

NATIONAL ELEVATOR INDUSTRY HEALTH BENEFIT PLAN

19 Campus Boulevard • Suite 200 • Newtown Square, PA 19073-3288
800-523-4702 • www.neibenefits.org

Summary of Material Modifications

September, 2016

To: All Participants in the National Elevator Industry Health Benefit Plan, I.U.E.C. Locals and Regional Directors

From: Robert O. Betts, Jr.
Executive Director for the Board of Trustees

This Summary of Material Modifications describes an important benefit improvement the Trustees have added to the Plan to help eligible dependents of Participants who die while Active Members. Under the Plan's new extended eligibility rules for eligible dependents of deceased Active Members, eligible dependents of Active Members will no longer be required to begin making monthly payments to maintain coverage (or elect COBRA continuation coverage) as of the first of the month following the death of the Active Member. Rather, eligible dependents of a deceased Active Member will continue to be covered under the Plan in accordance with the Plan's Rolling Hours Test. When coverage would otherwise end under the Plan's Rolling Hours Test, eligible dependents will then receive two months of free extended coverage. Thereafter, eligible dependents may make timely monthly payments to the Benefits Office, elect COBRA Continuation Coverage or choose to end coverage under the Plan.

In addition, this Summary of Material Modification includes a new notice provision that many health benefit plans must now include in their plan document. This new notice relates to the Affordable Care Act's nondiscrimination provision.

▪ **Extended Benefit Rules for Eligible Dependents upon the Death of an Active Member.**

Effective May 11, 2016, the Plan's Eligibility Rules as described on pages 13-14 of the Summary Plan Description will read as follows:

EXTENDED BENEFITS

Eligibility Rules for Laid-Off Employees

You may be eligible to continue to receive benefits under the Plan (other than weekly income benefits) if you are laid-off and thereafter continue to satisfy the Plan's eligibility rules for extended benefits as a laid-off Employee. If you maintain your eligibility, you will receive two months of free coverage and thereafter you must make monthly payments to the Benefits Office. You may receive the two-months free coverage only once per layoff and only once in a 12-month period, but an unused month from a prior lay-off may be used in a second lay-off within the same 12 months. (See page 28 for more details about this extended coverage.) In addition, once benefits are extended on a self-pay lay-off basis, the basis for extended benefits cannot be changed.

Special Extended Eligibility Rules for Dependents upon the Death of an Active Member

If you die while you're covered by the Plan as an Active Member, your eligible dependents may continue to receive benefits under the Plan. The extended eligibility rules for your eligible dependents are similar to the extended benefit rules for laid-off Employees described above. Specifically, your eligible dependents will continue to be covered through the period you and your eligible dependents would have been covered under the Plan's 80/160/300 Rolling Hours Test (see pages 12-13 of the Summary Plan Description) had you been laid-off and had satisfied the Plan's eligibility rules for extended benefits as a laid-off Employee. Your eligible dependents will then receive two additional months of free coverage.

Prior to the end of the two-month period your eligible dependents receive free extended eligibility, the Benefits Office will provide your eligible dependents with written information explaining their right to elect to continue their coverage under this extended benefits rule. They may continue their coverage at the applicable standard rate available for surviving Spouses, plus the full rate for dental and vision coverage, if elected. To be timely, your eligible dependents must elect to continue their coverage within 60 days of the date your eligible dependents receive from the Benefits Office the election form and information regarding extended benefits. In lieu of electing to

continue his or her coverage under this extended benefits rule, each of your eligible dependents may elect COBRA Continuation Coverage (see pages 19-23).

Your eligible dependent's coverage under this extended benefits rule is available until:

- your surviving Spouse remarries;
- in the case of a dependent Child, he or she is no longer an eligible dependent as defined below;
- your Spouse or dependent Child (as applicable) becomes covered by another health plan;
- monthly payments required to be made on behalf of your Spouse or dependent Child are not made on time;
- the Trustees modify the provisions of the Plan; or
- the Plan terminates.

If you are not married at the time of your death, your Spouse dies after you, or your Spouse remarries, your eligible dependent Children (personally or through their guardian or representative) must elect to continue their coverage within 60 days of the *later* of the date your eligible dependents receive from the Benefits Office the election form and information regarding extended benefits or the date your eligible dependents' free extended benefits coverage would end. Your eligible dependent Children may continue their coverage by timely paying the standard rates applicable for a surviving Spouse under age 65, plus the full rate for dental and vision coverage, if elected. Coverage is available until:

- your dependent Child is no longer an eligible dependent as defined below;
- your dependent Child becomes covered by another health plan;
- your dependent Child or the guardian or representative of your Child does not make the required monthly payments to the Plan on time;
- the Trustees modify the provisions of the Plan; or
- the Plan terminates.

