

IMPORTANT ANNOUNCEMENT
Health Care Reform Changes
Coming Soon
Under
The Railroad Employees National Health and Welfare Plan

WATCH FOR YOUR ANNUAL OPEN ENROLLMENT MATERIALS
FROM RAILROAD ENROLLMENT SERVICES

Starting in the next few weeks, employees covered under the Railroad Employees National Health and Welfare Plan (the Plan) will receive their annual Open Enrollment Packets from Railroad Enrollment Services. It is imperative that every employee open the packet to read the important Plan changes effective January 1, 2011. Further, it is also vital that each employee reads the instructions on how to comply with the Federal Law requiring Social Security Numbers (SSNs) for covered dependents.

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (the "Act"). Since that date several federal agencies have published Interim Final Regulations (IFRs) interpreting the provisions of the Act. As a result, the Plan will make certain changes effective January 1, 2011.

Grandfathered Status

The Plan considers that it is a grandfathered health plan under the Act. Being a grandfathered health plan means that a plan was in effect on March 23, 2010, and makes that plan exempt from some provisions of the Act. However, a grandfathered health plan must still comply with certain health care reform requirements. Two of them, removal of lifetime limits and addition of certain dependent children to age 26, are scheduled to become effective for this Plan on January 1, 2011.

Effective January 1, 2011, the following will be implemented under the Plan. During Open Enrollment, Railroad Employees will be given a 30-day special enrollment period to take advantage of these provisions. Please note, the deadline for enrolling is November 3, 2010.

Removal of Lifetime Limits from the Plan

Currently, the Plan contains a lifetime maximum benefit of \$1,000,000 per each individual, which includes any amounts paid under 1) the Comprehensive Health Care Benefit (CHCB); 2) Out-of-Network services under the Managed Medical Care Program (MMCP); or 3) Out-of-Network services for mental health care under the Mental Health and Substance Abuse (MHSA) Benefits. There is also a separate lifetime maximum benefit of \$100,000 per individual for Out-of-Network services for substance abuse care under the MHSA Benefits.

Beginning on January 1, 2011 these lifetime maximums will be eliminated for any individual who reached or will reach a lifetime maximum prior to December 31, 2010. The Plan will begin paying any claims incurred by that individual on or after January 1, 2011. Note, any claims incurred prior to January 1, 2011 that exceed the maximum will not be paid.

Any individual who had previously reached the lifetime maximum under the Plan and is no longer enrolled in the Plan, or opted-out of coverage, now has the right to re-enroll in the Plan during the special 30-day enrollment period which will run concurrently with the Plan's 30-day annual open enrollment period this year.

Addition of Certain Dependent Children to Age 26

The Plan will be extending coverage to certain dependent children to age 26, regardless of student, marital, residence or financial dependence status of the dependent child. The 30-day special enrollment period is being provided for certain children that are not currently enrolled in the Plan, or who are enrolled in the Plan but will

lose their dependent eligibility on or before December 31, 2010. **Coverage for any children added during this special enrollment period will be effective on January 1, 2011.** In order to be eligible for this special enrollment, your child:

- Must not be currently enrolled in the Plan, or be currently enrolled in the Plan but will lose his/her dependent eligibility status on or before December 31, 2010; and
- Must be your married or unmarried child, under the age of 26, who is not eligible to enroll for coverage under an employer-sponsored group health plan, other than the group health plan of a parent.
 - A child is your natural child, your stepchild, your adopted child (including a child placed with you for adoption) and your child who is an Alternate Recipient under a Qualified Medical Child Support Order.
 - Your child does not have to be a student, reside with you or be financially dependent upon you.
 - Your child can be married and still qualify for coverage under the Plan. However, the Plan will not cover the spouse of your child.

NOTE: Only your child who meets the above definition can be added and have his/her coverage extended to age 26 for this special enrollment. Grandchildren are not impacted by the Act and the IFRs. Thus, a grandchild must continue to meet all other requirements for his/her coverage. Please consult the Plan's Summary Plan Description for more details on these requirements.

If you have a dependent child currently enrolled in the Plan who will not lose his/her dependent eligibility prior to January 1, 2011, coverage will automatically be extended up to age 26 for that child if he/she is your natural child, stepchild, adopted child (including a child placed with you for adoption) or your child who is an Alternate Recipient under a Qualified Medical Child Support Order. Such dependent child is only eligible if he/she is not eligible to enroll for coverage under an employer-sponsored group health plan, other than the group health plan of a parent.

If your child was enrolled in the Plan and his/her coverage ended prior to December 31, 2010, or if you have a child that was denied coverage or was not otherwise eligible under the Plan, you may now enroll this child if he/she meets the requirements set forth above. Also, if your child currently has COBRA continuation coverage, you may now obtain coverage for your child without COBRA as long as he/she meets the requirements set forth above.

If you are not currently enrolled in the Plan because you previously opted-out of coverage, you may enroll for coverage for yourself and your eligible dependent children during this special enrollment period.

Your personalized annual open enrollment materials will arrive in the mail in a few weeks. The package will contain further details along with a special Dependent Add Form. Please review the materials and follow the instructions included in the packet to enroll your eligible dependents up to age 26. The completed Dependent Add Form and other required materials must be postmarked no later than November 3, 2010 in order to have the eligible dependents covered by your Plan.

If you have questions regarding the Health Care Reform provisions you should contact your claims administrator by calling the Member Services phone number located on the back of your Member Identification Card, or:

Claims Administrator	Health and Welfare Plan
Aetna	1-800-842-4044
Highmark Blue Cross Blue Shield	1-866-267-3320
UnitedHealthcare	1-800-842-9905

The Plan changes described above, namely, the removal of lifetime limits and the addition of certain dependent children to age 26 may not be permanent. They will remain in effect only so long as required by the Act as interpreted by applicable agency regulations. The interpretations of the Act set forth in the IFRs issued to date do impose those requirements. They, along with other

changes mandated by the IFRs, may, however, be reversed or modified by future agency action, judicial decision or legislation. In that event, your Plan will incorporate the terms and conditions of such reversal or modification, effective as soon as practicable after it occurs.