MICHIGAN BAC FRINGE BENEFIT FUNDS

Michigan BAC Health Care Fund
Michigan BAC Pension Fund
Michigan BAC Apprenticeship & Training Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

October 2020

IMPORTANT NOTICE

Re: Michigan BAC Health Care Fund (Fund)
Summary of Material Modifications to Benefits -- Effective January 1, 2021

Dear Participant:

This is a Summary of the Material Modifications (SMM) we've made to your Fund benefits. These changes are ***EFFECTIVE JANUARY 1, 2021***.

Please Note: the new *Enhanced and Standard Plan* applies to everyone except: (a) Participants in the Supplement to Medicare Program and (b) Participants in the Minimum Coverage Program. The changes to your Prescription Drug benefits apply to all non-Medicare Participants and their families.

Effective January 1, 2021, the Fund will:

- Implement an ***"Enhanced and Standard Plan" (ES Plan)*** for ***medical*** benefits for all Participants (except those in the Supplement to Medicare and Minimum Coverage Programs); and
- Change your ***prescription drug*** benefits by:
    - Modifying your cost sharing;
    - Implementing Blue Cross Blue Shield of Michigan's (BCBSM) Exclusive Specialty Network;
    - Implementing Exclusive Smart90 programs; and
    - Expanding Step Therapy and Prior Authorization requirements.

Below, we explain these changes.

Medical Benefit Changes - The New ES Plan

What Is It?

The new *ES Plan* consists of two parts: an *Enhanced Plan* and a *Standard Plan*.

The medical benefit package of the *Enhanced and Standard Plans is* identical.

The only difference between the *Standard* and *Enhanced Plans* is out-of-pocket expenses: that is, participants in the *Standard Plan* pay ***higher*** deductibles, co-pays, and coinsurance amounts then those participants in the *Enhanced Plan.*

The chart below has additional details about out-of-pocket costs under both the *Enhanced* and *Standard Plans*.

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	Current In-Network	**Current Out-of-Network**	***Enhanced* In-Network**	***Enhanced* Out-of-Network**	***Standard* In-Network**	***Standard* Out-of-Network**
Deductible	$250/Individual $500/Family	$500/Individual $1,000 Family	$500/Individual $1,000/Family	$1,000/Individual $2,000/Family	$1,000/Individual $2,000 Family	$2,000/Individual $4,000/Family
Coinsurance	20%	40%	20%	40%	20%	40%
Coinsurance Maximum	$1,000 Family	$2,000 Family	$1,000 Individual $2,000/Family	$2,000/Individual $4,000/Family	$2,000/Individual $4,000/Family	$4,000/Individual $8,000/Family
Out-of-Pocket Maximums	$6,350/ $12,700	$12,700/ $25,400	$7,900/ $15,800	Unlimited	$7,900/ $15,800	Unlimited
Office Visits (including Chiropractor)	$40 Copayment	40% Coinsurance after deductible	$40 Copayment	40% Coinsurance after deductible	$40 Copayment	40%Coinsurance after deductible
Urgent Care Visits	$40 Copayment	40% after deductible	$50 Copayment	40% Coinsurance after deductible	$50 Copayment	40%Coinsurance after deductible
Emergency Room Copayment	$250 Copayment	$250 Copayment	$250 Copayment	$250 Copayment	$250 Copayment	$250 Copayment
Rx Copayment	$20/$40/$60 (Two times Copayment for 90-day Mail Order or Retail)	In-network Copayment plus additional 25% Coinsurance	$5.00 Copayment Generic/Generic Specialty; 30% Coinsurance Brand/Brand Specialty*	In-network Copayment/ Coinsurance plus additional 25% Coinsurance*	$5.00 Copayment Generic/Generic Specialty; 30% Coinsurance Brand/Brand Specialty*	In-network Copayment/ Coinsurance plus additional 25% Coinsurance*
***Note: See additional information below regarding BCBSM Exclusive Network Requirements**						

How Do I Become Eligible For The Enhanced Plan On January 1, 2021?

You will be ***automatically enrolled*** in the *Enhanced Plan* from January 1, 2021 to December 31, 2021, regardless of whether you got a physical exam in calendar year 2020.

How Do I Remain Eligible For The Enhanced Plan On January 1, 2022?

Here's how:

On January 1 of each year, you'll be in the *Enhanced Plan* **provided** you've had a physical exam before January 1.

If you didn't get a physical **before** January 1, you'll be in the *Standard Plan*.