Resuming Eligibility after Military Service

If you leave employment with a participating Employer to serve in the U.S. Armed Forces or National Guard (under federal authority), and meet the other requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), and if your health coverage is terminated as a result of such service (e.g., if you do not elect USERRA Continuation Coverage or your service lasts more than 24 months), your health coverage under the Plan will be reinstated upon your return to Covered Employment. If upon your return to Covered Employment you do not initially meet the above requirements for initial or continuing eligibility, the Plan will provide you with coverage until you do meet those requirements on the basis of hours worked in the prior month. The Trustees have determined to provide this temporary coverage to eligible returning service members at Plan expense. The Trustees reserve the right to decide in the future that eligible returning service members must pay for such coverage themselves (at no more than the Plan's Extended Benefit Rates for COBRA coverage posted on the Plan's website, www.neibenefits.org) until they regain eligibility based on hours reported under the Plan's normal eligibility rules.

Effective May 11, 2016, the Plan's section titled "If You Die" on page 31 of the Summary Plan Description will read as follows

IF YOU DIE

Surviving Spouse: Extended Benefits after Active Member's Death

If you are married and you die while you're covered by the Plan as an Active Member, your surviving Spouse will continue to be covered through the period you would have been covered under the Plan's Rolling Hours Test (see pages 12-13 of the Summary Plan Description). Your surviving Spouse will then receive two additional months of free coverage. Thereafter, in order to extend coverage under the Plan, your surviving Spouse must elect to continue medical, dental and vision coverage under the Plan. If your surviving Spouse elects to continue coverage under the Plan, your Children who were eligible dependents covered by the Plan at the time of your death will also be covered. Your surviving Spouse must file a written agreement to pay the required amount for this coverage within 60 days of the date he or she receives from the Benefits Office the election form and information regarding extended benefits (see "Special Extended Eligibility Rules for Dependents upon the Death of an Active Member" above). If your Spouse remarries, he or she will no longer be eligible for this coverage under the Plan but may extend eligibility for as many as 36 months by electing COBRA Continuation Coverage.

In lieu of paying for extended benefits, your surviving Spouse and/or your eligible dependent Children may elect COBRA Continuation Coverage.

Surviving Spouse: Extended Benefits after Retiree's Death

If you are married and you die while you're covered by the Plan as a Retiree, your surviving Spouse may elect to continue medical, dental and vision coverage if he or she is eligible for a surviving Spouse benefit under the National Elevator Industry Pension Plan, IUEC Officers and Employees Pension Plan or the NEI Fund Office Employees Defined Benefit Pension Plan. If your surviving Spouse elects to continue coverage under the Plan, your Children who were eligible dependents covered by the Plan at the time of your death will also be covered. Your surviving Spouse must file a written agreement to pay the required amount for this coverage within 60 days of the date he or she receives from the Benefits Office the election form and information regarding extended benefits. If your Spouse remarries, he or she will no longer be eligible for this coverage under the Plan but may extend eligibility for as many as 36 months by electing COBRA Continuation Coverage.

Extended Benefits for Your Children: Active Member's Death

If you are not married but have one or more eligible dependent Children at the time of your death while you're covered by the Plan as an Active Member, your eligible dependent Child(ren) will continue to be covered through the period you would have been covered under the Plan's Rolling Hours test (see pages 12-13 of the Summary Plan Description). Your eligible dependent Children will then receive two additional months of free coverage. Thereafter, in order to extend coverage under the Plan, your eligible dependent Children (or their guardian or representative) may elect to continue medical, dental and vision coverage by filing a written agreement to pay the required amount for this coverage within 60 days of the *later* of the date they receive from the Benefits Office the election form and information regarding extended benefits or the date your eligible dependents' free extended benefits coverage would end (see "Special Extended Eligibility Rules for Dependents upon the Death of an Active Member" above).

In lieu of paying for extended benefits, your Child may elect COBRA Continuation Coverage.

