

SANTA MONICA UNITE HERE HEALTH BENEFIT TRUST FUND

Administered By: Benefit Programs Administration
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ATTENTION! IMPORTANT! PLEASE READ!

September 2021

To: All Participants in the Santa Monica UNITE HERE Health Benefit Trust Fund
From: Administrative Office
Re: Important Changes to Your Fund Benefits
Summary of Material Modifications (SMM)

Dear Participant:

The Board of Trustees of the Santa Monica UNITE HERE Health Benefit Trust Fund has made the following changes to your health plan.

I. ACCELERATED ELIGIBILITY FOR PARTICIPANTS WHO WORK REQUIRED HOURS BEFORE DECEMBER 31, 2021

Under Fund rules, participants who return to work **after a period of more than four months since they last worked Required Hours** (generally 60 Hours, but 80 Hours for Hotel Plan participants other than banquet servers) must re-establish initial eligibility the same as if they were a new hire.

Under the Fund's regular initial eligibility rule, your Initial Eligibility Date is the first day of the third month following a period of 3 consecutive months during which you worked the Required Hours. See "How You Become Eligible" on page 3 of the SPD (Article II, Section 1). For example: if you work Required Hours in June, July and August, you will become eligible for benefits on November 1.

However, due to the extraordinary circumstances of the COVID-19 pandemic, the Board of Trustees have adopted special accelerated initial eligibility rules, as described below:

A. Special Accelerated Eligibility Rule For Participants Who Did Not Qualify for ARP Premium Assistance (i.e., Free COBRA)

If you did not elect ARP premium assistance (i.e., Free COBRA subsidized by the Federal Government) and you were covered under the Fund at some point during 2020, you will qualify for accelerated initial eligibility as follows:

- If you work required Hours (generally 60 Hours, but 80 Hours for Hotel Plan participants other than banquet servers) in a calendar month before December 31, 2021, you will be eligible for coverage starting on the first day of the third calendar month after the month in which you worked the required Hours. ***However, you must enroll and pay any necessary payment (usually \$20, if enrolled in the Kaiser HMO Plan) before your coverage will be effective.***

The Administrative Office will mail enrollment packets to participants affected by this rule. If you worked the required Hours in July 2021 or earlier, you should have already received your enrollment packet. If you have not received an enrollment packet and it has been more than 6 weeks since the end of the month in which you worked required Hours, please call the Administrative Office at (562) 463-5075 or (866) 345-5189.

Some participants who returned to work and earned initial eligibility under this rule were mistakenly provided coverage without having to enroll. If you were one of these participants, you will now have to enroll yourself and your dependents (if any). The Administrative Office mailed you a letter and enrollment packet at the end of August. If you want coverage, please complete and return the enrollment forms as soon as possible. To have your coverage effective September 1, 2021, you must return your enrollment form by September 30, 2021. If you need assistance, please call the Administrative Office at (562) 463-5075 or (866) 345-5189.

B. Special Accelerated Eligibility Rule For Participants Who Received ARP Premium Assistance (i.e., Free COBRA)

If you elected and received Free COBRA (or are still on Free COBRA), and **you first work required Hours** (generally 60 Hours, but 80 Hours for Hotel Plan participants other than banquet servers) **in any calendar month from June 2021 through December 2021**, you will qualify for accelerated initial eligibility as follows:

- If you first work required Hours in any month from July 2021 through December 2021, you will be eligible for coverage starting on the first day of the third calendar month after the month in which you worked the required Hours. You must then continue working required hours each month to continue your eligibility, as described in Article II, Section 3 (pages 4-5) of the Summary Plan Description & Plan Document, Effective January 1, 2020. ***However, you must enroll and pay any necessary payment (usually \$20, if enrolled in the Kaiser HMO Plan) before your coverage will be effective.***
- If you first work required Hours in June, July and August 2021, you will be eligible for coverage on October 1, 2021. You must then continue working required hours each month to continue your eligibility, as described in Article II, Section 3 (pages 4-5) of the Summary Plan Description & Plan Document, Effective January 1, 2020. ***However, you must enroll and pay any necessary payment (usually \$20, if enrolled in the Kaiser HMO Plan) before your coverage will be effective.***

Examples:

- i. After being laid off in March 2020, Hector returns to work and first works required Hours in August 2021. Hector will regain initial eligibility on November 1, 2021. However, Hector must enroll himself and his family in order to have coverage.

