

The Fund Office Report

Important News About Your Employee Benefit Programs in the Construction Trades Branch of Steamfitters' Local 638

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2016 TAX FORMS

All tax forms (i.e. W-2, 1099-R, 1099-M and 1095-B) will be mailed by January 31, 2017 as required by law. If you have any questions, please feel free to contact the Fund Office at (212) 465-8888, extension 234.

PENSION PLAN - Increases and Changes

Effective January 1, 2017 the Trustees have increased the accrual rate per Year of Service during and after 1984 from \$100 to \$112. This increase applies to a Participant who is first applying for a Pension, or to a Pensioner who first applies for a Pension attributable to any additional Years of Service, on or after January 1, 2017, provided the Participant was credited with at least 1 Year of Service during the 3 Plan Years immediately preceding January 1, 2017. Further details and stipulations are in the Summary of Material Modifications (SMM) which was distributed to members in December 2016.

Also, the Trustees granted a 5% increase to all pensioners (excluding lump sum elected benefits), surviving spouses and beneficiaries in pay status as of January 1, 2017. The Trustees also amended the Pension Plan (for active Participants only) to increase the requirement for earning a Year of Service from 250 to 550 hours, except for a Participant's first and last Years of Service for which the requirement will remain 250 hours. You may find the SMM notice online at www.steamfitters.com under CTB Fund Office Mailings. You may also contact the Fund Office at (212) 465-8888, menu option 3, if you have any questions.

SECURITY BENEFIT FUND: Benefit Fund Changes

Please be aware of the changes to the Benefits for Replacement Wages regarding Unemployment, Temporary Job Shut-Downs, Military Service & Inpatient Substance Abuse Rehabilitation and Scholarships which are effective January 1, 2017. The notice of these changes were listed in a Summary of Material Modifications (SMM) which were mailed in late December. You can find the notice online at www.steamfitters.com under CTB Fund Office Mailings. You may also contact the Fund Office at (212) 465-8888, option 8, if you have any questions regarding this matter.

Unemployment - Initial benefits for unemployment will only be considered if you file, with your application, a copy of the "Official Record of Benefit Payment History" (ORBPH) issued by the New York Department of Labor (NYSDOL) indicating the week you were unemployed. *Affidavits will not be accepted.* You must be receiving NYSDOL Unemployment Insurance benefits and present the ORBPH before any Fund benefits will be issued.

There are three (3) limited cases where you are not eligible for NYSDOL Unemployment Insurance benefits, but you may apply for replacement wages: 1. Your waiting period. 2. You did not work sufficiently to establish eligibility with the NYSDOL. 3. You exceeded the 26 weeks of unemployment benefits allowed by the NYSDOL in any one benefit year. You can apply for replacement wages upon presentation of your proof of ineligibility from the NYSDOL along with any other documentation the Trustees may require to substantiate your claim.

Temporary Job Shut-Downs, Military Service & Inpatient Substance Abuse Rehabilitation - In order to qualify for the replacement wages benefit, proof of your loss is required to be attached to your benefit application. Proof may include military pay records, documentation from Local 638 Business Agents that a job was temporarily shut-down for a health or safety reason, inpatient facility records of admission and discharge and any and all other documentation which the Trustees may need to approve your request for benefit wage replacement. Benefits under this category are subject to all withholding and FICA taxes.

Scholarships - Rent for off-campus college housing, at the graduate and undergraduate level, will now be considered for benefit reimbursement. The amount for consideration cannot exceed the on-campus room fee for the college your dependent is attending.

Fraudulent Claims - Suspension periods have been reduced to six (6) months. Additionally, reimbursement of the fraud amount will not need to be repaid and during a period of suspension the transfer of money from an account balance in the Security Benefit Fund to the Health Reimbursement Account (HRA) will be permitted should it be necessary to reimburse an HRA claim. However, please note the administrative fee charges for fraudulent claims remain in force.

2017 OUT-OF-POCKET MAXIMUMS

The Patient Protection and Affordable Care Act requires that health plans must accumulate member and dependent out-of-pocket (OOP) expenses each year. If your OOP expenses exceed the individual or family limits listed below, your future co-payments for the benefit type you exceed will be waived for the balance of that calendar year. Please note that only co-payments for our hospital, medical and prescription drug coverage are considered OOP expenses for the purpose of our OOP maximums.

