

OUTSTATE TROWEL TRADES FRINGE BENEFIT FUNDS

Michigan Trowel Trades Health & Welfare Fund

Outstate Michigan Trowel Trades Pension Fund

Michigan Operative Plasterers' & Cement Masons' International Association Apprenticeship
and Training Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

May 2018

IMPORTANT NOTICE REGARDING YOUR BENEFITS

TO: ALL ELIGIBLE PARTICIPANTS IN THE MICHIGAN TROWEL TRADES HEALTH AND WELFARE FUND

RE: SUMMARY OF MATERIAL MODIFICATIONS

Dear Participant:

As you know, the Board of Trustees carefully and routinely review the Fund's finances and benefits provided. Over the last few years, we have taken significant actions to create a more sustainable plan of benefits through various modifications. Unfortunately, as increases in medical and pharmaceutical drug expenses continue, prior changes have fallen short of achieving the savings required to protect the long term health of the Fund. Additional action to protect the Fund and the interests of all participants and beneficiaries has now become necessary and unavoidable.

Drug costs are one area where the Fund's expenses have seen significant increases. In order to address this area and protect against continuing significant increases into the future, the Fund will be instituting a number of changes including mandatory generic, prior-authorization, step-therapy, certain Blue Cross Blue Shield of Michigan ("BCBSM") pharmacy initiatives and new guidelines related to medical specialty drugs (drug treatments you receive while a patient).

Mandatory Generic

Beginning August 1, 2018, the Fund will institute a mandatory generic program. The Fund's Plan does not currently require the use of generics, though there is a higher co-pay for brand name drugs. Under the mandatory generic program, if you are able to take a generic version of a brand name drug but instead decide to purchase the brand name drug (or your doctor prescribes the brand name drug and you follow that prescription), the Fund will only cover the cost of the generic drug (less your applicable co-pay) and you will be responsible for the remaining cost. This restriction will apply even if the doctor writes "Dispense as Written" or "DAW" unless you have obtained prior authorization for the brand name drug from BCBSM. To contact BCBSM regarding prior authorization for a brand name drug when a generic is available, please call the number on your insurance card.

Prior-Authorization and Step-Therapy for certain Prescription Drugs

Beginning August 1, 2018, the Fund will institute prior-authorization and step-therapy for some prescription drugs. The Fund's Plan does not currently provide for either of these programs. Prescription drugs are generally provided under the terms of the Plan based on the applicable co-pay tier and the formulary used by the Fund's pharmacy benefits manager based on prescriptions written by your doctor.

Under the new prior-authorization program, the use of some prescription drugs will be reviewed by BCBSM before their use is authorized. If your doctor does not seek and obtain prior authorization, when required, the cost of your prescription may not be covered by the Fund. Therefore, you should consult with your doctor when receiving a new prescription.

(SEE REVERSE SIDE)

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www.outstatetroweltrades.org

Under the new step-therapy program, you and your doctor will be required to try certain alternative drugs before using more expensive ones. If you and your doctor do not follow this approach, the cost of your prescribed drug may not be covered by the Plan. Therefore, you should consult with your doctor when receiving a prescription.

PLEASE NOTE: unlike the other changes the Fund is adopting, your prescription will not change under the new prior-authorization and step-therapy programs if you have been receiving a prescription drug covered by these new rules within six (6) months prior to the start of these programs (prior to February 1, 2018).

Please visit “bcbsm.com/pharmacy” for more information about prior-authorization and step-therapy.

Pharmacy Initiatives

Beginning August 1, 2018, the Fund will institute BCBSM’s pharmacy initiatives. These include, dose optimization, brand to alternate generic interchange, one-time generic co-pay waiver, and quantity limits. As noted above, the Fund’s Plan does not currently provide these programs, but rather prescription drugs are generally provided under the terms of the Plan based on the applicable co-pay tier and the formulary used by the Fund’s pharmacy benefits manager based on prescriptions written by your doctor.

Under the dose optimization program, BCBSM may discuss with your doctor your use of specific prescription drugs in once-daily dosage regimens as opposed to using lower, multiple doses of the same drug. Under the brand to alternate generic interchange, BCBSM may discuss with your doctor options to replace a single source brand name drug with an equally effective, less-costly generic alternative (this initiative would not apply if the mandatory generic, prior-authorization or step-therapy programs require the use of the generic). Under the one-time generic co-pay waiver, the Fund will provide you with a one-time co-pay waiver if you switch from a targeted high-cost brand name drug to an equally effective, less-costly generic equivalent (this initiative would not apply if the mandatory generic, prior-authorization or step-therapy programs require the use of the generic). Under the quantity limits program, BCBSM may limit the quantity of select drugs to maintain consistency with Federal Drug Administration dosing guidelines.

Medical Specialty Drugs

Finally, effective August 1, 2018, the Fund will require prior-authorization for select specialty pharmaceutical drugs administered in BCBSM approved locations, such as a doctor’s office, clinic, or home drug administration.

Under the Fund’s current Plan, prior-authorization is not required and the cost of the drug is covered subject to your deductible and co-insurance obligations. On and after August 1, 2018, your physician must contact BCBSM to obtain prior-authorization. If prior-authorization is not sought and received from BCBSM, you may be responsible for the full cost of the specialty drug without regard to your deductible or co-insurance.

We know that these changes may be inconvenient, but believe that these changes will better protect the Fund from the growing cost of drugs. Be assured, we made these changes only after a long and thoughtful review of what was in the best interests of all of the Fund’s participants and beneficiaries. These changes are a necessary and prudent way to manage your benefit program, both for now and the future.

If you have questions regarding these benefit changes, please contact the Fund Office at the address or telephone number listed below.

Atención a los hablantes de español. Este y otros anuncios de la Oficina de Fondos sobre sus derechos y sus beneficios están disponibles en español. Si quiere recibir futuros anuncios en español, escriba o llame a la oficina del Comité de los fideicomisarios, fondos de pensiones, salud y bienestar de Michigan Trowel Trades Health and Welfare Fund, 6525 Centurion Drive, Lansing, Michigan 48917-9275, número de teléfono gratuito (877) 876-9357 (517) 321-7502.

Sincerely,

Michigan Trowel Trades Health and Welfare Fund
Board of Trustees