Questions about Your Benefits?
Call Participant Services at the Fund office (877) 850-0977.
Press "2" for a representative or "1" to use the automated system.

For Your Benefit

Operating Engineers Local No. 77

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www.associated-admin.com

Decrease in Monthly Co-Payments for Medicare Primary Retirees

The $250 monthly premiums for your Medicare Retiree Health and Welfare Benefit provided by the Fund will decrease effective July 1, 2012.

Your new monthly premium for coverage effective July 1, 2012 will be:

$100.00 per month–Individual Medicare Primary Retiree Coverage

$200.00 per month–Retiree and Spouse Medicare Primary Coverage

You Must Call American Health Holding Before Going to The Hospital

American Health Holding ("AHH") is the utilization management provider which certifies your inpatient hospital stays and many outpatient procedures. **You must call AHH at (800) 641-5566 to pre-certify all non-emergency or elective hospital stays and within 24 hours after an emergency admission, as well as to certify all in- or out-patient mental health or substance abuse treatment.**

American Health Holding verifies the medical necessity and authorizes the length of your hospital stay. However, AHH does not certify that you are eligible for benefits or that a given procedure or hospital stay is covered under the Plan. A procedure excluded under the Plan will be excluded from coverage regardless of AHH's determination of medical necessity.

Treatments That Must Be Pre-Certified

- Mental Health Treatment
- Alcohol and Substance Abuse Treatment
- Sub-acute care,
- Outpatient surgery,
- Surgery performed at a hospital on an outpatient basis,
- Inpatient rehabilitation,
- Physical therapy (for more than 8 visits),
- Skilled nursing facilities,
- Home health care, and
- Chiropractic care (for more than 8 visits).

Continued on Page 2

The purpose of this newsletter is to explain your benefits in easy, uncomplicated language. It is not as specific or detailed as the formal Plan documents. Nothing in this newsletter is intended to be specific medical, financial, tax, or personal guidance for you to follow. If for any reason, the information in this newsletter conflicts with the formal Plan documents, the formal Plan documents always govern.

Notice of Creditable Coverage

Cut and Keep. See Page 6.

This issue—

Continued from Page 1

Certify Emergencies

The Fund will only cover treatment in an emergency or urgent care setting that is medically necessary. If you or your eligible dependent are admitted to the hospital due to an emergency, you (or a family member), the hospital, or your physician must contact AHH after your admission. The Plan has the right to require that you receive a second opinion by another physician chosen by AHH to determine the medical necessity of the proposed care, whether or not it was received in the emergency room or an urgent care setting.

What Is an Emergency?

Some examples of medical emergencies which require immediate treatment include a heart attack, chest pains, cardiovascular accidents, poisonings, convulsions, a loss of consciousness or respiration, and other acute conditions. Of course, this is not a complete list and there could be other conditions which require immediate treatment.

It is important however, to note that visits to the emergency room will not be covered if you go there with a condition which is not determined to be "urgent" as noted by the diagnosis from the physician. For example, if your diagnosis (again, as stated by the attending physician), is for a bad cold, an earache, or a superficial cut or a scrape, the Fund will **not** pay the claim.

The general rule of thumb is that your symptoms, including the degree of severity, must be such that immediate medical care would normally be required. The emergency room should be reserved for these urgent problems and should not be used for general illness/injuries that could be treated for in the doctor's office during regular office visits.

If you are not sure if a proposed procedure will be covered, please contact the Fund office at (877) 850-0977.

Open Enrollment for The 401(k) Option Is July 1st – July 31st

During the month of July, you have the opportunity to enroll in the 401(k) Option or make changes in the amount of contributions you currently make. The 401(k) Option is a provision of the Individual Account Plan (Annuity Fund). It allows your savings to go further because the money is saved on a **pre-tax** basis.

How does a 401(k) work?

Saving in a 401(k) Option is easy through payroll deduction. Because your contribution is taken before your check is taxed, it's worth more to you in the 401(k) than it would be in your paycheck, where it would be reduced by income taxes.

How much can I put into the 401(k)?

You can contribute up to a maximum of $3.00 per hour worked, in 50-cent increments. For example, you may choose to save $.50 an hour, $1.00, $1.50, $2.00, $2.50, or even $3.00 per hour worked, and very importantly, your contribution is pre-tax.

As an example, let's say Justin earns $50,000 a year. His total income tax rate is 31% (includes federal and any applicable state and local taxes). Justin contributes $2,500 a year to the 401(k) Plan. That reduces his taxable salary to $47,500. But it also cuts his income taxes by $775 (31% of $2,500).

Justin has saved $2,500 but his take-home pay isn't reduced by $2,500 a year. It's only reduced by $1,725.

How do I know how well my investments are doing?

