DISTRICT COUNCIL 1707, LOCAL 95 HEAD START EMPLOYEES WELFARE FUND

420 West 45TH Street, 3RD Floor
New York, NY 10036

Phone: (212) 343-1660 | *We Care We Count • HEAD START EMPLOYEES* | Fax: (212) 343-8803

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January 2017

Dear Plan Participant:

We are excited to inform you that the Board of Trustees has selected Anthem's Empire BlueCross BlueShield and have retained AliCare, Inc. as the Funds new third-party administrator of your medical benefits. The changes will become effective April 1, 2017.

The new provider network will provide participants with access to the Empire BlueCross BlueShield's provider network, the largest in New York State. The Empire network includes more than 85,000 participating physicians and 149 acute care facilities. It is likely that your current physician is already participating in the BlueCross network. You can find a network provider or confirm if your physician participates in the new network by calling Empire BlueCross directly at 1-800-810-BLUE or you may check online at www.anthem.com .

In addition to medical provider changes the Fund has also retained Navitus Health Solutions as its new Pharmacy Benefit Manager, replacing MagnaCare Rx on April 1, 2017. Navitus Health Solutions provides unsurpassed customer service, available 24 hours a day and 7 days a week. Please watch the mail for more details and important information on the new coverage changes.

The Fund will hold **Open Enrollment period beginning February 20th to March 10th, 2017**. It is only during the Open Enrollment period that you can enroll in the Plan or make changes to your medical coverage, unless you experience an event that qualifies under special enrollment rules.

The accompanying **Summary Material Modification** explains additional Plan changes or benefits modifications that will become effective April 1, 2017. These changes are necessary to protect the solvency of the Fund and because of the rising cost of providing coverage in the hospital facility or clinic, the most expensive settings to receive medical care. For the most part if you utilize your benefits wisely these changes should have little or no effect on your out of pocket costs.

The Trustees of the Fund remain committed to providing high quality benefits to its participants and their families. If you have any concerns during this transition, please do not hesitate to contact the Fund office at (212) 343-1660.

Sincerely yours,

THE BOARD OF TRUSTEES

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TO: All Plan Participants

RE: Summary of Material Modification
District Council 1707 Local 95 Head Start Employees Welfare Fund

DATE: January 2017

Dear Participant:

The Board of Trustees of the District Council 1707 Local 95 Head Start Employees Welfare Fund (the "Trust") has approved changes to the benefits provided by the Trust. These changes to your health care plan are necessary because of the continuing increases in the cost of health care benefits and the need to control these costs. The Trustees believe that even with the changes, you and your family have access to comprehensive health care coverage under the Trust. If utilized efficiently these changes should have little effect on your out of pocket costs. The changes to the benefits are effective as of **April 1, 2017**

Changes in Copay Structure

Although this Plan does not require the designation of a primary care physician to obtain medical treatment, many of the new changes will increase your share of the cost if you choose to continue to receive medical services in a hospital outpatient facility or hospital clinic setting. In general the Plan will increase the patient's share of the cost for utilizing services at these settings by implementing additional $100 copay to the current cost sharing of 10% coinsurance of the cost of the allowed charges. The cost of care received at a hospital facility or in a clinic setting is the most expensive option for receiving non-emergency medical care and should only be utilized during a non-emergency when prescribed by your physician.

The office visit copay for a physician visit will remain unchanged. You may utilize any participating Anthem BlueCross BlueShield (BCBS) network physician, specialist provider in the office visit setting at the current copay of $20 per office visit. You can obtain a list of participating BlueCross network providers near you on their website at www.anthem.com or by calling 1-800-810-BLUE.

Change in the Annual Out of Pocket Maximum
The Plan will increase the annual maximum from $1,000 individual / $2,500 family to a maximum out-of- pocket of $2,500 individual / $5,000 family for medical expenses, and an additional maximum for prescription coverage of $2,500 individual / $5,000 family must now be reached.

Timely filing
The timely filing deadline will be reduced from 18 months to 12 months from the date services were received.

Coordination of Benefit Rules
The Plan will not pay secondary to Medicare or for End Stage Renal Disorder.

Chiropractic Services
Chiropractic Services will be limited to 20 visits annually.

Diabetes Management (Education) & Nutritional visits
The Plan will limit Education visits to 4 visits annually, and Nutritional counseling to 6 visits annually.

Diagnostic Procedures Office or Free Standing Facility
The Plan will implement a $20 copay for any procedure performed in an office setting or free standing facility. The copay will be waived when the procedure is performed during the Physician visit when the Physicians copay has been satisfied.

Infertility Testing / Treatment
The Plan will cover up to a maximum of 2 egg retrievals.

Orthotics
The Plan will limit up to two pair of Foot inserts per year.

Sterilization
The Plan will no longer cover In–Patient Sterilization or the reversal of Sterilization.

Substance Abuse
The Plan will no longer cover Residential Programs. However, the Plan will continue coverage for inpatient care for substance abuse.

Prescription Drug Coverage
The Plan will provide for a 90 day supply from a retail Pharmacy. See copay structure changes below.

Generic Retail 30 / 90 Day Supply
The Generic Drug copay will remain at $10, however, the copay for a 90 day supply at Retail or thru Mail order will increase from $20 to $30.

Preferred Brand Retail 30 Day
The Plan will change the copay for Brand Preferred from $25 to the greater of $25 or 25% of the cost of the medication. If there is a Generic equivalent available the member cost share is the greater of $25 or 25% of the cost plus the difference the cost in the Generic alternative and the Brand cost.

Preferred Brand Retail 90 Days & Mail Order
The Plan will change the copay for Preferred Brand from $75 to the greater of $75 or 25% of the cost of the medication. If there is a Generic equivalent available the member cost share is the greater of $75 or 25% of the cost plus the difference the cost in the Generic alternative and the Preferred Brand cost.

Non-Preferred Brand Retail 30 Days
The Plan will change the copay for Non-Preferred Brand from $50 to the greater of $50 or 25% of the cost of the medication. If there is a Generic equivalent available the member cost share is the greater of $50 or 25% of the cost plus the difference the cost in the Generic alternative and the Non-Preferred Brand cost.

Non-Preferred Brand Retail 90 Days & Mail Order
The Plan will change the copay for Non-Preferred Brand from $150 to the greater of $150 or 25% of the cost of the medication. If there is a Generic equivalent available the member cost share is the greater of $150 or 25% of the cost plus the difference the cost in the Generic alternative and the Non-Preferred Brand cost.

SUMMARY OF MATERIAL MODIFICATIONS

This notice constitutes a Summary of Material Modifications ("SMM") to your Summary Plan Description advising of material changes to the Health Benefit Trust's plans of benefits. You should keep this notice with your Summary Plan Description and other important papers. While every effort has been made to make this SMM as complete and accurate as possible, this SMM, of course, cannot contain a full restatement of the terms and provisions of the Plan. If any conflict should arise between this SMM and the Plan, or if any point is not discussed in this SMM or is only partially discussed, the terms of the Plan will govern in all cases. If you have any questions concerning information provided in this notice, please contact the Fund office at telephone **(212) 343-1660.**

The Board of Trustees reserves the right, in its sole and absolute discretion, to amend or modify the Plan, or any benefits provided under the Plan, in whole or in part, at any time and for any reason. Only the Board of Trustees (or its duly authorized designee) has the exclusive right and power, in its sole and absolute discretion, to interpret the terms of the Plan and decide all matters arising under the Plan.

Sincerely,

Board of Trustees

Union Trustees

Management Trustees