



**Michigan Electrical Employees' Health Plan**  
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## NOTICE ABOUT HEALTH PLAN CHANGES

*To All Plan Participants & Eligible Dependents in the Michigan Electrical Employees' Health Plan ("Plan")*

This Notice summarizes a Plan change required on account of the Patient Protection and Affordable Care Act ("PPACA") and the federal tax rules governing your Special Fund Account. This Notice also includes a reminder about eligibility for the Plan's Early & Disabled Retiree Benefits and a required notice concerning the Plan's participation in a new federal government program *called the Early Retiree Reinsurance Program*. Read this notice and keep it with your Summary Plan Description (SPD) for future reference.

### **Over-the-Counter Drugs Require a Prescription for Special Fund Reimbursement**

A change in federal law will affect the Plan's ability to reimburse over-the-counter drugs and medications under the Special Fund beginning January 1, 2011. For over-the-counter drugs and medicines purchased on and after January 1, 2011, recent IRS guidance concerning health reimbursement arrangements, such as the Special Fund, requires that the Special Fund can only reimburse a participant for over-the-counter medications (except insulin) ***if there is a prescription for the medication***. "Prescription" means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state where the medical expense is incurred and is written by an individual who is legally authorized to issue a prescription in that state. A valid prescription must be submitted with the claim for reimbursement for over-the-counter drugs and medications for these expenses incurred on and after January 1, 2011. Expenses incurred for over-the-counter drugs without a prescription before January 1, 2011 may be reimbursed in accordance with the Special Fund claims procedures.

This new rule does not apply to insulin or items that are not medicines or drugs, including equipment such as crutches, supplies such as bandages, and diagnostic devices such as blood sugar test kits.

See pages 44–46 of your Summary Plan Description (SPD) and the Notice dated July 2008 for more information about using your Special Fund.

### **Reminder about COBRA Coverage and Eligibility for Early and Disability Retirees**

In order to be eligible for Early and Disability (E&D) Retiree Benefits, a retired employee:

- Must not be eligible for Medicare.
- Must be covered under the Plan for 36 of the 60 months immediately prior to his retirement date. *Any months of eligibility under the Plan because of COBRA continuation coverage cannot be included in determining the 36 months of eligibility.*
- Must be covered under the Plan immediately prior to his retirement date because of working sufficient hours (meeting the 130-hour rule or the rollback rule), disability, layoff, unemployment, or COBRA coverage.
- Must have enrolled in the E&D Retiree Benefit plan while still covered under the Plan as an active employee or as a COBRA participant.

- Must provide written proof that he is either:
  - A) Retired either under the early retirement provisions of an industry-sponsored pension plan or under the disability provisions of the Social Security program\*, or meets other requirements established by the Trustees; or
  - B) A retired non-bargaining unit employee who is at least age 55 and meets the service requirements and all other requirements for retiree coverage, except for qualifying for an industry-sponsored pension plan. Retiree coverage terminates if he returns to work, including clerical or management work, for an employer in the industries covered by the Plan.
- Must make the proper retiree self-payments to the Plan.

\*A copy of the retired employee's Social Security disability award must be provided to the Plan; the Plan will consider a retroactive effective date subject to the Plan rules and payment of all monthly self-payments for retroactive periods. Contact the Plan Office for further information.

See pages 25–28 of your SPD for more information about the E&D Retiree Benefit program.

### **Required Notice About Early Retiree Reinsurance Program**

The Plan has applied for and has been approved to participate in the federal government's new Early Retirement Reinsurance Program available as part of the recent health care reform changes. The content and wording of the following *Notice About the Early Retiree Reinsurance Program* are required by federal law and, therefore, aspects of the notice may not apply to the Plan's plan of benefits.

### **Notice About The Early Retiree Reinsurance Program**

You are a plan participant, or are being offered the opportunity to enroll as a plan participant, in an employment-based health plan that is certified for participation in the Early Retiree Reinsurance Program. The Early Retiree Reinsurance Program is a Federal program that was established under the Affordable Care Act. Under the Early Retiree Reinsurance Program, the Federal government reimburses a plan sponsor of an employment-based health plan for some of the costs of health care benefits paid on behalf of, or by, early retirees and certain family members of early retirees participating in the employment-based plan. By law, the program expires on January 1, 2014.

Under the Early Retiree Reinsurance Program, your plan sponsor may choose to use any reimbursements it receives from this program to reduce or offset increases in plan participants' premium contributions, co-payments, deductibles, co-insurance, or other out-of-pocket costs. If the plan sponsor chooses to use the Early Retiree Reinsurance Program reimbursements in this way, you, as a plan participant, may experience changes that may be advantageous to you, in your health plan coverage terms and conditions, for so long as the reimbursements under this program are available and this plan sponsor chooses to use the reimbursements for this purpose. A plan sponsor may also use the Early Retiree Reinsurance Program reimbursements to reduce or offset increases in its own costs for maintaining your health benefits coverage, which may increase the likelihood that it will continue to offer health benefits coverage to its retirees and employees and their families.

If you have received this notice by email, you are responsible for providing a copy of this notice to your family members who are participants in this plan.

*Call the Plan Office if you have questions about your benefits or eligibility. If you need a copy of your Summary Plan Description, you can obtain one (and notices of any subsequent changes) by calling the Plan Office. Please keep this notice with your Summary Plan Description booklet for future reference.*