- ii. After being laid off in March 2020, Maria returns to work and works required Hours in June, July and August 2021. Maria will regain initial eligibility on October 1, 2021. However, Maria must enroll in order to have coverage and must pay \$20 per month if she wants to enroll in Kaiser because she is in the Hotel Plan.

The Administrative Office will mail enrollment packets to participants affected by the accelerated eligibility rule. If you worked the required Hours in July 2021 or earlier, you should have already received your enrollment packet. If you have not received an enrollment packet and it has been more than 6 weeks since the end of the month in which you worked required Hours, please call the Administrative Office at (562) 463-5075 or (866) 345-5189.

Some participants who returned to work and earned initial eligibility under this rule were mistakenly provided coverage without having to enroll. If you were one of these participants, you will now have to enroll yourself and your dependents (if any). The Administrative Office mailed you a letter and enrollment packet at the end of August. If you want coverage, please complete and return the enrollment forms as soon as possible. To have your coverage effective September 1, 2021, you must return your enrollment form by September 30, 2021. If you need assistance, please call the Administrative Office at (562) 463-5075 or (866) 345-5189.

II. CHANGES TO PRESCRIPTION DRUG PROGRAM PROVIDED THROUGH EXPRESS SCRIPTS

The Board of Trustees of the Santa Monica UNITE HERE Health Benefit Trust Fund has made the following changes to the Fund's Prescription Drug Program, effective October 1, 2021:

A. SaveOn SP Copay Assistance Program

The Plan is changing the Prescription Drug Program Provided by Express Scripts by implementing a copay assistance program for certain specialty drugs designated as non-essential health benefits.

Under the new Copay Assistance Program, administered by SaveOn SP, you will be able to get your prescription for certain designated specialty drugs filled without any copay, provided that you follow the rules of the SaveOn SP program for copay assistance.

Beginning on October 1, 2021, the Plan's copayments for certain specialty drugs designated by Express Scripts as non-essential health benefits will increase, **but if you participate in the SaveOn SP Assistance Program your copayment will be zero.**

The designated specialty drugs and copays are maintained by Express Scripts on its SaveOn SP Drug list. This list of designated specialty drugs is available from SaveOn at <http://www.saveonsp.com/santamonicauniteherefunds>. Both the designated specialty drugs, and the copayment for each of them, may change from time to time. Please check at <http://www.saveonsp.com/santamonicauniteherefunds> if you have any questions regarding the list of designated specialty drugs and copayments.

SaveOn SP Copay Assistance Program

Beginning on October 1, 2021, if you are prescribed a specialty drug designated as a non-essential health benefit by SaveOn SP, you are eligible for copay assistance provided through SaveOn SP. If you participate in the SaveOn SP Copay Assistance Program, you will receive assistance in the full amount of the copay owed for your specialty drug prescription. As a result, you will not be required to pay any copayment for these designated specialty drugs if you participate in the Save On SP assistance Program. However, you will be responsible for the full amount of the copay for a designated specialty drug that is a non-essential health benefit if you do not participate in the SaveOn SP Copay Assistance Program by complying with all directions and requirements necessary to obtain the copay assistance.

Copays for Designated Specialty Drugs Do Not Count Towards Cost Sharing Limit for Prescription Drugs

Beginning on October 1, 2021, copays for specialty drugs designated as a non-essential benefit by SaveOn SP will **not** count toward the annual cost sharing limit for your prescription drug benefit of \$750 per individual and \$1,500 per family, and will not be reimbursed at 100% once the out-of-pocket limit is reached, regardless of whether your copay is reduced through the SaveOn SP Copay Assistance Program.

Examples:

Example 1: Participation in SaveOn SP Assistance Program

Facts: Angelo is prescribed a specialty drug that is designated by SaveOn SP as a non-essential benefit with a copay of \$1,000.00 per month. Angelo fills his prescription and works with SaveOn SP to take advantage of \$1,000.00 per month in copay assistance provided by the manufacturer of the designated specialty drug.

Result: Angelo receives copay assistance in the amount of \$1,000.00 per month and owes no copay or any other amount for the designated specialty drug. Angelo receives no credit toward the annual cost sharing limit for prescription drugs as a result of the \$1,000.00 per month copayment for the designated specialty drug.