You'll receive a financial statement of your 401(k) account on a quarterly basis from MassMutual Financial Group that shows the amounts you've contributed and how all your investments have performed. You may also monitor how your account is doing by using MassMutual's RetireSmart website located at www.retiresmart.com.

Participation in the 401(k)

Participation in this Option is **totally voluntary**. You may stop making contributions or change the amount every six months (during January and July) by completing a Participant New Deferral form. Please contact the Fund Office at 1-877-850-0977 to request a Participant deferral form.

For more information

You can receive answers to questions about the 401(k) Plan, investment options, or account information by calling MassMutual at (800) 743-5274 or logging onto www.massmutual.com.

Retirees: Have You Returned Your Retiree Information Form?

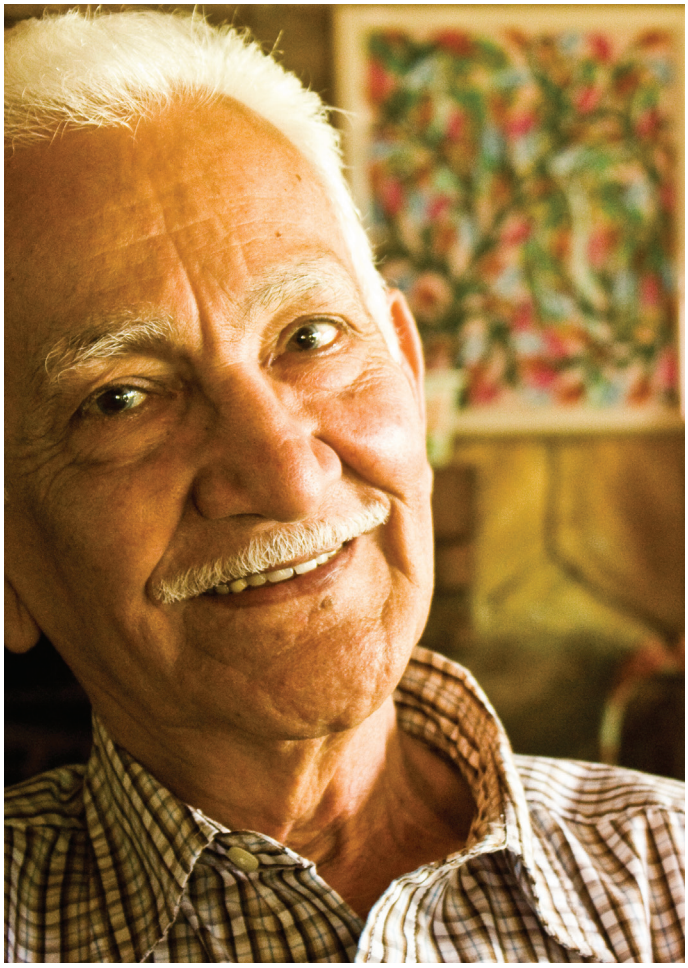
The Fund office sent a Retiree Information Form ("RIF") to each retiree asking for information about your current address, your beneficiary, and whether you are employed. Although you may have completed this form last year, ***you still must complete and return this year's RIF. Please answer all questions*** on the form to the best of your ability, sign and date it, and return it to the Fund office. If you don't answer all the questions, we will return the form to you for completion.

What If You Don't Have Any Changes?

You still have to complete and sign the RIF. Even if there are no changes to report, we still need to make sure our files are correct.

Failure to return the form may result in suspension of your benefits.

To avoid having your benefits interrupted, ***take the time now to complete and return the RIF as soon as possible.***



Retirees: Self-Payments Due Monthly to Continue Health & Welfare Benefits

The following article applies to Retirees who have health and welfare benefits through the Fund.

If you are not receiving a pension benefit from the Operating Engineers Local No. 77 Pension Fund and you wish to receive or continue health and welfare benefits as a retiree, your self-payment for welfare benefits can be made **monthly**. The monthly payment can be made **prior** to the month for which you are purchasing coverage. Of course, you can always make advance payments if you wish.

IMPORTANT NOTE: ***Failure to make payment in a timely fashion will result in loss of benefits. Once your eligibility is terminated, because of late payments or lack of payment, it cannot be reinstated.***

Coverage for Your Disabled Dependent

If your dependent child is incapable of self-support due to a mental or physical disability, the age limit for dependents does not apply. Effective January 1, 2011, coverage for disabled children beyond age 26 will continue if:

- The child is unmarried;
- The child is financially dependent on the participant for support;
- The child was the participant's dependent before the child turned age 19;
- The disability began before age 19;
- The disability is certified by a physician and found by the Board of Trustees to be a qualifying disability; and
- The child continues to be eligible for dependent coverage under the Plan.

What Types of Retirement Benefits Are Available under The Plan?