So, to be eligible for the *Enhanced Plan*, you must get a physical before January 1 and provide proof to the Fund Office of your physical.

Please note: If you, the participant, had a physical in the prior calendar year, then your entire family (*i.e.*, your spouse, children and/or other dependents with Plan coverage) will be in the *Enhanced Plan* for the next calendar year. Only participants – not spouses or other dependents – must get a physical to be eligible for the *Enhanced Plan*.

Is There A Deadline To Submit Proof Of My Physical Exam?

Yes. You must submit proof of your physical to the Fund Office by December 15th of each year. If you haven't done so by that date -- December 15th -- you (and your family) will automatically be enrolled in the *Standard Plan* effective January 1 for the following year.

What Is A "Physical?"

A physical is a normal, routine physical exam performed by a physician. For women, an annual gynecological exam satisfies the physical requirement.

How Can I Prove That I Had A Physical?

There are two ways. You can:

- Use the Fund's custom "Physical Verification Form." Your doctor simply completes the form and sends it to the Fund Office. (A copy of the Form is attached. Contact the Fund Office for an additional form); or

- Submit, to the Fund Office, the BCBSM "Explanation of Benefits" (EOB) form you receive after your physical.

If you're unsure that you have had a physical, or if you're unsure that you've notified the Fund of your physical by the due date, contact the Fund Office.

> **Note**: The Fund ***does not*** see or receive any of your medical information when you submit proof of your physical. The Fund only gets confirmation that you've had a physical.

What If I Don't Get A Physical?

If you don't get a timely physical, you and your family will automatically be transferred to the *Standard Plan* for the next calendar year.

Do I Pay For An Annual Physical?

No. A physical does not cost you anything as long as you obtain a physical from an **in-network** physician. An annual physical is a preventive benefit under the ES Plan.

Pharmacy Benefit Changes

This table represents a summary of your Pharmacy Benefit changes, beginning January 1, 2021.

Below, we describe these benefit changes and the expansion of Step Therapy.

Type of Rx	Required Pharmacy/Provider	Cost Sharing
30-Day Generic	Any pharmacy or provider	$5.00 Copayment
30-Day Brand	Any pharmacy or provider	30% Coinsurance
90-Day Generic/Maintenance	Walgreens Pharmacy or Express Scripts Mail Order	$10.00 Copayment $0.00 Copayment
90-Day Brand	Walgreens Pharmacy or Express Scripts Mail Order	2x the cost of a 30-day supply based on the 30% coinsurance amount
Specialty (Generic)	Walgreens Pharmacy or AllianceRx Prime	$5.00 Copayment
Specialty (Brand)	Walgreens Pharmacy or AllianceRx Prime	30% Coinsurance

A) Prescription Drug Cost Sharing

What Are The Prescription Drug Cost Sharing Changes?

Effective January 1, 2021, your prescription drug cost sharing will change as follows:

- Generic/Generic Specialty Drug **30-day** supply Retail – **$5.00 Copayment**
- Brand/Brand Specialty Drug **30-day** supply Retail – **30% Coinsurance**
- Generic/Maintenance Drug **90-day** supply Retail **- $10.00 Copayment**
- Generic/Maintenance Drug **90-day** supply Mail Order – **$0.00 Copayment**
- Brand Drug **90-day** supply Retail or Mail Order - **Two times (2x) the cost of a 30-day supply based on the 30% coinsurance amount for a brand drug**.

B) BCBSM's Exclusive Provider Network for Specialty Drugs (Exclusive Specialty Network)

What Are Specialty Drugs?

Specialty drugs are prescribed to treat chronic, complex or rare conditions such as cancer, rheumatoid arthritis and hepatitis C. These drugs generally require special handling and close patient monitoring.

What Is The Exclusive Specialty Network?

Effective January 1, 2021, you will be ***required*** to purchase your specialty drugs by:

- Taking your prescription to **any** *Walgreens* pharmacy; or
- Ordering your prescription through *AllianceRx Walgreens Prime* and your medication will be mailed to your home.

Note: Specialty drugs purchased from any other provider will *not* be covered -- *i.e.*, you will be responsible for the full cost of your prescription.

I Currently Take A Specialty Drug, What Should I Do?

It depends. If you currently fill your specialty drug at *Walgreens or AllianceRx Walgreen Prime*, no changes are required.

If you currently fill your specialty drug prescription somewhere else, you ***must*** request a new prescription from your doctor for a refill on or after January 1, 2021.

