

Important Affordable Care Act Information

The benefits provided by the United Federation of Teachers Welfare Fund are the result of hard fought negotiations and are paid for by contributions through contracts with the Department of Education. These contributions are the Fund's source of income and must sustain its programs for all members and their eligible dependents. To maximize the Fund's resources, the Fund must prudently manage and administer these programs. One way of accomplishing this is by establishing reasonable annual dollar limits on benefits, such as prescription drugs. The Affordable Care Act requires plans to remove these annual limits. Without an increase in the Fund's fixed contribution rate, which is highly improbable at this time, it would not be able to sustain benefits in excess of the current annual limits. Consequently, a waiver was obtained from the Department of Health and Human Services, which requires the following notice be published.

The Federal health care reform law, known as the Patient Protection and Affordable Care Act ("Affordable Care Act") prohibits health plans from applying arbitrary dollar limits for coverage for "key benefits", which include prescription drugs. For 2011, if a plan applies an annual dollar limit on the coverage it provides for key benefits, that limit must be at least \$750,000.

The prescription drug coverage provided by the Fund does not meet this minimum standard. Instead, it has an annual limit of \$100,000 per family per calendar year on prescription drug benefits.

In order to provide this lower limit of prescription drug benefits, the Fund requested a waiver of the requirement that the coverage limit be at least \$750,000 for 2011. That waiver was granted by the U.S. Department of Health and Human Services based on the Fund's representation that providing \$750,000 in coverage for prescription drugs for 2011 would result in a significant decrease in your access to benefits. This waiver is valid for one year.

If this lower limit is a concern, there may be other options for health coverage available to you and your family members. For more information, go to: www.HealthCare.gov. If you have any questions or concerns about this notice, please contact the Fund office at 212-539-0500.

The Fund has already implemented the mandated Age 26 dependent child coverage and as a result has enrolled over 14,000 new dependent children. The Fund's intention and obligation in requesting the waiver is to be able to assess the financial impact of this and other parts of the law which may affect the access to benefits for all of our members and their dependents.