

April 2002

To: PARTICIPANTS OF THE MICHIGAN LABORERS' HEALTH CARE FUND WHO ARE "ACTIVELY EMPLOYED" AT THE TRADE, OR THEIR SPOUSES, WHO ARE CLOSE TO AGE 65 OR WHO ARE 65 OR OLDER

Re: MICHIGAN LABORERS' HEALTH CARE FUND

Dear Participant:

Federal law requires that the Fund offer you a choice as to whether you want Medicare or the Michigan Laborers' Health Care Fund to be primary payor of your health care benefits.

Previously, if you or your spouse were **actively employed**, who was **age 65 or older** and had Medicare coverage, Medicare paid first and then the Fund paid for supplemental coverage up to the limits provided for under the Fund's Schedule of Benefits.

In an effort to reduce Medicare costs, Congress passed a law, which requires that for active employees or dependent spouses age 65, *or over*, group health plans, rather than Medicare, be the primary payor of benefits unless the employee or spouse specifically elects to have Medicare as the primary payor. In effect, Federal law shifts more of the cost of your health care services from Medicare to the Fund.

If you select Medicare as the primary payor of benefits, your out-of-pocket expenses will generally be greater than they would be if the Fund were the primary payor. This is due in part to the fact that if Medicare is the primary payor, the Fund will NO LONGER BE PERMITTED to provide any supplemental coverage for hospital or surgical services. You would have to depend totally on Medicare or other privately purchased health insurance.

Also, if Medicare is the primary payor, the Fund would NOT be permitted to pay any of the deductibles or co-insurance required for Medicare services, NOR be permitted to pay any amount above the limits set by Medicare or various health care services.

Because of the additional costs to YOU if Medicare is the primary payor of benefits, the Trustees have decided that the Fund should be the primary payor of benefits for all participants age 65 or over, and for their spouses age 65 or over, who are **still actively employed at the Trade**, even though it may result in increased costs to the Fund to provide such coverage. This means that, in most cases where Medicare and the Fund cover the same items or services, the Fund will pay first and then Medicare will supplement the Fund's coverage up to the Medicare limits.

In most cases, the Fund's benefits are more generous than those provided under Medicare. Where they are not, you retain the right to file your claim with Medicare for whatever supplemental coverage is available. Your combined benefits from Medicare and the Fund will remain unchanged even though the Fund, rather than Medicare, is the primary payor.

If for some reason you would prefer to have Medicare as the primary payor, you must state this preference in writing to the Fund Office within 90 days of the date of this notice.

In making this decision, we suggest that you compare the Fund's benefits with those provided under Medicare and consider the consequences of selecting Medicare as the primary payor.

A complete description of the Fund's eligibility rules and Schedule of Benefits may be found in your Summary Plan Description (SPD) and in subsequent notices of changes, which have been mailed to you. If you need a copy of this information, feel free to contact the Fund Office.

A description of Medicare's eligibility rules and benefits may be found in a booklet entitled, "Your Medicare Handbook." A copy may be obtained from your local Social Security Administration Office.

REMEMBER: If you select Medicare as your primary payor of benefits, the Fund may NOT supplement the Medicare coverage in any way and you are fully responsible for any Medicare deductibles and co-insurance.

Regardless of your election decision, it would seem advisable for you to pay the required monthly premiums for the Medicare Part-B Program, which covers physicians' charges. This will generally help cover certain expenses not covered under the group health care plan. It should be noted that if you fail to pay the Part-B premiums on time while you are working between the ages of 65 and 69, you may still be able to enroll in the Part-B Program when you stop working or reach age 70, without payment of a late penalty. (For details, check with your local Social Security Administration Office.)

If you have not yet applied for Medicare coverage, we urge you to do so as soon as possible. Your local Social Security Administration Office will assist you with determining your eligibility for such benefits and with completion of the application form.

If you have any questions about the information provided in this notice, please contact the Fund Office.

Sincerely,

BOARD OF TRUSTEES
MICHIGAN LABORERS' HEALTH CARE FUND