ANNOUNCEMENT TO ALL PLAN PARTICIPANTS

The 2012 Open Enrollment Period is held in July 2012
With Plan Enrollment Changes Taking Effect
August 1, 2012

See Attached Flyer for Details Regarding the SFEW Health Fair
Scheduled on July 21st From 9:00 AM to 12:00 Noon
at the IBEW Local 6 Hall

The Trustees met on May 15, 2012, and approved several changes to the Plan. With the exception of the changes noted below, the Trustees approved the provider renewals with no changes in benefits. As of the Plan year ended January 31, 2012, the Plan's uncommitted reserves were $15,292,000, representing an equivalent of 6.8 months of benefits and operating expenses. It is projected that the Plan will continue to use reserves to cover costs during the current fiscal period even after factoring in the additional $0.75 per hour contribution increase that took effect June 1, 2012. The Trustees will continue to monitor the Plan closely and take action, as necessary, to keep the Plan healthy.

The Board of Trustees approved the following changes effective August 1, 2012:

1) ***Self-Funded PPO Plan- Increase in Annual Deductible.*** The annual calendar year deductible will increase from $100 per eligible/$200 per family to $150 per eligible/$300 per family. Note that an additional $50 per eligible/$100 per family will apply to members and dependents who satisfied the $100/$200 deductible limits prior to August 1, 2012.

2) ***Kaiser Plan- Increase to the Emergency Room Co-Pay.*** The Emergency Room Co-pay will increase from $50 to $100. This Co-Pay will be waived if the member/dependent is admitted as an inpatient.

3) ***Blue Shield HMO- Increase to the Emergency Room Co-Pay.*** The Emergency Room Co-pay will increase from $50 to $100. This Co-Pay will be waived if the member/dependent is admitted as an inpatient.

4) Changes to Death Benefit Provision. The Plan currently provides a $50,000 death benefit plus an additional $50,000 if death results from an accident and if the death occurs while coverage as an Active member or Pre-Age 62 Early Retiree is in force. Coverage for Death Benefits will be maintained for any period of an extension of eligibility as an active member, including hour bank eligibility, and temporary disability coverage. The Trustees have modified the Plan to clarify that Death Benefit

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coverage is also in effect if a member dies during the first 12 months of COBRA extension coverage.

The Trustees established that the Death Benefit will be paid in the following order of priority in the event that a deceased member did not complete a designation of beneficiary form, or subsequent to a divorce, failed to complete a new beneficiary designation form: 1) to the surviving spouse or, 2) if there is no surviving spouse, to the registered domestic partner or, 3) if there is no registered domestic partner, to the surviving children in equal shares or, 4) if there are no surviving children, to the surviving parents in equal shares or, 5) if none of the preceding, to the estate.

It is important to note that if your beneficiary is a minor child (under age 18) at the time of your death, the Plan may not disburse the Death Benefit to the child's surviving parent or other designated individual unless that parent or individual is the Court appointed guardian of the child's estate. Otherwise, the death benefit will be paid to the child upon the child's attainment of age 18.

Due to the changes listed in items 1-3 above, this Plan is no longer considered a Grandfathered Plan under the Patient Protection and Affordable Care Act (PPACA). As a result, effective August 1, 2012, the Self Funded PPO Plan will provide 100% coverage for preventive care treatment rendered by an in-network provider/facility, as required under PPACA. You may obtain more information regarding this preventive care treatment coverage at:

http://www.healthcare.gov/law/about/provisions/services/lists.html.

Preventive Care benefits for "out-of-network" services continue to be covered at 60% of usual and customary charges after satisfying the annual deductible, with an increase to 80% of usual and customary charges after incurring $1,500 per person in "out of pocket" covered expenses in a calendar year. The out of network coverage is limited to annual physical up to $300; pap smear and pelvic exam, mammography screening, colonoscopy, flexible sigmoidoscopy fecal cult blood test, and prostate cancer screening.

Note: The 100% preventive care service benefits are already in place in the Kaiser and Blue Shield HMO Plans.

New COBRA Rates

The Plan's COBRA rate is the lesser of 1) the calculated rate based on the applicable premiums plus a 2% administrative charge, and 2) the hourly employer Plan contribution rate, multiplied by the number of hours required for one month of Plan coverage. The following table, reflects the Active Plan COBRA rates that will apply for coverage months August 2012 through July 2013:

Plan	Medical Only	Medical, Dental & Vision
Self Funded PPO Plan	$1,218.19	$1,458.00
Kaiser Plan	$1,043.18	$1,192.99
Blue Shield HMO	$1,218.19	$1,458.00

If you have any questions regarding the change in benefits described above, please contact EISB at (415) 263-3670.