



DISTRICT COUNCIL 16
Northern California Health and Welfare Trust Fund
4160 Dublin Boulevard, Suite 400
Dublin, CA 94568-7756
Toll Free (800) 922-9902 Fax: (925) 833-7301
Email: Dc16info@hsba.com
www.dci6trustfund.org



Date March 2022

To: All Active Employees, Retirees and their Dependents including COBRA beneficiaries of District Council No. 16 Northern California Health & Welfare Trust Fund

From: Board of Trustees

This Participant Notice will advise you of certain changes to your benefits from the District Council No. 16 Northern California Health & Welfare Trust Fund. **This information is VERY IMPORTANT to you and your Dependents.** Please take the time to read it carefully.

<p>CASH BANK RUN-OUT Effective March 1, 2022</p>
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At this time, when you retire, you are allowed one month of extended coverage under your cash bank after your Active benefits expire under the Active Plan eligibility lag and then your cash bank is permanently cancelled, and you lose access to any remaining cash bank.

We are pleased to inform you that, effective for retirements occurring on or after March 1, 2022, the Board of Trustees have approved of allowing these newly retired employees the choice of:

- Having continued access to any remaining cash bank at the time of retirement to maintain continued active coverage (not COBRA Continuation Coverage). This option will allow you to extend coverage under the active plan until your cash bank is exhausted. If you have some cash bank remaining but not enough to cover a full month of coverage, the Fund will allow you to self-pay the difference for that last month.

or

- Permanently opting out of your cash bank and forfeiting your remaining cash bank balance.

Once your active eligibility terminates, you may continue your coverage by electing COBRA or, if you meet the eligibility requirements for Retiree coverage, you may continue coverage under the Fund by completing the enrollment requirements for the Retiree plan and making the required self-payments. Please see page 17 of the Summary Plan Description for a full list of requirements to enroll in retiree coverage. To enroll in retiree coverage, you must be continuously enrolled in the Fund with no gap in coverage.

How does this impact the self-pay rules?

The current self-pay rules state “You are only allowed to make a self-payment as long as you have worked at least one (1) hour within that month but fell short of 130 hours.” This rule does not apply to a retiree who qualifies for extended active coverage under the above rule. As stated above, if you do not have enough in your cash bank to extend a month of coverage, the Fund will allow you to self-pay for that last month the balance.

RETIREE SUBSIDY INCREASED

Effective March 1, 2022

We are further pleased to inform you that the Board of Trustees has reduced your self-payment amounts for Retiree coverage. Effective for Retiree self-payments made on or after March 1, 2022, the Plan will subsidize 35% of your benefit costs. This is an increase from a 25% subsidy. Please contact the Administrative Office for information on how your monthly payment may be impacted.

HEALTH REIMBURSEMENT ARRANGEMENT (HRA) ACCESS FOR RETIREES

Effective March 1, 2022

Currently, any remaining HRA balance is cancelled if there are no employer contributions made on your behalf for a 12-month consecutive period. This provision inadvertently excluded retirees from being able to access any remaining balance after 12 months (as employer contributions are not made during retirement). Effective for retirements on or after March 1, 2022, retirees will also be able to access any remaining HRA balance accumulated prior to the date you retire after this 12-month period as long as you maintain retiree eligibility status.

Upon termination of coverage, you have the option to permanently opt out of the HRA. This means that you will forfeit any remaining HRA balance, and you will be able to apply for a premium assistance tax credit in a health insurance Marketplace. Whether you qualify for a tax credit will depend upon your eligibility under the rules of the Affordable Care Act. **Please note:** If you retain any balance in your HRA, you will not be eligible for the tax credit.

A Participant is permitted to permanently opt out of and waive future reimbursements from the HRA at least annually, in a time and manner determined by the Board of Trustees. Upon termination from the Fund, the Participant may opt out of and waive future reimbursements from the HRA. Please note that reinstatement of any HRA balances is not permitted if the Participant has opted out of HRA coverage.

Please keep this important notice with your Plan Document/Summary Plan Description (SPD) for easy reference to all Plan provisions. Should you have any questions, please contact the Administrative Office at **(800) 922-9902**.

Receipt of this notice does not constitute a determination of your eligibility. If you wish to verify eligibility, or if you have any questions regarding the Plan changes, please contact the Administrative Office.

In accordance with ERISA reporting requirements this document serves as your Summary of Material Modifications to the Plan, and we are advising you of these Plan changes within 60 days of the adoption of those changes.