



The National Asbestos Workers Medical Fund

December, 2005

SUMMARY OF MATERIAL MODIFICATION # 2

Dear Participants:

The following is a supplement to your Summary Plan Description describing changes adopted by the Board of Trustees. These changes are effective as indicated below.

I. BENEFIT CHANGES FOR MEDICARE ELIGIBLE RETIREES

Effective January 1, 2006, there will be separate deductibles for prescription and medical benefits, as follows:

- If you sign up for Medicare Part D or have other primary coverage, *your prescription drug deductible* will be \$750 per individual per year.
- If you do not sign up for Medicare Part D or have other primary coverage, *your prescription drug deductible* will be \$2,250 per individual per year.
- Your deductible for *medical benefits* (other than prescriptions) will reduce from \$350 per individual per year to \$150 per individual per year.

You will have until May 1, 2006 to sign up for Medicare Part D benefits. Until that time only the \$750 deductible will apply.

The National Asbestos Workers Medical Fund will not pay any prescription benefits that would be paid by Medicare Part D. The Lifetime Plan will pay 100% of all covered plan costs after the Annual Plan has paid \$13,200 in total medical and prescription drug benefits in a year, after coordination with Medicare Parts A, B and D.

II. MEDICARE ELIGIBLE RETIREE PREMIUMS WILL CHANGE MARCH 1, 2006

The Medical Fund Medicare-eligible retiree premiums will be reduced effective March 1, 2006, from \$419 per Medicare eligible retiree per quarter to \$309 per Medicare eligible retiree per quarter to offset the amount you must pay for Medicare Part D. Your actual premium will be dependent on whether your Local has an ARESA account that subsidizes retiree premiums.



III. DEDUCTIBLE CHANGES FOR ACTIVE AND NON-MEDICARE RETIRED PARTICIPANTS

The deductible for all claims incurred on or after January 1, 2006 by Active and Non-Medicare Retired participants will reduce to:

\$ 250 Individual Deductible
\$600 Family Deductible

IV. ANNUAL PHYSICAL ALLOWANCE FOR ELIGIBLE ACTIVE EMPLOYEES

The Annual Physical Allowance for active eligible employees has been increased to \$500 per year effective for claims incurred on or after January 1, 2006.

V. AMENDMENT TO DEFINITION OF DEPENDENT - EFFECTIVE JANUARY 1, 2006

The definition of dependent has been changed to comply with the "Working Families Tax Relief Act of 2004". If these changes were not made, the Fund would be treated as an employer for tax purposes and benefits would be subject to certain taxes. The new definition follows:

"Dependents

Once the covered Employee becomes eligible, certain of his or her Dependents may also become eligible for benefits through the Fund. Covered Dependents include:

1. Your spouse.
2. Your unmarried dependent child or dependent children under age 19:
 - from birth until the end of the calendar year in which he or she attains age 18, if the child resides with you for more than one-half of a calendar year and does not provide over one-half of his or her own financial support in the year; or
 - from birth until his or her 19th birthday, if the child depends on you for over one-half of his or her financial support in a calendar year; or
 - from birth until his or her 19th birthday, if you and the child's other parent live apart from each other, and if the child depends on one or both parents for over one-half of his or her financial support, is in the custody of one or both parents for over one-half of the calendar year, and is a child for whom you are entitled to claim a deduction on your federal income tax return under IRS Code § 151 pursuant to a divorce decree, written separation agreement, or IRS

declaration by the child's other parent waiving the right to claim the child as such a deduction.

3. Your unmarried dependent child or dependent children who become disabled at any age, if the disabling condition commenced while he or she was covered by this Plan, if the child either (a) is permanently and totally disabled, lives with you for more than one-half of the year and does not provide more than one-half of his/her own support (including federal disability benefits) or (b) depends on you for more than one-half of his/her financial support. To retain eligibility, the child must remain continuously disabled, unmarried, and unemployed. You must remain eligible and you must submit to the Fund Office a "Disabled Dependent Certification Form" with supporting medical evidence. The form must be submitted annually.

