

SAN FRANCISCO ELECTRICAL WORKERS HEALTH & WELFARE PLAN
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SPECIAL ENROLLMENT PERIOD FOR ADULT CHILDREN

**This Notice Explains a Special Enrollment Period for
Enrolling non-Dependent Adult Children**

Effective April 1, 2011

Coverage of Adult Children – Background

Under the Affordable Care Act enacted by Congress on March 23, 2010 (“ACA”), a Plan Participant’s child who has not attained age 26 (an “adult child”) must be allowed to participate in the Plan regardless of marital, tax dependent or student status, unless certain other coverage was available to the adult child. Effective August 1, 2010, as provided by the ACA, the Plan allowed adult children to enroll in the Plan, and separately allowed enrollment of an adult child during January 2011.

For State law tax purposes, California recently adopted Assembly Bill 36 (“AB 36”), which conformed state law with the federal ACA. Prior to the passage of AB 36, coverage of a non-dependent adult child during 2010 resulted in additional taxes for parents of enrolled adult children. During the Plan’s last open enrollment periods, some Participants chose not to enroll an eligible adult child in order to avoid paying state taxes on the imputed income that might result, and other Participants did not enroll their adult child for other unspecified reasons.

At the time of the printing of this notice, AB 36 awaits the signature of the Governor to become effective such that coverage of an adult child will not result in additional taxable income for Participants in 2011. Although it is not clear at this time whether the law will be applied retroactively to March 2010, the Plan Office will notify you should any tax refunds be due to those members who previously enrolled their adult children and paid state taxes on the imputed income for dependent coverage.

Special Enrollment Period for Adult Children

Due to the circumstances described above, the Trustees have decided that a Participant may enroll a currently unenrolled adult child at any time through July 31, 2011, on the expectation

that the Governor will sign AB 36. If you have not already enrolled an adult child and wish to do so, please contact the Plan Office or log into the eisb.org website to obtain an enrollment form. The Plan will not cover medical claims of an adult child incurred before he or she is enrolled in the Plan.

Dental and Vision

Although the Plan was amended in 2010 to allow non-dependent adult children to continue participation, enrollment in dental and vision coverage was allowed only if the adult child was a tax dependent. Effective immediately, and through July 31, 2011, non-dependent adult children who are, or become, enrolled in the Plan will be eligible for dental and vision coverage effective April 1, 2011 if the child is also receiving medical coverage. The value of the dental and vision coverage for your adult child will not result in imputed federal taxable income, or state taxable income if AB 36 becomes law.

As always, the Trustees reserve the right to amend the Plan in the future, including amending the Plan to revise or eliminate prospectively the changes described in this Notice.

You may contact the Plan Office for additional information at (415) 263-3670.

The Plan is a "grandfathered health plan" under the ACA. As permitted by the ACA, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Although being a grandfathered health plan means that the Plan is not required to include certain consumer protections of the ACA that apply to other plans (for example, the requirement for the provision of preventive health services without any cost sharing), the Plan must comply with certain other consumer protections in the ACA (for example the elimination of lifetime limits on benefits and extension of dependent coverage to adult children to age 26). In addition, the Plan provides health coverage benefits far beyond the "basic" level of benefits and has long maintained many consumer protections now required under the ACA (for example, it provides many preventive screening procedures at 100%, bans rescissions of coverage due to a member's health condition, exclusions for pre-existing conditions for children and adults, and "waiting periods" after a member attains initial coverage based on hours of work). Questions regarding which protections apply and which 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 contract plan administrator, EISB, at (415) 263-3670. 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.