You can either take your new prescription to a Walgreens pharmacy or have your doctor submit your prescription for you to:

- **Fax:** (866) 515-1356
- **Electronically:** E-prescribing name is AllianceRx WALGREENS PRIME-SPEC-MI
- **Phone:** (866) 515-1355

If you have questions about or need assistance with your specialty drug, call 866-515-1355 or visit their website at allliancerxwp.com.

Are There Specialty Drugs That AllianceRx Walgreens Prime May Not Be Able To Provide?

Yes, there may be limited situations. However, BCBSM has alternative specialty drug providers should this happen. Contact BCBSM at the phone number on the back of your ID card if this situation arises.

C) BCBSM's Exclusive Smart 90 Program (Smart90)

What Is Smart90?

Effective January 1, 2021, you will be ***required*** to purchase your generic or brand 90-day prescriptions by:

- Taking your prescription to **any** *Walgreens* pharmacy; or
- Ordering your prescription through *Express Scripts Mail Order* and your medication will be mailed to your home.

Note: You cannot use a different pharmacy or mail order vendor for your 90-day prescription.

I Currently Receive A 90-day Drug Supply, What Should I Do?

It depends. If you currently fill your 90-day drug supply at *Walgreens or Express Scripts Mail Order*, no changes are required.

If you currently fill your 90-day prescription somewhere else, you ***must*** request a new prescription from your doctor for a refill on or after January 1, 2021.

You can easily transition to a 90-day supply by doing one of the following:

- Call Express Scripts at 866-890-1419. They will contact your doctor to get your 90-day prescription.
- Transfer your prescription to Walgreens in person, by phone, online or on the Walgreens mobile app.
- Log in to your secure member account at bcbsm.com or on BCBSM's mobile app – click My Coverage, select Prescription, then select Mail Order.

Will BCBSM Help With This Transition?

If you currently receive your *maintenance drug* from a pharmacy other than Walgreens or Express Scripts Mail Order, BCBSM will assist you with this transition by:

- Making an **exception** for the first two (2) prescription fills for a 30-day supply for each maintenance drug when obtained from any in-network or mail order provider.
- **Requiring** that a third fill and all subsequent fills of a maintenance drug for a 90-day supply be obtained through a Walgreens pharmacy or Express Scripts Mail Order for the prescription to be payable by BCBSM. **You will be responsible for the cost of the prescription for a denied claim.**
- **Only** cover a 30-day supply of a maintenance drug after the first two (2) refills if you continue to use a non-Walgreens pharmacy. You will be required to pay a copayment for each fill.
- Sending you a **reminder** to choose a new 90-day supply method after the first and second courtesy fills.

D) Step Therapy

What Is Step Therapy?

Step Therapy is the *initial step* in the Prior Authorization process. It allows BCBSM to determine if an alternative drug can be used for the same drug therapy. Alternative drugs can include generic, over-the-counter and alternative brand name drugs.

When Is Prior Authorization Required?

Prior Authorization is required when an alternative drug under the Step Therapy program fails to work or your physician documents that you cannot tolerate the alternative drug.

How Does The Expanded Step Therapy/Prior Authorization Program Work?

Effective January 1, 2021, *BCBSM will automatically review your prescription if you are being prescribed a "new" drug. If your prescription is "new," then Step Therapy/Prior Authorization will apply.*

Prescriptions or refills that are *not* new, will process automatically.

Who Initiates Step Therapy/Prior Authorization?

Your pharmacy, in conjunction with your physician, will notify you if you are required to try an alternative drug under the Step Therapy program.

Your prescribing physician is also required to submit a request for Prior Authorization for your prescription if there is failure to tolerate the alternative drug. BCBSM will notify your prescribing physician if your prescription is authorized.

What If My Physician Does Not Submit A Request For Prior Authorization?

If your prescribing physician does not request Prior Authorization or BCBSM denies your physician's request, you may be responsible for one-hundred percent (100%) of the pharmacy charge.

What If My Physician Initially Prescribes A Brand-name Drug Which Is Then Changed To A Generic Drug?

In this case, your copayment *may* be waived for a period of time. Your pharmacy will confirm this if it happens. Once the waiver of copayment has expired, you will be required to pay the generic copayment as applicable.

How Can I Get Further Information Regarding Step Therapy/Prior Authorization?

Contact BCBSM by calling the customer service number on the back of your ID card or visit www.bcbsm.com/pharmacy.

Sincerely,

Board of Trustees of the
Michigan BAC Health Care Fund