Example 2: No Participation in SaveOn SP Assistance Program

Facts: Paul is prescribed a specialty drug that is designated by SaveOn SP as a non-essential benefit with a copay of \$1,000.00 per month. Paul fills his prescription but does not complete the process provided by SaveOn SP to take advantage of \$1,000.00 per month in copay assistance for the designated specialty drug.

Result: Paul receives no copay assistance and must pay a \$1,000.00 per month copayment for the designated specialty drug. Even so, Paul receives no credit toward the cost sharing limit for prescription drugs as a result of the \$1,000.00 per month copayment for the designated specialty drug. Thus, the \$1,000.00 per month that Paul must pay for the specialty drug does not count towards his \$700 annual cost sharing limit for prescription drugs and is not paid by the Plan at 100% once he reaches the annual cost-sharing limit for Prescription Drugs.

III. RETROACTIVE TERMINATION OF FUND-PROVIDED COBRA SUBSIDY

If you qualified for ARP Premium Assistance (i.e., Free COBRA) through the Federal Government's COBRA subsidy program, the changes described in this Section of this notice will not have any impact on you or your coverage under the Fund.

Previously, the Fund announced a limited COBRA subsidy for the months of April and May 2021, that is available only to participants who do not elect ARP premium assistance (i.e., Free COBRA) under the Federal Government's COBRA subsidy program.

The Federal Government issued new guidance regarding ARP premium assistance. As a result, the Fund retracted the Fund-provided COBRA subsidy for April and May 2021. This means that if you previously enrolled in COBRA with the Fund's COBRA subsidy, you will have to pay the full COBRA premium rates for your April and May coverage, unless you revoke (i.e., cancel) your previous COBRA election.

However, there is no need to worry. The Fund is offering a Hardship Extension for the months of March, April, and May 2021 to Participants (and their Dependents) who did not receive ARP premium assistance (i.e., who did not receive FREE COBRA under the Federal Government's COBRA subsidy program).

Please read below for more information about the 3-month Hardship Extension (March, April, and May, 2021) available to participants who do not qualify for ARP premium assistance.

Hardship Extension for March, April and May 2021

The Hardship Extension is available only to participants (including enrolled Dependents) who enrolled in COBRA under the Fund's COBRA subsidy before July 3, 2021 and did not receive the Federal Government's COBRA subsidy (also called "ARP premium assistance") that runs from April 1, 2021 through September 30, 2021, and to Participants who established that they did not qualify for ARP Premium Assistance before July 3, 2021.

The Fund is offering an extension of coverage, called the Hardship Extension, for the months of March, April, and May 2021, to Participants (including enrolled Dependents) who did not receive ARP premium assistance (i.e., Free COBRA from the Federal Government), but elected COBRA before July 3, 2021 (and to Participants who established that they did not qualify for ARP premium assistance before July 3, 2021).

Coverage under the Hardship Extension costs \$50 or \$100 for the month of March, regardless of family size (the amount you may have already paid for COBRA). The Hardship Extension is free for the months of April and May.

You cannot be enrolled in COBRA while you are on the Hardship Extension. If you already enrolled in COBRA, and you did not receive ARP premium assistance (i.e. Free COBRA), you can get a 3-month extension of coverage under the Hardship Extension by completing a form in which you: (1) revoke your previous COBRA election; and (2) elect the Hardship Extension instead.

The Hardship Extension is not COBRA coverage and will not reduce the overall number of months of COBRA to which Participants (including Dependents) are entitled. When the Hardship Extension ends, the Fund will offer an opportunity to elect 18 or 36 months of COBRA coverage, as applicable.

For questions or assistance with respect to your Fund benefits or to apply for the Hardship Extension, please contact us at (562) 463-5075 or (866) 345-5189 for assistance.

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*Receipt of this notice does not constitute a determination of your eligibility. If you wish to verify your eligibility for benefits, or if you have any questions regarding this notice or your benefits, please call the **Administrative Office at (562) 463-5075 or (866) 345-5189** from 8:30 a.m. to 4:30 p.m., Monday through Friday. The Fund's web site can be found at www.santamonicauniteherefunds.org.*

In accordance with ERISA reporting requirements, this notice serves as a Summary of Material Modifications ("SMM") to the Santa Monica UNITE HERE Health Benefit Trust Fund Summary Plan Description & Plan Document (as in effect on January 1, 2020). Please keep this SMM with your SPD and other plan materials for future reference. If you have any questions, please contact the Administrative Office.