Local No. 1
SEIU Health Fund
United for Good Jobs and Strong Communities

Service Employees Local No. 1 SEIU-CLC
Apartment Building Owners and Managers Association

December 2016

Dear Participant:

We are writing you to summarize changes to the plan of benefits ("Plan") provided by the Local No. 1 Health Fund (the "Fund"), as set forth below, and to make a clarification regarding the eligibility of foster children.

New Coverage for Bariatric Surgery

Effective January 1, 2017, the Plan will cover bariatric surgery for covered Employees and their covered spouses and domestic partners, provided that the Fund's Medical Review Program Provider, MedCare Management, precertifies the procedure as Medically Necessary (as defined by the Plan). The Plan will not cover bariatric surgery for dependent children, and will cover only one bariatric surgical procedure per person per lifetime.

For purposes of determining Medical Necessity with respect to bariatric surgery, MedCare Management may require, among other things, that the person meet the following criteria:

- The person must be at least 100 pounds over his/her medically desirable weight;
- The person must have a body mass index (BMI) of 45 or more;
- The obesity must be a threat to the person's life due to life threatening co-morbidities, such as diabetes, hypertension, heart disease, etc.;
- The person must have a documented history of unsuccessful weight loss attempts;
- The person must undergo a psychiatric evaluation and must have no significant psychiatric conditions that could reduce the chances that the surgery is successful and will continue to be successful in the future; and
- The person must enroll and participate in a MedCare Management weight management program for six months prior to being eligible for bariatric surgery.

> ***Note:*** Nutrition counseling generally is excluded from Plan coverage as a form of special education; however, nutrition counseling will be covered to the extent that it is part of the MedCare Management weight management program.

The hospital in which the bariatric surgery is performed must be considered a "center of excellence" for bariatric surgery (as identified by BlueCross Blue Shield of Illinois).

To obtain precertification for bariatric surgery, you, your spouse, your domestic partner, or your, your spouse's, or your domestic partner's Physician or Hospital must call MedCare Management, at 1-800-845-7348.

New Coverage for Prophylactic Mastectomy and Prophylactic Oophorectomy

Effective January 1, 2017, the Plan will cover prophylactic mastectomies and oophorectomies for covered Employees and their covered Dependents who are considered "high-risk" women with respect to their proclivity for breast cancer or ovarian cancer, even without a prior cancer diagnosis. Prior to January 1, 2017, the Fund only covered such procedures with respect to a healthy breast or healthy ovary where a cancer diagnosis was found in the other breast or ovary.

In order for such a mastectomy or oophorectomy to be covered, it must be precertified and determined to be Medically Necessary by MedCare Management.

As a reminder, to get precertification for such a prophylactic mastectomy or oophorectomy, you, your Dependent, or your or your Dependent's Physician or Hospital must call MedCare Management, at 1-800-845-7348

New Coverage for Gender Dysphoria

Effective January 1, 2017, the Plan will provide coverage for treatment of gender dysphoria, including gender reassignment surgery, subject to the existing Plan exclusion regarding cosmetic procedures. Coverage will be provided only if the patient is at least 18 years of age and only if the Fund's Medical Review Program Provider, MedCare Management, precertifies any surgery as Medically Necessary (as defined by the Plan). To obtain precertification for surgery, you or your Physician or Hospital must call MedCare Management, at 1-800-845-7348.

Foster Child Eligibility

The Plan currently extends coverage to foster children. A foster child for this purpose includes only an individual who is placed with an Eligible Employee or an Eligible Employee's spouse or domestic partner by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

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NOTICE OF GRANDFATHERED STATUS

The Fund believes that the group health plan coverage it provides is a "grandfathered health plan" under the Patient Protection and Affordable Care Act of 2010, as amended (the "Act"). As permitted by the Act, a grandfathered health plan may preserve certain basic health coverage that was already in effect when that law was enacted. Because it is a grandfathered health plan, the Plan may not include certain consumer protections of the Act that apply to other plans (for example, the requirement for the provision of preventive health services without any cost sharing). However, grandfathered health plans must comply with certain other consumer protections in the Act, such as the elimination of lifetime limits on benefits.

Questions regarding which protections apply to a grandfathered health plan and what might cause a plan to lose its grandfathered health plan status can be directed to the Plan Administrator, Wilson McShane Corporation, 1211 West 22nd Street, Suite 406, Oak Brook, Illinois 60523; (630) 288-6868.

You also may 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.

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Please file this notice together with your Summary Plan Description ("SPD") booklet.

If you have any questions about this notice, the information contained in the SPD, or about your benefits in general, please do not hesitate to contact the Plan Administrator.

Sincerely,

The Board of Trustees

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