

November, 2012

TO: All Active Participants and OTS Retirees and Spouses
Hawaii Teamsters Health and Welfare Trust

FROM: Board of Trustees

SUBJECT: Self-Funded Prescription Drug Plan

The Board of Trustees, at their meeting of November 2, 2012, adopted the following changes:

I. Self-Funded Prescription Drug Plan – Step Therapy Program

Effective February 1, 2013, for targeted medications, the Step Therapy Program highly encourages participants of the Self-Funded Prescription Drug Plan to use preferred medications first. Certain generic medications should be tried before brand medications. Catamaran, the pharmacy benefit coordinators, will send a notice to members who will be directly affected by this program. These communications will alert members to any forthcoming changes, and resources will be made available to answer additional questions members might have.

Should you have any questions on the above changes or need assistance with your coverage, please contact the Trust Office at 842-0392, or for neighbor islands, call toll free at 866-772-8989.

Disclosure of Grandfathered Status

The Trust believes its group health plans are "grandfathered health plans" under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the plan administrator, Benefit & Risk Management Services, Inc., at 560 North Nimitz Highway, Suite 209, Honolulu, Hawaii 96817-5315 or 1-808-523-0199. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform. This website has a table summarizing which protections do and do not apply to grandfathered health plans.