If your eligible dependent Children's coverage under the Plan was maintained through your surviving Spouse and your surviving Spouse dies or remarries, your eligible dependent Children (personally or through their guardian or representative) may then elect to continue their coverage within 60 days of the date your eligible dependents receive from the Benefits Office the election form and information regarding extended benefits. Your eligible dependent Children may continue their coverage by timely paying the standard rates applicable for a surviving Spouse under age 65, plus the full rate for dental and vision coverage, if elected.

Extended Benefits for Your Children: Retiree's Death

If you are a Retiree and you die without a surviving Spouse and your Children are eligible dependents at the time of your death, your children under age 26 may be able to continue their coverage. Your eligible dependent Children may continue their coverage by having timely monthly payments made to the Benefits Office at the standard rates applicable for a surviving Spouse under age 65, plus the full rate for dental and vision coverage, if elected.

If you are a Retiree and your surviving Spouse was eligible for and elected to continue coverage under the Plan after your death, and he or she then remarries or dies, your eligible dependent Children who were also covered by the Plan after your death may be able to continue their coverage thereafter by making timely payments in the required amounts to the Benefits Office.

Coverage for your Child is available until:

- the last day of the calendar month in which your Child turns age 26 or is otherwise no longer an eligible dependent (see page 14 of the Summary Plan Description);
- your Child becomes covered by another health plan;
- your Child or the guardian or representative of your Child does not make the required monthly payments to the Plan on time;
- the Trustees modify the provisions of the Plan; or
- the Plan terminates.

What Your Surviving Spouse, Children or Your Children's Guardian or Representative Need to Do to Extend Coverage under the Plan after Your Death

In the event of your death, your surviving Spouse, your Child(ren) or your Child(ren)'s guardian or representative must:

- Notify the Benefits Office;
- Provide the Benefits Office with a copy of your death certificate;
- If applicable, apply for your life insurance benefit and AD&D benefit; and
- If you were a Retiree and your surviving Spouse is eligible for surviving Spouse benefits under the National Elevator Industry Pension Plan, IUEC Officers and Employees Pension Plan or the NEI Fund Office Employees Defined Benefit Pension Plan, enroll in extended coverage under the Plan by filing an agreement with the Benefits Office.

■ New ACA Nondiscrimination Notice

The following section is added after "Your ERISA Rights" on page 85 of the Summary Plan Description:

Nondiscrimination Requirements under the ACA

The National Elevator Industry Health Benefit Plan complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. The National Elevator Industry Health Benefit Plan does not exclude people or treat them differently because of race, color, national origin, age, disability, or sex. Medical Benefits provided under this Plan are afforded without regard to an individual's sex assigned at birth, gender identity, or gender.

When necessary, the National Elevator Industry Health Benefit Plan will provide free aids and services to people with disabilities to communicate effectively with us, such as qualified sign language interpreters and written information in other formats (large print, audio, accessible electronic formats, other formats). The National Elevator Industry Health Benefit Plan also provides free language services to people whose primary language is not English, such as qualified interpreters and information written in other languages upon request. If you need these services, contact Robert Betts.

If you believe that the National Elevator Industry Health Benefit Plan has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance with: Robert Betts, Executive Director, National Elevator Industry Health Benefit Plan, 19 Campus Blvd., Suite 200, Newtown Square, PA 19073, Robert Betts, Executive Director, National Elevator Industry Health Benefit Plan, 19 Campus Blvd., Suite 200, Newtown Square, PA 19073, 610-325-9100 extension 2200, 610-325-9028 (fax) or civilrightscoordinator@neibenefits.org. is available to help you.

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at <https://ocrportal.hhs.gov/ocr/portal/lobby.jsf>, or by mail or phone at:

U.S. Department of Health and Human Services
200 Independence Avenue, SW
Room 509F, HHH Building Washington, D.C. 20201
1-800-868-1019, 800-537-7697 (TDD)

Complaint forms are available at <http://www.hhs.gov/ocr/office/file/index.html>.

* * * *

Disclosure of Grandfather Status

The National Elevator Industry Health Benefit Plan believes the Plan is a "grandfathered health plan" under the Patient Protection and Affordable Care Act (ACA). As permitted by the ACA, 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 the Plan may not include certain consumer protections of the ACA 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 ACA, 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 at National Elevator Industry Health Benefit Plan Board of Trustees, c/o Robert O. Betts, Jr., 19 Campus Blvd, Suite 200, Newtown Square, PA 19073-3288, (800) 523-4702, Options 3, 5 then 2. 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.