★★ IMPORTANT NOTICE TO PARTICIPANTS ★★

June 2014

To All Covered Persons:

This Notice is to inform you of the following changes to your Plan:

- New Life Insurance Carrier.
- Reduced Cost Option Eligibility Change.
- Medicare Eligibility Notice
- Affordable Care Act Changes.
- Preauthorization of Specialty Drugs
- Coordination of Benefits Clarification.
- Clarification of Speech Therapy Coverage.

New Life Insurance Carrier

Effective February 1, 2014, the Fund's life insurance carrier changed to Anthem Life Insurance Company. The coverage amounts and provisions are generally the same with these few minor changes:

- Dependent life insurance provides $2,500 in coverage for eligible dependents of Class A and Class C participants, excluding the following: Reduced Cost Option, COBRA continuation, and Residential Employees who have elected Option B.

- Under the new Anthem policy, dependent life insurance begins at 15 days from birth and continues to age 26. Under the prior policy, coverage began at 14 days from birth and continued to age 19 (or 25 if a full-time student).

- Dependent spouses are covered to age 70. Under the prior policy, they were covered to the earliest of the participant's Medicare eligibility date, or age 99.

We also want to remind you that surviving spouses are not eligible for life insurance or AD&D benefits.

You will be issued a Certificate of Coverage in the near future that details the policy provisions and which will govern eligibility for life insurance, accidental death and dismemberment, and dependent life insurance under the policy. If there are any inconsistencies between the Plan and the insurance policy, the terms of the insurance policy will govern.

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In addition, there is a new program available to participants covered by the Anthem Life Insurance policy called "Resource Advisor." Please note that Resource Advisor is available only to active participants, not to retirees. You can call 1-888-209-7840 to talk to a Resource Advisor who can: give you advice and arrange for up to three visits with a counselor if you need it; put you in touch with a financial advisor if you have money problems; or connect you with a lawyer if you need legal help. This program also offers services to help with identity theft as well as beneficiary services to your loved ones for extra support after you're gone. Plus there is online help available to you at: ResourceAdvisor.Anthem.com. Please refer to the enclosed brochure for further details.

Reduced Cost Option Eligibility Change

Effective February 6, 2014, the Reduced Cost Option will be available to you if you have less than one month of benefit eligibility in your dollar bank. Before that date, your dollar bank must have been totally exhausted before you were eligible for the Reduced Cost Option.

Medicare Eligibility Notice

As a reminder, if you are a retired participant, you must notify the Fund Office when you become eligible to enroll in Medicare.

Affordable Care Act Changes

The Plan will make the following changes effective June 1, 2014, to comply with the Affordable Care Act.

Elimination of Pre-Existing Condition Limitations: The Plan no longer will be allowed to impose any pre-existing condition limitations for any Covered Person of any age for any condition.

Elimination of Annual Maximum for Essential Health Benefits: The $2,000,000 per Covered Person per Plan year annual maximum for essential health benefits, including for prescription drugs purchased through the PPRx, will be eliminated.

Out-of-Pocket Limit Changes: For Classes A and C and the Reduced Cost Option, the out-of-pocket limit per calendar year will include the deductible and emergency room copayments, but will NOT include prescription drug copayments.

New out-of-pocket limits for Classes A and C will be $2,500 per covered person/$7,500 aggregate maximum per family at a PPO provider and $5,000 per covered person/$11,000 aggregate maximum per family at a non-PPO provider.

New out-of-pocket limits for the Reduced Cost Option will be $6,000 per covered person/$12,700 aggregate maximum per family at a PPO provider and $12,000 per covered person/$36,000 aggregate maximum per family at a non-PPO provider.

For Class D, the out-of-pocket limit will not include the prescription drug deductible or copayments. The out-of-pocket limit at participating providers will be $6,350 per covered person/$12,700 aggregate maximum per family, There is no out-of-pocket limit at non-participating providers.

