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Dear Participant:

This notice contains important information regarding changes to your health and welfare benefits for non-network non-hospital inpatient care. As Trustees of the North Central Illinois Laborers' Health and Welfare Fund ("Fund"), we understand the importance of the benefits you receive through the Fund and we regularly watch trends that put an undue financial strain on the Fund. The Fund has had a substantial increase in participants' use of out-of-state inpatient facilities that are not related to emergencies. Since there are many network facilities, there is no need to go to non-network inpatient facilities. As you can imagine, the use of non-network inpatient facilities costs the Fund considerably more than network facilities without providing any added therapeutic benefit.

Effective January 1, 2017, the Plan will not cover non-network non-hospital inpatient care. This exclusion does not affect hospital or hospice inpatient care. However, the following types of facilities will no longer be covered if they are not in-network:

- Services provided by facilities that provide **Residential Treatment**,
- **Skilled Nursing Facilities**, and
- **Inpatient Rehabilitation**.

The term "**Residential Treatment**" means a non-acute hospital, intermediate inpatient setting with 24-hour level of care that operates 7 days a week, for individuals with medical disorders or behavioral health disorders including mental (psychiatric) disorders or substance use/abuse (alcohol/drug) disorders that are unable to be safely and effectively managed in outpatient care. To be payable by the Plan, a facility must be licensed as a residential treatment facility (licensure requirements for this residential level of care may vary by state). The Plan will only cover services from network residential treatment facilities; services from non-network facilities are not covered.

The term "**Inpatient Rehabilitation**" refers to any inpatient facility whose purpose is to provide rehabilitation services including physical therapy, occupational therapy, cardiac rehabilitation, or substance abuse rehabilitation. The Plan will only cover inpatient rehabilitation services that are provided in network facilities. Services performed in non-network facilities will not be covered.

If you are traveling, are hospitalized in a non-network facility due to a Medical Emergency, and need to go into a rehabilitation or skilled nursing facility directly from the hospital, the Plan will cover the ambulance or air ambulance transportation to the nearest network facility that can accommodate you.

As stated in the Fund's Summary Plan Description (SPD), **Medical Emergency** means the sudden onset of a medical condition manifesting itself by acute symptoms of sufficient severity (including

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severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:

- Placing the patient's health in serious jeopardy;
- Serious impairment of bodily functions, or
- Serious dysfunction of any bodily organ or part.
- In the event of a mental health disorder, the lack of the treatment could reasonably be expected to result in the self-harm or harm to others.

As stated above, Inpatient hospital and hospice care will continue to be covered both for network and non-network facilities. See the enclosed sheet for important definitions related to this change.

Questions?

If you have questions about this change or your benefits in general, please contact the Fund Office.

Sincerely,

Board of Trustees

This announcement, which serves as a Summary of Material Modifications (SMM), contains only highlights of recent changes to the North Central Illinois Laborers' Health & Welfare Fund. Full details are contained in the documents that establish the Plan provisions. If there is a discrepancy between the wording here and the documents that establish the Plan, the document language will govern. The Trustees reserve the right to amend, modify, or terminate the Plan at any time. Please keep a copy of this SMM with your copy of the Fund's Summary of Benefits and Coverage (SBC).

Important Definitions

Covered Network and Non-Network Facilities

Hospice Facility is a facility or organization:

- Licensed as a hospice by the jurisdiction where it is located; and
- That focuses on comfort and pain relief rather than curative treatment for patients who have a prognosis of less than six months to live.

Hospice Care Agency means an agency or organization that:

- Provides or otherwise arranges for services to Terminally Ill patients on a 24-hour per day basis;
- Is licensed or certified as a Hospice Care Agency by the jurisdiction where it is located; and
- Provides skilled nursing services, medical social services, and psychological and dietary counseling to the Terminally Ill.

Hospital means an institution that:

- Is primarily engaged in providing, by or under the supervision of physicians, inpatient diagnostic, surgical, and therapeutic services for diagnosis, treatment, and rehabilitation services of injured, disabled, or sick persons;
- Maintains clinical records on all patients;
- Has by-laws in effect with respect to staff Physicians;
- Has a requirement that every patient be under the care of a Physician;
- Provides 24-hour nursing service rendered or supervised by a registered nurse;
- Has a Hospital utilization review plan in effect;
- Is licensed pursuant to any state or agency of the state responsible for licensing Hospitals; and
- Has accreditation under one of the programs of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

Unless specifically provided otherwise, the term Hospital does not include any institution, or part thereof, that is used principally as a rest facility, nursing facility, convalescent facility, facility for the aged, inpatient rehabilitation facility, or facility for the care and treatment of substance abuse, except as mandated by state law. It does not mean any institution that makes a charge that you or your Dependent is not required to pay.

Important Definitions

Non-Network Facilities No Longer Covered beginning January 1, 2017; Network Facilities Covered

Rehabilitation Services means treatment modalities that are a part of a rehabilitation program that include physical therapy, occupational therapy, and cardiac rehabilitation performed on an inpatient basis in a Skilled Nursing Facility or on an outpatient basis.

Skilled Nursing Facility means an institution or any part of any institution that operates to provide convalescent or nursing care and is primarily engaged in providing inpatients with skilled nursing care and related services for patients who require medical care, nursing care, or rehabilitation services for an injured, disabled, or sick person. It is an institution that:

- Has policies that are developed with the advice of, and with provisions for review of such policies from time to time by, a group of professional personnel, including one or more Physicians and one or more registered nurses, to govern the skilled nursing care and related medical or other services it provides;
- Has a Physician, a registered nurse, or a medical staff responsible for the execution of such policies;
- Has a requirement that the health care of every patient be under the supervision of a Physician and has a Physician available to furnish necessary medical care in case of a Medical Emergency;
- Maintains clinical records on all patients;
- Provides 24-hour nursing service that is sufficient to meet nursing needs in accordance with the facility policies and has at least one registered nurse employed full-time;
- Provides appropriate methods and procedures for dispensing and administering drugs and biologicals;
- In the case of an institution in any state in which state or applicable local law provides for the licensing of institutions of this nature, is licensed pursuant to such law or is approved by the agency of the state or locality responsible for licensing institutions of this nature as meeting the standards established for such licensing; and
- Meets any other conditions relating to the health and safety of individuals who receive services in such institutions or relating to the physical facilities.

Treatment Facility for Substance Abuse is a rehabilitation facility for the inpatient or outpatient treatment of individuals suffering from substance abuse. The facility may be a freestanding facility or may be a designated portion of a Hospital or other facility, provided such designated portion is solely for providing rehabilitative treatment for individuals suffering from alcohol and/or drug abuse (substance abuse). To be considered an approved treatment facility for purposes of this Plan, the facility must be accredited by The Joint Commission (TJC) and must be approved by the Trustees or their administrative designees.