You may qualify for one of several types of benefits under the Plan, depending upon your circumstances. Below are the types of retirement benefits:

Normal Retirement
If you are an active participant in the Plan when you reach Normal Retirement Age (age 65), you may retire and become eligible for a Normal Retirement.

Early Retirement
If you are an active participant in the Plan and you are between 55 and 65 years old with at least 5 years of Vesting Service, you may retire with an Early Retirement pension. An Early Retirement pension is reduced based upon your age at early retirement.

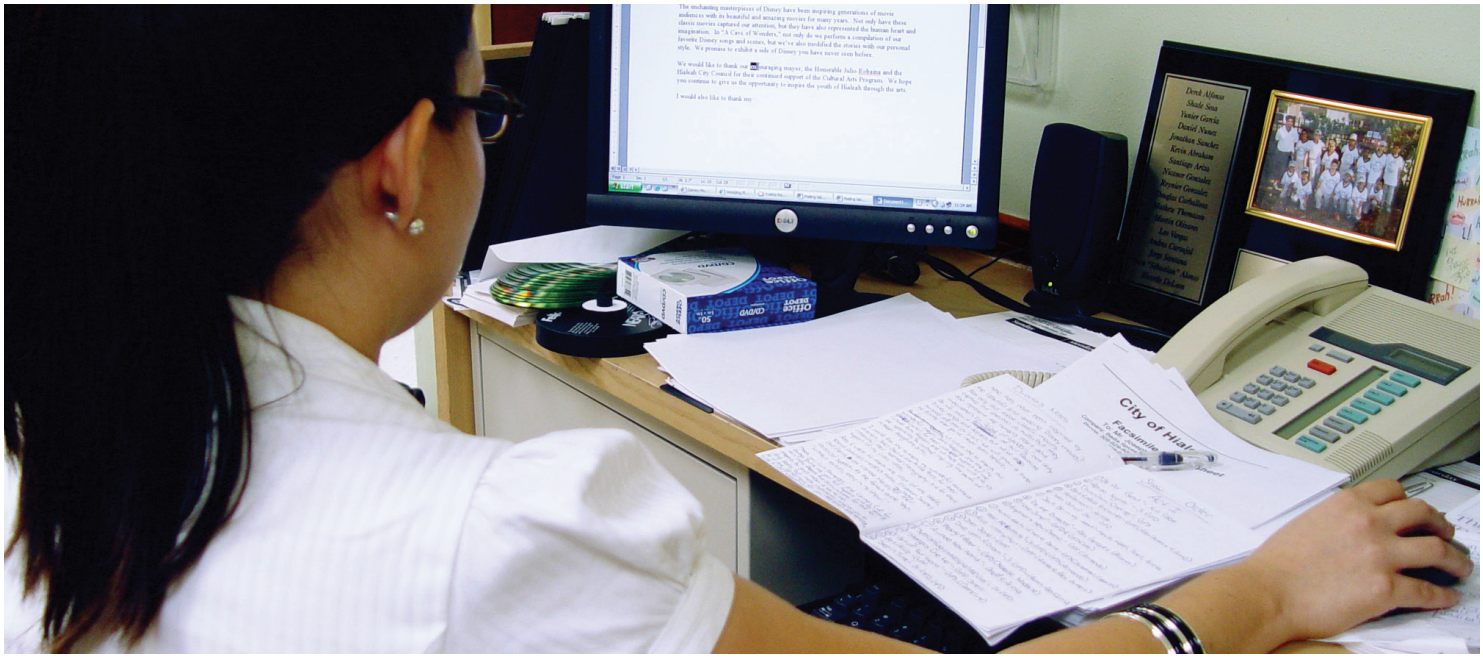
Unreduced Early Pension
If you are age 60 and have at least one hour of service on or after January 1, 1989, and have at least 35 years of Adjusted Vesting Service, you may receive a pension before Normal Retirement Age in an unreduced amount.

Disability Benefit
Regardless of your age, if you have at least 15 years of Vesting Service and become Totally and Permanently Disabled by Social Security while an active participant in the Plan, you may retire and become eligible for a disability retirement pension.

You can receive the Disability Retirement Pension for your lifetime, but ends if you cease being totally and permanently disabled before Normal Retirement Age. The Trustees may require you to be reexamined by a physician periodically (but not more often than twice a year) to determine whether you continue to be totally and permanently disabled.

Occupational Disability Benefit
If you have at least 15 years of Vesting Service, and after January 1, 1993, while an active participant in the Plan you become unable to perform bargaining unit employment due to a physical or mental condition that arises as a result of bodily injury or disease, you may become eligible for an Occupational Disability Pension. The determination of whether you are eligible for occupational disability retirement will be made at the discretion of the Trustees, based upon all information available to them, including a certification from your doctor. The Trustees may require that you submit to a medical examination by a doctor selected by the Fund in order to prove your eligibility or continuing eligibility for this benefit. In the event the Trustees later find that you again become capable of performing bargaining unit work, your Occupational Disability benefits will cease.

