

MICHIGAN BAC FRINGE BENEFIT FUNDS

Michigan BAC Health Care Fund
Michigan BAC Pension Fund
Michigan BAC Apprenticeship Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

June, 2010

TO: ALL PARTICIPANTS OF THE MICHIGAN BAC HEALTH CARE FUND

RE: SUMMARY OF MATERIAL MODIFICATIONS
Prescription Drug Benefits
Prescription Drug Benefits - Supplement to Medicare
Sponsored Dependent Coverage

Dear Participant:

As you know, we carefully and routinely review the Fund's finances, health care costs, and benefit schedule. Because work continues to be slow, the hourly contributions to the Fund have dropped significantly. This has occurred, unfortunately, while medical costs continue to rise at an alarming rate.

These events force us to take action to protect your Fund and benefits. Below, we explain the necessary and unavoidable changes we have made in Fund benefits. These benefit changes, while required, are difficult and painful. But, they are our best judgment as how to best respond to a nearly impossible problem – a dramatic drop in employment and Fund revenue and the ever-increasing costs of healthcare coverage.

These changes, *ALL OF WHICH BECOME EFFECTIVE AUGUST 1, 2010*, are as follows:

A. Modification to the Fund's Regular Prescription Drug Benefit

1. Payment for Prescription Drugs

There is no change to the current co-payment amounts for your prescription drugs. The current co-payments are:

Generic	\$10
Tier One Brand	\$20
Tier Two Brand	\$30

But, **effective August 1, 2010**, you must pay the difference between the cost of a generic drug and a brand drug, if a generic drug is available. You must pay this difference in cost *even if* your doctor writes on your prescription "Dispense As Written" (DAW).

By using generic drugs, your out-of-pocket costs and the cost to the Michigan BAC Fund are lower. This helps to contain the overall cost of your health care program.

B. Ninety (90) Day Prescription Drug Program - Retail

Effective August 1, 2010, you can purchase an eighty-four (84) to ninety (90) day supply of prescription drugs at your local pharmacy. Most chain and independent pharmacies in Michigan, and nearly half of all network pharmacies outside of Michigan, participate in this program. But, ask your pharmacy if they participate before you purchase your prescription. A complete list of participating pharmacies in Michigan can be found by visiting "www.bcbsm.com."

The 84-day to 90-day retail program replaces the maintenance drug list that in the past allowed up to a 100-day supply for selected medications. Your doctor must write a prescription for you for a 90-day supply. Prescriptions for a thirty-five (35) to eight-three (83) day supply of prescription drugs cannot be filled through this new program.

Co-payments for the new 84-day to 90-day program at a retail pharmacy are as follows:

Generic	\$20
Tier One Brand	\$40
Tier Two Brand	\$60

These above co-payment amounts represent two co-payments (for example: Generic \$10 x 2 = \$20) for a 90-day supply of prescription drugs.

Please review the enclosed brochure for additional information regarding this new 84-day to 90-day retail program.

C. Elimination of the Supplement to Medicare Prescription Drug Benefits

Effective August 1, 2010, prescription drug benefits for participants on the Supplement to Medicare Program will be completely eliminated. But, such participants can immediately enroll in Medicare Part D Prescription Drug coverage. To assist in your enrollment in Medicare Part D Prescription Drug coverage, enclosed is confirmation that the Fund's prescription drug program is "Creditable".

You can obtain more information about Medicare prescription drug plans from the Medicare website at www.medicare.gov or your State Health Insurance Assistance Program (see your copy of the "*Medicare & You*" handbook for their telephone number). Or, you can call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov.

If your current self-payment rate includes prescription drug coverage, that rate will be reduced as follows:

Supplement to Medicare Rates without Dental, Vision & Hearing Care

	Current Rate	Rate Effective 8/1/10
One Person with Medicare	\$266.04	\$137.04
Two Person's with Medicare	\$525.62	\$267.62

Supplement to Medicare Rates with Dental, Vision & Hearing Care

	Current Rate	Rate Effective 8/1/10
One Person with Medicare	\$288.89	\$159.89
Two Person's with Medicare	\$577.78	\$319.78

D. Elimination of the Sponsored Dependent Coverage

Effective August 1, 2010, coverage for sponsored dependents is no longer available. *Please Note: this does NOT change or affect coverage for a participant's children or spouse.*

The Sponsored Dependent Coverage Program provided health care coverage for dependants who were related by blood or marriage (mother, father, etc.), who resided in the participant's household and who were considered dependents on the participant's tax return.

Sincerely,

MICHIGAN BAC HEALTH CARE FUND
BOARD OF TRUSTEES