

# MICHIGAN BAC FRINGE BENEFIT FUNDS

Michigan BAC Health Care Fund  
Michigan BAC Pension Fund  
Michigan BAC Apprenticeship & Training Fund

Managed for the Trustees' by:  
TIC INTERNATIONAL CORPORATION

February 2011

To: **ALL PLAN PARTICIPANTS AND ALTERNATE PAYEES OF THE  
MICHIGAN BAC HEALTH CARE FUND**

Dear Plan Participant:

We have attached the following Important Notices and Annual Reports for your review. These Notices and Reports are required to be mailed to each Plan Participant annually as provided by the Employee Retirement Income Security Act of 1974 (ERISA):

- Important Notice regarding Health Care Benefits Page 2
- Notice of Privacy Practices Page 3
- Summary of Material Modifications for the Health Care Fund Page 4
- 2010 Summary Annual Report for the Health Care Fund Pages 5- 6
- Medicare Part D – Prescription Drug Coverage Pages 7- 8
- Women's Health and Cancer Rights Page 9

If you have any questions, please contact your Local Union office or the Fund Office.

Sincerely,

Board of Trustees  
Michigan BAC Health Care Fund

## ***IMPORTANT NOTICE REGARDING HEALTH CARE BENEFITS***

TO: All Eligible Participants of the Michigan BAC Health Care Fund

RE: **MICHIGAN BAC HEALTH CARE FUND – ELIGIBILITY MODIFICATIONS**

Dear Plan Participant:

As a reminder, the Michigan BAC Health Care Fund ***does not provide for any coverage for Motor Vehicle related accidents or incidents.*** The Fund totally and completely excludes coverage for any claim arising out of an auto or other vehicular related accident or incident. “Vehicle” includes all usual forms of transportation on public highways such as vans, pickup trucks, motorcycles, etc.

To make certain that you have health care coverage if you have a vehicular accident/incident, you should check with your automobile insurance agent and/or insurance carrier to make sure that you are covered under your automobile policy “first and completely” for any claim arising out of a vehicular related accident or incident. You should make it perfectly clear to your agent or carrier that the Fund excludes such coverage from its Schedule of Benefits thus it is imperative that your policy has the proper coverage to protect you and your dependents.

If you have any questions regarding these changes, please do not hesitate to contact the Fund Office.

Sincerely,

Board of Trustees  
Michigan BAC Health Care Fund

To: All Eligible Participants of the Michigan BAC Health Care Fund

Re: **NOTICE OF PRIVACY PRACTICES**

Dear Participant:

Please be advised that this Notice is intended to confirm that the Michigan BAC Health Care Fund is compliant with the Health Insurance Portability and Accountability Act (HIPAA) Privacy Regulations. The law refers to the nonpublic information of the employee and their dependents (if applicable), with regard to your group health plan benefits, and can only be disclosed by the Fund and its vendors, and your health care provider/s, for payment of claims, treatment of your illness, and for health care operations including administration of your health benefits, as permitted by law and defined in the HIPAA regulations.

For a complete copy of the Fund's Notice of Privacy Policy, please call or write the Fund Office at the address or telephone number listed on this notice.

If you have any questions regarding this information, please contact the Fund Office.

Sincerely,

Board of Trustees  
Michigan BAC Health Care Fund

TO: PLAN PARTICIPANTS OF THE MICHIGAN BAC HEALTH CARE FUND

**RE: SUMMARY OF MATERIAL MODIFICATIONS**

Dear Plan Participant:

This Notice, known as a Summary of Material Modifications (“SMM”), describes changes in the Fund’s Plan adopted by the Trustees since the Summary Plan Description (“SPD”) was printed. It is an amendment to the SPD that you received previously. You should keep this SMM with the SPD for future reference.

The Board of Trustees as of the Date of this newsletter is as follows:

Union Trustees:

Nelson McMath, *Chairman*  
BAC Local No. 9  
3321 Remy Drive  
Lansing, MI 48906

James Bitzer  
BAC Local No. 9  
3321 Remy Drive  
Lansing, MI 48906

James Budd  
BAC Local No. 9  
3321 Remy Drive  
Lansing, MI 48906

Greg Lobodzinski  
BAC Local No. 9  
1300 W. Thomas Street  
Bay City, MI 48706

Daryl Nichols  
BAC Local No. 9  
1404 Industrial Park Road  
Suite 2  
Saline, MI 48176

Management Trustees:

Andy Bracy, *Secretary*  
Bracy & Jahr, Inc.  
825 Quincy Grange  
Quincy, MI 49082

Duane Bremer  
3129 E. Monroe Road  
Midland, MI 4864

Scott Fisher  
AGC of Michigan  
2323 North Larch Street  
Lansing, MI 48906

Andy Hofstra  
Hofstra Masonry, Inc.  
6420 Lake Harbor  
Muskegon, MI 49442

Kyle Lochonic  
Davenport Masonry Company  
1445 Edgar Road  
Holt, MI 48842

TO: PLAN PARTICIPANTS OF MICHIGAN BAC HEALTH CARE FUND

RE: **SUMMARY ANNUAL REPORT FOR PLAN YEAR ENDED APRIL 30, 2010**

Dear Plan Participant:

This is a summary of the Annual Report for the Michigan BAC Health Care Fund, Employer Number 38-6098425, Plan No. 501, for the period of May 1, 2009 through April 30, 2010. The Annual Report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

The Board of Trustees has committed itself to pay certain medical, surgical and other health care claims incurred under the terms of the Plan.

#### INSURANCE INFORMATION

The Plan has a contract with Blue Cross Blue Shield of Michigan to pay certain claims incurred under the terms of the Plan. The total premiums paid for the Plan Year ending April 30, 2010 were \$297,006.

#### BASIC FINANCIAL STATEMENT

The value of Plan Assets, after subtracting Liabilities of the Plan was \$7,633,499 as of April 30, 2010, compared to \$7,274,373 as of May 1, 2009. During the Plan Year, the Plan experienced an increase in its Net Assets of \$359,126. This increase includes unrealized appreciation and depreciation in the value of Plan Assets; that is, the difference between the value of the Plan's Assets at the end of the Year and the value of the Assets at the beginning of the Year or the cost of Assets acquired during the Year. During the current Plan Year, the Plan had Total Income of \$7,811,122, including Employer contributions of \$4,912,445 Employee contributions of \$2,013,364, earnings from Investments of \$608,901, and other income of \$276,412.

Plan Expenses were \$7,451,996. These Expenses included \$711,607 (see Schedule A) in administrative expenses and \$6,740,389 in benefits paid to Participants and Beneficiaries.

#### YOUR RIGHTS TO ADDITIONAL INFORMATION

You have the right to receive a copy of the full annual report or any part thereof, on request. The items listed below are included in that report:

1. An Accountant's report;
2. Financial information and information on payments to service providers;
3. Assets held for investment;
4. Transactions in excess of 5% of Plan Assets;
5. Insurance information, including sales commissions paid by insurance carriers; and
6. Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the Plan participates.

To obtain a copy of the full Annual Report, or any part thereof, write or call the office of the Board of Trustees, Michigan BAC Health Care Fund, 6525 Centurion Drive, Lansing, Michigan 48917-9275, or at toll free (800) 531-2244 or (517) 321-7502. The charge to cover copying costs will be \$5.25 for the full Annual Report or twenty-five cents per page for any part thereof.

You also have the right to receive from the Plan Administrative Manager, on request and at no charge, a Statement of the Assets and Liabilities of the Plan and accompanying notes, or a Statement of Income and Expenses of the Plan and accompanying notes, or both. If you request a copy of the full Annual Report from the Plan Administrative Manager, these two statements and accompanying notes will be included as part of that Report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the Report, because these portions are furnished without charge.

You also have the legally protected right to examine the Annual Report at the main office of the Plan (Board of Trustees, Michigan BAC Health Care Fund, 6525 Centurion Drive, Lansing, MI 48917-9275), at any other location where the Report is available for examination and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: U.S. Department of Labor, Employee Benefits Security Administration, Public Disclosure Room, 200 Constitution Avenue, N.W., Room N-1513, Washington, DC 20210.

Sincerely,

Board of Trustees  
Michigan BAC Health Care Fund

SCHEDULE A: Administrative Expenses

Contract fee (Blue Cross)	\$452,648	Trustee meeting and conference	
Administrative manager's fee*	71,100	expense	5,128
Collection fees	62,292	Investment expense	5,000
Payroll audit fees	26,572	Trustee and fiduciary liability	
Printing and miscellaneous	17,205	Insurance and bonding	4,965
Lockbox and bank service charges	15,277	Summary annual report	4,250
Audit fee	13,500	Postage	2,578
Actuarial fee	13,500	Other	2,378
Legal fees	11,564	Contract monitoring fee	1,950
		Participant notices	<u>1,700</u>
		Total	\$711,607

\* Includes rent, equipment, regular postage, staffing, computer services, etc.

