and accompanying notes, or both. If you request a copy of the full Annual Report from the Plan Administrative Manager, these two statements and accompanying notes will be included as part of that Report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the Report because these portions are furnished without charge.

You also have the legally protected right to examine the Annual Report at the main office of the Plan (Board of Trustees, Michigan Carpenters' Health Care Fund, 6525 Centurion Drive; Lansing, MI 48917), at any other location where the report is available for examination and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Sincerely,

Board of Trustees
Michigan Carpenters' Health Care Fund

Schedule A: Administrative Expenses

| | | | |
|---------------------------------|---------------|---------------------------------|--------------------|
| Administrative manager's fee: * | | | |
| Basic | \$442,867 | Audit fee | \$18,450 |
| Supplement to medicare | 79,000 | Conference and meetings | 18,243 |
| Flex benefits | 57,600 | Legal fees | 13,909 |
| Other | <u>10,436</u> | Actuarial fee | 10,000 |
| | 589,903 | Trustee and fiduciary liability | |
| Claims administration fee | 1,152,246 | insurance and bonding | 8,601 |
| Payroll audit fees | 165,084 | Telephone | 4,290 |
| Collection fees | 150,599 | Notices to participants | 3,592 |
| Computer processing costs | 52,941 | Member communications | 2,635 |
| Printing and miscellaneous | 51,964 | ERISA reporting costs | 1,320 |
| Investment expenses | 43,828 | Educational foundation dues | <u>845</u> |
| Bank services charges | 22,998 | | |
| | | | <u>\$2,311,448</u> |

*Includes rent, equipment, staffing, regular postage, computer services, etc.

To: PLAN PARTICIPANTS OF MICHIGAN CARPENTERS' HEALTH CARE FUND

Re: **WOMEN'S HEALTH AND CANCER RIGHTS**

Dear Plan Participant:

The Trustees of your Health Care Fund are issuing this annual notice in compliance with the Women's and Cancer Rights Act of 1998. Your Health and Welfare Plan already provides the benefits required by this new law. You have a right to this notice, and the Trustees are providing the notice for your information so that you may be assured that you are treated in accordance with Federal law if the need arises.

The Federal law requires that all health care plans that provide medical and surgical benefits for mastectomies provide to Participants and Beneficiaries receiving mastectomy benefits and who elect mastectomy related breast reconstruction with coverage for the following:

- **Reconstruction of the breast on which the mastectomy has been performed.**
- **Surgery and reconstruction of the other breast to produce a symmetrical appearance; and**
- **Prostheses and physical complications of all stages of mastectomy including lymph edemas; in a manner determined in consultation with the attending physician and the patient. Such coverage may be subject to annual deductibles and coinsurance provisions as may be deemed appropriate and as are consistent with those established for other benefits under the plan or coverage.**

The Fund has provided coverage for mastectomies for a number of years. As part of this coverage, the Plan also covered the procedures necessary to effect reconstruction of the breast on which the mastectomy was performed, as well as the cost of prostheses and physical complications of all stages of mastectomy, including lymph edemas, as recommended by the attending physician of any patient receiving Plan benefits in connection with the mastectomy and in consultation with the patient. The Plan also covers any surgery and reconstruction of the other breast to achieve a symmetrical appearance.

Please keep this notice with your Summary Plan Description. If you have any questions regarding these federal requirements, please contact the Fund Office.

Sincerely

Board of Trustees
Michigan Carpenters' Health Care Fund