

# CONTRACTORS, LABORERS, TEAMSTERS & ENGINEERS

## HEALTH AND WELFARE FUND

Summary of Material Modifications

December, 2011

To: Participants  
-- CLT&E Health & Welfare Fund

Fr: CLTE Fund Office

Re: Benefit Design Changes for 2012

With 2011 drawing to a close, the CLT&E Fund Office has been preparing for 2012. This memorandum is to inform you of some changes coming for the new year in regards to your health plan.

It's no secret that the last few years have been difficult for the industry and the men and women that support it. With revenues shrinking far faster than the claims are declining, the Plan has also endured a significant financial blow. Although the Plan remains financially sound, the Trustees are now left with the task of "balancing the budget" for 2012. With this in mind, the Trustees find it necessary to reduce some of the benefits offered for the coming year. Please find below a summary of the major changes for 2012:

### Notable changes for 2012:

- The individual deductible for in-network expenses will go from \$200 to \$350,
- No family deductible (or limit) will apply (each individual must meet their own deductible),
- The individual Out-of-Pocket maximum will go from \$1,000 to \$2,500, and the family Out-of-Pocket maximum will go from \$2,000 to \$5,000 (all in-network expenses),
- The rate of reimbursement (co-insurance) will be reduced to 80% (in-network) as compared to 90% today.

It was only a few months ago that the Plan reported to its membership the results of the 2010 financial audit. At that time we reported, "By the end of 2010, Assets Available for Benefits stood at \$11,941,167 as compared to \$14,083,166 the prior year." A net loss of over \$2 million! Now, with 2011 winding down, it's evident that the downward trend will continue through 2011 and most likely well into 2012.

A recent study by the Plan's actuary projected that even with the changes cited above, the Plan is likely to lose another million dollars in 2012, much like 2011. At this rate, it would take an hourly rate of nearly \$7.00 just to break even for the year.

The last few years have been difficult for most everyone in the industry. Having had built up their reserves over the "good" years (2006 - 2008), the Trustees elected to use these reserves to help buffer the blow of the lean years (2009 - 2011) instead of adding additional burden to the membership. Unlike many plans that choose to increase their hourly rate, CLT&E held tight throughout 2011. Unfortunately, the situation does not look a lot better for 2012 and action had to be done to help stop the bleeding! The changes cited above are but one of the options the Trustees had to consider. Other options, including rate increases, are also being considered for later in the year if things do not improve to the degree necessary to remain viable.

Although we recognize that these changes will lead to additional costs on the part of some of the members, we still believe the Fund offers one of the most competitive and comprehensive plans anywhere. Most plans across the county are now facing similar situations with similar (or worse) outcomes. We trust you will see this action as an effort to ensure that the plan remains strong well into the future.

For your convenience, please find below a summary of the benefit structure for 2012. Be sure to retain this notice for reference during the year.

2012 Plan Highlights:

**Deductible:**

	<u>PPO</u>	<u>Non-PPO</u>
Individual	\$350	\$1,000
Family	None	None

**Out of Pocket Max:**

	<u>PPO</u>	<u>Non-PPO</u>
Individual	\$2,500 + ded	\$4,000 + ded
Family	\$5,000 + ded	\$8,000 + ded

**Co-Insurance:**

	<u>PPO</u>	<u>Non-PPO</u>
	80/20	60/40

As always, please contact the Fund Office if you have any questions.

On behalf of the CLT&E Board of Trustees  
The CLT&E Fund Office