## Important Notice From the Michigan BAC Health Care Fund About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the Michigan BAC Health Care Fund and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan when you are eligible to do so. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. Since prescription drug coverage through the Michigan BAC Health Care Fund ends when you become eligible for Medicare, the prescription drug coverage offered by the Fund at that point is, on average for all Supplement to Medicare plan participants, **NOT** expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered **Non-Creditable Coverage**. This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan, than if you only have prescription drug coverage from the Michigan BAC Health Care Fund. This also is important because it may mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.
3. You can keep your current coverage from Michigan BAC Health Care Fund. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area.

*Read this notice carefully - it explains your options.*

### When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15th through December 31st.

However, if you decide to drop your current coverage with the Michigan BAC Health Care Fund, since it is employer/union sponsored group coverage, you may be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan; however you also may pay a higher premium (a penalty) because you did not have creditable coverage under the Michigan BAC Health Care Fund.

*Your prescription drug coverage that is provided by the Michigan BAC Health Care Fund is creditable until you become eligible for Medicare. At that time you will no longer be entitled to any prescription drug coverage through the Michigan BAC Health Care Fund.*

### When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

Since the coverage under the Michigan BAC Health Care Fund will no longer be creditable once you are eligible for Medicare, depending on how long you go without creditable prescription drug coverage you may pay a penalty to join a Medicare drug plan. Starting with the end of the last month that you were first eligible to join a Medicare drug plan but

didn't join, if you go 63 continuous days or longer without prescription drug coverage that's creditable, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to join.

**What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?**

If you decide to join a Medicare drug plan, your current Michigan BAC Health Care Fund coverage will not be affected. The Fund will provide Supplement to Medicare coverage if you elect to maintain your coverage with the Fund however, you will not have any prescription drug coverage through the Fund.

If you do decide to join a Medicare drug plan and drop your current Michigan BAC Health Care Fund coverage, be aware that you and your dependents may not be able to get this coverage back.

**For More Information About This Notice Or Your Current Prescription Drug Coverage...**

Contact the Fund Office 1-800-531-2244 for further information.

**NOTE:** You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan and if this coverage through [Insert Name of Entity] changes. You also may request a copy of this notice 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 drug plans. For more information about Medicare prescription drug coverage:

- Visit [www.medicare.gov](http://www.medicare.gov)
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call them at 1-800-772-1213 (TTY 1-800-325-0778).

TO: PLAN PARTICIPANTS OF THE MICHIGAN BAC HEALTH CARE FUND

RE: **WOMEN'S HEALTH AND CANCER RIGHTS**

Dear Plan Participant:

The Trustees of your Health and Welfare Fund are issuing this annual notice in compliance with the Women's Health and Cancer Rights Act of 1998. Your Health Care Plan already provides the benefits required by this law. You have a right to this notice, and the Trustees are providing the notice for your information so that you may be assured that you are treated in accordance with Federal Law if the need arises.

The Federal Law requires that all health care plans that provide medical and surgical benefits for mastectomies provide participants and beneficiaries receiving mastectomy benefits and who elect mastectomy related breast reconstruction with coverage for the following:

- **Reconstruction of the breast on which the mastectomy has been performed.**
- **Surgery and reconstruction of the other breast to produce a symmetrical appearance; and**
- **Prostheses and physical complications of all stages of mastectomy including lymph edemas; in a manner determined in consultation with the attending physician and the patient. Such coverage may be subject to annual deductibles and coinsurance provisions as may be deemed appropriate and as are consistent with those established for other benefits under the plan or coverage.**

The Fund has provided coverage for mastectomies for a number of years. As part of this coverage, the Plan also covered the procedures necessary to effect reconstruction of the breast on which the mastectomy was performed, as well as the cost of prostheses and physical complications of all stages of mastectomy, including lymphedemas, as recommended by the attending physician of any patient receiving Plan benefits in connection with the mastectomy and in consultation with the patient. The Plan also covers any surgery and reconstruction of the other breast to achieve a symmetrical appearance.

Please keep this notice with your Summary Plan Description. If you have any questions regarding these federal requirements, please contact the Fund Office.

Sincerely,

Board of Trustees  
Michigan BAC Health Care Fund