



Midwest Operating Engineers Fringe Benefit Funds

WELFARE FUND - PENSION TRUST FUND - VACATION SAVINGS PLAN

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NOVEMBER 2007

Important Notice from the Health and Welfare Plan of the Midwest Operating Engineers Welfare Fund About Your Prescription Drug Coverage and Medicare

To All Plan Participants:

This notice is being sent to all persons eligible for Medicare, even if Medicare is not the person's primary health plan. The information in the notice applies ONLY to Plan participants who are eligible for Medicare.

Please read this notice carefully and keep it where you can find it. It has information about your current prescription drug coverage with the Midwest Operating Engineers Welfare Fund and prescription drug coverage available for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

- Retirees and their Medicare-eligible dependents have the **OPTION** of dropping their prescription drug coverage through the Midwest Operating Engineers Welfare Fund and switching to a Medicare Part D plan.
- The Midwest Operating Engineers Welfare Fund will continue to provide prescription drug coverage for all eligible participants. **YOU DO NOT NEED TO ENROLL IN A PART D PLAN.**
- Because your existing coverage is Creditable Coverage, you can keep this coverage and not have to pay a late enrollment penalty if you later decide to enroll in a Medicare Part D plan.
- **IF YOU DO ENROLL IN A PART D PLAN, YOU WILL LOSE YOUR PRESCRIPTION DRUG COVERAGE THROUGH THE MIDWEST OPERATING ENGINEERS WELFARE FUND.** The same applies to your Medicare-eligible dependent. You cannot have both prescription drug coverages.

- Medicare prescription drug coverage became available in 2006 to everyone with Medicare through Medicare prescription drug plans and Medicare Advantage Plans that offer prescription drug coverage. These plans are often referred to as "Medicare Part D Plans." All Medicare Part D plans provide at least a standard level of coverage set by Medicare. Some Part D plans may also offer more coverage for a higher monthly premium. You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare Part D coverage in your area.

Individuals can enroll in a Medicare Part D plan when they first become eligible for Medicare and each year from November 15 through December 31. If a person goes 63 days or longer without prescription drug coverage that is, on average, expected to pay out as much as the standard Medicare Part D coverage will pay, their monthly premium will go up at least 1% per month for every month that they did

not have that coverage. Medicare beneficiaries who maintain prescription drug coverage through an employer/union plan have a special 63-day enrollment period after their group coverage ends.

- The Midwest Operating Engineers Welfare Fund has determined that its prescription drug coverage is, on average for all Plan participants, expected to pay out at least as much as the standard Medicare Part D coverage will pay. This means it is considered “Creditable Coverage.” Because your existing coverage is Creditable Coverage, you can keep this coverage and you will not have to pay a late enrollment penalty if you later decide to enroll in a Medicare Part D plan.

OPTIONS FOR RETIREES

This Plan requires retirees and their spouses to choose between this Plan’s coverage and a Medicare Part D plan. **YOU CANNOT HAVE BOTH PRESCRIPTION DRUG COVERAGES.** This Plan will **NOT** coordinate its prescription drug benefits with Medicare Part D plans, nor will it provide drug coverage to supplement a Medicare Part D plan. Therefore, you can do one of the following:

1. **Keep your prescription drug coverage through the Midwest Operating Engineers Welfare Fund. If you chose this option, you do not need to do anything at this time.** If you later drop or lose your prescription drug coverage with this Plan, you can enroll in a Medicare Part D plan. The late enrollment penalty will not apply if you do so within 63 days.

OR

2. Enroll in a Part D plan.
 - You must inform the Midwest Operating Engineers Welfare Fund that you have enrolled in a Medicare Part D plan.
 - This Plan will continue to provide the same hospital and physician benefits as before, however, you will no longer be covered by the Midwest Operating Engineers Welfare Fund for your prescription drugs.
 - Your prescription drugs will be covered in accordance with the Part D plan you have chosen.
 - Your self-payment for this Plan’s coverage will not change if you drop your drug coverage.
 - You can get this Plan’s coverage back but the two prescription drug plans cannot overlap, and you must continue to make self-payments to keep your other Midwest Operating Engineers Welfare Fund coverage in force in the meantime. You will need to inform the Midwest Operating Engineers Welfare Fund before the switch so that they can re-enroll you in the prescription drug program. It is important that you do not have a gap in your prescription drug coverage.

A retiree and his Medicare-eligible spouse can elect different options.

OPTIONS FOR ACTIVE EMPLOYEES/DEPENDENTS WITH MEDICARE

If Medicare is your secondary healthcare plan, you can enroll in a Medicare Part D plan and still be eligible to receive all of your current health and prescription drug benefits through this Plan. However, having both drug coverages does not mean that you will have better benefits than you currently have, or that you will not have out-of-pocket prescription drug expenses.

- Since this Plan is primary to Medicare, this Plan will pay its normal benefits and your Medicare plan's duplicate coverage rules will determine its benefit level. Various Medicare Part D plans may have different rules.
- You should be aware that having two prescription drug plans could have an effect on whether you reach the Medicare plan’s catastrophic coverage level. That is because standard Medicare Part D plans are only required to count your actual out-of-pocket costs when determining when you reach the

catastrophic coverage level. Drug costs that are paid by this Plan do not qualify as out-of-pocket expenses.

If Medicare is your primary plan, you cannot have prescription drug coverage through the Midwest Operating Engineers Welfare Fund and a Medicare Part D plan at the same time. This Plan will not be able to coordinate its benefits when your Part D plan pays first. When Medicare is primary and you elect a Part D plan, you must use it for all your prescription drug expenses.

For more information about this notice or your current prescription drug coverage...

Contact our office for further information. NOTE: You will receive this notice annually and at other times in the future such as before the next period you can enroll in Medicare Part D coverage, and if your coverage through the Midwest Operating Engineers Welfare Fund changes. You also may request a copy of this notice, or a personalized notice (that you can give to your new Medicare Part D plan), at any time.

For more information about your options under Medicare prescription drug coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. For more information about Medicare prescription drug plans:

- Visit www.medicare.gov;
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number) for personalized help; or
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for Medicare prescription drug coverage is available. Information about this extra help is available from the Social Security Administration (SSA) online at www.socialsecurity.gov, or you call them at 1-800-772-1213 (TTY 1-800-325-0778).

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Date: November 1, 2007
Name of Plan/Sender: Health and Welfare Plan of the Midwest Operating Engineers Welfare Fund
Contact: Fund Office
Address: 6150 Joliet Road, Countryside, IL 60525
Phone Number: 1-708-482-7300 or 1-800-323-3060

Benefits under the Health and Welfare Plan of the Midwest Operating Engineers Welfare Fund are not vested or guaranteed. Full details of the Plan are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or discontinue all or part of the Plan at any time.