Routine Patient Costs in Connection With Participation in a Clinical Trial: The Plan will provide coverage for routine patient costs incurred by Covered Persons with cancer and other life-threatening diseases who are determined to be a qualified individual to participate in an approved clinical trial. There are specific guidelines as to who is a "qualified individual," what is an "approved clinical trial," and what are "routine patient costs." The Plan's case manager will review all services related to participation in a clinical trial to determine whether related services are payable by the Plan under these guidelines. *If you are recommended for participation in a clinical trial, please contact the Fund Office to determine if you satisfy the parameters for this coverage.*

Nondiscrimination Provisions Against Any Health Care Provider Acting Within the Scope of His/Her License or Certification: To the extent an item or service is a covered benefit under the Plan, and consistent with reasonable medical management techniques specified under the Plan with respect to the frequency, method, treatment, or setting for an item or service, the Plan will not discriminate based on a provider's license or certification, to the extent the provider is acting within the scope of the provider's license or certification under applicable state law.

Opt Out of Dollar Bank Reimbursement Program: To comply with new guidance from the Internal Revenue Service under the Affordable Care Act, you will be given the opportunity to opt out of the Dollar Bank Reimbursement Program and waive all future reimbursements annually. If you elect to opt out of the Dollar Bank Reimbursement Program, any amounts remaining in your dollar bank will be forfeited and will not be reinstated if you subsequently choose to reenroll in the Dollar Bank Reimbursement Program. Additionally, you will be given an opportunity to opt out of the Dollar Bank Reimbursement Program when you retire and your dependents will be given an opportunity to opt out upon your death. You will not be eligible for a premium subsidy in the event you purchase individual health coverage through the Health Insurance Marketplace (the "Exchange") unless you opt out of coverage under the Dollar Bank Reimbursement Program. Contributions for active employees designated for the Dollar Bank Reimbursement Program are not available in cash upon opt out of the Dollar Bank Reimbursement Program.

In addition, individual insurance premiums for health care coverage while an active employee, whether pre-tax or after tax, will no longer be eligible medical expenses under the Dollar Bank Reimbursement Program.

We also want to clarify that insulin is the only over-the-counter medication that does not require submission of a physician's written prescription for dollar bank reimbursement.

Legal Actions: You must exhaust all levels of the claim appeal procedure before you may bring an action at law or equity, unless the Plan fails to follow such procedures. You must bring legal action with 12 months *(previously was 180 days)* of the Plan's written adverse benefit determination on appeal. *The provisions that stated that you cannot bring an action at law or equity to recover a claim until 60 days after you have received the Plan's written claim determination and that you cannot bring such action more than three years after the expense incurred date will be removed.*

Preauthorization Required for Specialty Drugs

Preauthorization: Specialty prescription drugs payable through the Preferred Provider Pharmacy Program are subject to prior authorization by Briova Rx.

Coordination of Benefits Clarification

We need to clarify one particular provision regarding coordination of benefits. If a Covered Person is eligible as an employee in one plan and as a dependent in another, the plan covering such person incurring the expense as an employee will be considered the primary plan and benefits will payable first under that plan. If the Covered Person also is a Medicare beneficiary and, as a result of the rule established by Title XVIII of the Social Security Act and implementing regulations, Medicare is: secondary to the plan covering the Covered Person as a dependent; and primary to the plan covering the Covered Person other than as a dependent (e.g., a retired employee); then the benefits of the plan covering the Covered Person as a dependent are determined before those of the plan covering the Covered Person as other than a dependent. *To clarify, the term "dependent" in this section refers to both dependents under this Plan and other plans as well.*

Speech Therapy Coverage

We need to clarify the provision regarding benefits for speech therapy. Charges for speech therapy are covered to restore a function lost due to bodily injury or sickness otherwise covered under the Plan at the maximum stated in the Schedule of Benefits with expenses in excess of such maximum subject to a review for medically necessary services.

Please keep this Notice with your Summary Plan Description (SPD) booklet for future reference. If you have any questions, please call the Fund Office at (952) 854-0795, or toll-free at 1-800-535-6373.

Yours very truly,

THE BOARD OF TRUSTEES

Enclosure

This Notice, which serves as a Summary of Material Modifications (SMM), contains only highlights of certain features of the Local 434 Health and Welfare Fund.. Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or discontinue all or part of the Plan at any time.

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