

Alaska United Food and Commercial Workers Trust Funds

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Administered by
Welfare & Pension Administration Service, Inc.

January 31, 2018

**To: Participants and Dependents in the
Alaska UFCW Health and Welfare Trust
Alaska UFCW Retiree Health and Welfare Trust**

Re: Plan Changes to Retiree Health Benefits

Important Information: Please be sure you and your family read this notice carefully and keep it with your benefit booklet or important insurance papers for future reference.

IMPORTANT NOTE: Benefits for Active eligible employees and their eligible dependents are not changing.

This notice is to advise you of changes the Board of Trustees have made to coverage available to **retired** participants and changes that will affect those persons retiring in the future. Health care costs continue to rise at unsustainable levels. In fact, it was recently necessary to make significant increases (40%) to retiree self-pay contributions to cover the high cost of retiree coverage. In response, the Trustees are making changes to both non-Medicare retiree benefits and Medicare retiree benefits that will help secure the financial stability of the Trust. These changes are intended to help manage Plan costs and continue to provide access to health care coverage for retirees and their eligible dependents.

To be eligible for Retiree coverage, a retiree must meet all of the following eligibility requirements:

- You have made contributions toward retiree coverage for at least 60 of the 80 months immediately preceding your retirement;
- You have been eligible for active employee coverage for at least 60 of the 80 months immediately preceding your retirement;
- You have active employee coverage immediately preceding your retirement date;
- You are receiving an early, normal, or late retirement benefit from the Alaska United Food and Commercial Workers Pension Trust;
- You have accrued at least 15 years of Credited Service in the Alaska UFCW Pension Plan;
- You have been a bargaining unit member covered by a Collective Bargaining Agreement providing for contractually required member contributions to the Retirement Medical Program and have made these hourly contributions for at least 10,400 hours within the 10 years immediately preceding eligibility for retiree health coverage;

Once initially eligible, coverage terminates at the earliest of the following:

- The last day of the month that your employer stops contributing to the plan.
- The date the self-pay option expires.
- The end of the period for which required self-pay contributions have been made.

- The date the plan is terminated.
- For a dependent, the last day of the month in which he or she ceases to meet the definition of eligible dependent.

IN ADDITION TO MEETING THE ABOVE MINIMUM REQUIREMENTS, **EFFECTIVE APRIL 1, 2018**, ACCESS TO RETIREE HEALTH CARE COVERAGE WILL BE LIMITED TO EMPLOYEES AGE 57 OR OLDER ON APRIL 1, 2018 AND THOSE ALREADY COVERED BY THE RETIREE HEALTH PLAN.

ACCESS TO RETIREE COVERAGE FOR EMPLOYEES UNDER AGE 57 ON APRIL 1, 2018 WILL REQUIRE MEETING ALL OF THE MINIMUM REQUIREMENTS LISTED ABOVE, INCLUDING RECEIVING AN EARLY, NORMAL, OR LATE RETIREMENT BENEFIT FROM THE ALASKA UNITED FOOD AND COMMERCIAL WORKERS PENSION TRUST WITH A RETIREMENT EFFECTIVE DATE NO LATER THAN MARCH 1, 2018. This means you must terminate employment by February 28, 2018, and must complete and submit your retirement application to the Administration Office by February 28th for a retirement date of March 1, 2018. The application can be found on the Trust web site at: <http://www.akucfwtrust.com/pdfs/F45-04-Form-AppForRetirement-2015.pdf>

Additional changes to the Retiree coverage are being implemented as described below:

FOR MEDICARE ELIGIBLE RETIREES

Beginning May 1, 2018, coverage for Medicare eligible retirees and dependents will be provided through OneExchange and medical and prescription drug coverage through the Alaska UFCW Trust will no longer be available. OneExchange is a service that provides Medicare eligible retirees and dependents personalized assistance in selecting an Individual Medicare supplement insurance policy that best suits the individual's needs and will likely result in lower overall costs than are experienced under the current Plan. Each Medicare retiree and Medicare dependent that enrolls in the OneExchange program will receive premium assistance from the Trust through a contribution into what is called a "Health Reimbursement Account" (HRA). The monthly contribution into the HRA will help cover the cost of the Medicare supplemental policy purchased through OneExchange. The amount of the contribution to the HRA ("subsidy") will be set periodically by the Trustees, as funds are available to do so.

Significant detail on this change will be sent to ALL current Medicare retirees beginning in February 2018 and special meetings will be arranged in Anchorage and Fairbanks for those retirees who wish to attend and ask questions and receive information about the new program.

FOR EARLY RETIREES

As indicated above, after April 1, 2018, access to retiree health coverage through the Trust will be limited to the following:

1. Retirees eligible for coverage on April 1, 2018; and
2. Employees' age 57 or older on April 1, 2018 that otherwise meet the all of the minimum eligibility rules

Also, effective April 1, 2018, coverage for Early Retirees will be provided through the Alaska UFCW Health and Welfare Trust. The retiree benefits will be primarily unchanged (same as currently provided through the Retiree Trust), however certain benefits will be improved as required under the Affordable Care Act. Below is a summary of the benefits currently available to early retirees:

The following chart summarizes current covered expenses under the Retiree Plan.

Medical Benefits		
Calendar Year Deductible	\$500 per person \$1,000 per family	
Lifetime Maximum Benefit	\$1,000,000 per person	
Coinsurance Percentage Out-of-Pocket Maximum	<ul style="list-style-type: none"> • 80% for most covered medical expenses • 60% for services at a non-PPO provider • Annual Out-of-Pocket Maximum for PPO medical expenses - \$4,500 per person / \$9,000 per family • Non-PPO medical expenses - \$12,000 per person/\$24,000 per family • 50% for outpatient psychiatric treatment 	
Prescription Drug Benefits	If You Use a...	You Pay the Greater of...
	Generic Drug	\$10 or 10% of the retail price (up to \$30 maximum per prescription)
	Brand Name Drug	
	<ul style="list-style-type: none"> • Preferred • Non-Preferred 	\$20 or 20% of the retail price (up to \$75 maximum per prescription) \$40 or 35% of the retail price
Dental Benefits*	optional, requiring an additional monthly contribution	
Vision Benefits*	optional, requiring an additional monthly contribution	

**Optional dental and vision benefits are still available for all Medicare and Non-Medicare Retirees through the Trust provided the required optional contributions is paid.*

Beginning April 1, 2018, the following changes will be made to the above schedule:

- Lifetime Maximum benefit limit is eliminated – there will be no maximum;
- A new Out-of-Pocket Maximum limit on preferred prescription drugs of \$2,850 per person / \$5,700 per family will apply – prescription drug out-of-pocket costs are currently uncapped;
- Outpatient psychiatric treatment will be covered same as any other service;
- Though not included in the chart, any other service required to be covered under the Affordable Care Act will be covered.

A comprehensive description of your coverage effective April 1, 2018 will be sent to you in the coming weeks. Until then, your benefits remain unchanged.

If you have questions regarding your eligibility or benefits visit www.akufcwtrust.com or call the Administration Office at 800-478-8329.

Sincerely,

Board of Trustees
Alaska UFCW Health and Welfare Trust
Alaska UFCW Retiree Health and Welfare Trust