

APEA-AFT Health and Welfare Trust

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Administered by
Welfare & Pension Administration Service, Inc.

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**TO: All Eligible Participants and Beneficiaries
APEA-AFT Health and Welfare Trust**

RE: Important Changes to Your Health Summary of Material Modification

This is a Summary of Material Modification describing changes to your health plan adopted by the Board of Trustees. Please be sure that you and your family read this notice carefully and keep it with your benefit booklet for future reference.

Effective January 1, 2020, the following changes will be made to your health plan.

Coverage for Mental Health and Substance Abuse Treatment

Mental Health and Substance Abuse Treatment will be covered like any other condition, subject to deductibles, coinsurance, and all other plan provisions, including preauthorization requirements for all inpatient services. Plan participants have requested coverage for these conditions, and the Trustees are pleased to offer this benefit enhancement.

Prescription Drug Cost Effectiveness Plan Design Program

The Plan will also implement a Cost Effectiveness Plan Design program. This program only applies to new medications on the market or new indications for existing medications. This will not impact any medication you are currently using.

The Plan will exclude from coverage any new drug or any new indication for an existing drug approved by the FDA with an incremental cost-effectiveness ratio greater than:

- \$100,000 per additional quality-adjusted life-year for drugs not indicated in rare conditions
- \$150,000 per additional quality-adjusted life-year for drugs indicated in rare conditions, unless the drug or indication has been granted breakthrough therapy designation by the FDA.

The Plan or CVS/Caremark determines which drugs or indications exceed the incremental cost-effectiveness ratio threshold using the following resources:

- Reports issued by the Institute for Clinical and Economic Review or similar organization
- Peer-reviewed, published cost-effectiveness analysis
- Consultation with qualified health care professionals
- Other unbiased sources

If you have questions about your prescriptions or coverage, log into caremark.com or call 866-818-6911 (toll-free).

Grandfathered Plan Notice

This Plan is a “grandfathered health plan” 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 this Plan does not include certain consumer protections of the Affordable Care Act that may apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, this Plan 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 Administration Office at 206-441-7574, option 0 or toll free at 800-331-6158, option 0. 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.

If you have any questions regarding the information outlined in this notice, please contact the Administration Office at (206) 441-7574 or (800) 331-6158, option 0.

Board of Trustees APEA-AFT Health and Welfare Trust