4. Your unmarried dependent child or dependent children who are enrolled as full-time students in an accredited school or college provided that he or she either (a) lives with you for more than one-half of the year and does not provide more than one-half of his or her own support or (b) depends on you for more than one-half of his or her financial support. To be considered a full-time student, the student must either
 - be enrolled for at least twelve (12) credit hours (or equivalent) during the semester; or
 - be enrolled for twenty-four (24) credit hours (or the equivalent) for the school year (September through August or June through May); or
 - be enrolled for a total of twelve (12) credit hours (or the equivalent) for the Spring/Summer semesters or Fall/Winter semesters.

The child's student status must have been reported to the Fund Office on a "Student Certification Form," which is available from the Fund Office.

Eligibility for dependent children who are full-time students at the end of the calendar year in which the child attains age 18, will terminate on the earlier of the following dates:

- the date the dependent child becomes eligible for other coverage;
- the end of the calendar year in which the child turns age 23, unless the child still depends upon you for more than one-half of his or her financial support; or
- the day following the last day on which the child meets the above-definition of full-time student.

5. Your unmarried dependent child or dependent children who are enrolled as part-time students in an accredited school or college provided that they are unable to attend school or college on a full-time basis due to a disabling condition that commenced while they were covered by this Plan. The child's eligibility will continue as long as he or she remains continuously disabled, unmarried, and financially dependent on you for more than one-half of his or her financial support and as long as you remain eligible. The child's eligibility depends on your submitting to the Fund Office a "Disabled Dependent Certification Form" with supporting medical evidence and a "Student Certification Form." Both forms are available from the Fund Office and must be submitted annually without request by the Fund Office.

If you have a change in marital status, you are responsible for notifying the Fund Office immediately and in writing. Any benefits paid on behalf of a legally separated or divorced spouse after the date specified in the legal document is the responsibility of the Employee.

Each covered dependent must be listed on a "Benefit Enrollment Form" signed by the Employee and filed with the Fund Office. Each change in Dependent enrollment after the initial enrollment must be submitted with proof of dependent status satisfactory to the Trustees.

As used in the Plan, the term "**Dependent child**" or "**Dependent children**" means –

1. An Employee's own or lawfully-adopted children;
2. Any other child who depends upon the Employee for more than one-half of the child's financial support and who lives with the Employee in a regular parent-child relationship. The ability of the Employee to claim a child as an exemption for income tax purposes is one evidence of such dependency.

Provided, that any step-child of an Employee whose natural parent other than the Employee's spouse is required by a divorce decree or other court order to provide medical benefits for such child, shall not be a Dependent child as defined herein and shall not be eligible for coverage from this Plan. However, such child may be determined to be eligible for coverage from this Plan if the Employee submits evidence satisfactory to the Trustees that the spouse of the Employee has taken all reasonable actions to enforce the other natural parent's obligation to provide medical benefits to the child and has not been able to enforce the obligation due to the insolvency of the other natural parent or the inability to locate the other natural parent. The Employee's step-child must either (a) live with the Employee for more than one-half of the year and not provide more than one-half of his or her own support or (b) depend on the Employee for more than one-half of his or her financial support. The Trustees may require periodic evidence of the continuing efforts of the Employee's spouse to enforce the obligation of the other natural parent to provide medical benefits.

Coverage will be provided as required by a Qualified Medical Child Support order (QMCSO”) as defined on page 16 of the Summary Plan Description. However, if your child who is the subject of the QMCSO is not your “dependent” as defined in Internal Revenue Code § 152, you may be subject to income tax on the fair market value of the coverage provided to that child by the Plan under the terms of the QMCSO.

VI. TRUSTEE CHANGES

The following are Trustee changes that have occurred since the issuance of the last Summary of Material Modifications.

<u>Union Trustee</u>	<u>Local</u>	<u>Employer Trustee</u>
Mitchel Carter 3219 Pasadena Boulevard Houston, TX 77503	22	
	27	John Martin 100 Colony Drive Vienna, WV 26105
Garry Williams 13000 N.W. 47th Avenue Miami, FL 33054	60	
James T. Stephens 1807 “A” Bartlett Road Memphis, TN 38134	90	

Locals 63, 75 and 84 no longer participate in the Fund.

We suggest that you keep this Summary of Material Modifications with your Summary Plan Description. If you should have any questions about the coverage provided under the Medical Fund, the Summary Plan Description or these changes, please contact the Administrative Manager.

Very truly yours,

The Board of Trustees