Deferred Pension
If you have at least 5 years of Vesting Service and are no longer an active participant, you may retire at Normal Retirement Age with a deferred retirement pension.



What Can Slow Down The Processing of Claims?

The Fund office uses state-of-the-art benefit systems technology. Despite the tools we employ, claims payment is not simply a matter of feeding information into a computer. It can take as little as a few days or up to 30 days to process a claim.

When we don't have all the information, we "pend" the claim.

The Fund office may send a "pend letter" to you or the provider requesting additional information. If a claim comes to us without a CareFirst discount, and the doctor or hospital shows in our system as a participating provider, we send the claim back to CareFirst to take a second look at the claim.

Reasons Why a Claim Is "Pended" or Denied

Below are some of the most common reasons:

- **Need Accident Details**
  A letter is sent to you when it appears you have had an accident and the accident inquiry section has not been filled out. We need details about ***any*** injury (not just car accidents – injury could be a sprain), including how, when, and where the accident took place, whether other people were involved, and whether another party may be liable. We cannot process a claim for an accidental injury until we have these accident details.
- **Need Current Address**
  It is very important that we have your current address on file. Without a current address, your claim might be denied because we are unable to gain additional information from you.
- **Need Procedure Code**
  This notice means we have received a bill but we need a procedure code (CPT code). Procedure codes are the providers' and insurers' way of showing exactly which service was provided. Both you and your doctor's office receive a copy of this letter, but you are ultimately responsible for seeing that we get the information.
- **Need Enrollment for Baby**
  A letter is sent to you when we get a claim for a newborn, but you have not yet added the baby to your coverage. Call the Fund office immediately to enroll your newborn. Without enrollment, your baby will not have medical coverage.
- **Need Provider's Tax ID Number**
  A letter is sent to the provider requesting his or her tax identification number. Without this number, we cannot pay a claim.

Allow Time

It generally isn't necessary for you to call about your claim. We will correspond with you in writing if it's not complete. The only reason you may have to call is to find out if we received a bill from a provider. Before you do call, please allow ample time for the bill to get to us. Some providers don't bill us right away.

Important

Important Notice about Your Prescription Drug Coverage and Medicare

The following Notice of Creditable Coverage applies to all Medicare-eligible participants, retirees, and/or spouses.

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the Operating Engineers Local No. 77 Health and Welfare Fund and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.

2. The Operating Engineers Local No. 77 Health and Welfare Fund has determined that the prescription drug coverage offered by the Fund is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

You cannot have both Medicare prescription drug coverage and prescription drug coverage through the Fund at the same time. If you do decide to join a Medicare drug plan and drop your Operating Engineers Local No. 77 Health and Welfare prescription drug coverage, be aware that you and your dependents may not be able to get the same coverage back.

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year thereafter from October 15th to December 7th.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2)-month Special Enrollment Period (SEP) to join a Medicare drug plan.

What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, your current coverage under the Operating Engineers Local No. 77 Health and Welfare Fund will be affected. **If you join an outside Medicare drug plan, you will cease to be eligible for prescription benefits under the Operating Engineers Local No. 77 Health and Welfare Fund.** See below for more information about what happens to your current coverage if you join a Medicare drug plan.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your current coverage with Operating Engineers Local No. 77 Health and Welfare Fund and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you

did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

For More Information about This Notice Or Your Current Prescription Drug Coverage

Contact the Fund office for further information at (877) 850-0977. **NOTE**: You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, or if this coverage through the Operating Engineers Local No. 77 Health and Welfare Fund changes. You also may request a copy of this notice at any time.

For More Information about Your Options under Medicare Prescription Drug Coverage

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Date:
July 2012

Name of Entity/Sender:
Fund Office
Operating Engineers Local No. 77
Health and Welfare Fund
911 Ridgebrook Road
Sparks, Maryland 21152-9451

Phone Number:
(877) 850-0977

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

Availability of Pension Statement

This Notice informs you of the Plan's legal obligations under the Employee Retirement Income Security Act ("ERISA"), Section 105. Participants must receive notice that they have the right to request a pension benefit statement annually and be informed about how to get one. **You are entitled to one (1) benefit statement per year.**

Call the Fund office at (877) 850-0977 and request a Benefit Service Request Form. Complete all the information on the form and return it to the Fund office. It will take approximately 4 – 6 weeks for us to prepare your statement.

OPERATING ENGINEERS LOCAL NO. 77 FUNDS
911 Ridgebrook Road
Sparks, MD 21152-9451