



NEW ENGLAND CARPENTERS HEALTH BENEFITS FUND SUMMARY OF MATERIAL MODIFICATIONS

October 2015

The Board of Trustees adopted changes in your plan benefits. This is a Summary of Material Modifications regarding the above-named plan ("Plan"). This Summary of Material Modifications supplements the Summary Plan Description ("SPD") and other Summaries of Material Modifications and Fund communications that the Fund previously provided to you. You should retain this document with your copy of the SPD.

The Trustees have made a series of changes to the Health Benefit Plan in order to adapt to changing conditions.

First, because of the strong financial condition of the Fund, we are in a position to improve coverage in two areas:

Effective January 1, 2016 for Plan 1 Participants:

- **The Dental Calendar Year Maximum will increase from \$1,500 to \$2,500**
- **The Weekly Accident & Sickness benefit will increase from \$350 to \$500**

These are items that the members have sought and we are pleased to be able to accommodate those requests and to continue to provide outstanding health benefits to our membership.

On a more complicated note, we have made necessary adjustments to the prescription drug program in an effort to keep up with spiraling inflation. Your Fund is not immune from the national crisis of escalating drug costs. For example:

- Total per member per month (pmpm) costs for all prescription drugs in 2014 **increased 24%** over 2013.
- Costs in 2014 for expensive specialty drugs **increased 54.5% over 2013** on a pmpm basis.
- Costs in 2014 for non-specialty drugs **increased 14.8% over 2013** on a pmpm basis.

Specialty drugs are used to treat our sickest members and dependents, improving and sometimes even saving lives. Unfortunately, many US drug companies have taken advantage of this situation and now charge outrageous and unsustainable prices. However, there are some steps our Fund and our society can take to control costs, such as the use of generic and mail order drugs. Therefore, the Trustees have adopted the following changes:

Effective January 1, 2016

Increased Penalty for Use of Retail Pharmacy After Three Fills:

The penalty for use of retail pharmacies after three fills will increase to 100% of the cost. Mail order is significantly more effective, and the Fund Office will assist members who need help to make the transition.

The Plan is moving from a fixed copay structure to a percentage coinsurance method as follows:

Current – Flat Dollar Copay			
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	Generic	Preferred Brand	Non-Preferred Brand
Retail	\$8	\$20	\$35
Mail (90 day supply)	\$16	\$50	\$88

Effective January 1, 2016 - Coinsurance			
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	Generic		Preferred Brand		Non-Preferred Brand		Specialty	
Retail	25%		25%		25%		25%	
Minimum/Maximum	\$8	\$16	\$20	\$40	\$35	\$70	\$100	\$200
Mail (90 day supply)	25%		25%		25%		N/A	
Minimum/Maximum	\$20	\$40	\$50	\$100	\$88	\$175	N/A	

Several points on this new prescription drug benefit design:

- The coinsurance design requires you to pay a percentage of the negotiated Express Scripts price.
- Many of the minimums are the same flat dollar copays that you have today. Our research shows that the majority of participants and dependents will have the same out of pocket cost.
- Some people may pay more as a function of the percentage of overall cost, but that percentage is capped at the maximum.
- People with prescriptions for specialty drugs will pay more than before, but those drugs cost a great deal more. For example,
 - Harvoni, for Hepatitis C, costs about \$90,000 for a course of treatment.
 - Orkambi, a new drug for cystic fibrosis, costs about \$23,000 for a 30 day prescription.

Overall, the formula adopted by the Trustees is similar to the cost share of other Carpenter Funds around the country.

Express Scripts will be providing you with more information in the near future.

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