

Important Notice From

The UA LOCAL 190 PLUMBERS/ PIPEFITTERS/ SERVICE TECHNICIANS/ GAS DISTRIBUTION HEALTH CARE PLAN

About Your Prescription Drug Coverage and Medicare

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 UA Local 190 Plumbers/ Pipefitters/ Service Technicians/ Gas Distribution Health Care Plan (UA Local 190 Health Care Plan) and prescription drug coverage available for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

1. Medicare prescription drug coverage became available to everyone with Medicare through Medicare prescription drug plans in 2006. All Medicare prescription 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 Local 190 Health Care Plan has determined that the prescription drug coverage offered in the Local 190 Health Care Plan is, on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay, and is considered Non-Creditable Coverage.

This is important, because for most people, enrolling in Medicare prescription drug coverage means you will get more assistance with drug costs than if you only have prescription drug coverage from the Local 190 Health Care Plan.

3. You have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you enroll.

Read this notice carefully - it explains your options.

You may have heard about Medicare's new prescription drug coverage, and wondered how it would affect you. Starting January 1, 2006, prescription drug coverage became available to everyone with Medicare through Medicare prescription drug plans. All Medicare prescription drug coverage will provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

You might want to consider enrolling in Medicare prescription drug coverage. If you do so, you can keep your current coverage from the Local 190 Health Care Plan. You can keep your current coverage regardless of whether it is as good as a Medicare drug plan.

Because the Prescription Medicine Benefit coverage you have with the Local 190 Health Care Plan is on average for all plan participants, NOT expected to pay out as much as the standard Medicare prescription drug coverage will pay, and is considered Non-Creditable Coverage, you might want to consider enrolling in a Medicare prescription drug plan as soon as you are eligible. Individuals can enroll in a Medicare prescription drug plan when they first become eligible for Medicare and each year from November 15th through December 31st. However, if you lose or decide to leave the Local 190 Health Care Plan, you will be eligible to join a Medicare Part D Plan at that time using a Medicare Special Enrollment Period. If you did not obtain Medicare Part D coverage at the time you were first eligible, you may have to pay a higher premium (a penalty) when you later decide to join a Medicare drug plan, even if you later lose or give up coverage under the Local 190 Health Care Plan.

This is important, because if you don't enroll in Medicare prescription drug coverage (or equivalent coverage) when you are eligible to enroll, you may have to pay a higher premium if you join later. You will pay that higher premium as long as you have Medicare prescription drug coverage.

If you go 63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage (Creditable Coverage), your premium will go up at least 1% per month for every month after May 15, 2006 that you were Medicare-eligible and did not have that coverage. You will have to pay this higher premium as long as you have Medicare prescription drug coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. Since the Prescription Medicine Benefit coverage you have with the Local 190 Health Care Plan is Non-Creditable Coverage, you must enroll in Medicare Part D prescription coverage when you are first eligible in order to avoid having to pay the possible higher Medicare Part D premium (penalty).

If you don't enroll in a Medicare prescription drug plan when you first are eligible to enroll, you may also have to wait to enroll, and you may have to wait until the following November to join. For 2008 Medicare Prescription Drug coverage, you generally need to enroll by December 31, 2007 to satisfy this requirement.

The Local 190 Health Care Plan has been modified to work with the Medicare prescription drug plan, so that Medicare-eligible members whose medications cost more than the Health Care Plan's Prescription Medicine Benefit will come out ahead by enrolling in the Medicare prescription plan.

The premiums you pay for Medicare prescription coverage are now eligible for reimbursement from your Prescription Medicine Benefit under the Local 190 Health Care Plan. This means you will get the Medicare coverage at very little cost to you, plus most of the Prescription Medicine Benefit you had before.

- Most people whose prescription medicine costs usually exceed the Prescription Medicine Benefit limit will come out ahead.
- If your Medicare prescription drug plan premium and prescription medicine costs do not exceed the Prescription Medicine Benefit limit, you might pay slightly more than before, but the difference should be small.

This is a small price to pay to make sure that you have the extra coverage offered by Medicare and do not have to pay extra for the Medicare plan later.

If you become covered by a Medicare prescription drug plan while you are neither a Local 190 retiree nor the spouse or dependent of a Local 190 retiree, here is how your Local 190 Health Care Plan Prescription Medicine Benefit will work:

1. The total coverage amount will stay the same. This is currently a maximum of \$1,440.
2. The Local 190 Health Care Plan will treat your premiums for your Medicare prescription drug plan, up to \$32 for 2008, as eligible for reimbursement at **100%** (as a special exception to the 80% - 20% co-pay rule). The amount reimbursed by the Plan will count toward the annual \$1,440 limit. The amount for the full year's premiums will be reserved from the annual \$1,440 limit at the beginning of the year.