The annual OOP maximums for the Welfare Fund, starting January 1, 2017 are as follows:



• Empire BlueCross (hospital and medical) Individual: \$4,150 Family: \$8,300



EXPRESS SCRIPTS®

• Express Scripts (prescription drugs) Individual: \$3,000 Family: \$6,000

If you have any questions regarding the 2017 OOP maximums, please feel free to contact the Fund Office at (212) 465-8888, choose option 4 on the main menu.



EXPRESS SCRIPTS® 2017 National Formulary Update

The Express Scripts National Formulary has a few minor additions to its list of excluded drugs of supplies effective January 1, 2017. The very few number of participants or dependents that were effected were notified in November and a choice of replacement products were provided to them and their physicians.

The new exclusions were Colchicine, Kineret, Orencia, Taltz, and Zyclara. A complete and current listing of all excluded drugs and products, with their preferred alternatives, may be found on the Fund Office website at www.steamfitters.com under Construction Trade Branch, Welfare Fund and National Preferred Formulary.

3 New SafeGuardRxSM Solutions in 2017



The Inflammatory Conditions Care Value ProgramSM, Diabetes Care Value ProgramSM and Market Events Protection ProgramSM are designed to better achieve optimal care for our members.

Inflammatory Conditions Care Value Program - Patients with rheumatoid arthritis, psoriasis, Crohn's disease and other inflammatory conditions may incur average costs of more than \$3,000 per prescription. The Inflammatory Conditions Care Value Program will manage this class at the indication level, which will help control plan costs while ensuring patients have access to the best treatment for their specific condition. This program will begin on February 1, 2017.

To provide optimal care and value, members will receive support from the highly trained specialist pharmacists and nurses in our Inflammatory Conditions Therapeutic Resource CenterSM. On average, patients will achieve better outcomes and higher adherence to their therapy.

Diabetes Care Value Program - Almost one in 10 Americans has diabetes, making it the most expensive traditional drug class. Left untreated, diabetes can lead to serious complications, yet 43% of patients with diabetes don't take their medication as directed. To drive better care, the Diabetes Care Value ProgramSM will utilize specialist pharmacists at the Diabetes Therapeutic Resource CenterSM. Additionally, patients will be coached, on a voluntary basis to close gaps in care and mitigate unnecessary medical expenses. This program will begin on April 1, 2017.

Market Events Protection Program - Increasingly, unexpected market events put plans at risk for dramatic cost increases. In response to our groups concerns, the Market Events Protection Program will allow us to act swiftly on behalf of the Welfare Fund when these events occur, such as when Turing Pharmaceuticals pushed the price of a tablet of Daraprim[®] from \$13.50 to \$750 or when Epipen[®] raised the cost of their emergency allergy shot over 400% at one time this past summer. This program will begin on February 1, 2017.

Active Participant Death Benefit Eligibility

Please be aware of the changes to the active Participants benefits if an active Participant dies while covered by the Fund. The notice of these changes were listed in an SMM mailed late December. You can find the notice online at www.steamfitters.com under CTB Fund Office Mailings - Steamfitters' Industry Welfare Fund - Summary of Material Modification. You may also contact the Fund Office at (212) 465-8888, menu option 8, if you have any questions regarding this matter.

The health coverage for the Participant's Spouse and qualifying non-spouse Dependents will continue provided that the Participant had earned a minimum of fifteen (15) years of credited service in the Steamfitters' Industry Pension Fund and worked for at least 15,000 hours in covered employment prior to his or her death. Health coverage for the Participant's Spouse and qualifying non-spouse Dependents will continue until: (a) The Spouse remarries, or (b) The non-spouse Dependent reaches the end of the month of his or her 26th birthday, or (c) The Participant's mentally, developmentally, or physically handicapped Dependent is determined by the Trustees to no longer be incapable of self-support because of a mental, developmental, or physical incapacity.

If a participant dies while covered by the Fund, but has not met the requirements set forth above, the health coverage for the Participant's Spouse and qualifying non-spouse Dependents will continue for three (3) years calculated from the end of the month of the Participant's death. Coverage will terminate prior to three (3) years upon the occurrence of (a), (b) or (c) above. Health coverage for surviving, Spouses and qualified non-spouse Dependents is provided in accordance with the Plan's applicable coordination of benefit regulations. This change does not pertain to Retiree Coverage.