3. The Local 190 Health Care Plan will coordinate benefits from your Medicare prescription drug plan with the Local 190 Health Care Plan as the primary payer (i.e., Medicare will pay only after the Local 190 Health Care Plan), subject to the following rules:

- The Local 190 Health Care Plan will reimburse 80% of your prescription expenses until the total reserved for premiums and reimbursed for other prescription drug expense reaches the \$1,440 maximum.
- Once you reach a point where the Local 190 Health Care Plan maximums for Prescription Medicine Benefit reimbursement and other reimbursement accounts (Miscellaneous Benefit and Individual Health Reimbursement Account) have been reached, your Medicare prescription drug plan will take over.

FOR EXAMPLE: Assume you are a single actively-at-work participant and enroll in a basic Medicare prescription drug program patterned exactly after the Part D law, effective January 1, 2008. Assume the monthly Medicare prescription drug premium is \$32. Assume that in 2008 you incur \$4,100 of eligible prescriptions. Also assume that you use your entire Miscellaneous Account (and Individual Health Reimbursement Account, if any) on other medical expenses. Here is what you would be reimbursed:

	Paid By Medicare	%	Paid By Local 190 Health Care Plan	%	Paid By You	%
Premiums: \$32 X 12 = \$384	\$0.00	0.00%	\$384.00	100.00%	\$0.00	0.00%
\$4,100 Medicare- Covered Drugs:						
First \$1,320	\$0.00	0.00%	\$1,056.00	80.00%	\$264.00	20.00%
At this point, you would have used up the entire \$1,440 Prescription Drug Benefit, and your Medicare Part D plan would take over. You also would have satisfied \$264 of the 2008 \$275 deductible, so you would have \$11 of deductible left.						
Next \$11	\$0.00	0.00%	\$0.00	0.00%	\$11.00	100.00%
Next \$2,510	\$1,882.50	75.00%	\$0.00	0.00%	\$627.50	25.00%
Next \$259	\$0.00	0.00%	\$0.00	0.00%	\$259.00	100.00%
TOTAL	\$1,882.50		\$1,440.00		\$1,161.50	

In this example, the portion shown as “Paid by Medicare” is extra benefit you would not receive unless you elected Part D. After accounting for the premiums deducted from your account, you would receive \$1,498.50 more by being covered by the Medicare prescription drug plan than if you were only covered by the Local 190 Health Care Plan’s Prescription Medicine Benefit.

Not shown in this example is the fact that once your total “out-of-pocket” non-premium prescription expense (the “Paid By You” column) equals \$4,050, the Medicare “catastrophic” prescription coverage kicks in, and eligible prescriptions are paid 95% by Medicare after a small \$2.25 - \$5.60 deductible is paid on each prescription.

Your current Local 190 Health Care Plan coverage pays for other health expenses, in addition to prescription drugs. You will still be eligible to receive all of your current health benefits if you choose to enroll in a Medicare prescription drug plan. If you do decide to join a Medicare prescription drug plan and drop your Local 190 Health Care Plan prescription coverage, you will not be able to get this coverage back unless you re-satisfy the initial requirements for coverage under the Plan.

You need to make a decision. For more information about this notice or your current prescription drug coverage contact the Fund Office at 1-888-390-7473.

When you make your decision, you should compare your current coverage, under which all medically necessary drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. Contact the Fund Office for further information at 1-888-390-7473.

NOTE: This notice is intended for Medicare-eligible members who are not retired or Medicare-eligible spouses and dependents of members who have not retired. If you are a member who has retired or a spouse or dependent of a retired member, please contact the Fund Office for more information.

NOTE: You will get this notice each year. You will also get it before the next period you can join a Medicare drug plan (Medicare Part D Annual Coordinated Election Period from November 15-December 31 each year), before the effective date of coverage for any Medicare-eligible individual who joins the Health Care Plan and if coverage under the Health Care Plan changes. You also may request a copy at any time.

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" 2008 handbook from Medicare. You'll get a copy of the handbook in the mail. You may also be contacted directly by Medicare-approved prescription drug plans. You can also get more information about Medicare prescription drug plans from these places:

- Visit www.medicare.gov,
- Call your State Health Insurance Assistance Program (see 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.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

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