

BAC LOCAL 15 WELFARE AND PENSION FUND

OBA Midwest, Ltd.

6405 Metcalf, Suite 200 • Overland Park, Kansas 66202
(913) 236-5490 • Fax: (913) 236-5499

BAC LOCAL UNION 15 WELFARE FUND

NOTICE OF PLAN CHANGES

NEW PREFERRED PROVIDER ORGANIZATION (PPO)

Effective January 1, 2004, the Fund will begin its participation in the **Freedom Network Select Default PPO (“Freedom Select”)**. This is a network of preferred providers that is owned by Preferred Health Partners (PHP), which also owns our current PPO network, PHP. Freedom Select is a larger network with better discounts. The Trustees have elected to make this change to save both the Participants and the Fund money. There are approximately 2,200 more physicians in Freedom Select than are in PHP.

More Hospitals Will Be Available

The following hospitals were not in the PHP network, but are included in Freedom Select. Any services provided by these hospitals will now be considered ‘in-network’ and subject to the in-network deductibles and co-payments.

- St. Luke’s Hospital - Kansas City, MO
- St. Luke’s Northland Hospital - North Kansas City, MO
- St. Luke’s Northland Hospital -Smithville, MO
- St. Luke’s South Hospital – Overland Park, KS
- Shawnee Mission Medical Center - Shawnee Mission, KS
- Rehabilitation Institute - Kansas City, MO
- Kansas City Orthopedic Institute
- Ellett Memorial Hospital - Appleton City, MO
- Harrison County Community Hospital - Bethany, MO
- Northwest Medical Center - Albany, MO
- Sac-Osage Hospital - Osceola, MO
- St. Francis Hospital - Maryville, MO
- Wright Memorial Hospital - Trenton, MO

There are only two hospitals that are included in the PHP network, but are not included in Freedom Select. They are Jefferson County Memorial Hospital in Winchester, KS and the Menninger Clinic in Topeka, KS.

What Does ‘Default’ Mean?

PHP owns a third network, called the Freedom Network PPO. It is even larger than the Freedom Select PPO that our Fund is joining, but it does not offer as deep of discounts on the costs of medical services. Freedom Select is the best financial deal for our Fund. Although our Fund will not be participating in the Freedom Network, a discount will be available on the costs for services provided by hospitals and physicians that are in the Freedom Network PPO but not in

Freedom Select. These providers will still be considered 'out-of-network' when it comes to the annual deductibles and co-payments.

Hospitals in the Freedom Network but not in Freedom Select are:

- Liberty Hospital
- Mid-America Rehabilitation Hospital
- St. Mary's Hospital of Blue Springs
- Truman Medical Center – West
- Truman Medical Center – Lakewood
- St. Joseph Medical Center

Charges from these hospitals will be discounted so that you and the Fund will pay less than under PHP, but these charges will be treated as 'out-of-network' in determining deductibles and co-payments.

Many physicians are also part of the Freedom Network PPO, but not Freedom Select. Charges for their services will be discounted, but will be treated as 'out-of-network' in determining deductibles and co-payments.

HealthLink and Health Partners of Kansas

For those members and dependents living outside the Kansas City area, two additional networks remain available. HealthLink serves central and southeast Missouri. Health Partners of Kansas serves the western, central and southeastern parts of Kansas. These networks are not changing. Any charges from hospital and physicians in these networks are considered 'in-network'.

Getting Information on the New Networks

For the most up-to-date provider information for Freedom Select, Freedom Network and Health Partners of Kansas (HPK), you can visit PHP's website at www.phpkc.com or call their Customer Service Department at (913) 685-6300 or toll-free at (800) 544-3014. You may also call the Fund Office at (913) 236-5490. Enclosed is PHP's "Provider Look-Up Guide" that will give you step-by-step instructions for using the website.

To check on the providers that are participating in HealthLink, you can visit HealthLink's website at www.healthlink.com or call PHP's Customer Service Department at (913) 685-6300 or toll-free at (800) 544-3014.

If you prefer receiving a printed directory for each network, you may:

- Stop by the Fund Office and pick them up,
- Call the Fund Office at (913) 236-5490 and ask that they be mailed to you.

Getting Started with the New Networks

Your new medical ID card bearing the names of all the new networks is enclosed. With your first visit to a physician or hospital after January 1, 2004, you will need to show your new medical ID card to the service provider.

REVISED ELIGIBILITY RULES

The eligibility rules for the Fund are being revised. The new rules will first affect benefit eligibility starting August 1, 2004. The purpose of the change is to reduce the length of the Work Period that is used to determine eligibility for benefits to four months. The corresponding Benefit Period will also be shortened to four months.

All Employees working for a contributing Employer or Employers within the various jurisdictions of the Plan for whom sufficient contributions have been paid shall be eligible to receive Benefits after meeting the following eligibility requirements. Effective for hours worked on or after February 1, 2004, for the Benefit Period that starts on August 1, 2004, the following conditions would affect the eligibility for benefits:

Initial Eligibility

The following rules govern obtaining initial eligibility:

1. Employees over age 55 with at least ten years of credited service

An Employee who is age 55 or older and who has ten years or more of credited service will become initially eligible for Benefits on the first day of the *third* month following the month in which 300 hours have been accumulated in a 4 consecutive month period. The Employee remains eligible for benefits until the end of the Benefit Period (defined below) in which he/she initially becomes eligible.

2. All other Employees

An employee under age 55 who has worked at least 400 hours in a 4 consecutive month period will become initially eligible for Benefits on the first day of the *third* month following the month in which the 400 hours have been accumulated. The Employee remains eligible for benefits until the end of the Benefit Period (defined below) in which he/she initially becomes eligible.

Continuation of Eligibility (Hours Test)

The following rules will govern continuation of eligibility (Hours test):

1. Employees over age 55 with at least ten years of credited service

Once an Employee who is age 55 or older and who has ten years or more of credited service has satisfied the Initial Eligibility requirements, he/she will remain eligible for Benefits for the duration of that Benefit Period. Thereafter, he/she will remain eligible for Benefits as long as he/she is credited with at least 300 hours in a 4-month period or 600 hours in an 8-month period as set forth in the table below.

3. All other Employees

Once an Employee under 55 years of age has satisfied the Initial Eligibility requirements, he/she will remain eligible for Benefits as long as he/she is credited with at least 350 hours in a 4-month period or 700 hours in an 8-month period as set forth in the table below.

Work Requirement for Continued Eligibility (Hours Test)

Eligibility Periods for continued eligibility shall be divided into Work Periods and Benefit Periods as follows:

Benefit Period	Work Period	Employees who are at least age 55 and who have earned 10 years of Credited Service before the Benefit Period	All other Employees
April 1 thru July 31	Oct 1 to Jan 31 or June 1 to Jan 31	At least 300 hours or At least 600 hours	At least 350 hours or At least 700 hours
August 1 thru November 30	Feb 1 to May 31 or Oct 1 to May 31	At least 300 hours or At least 600 hours	At least 350 hours or At least 700 hours
December 1 thru March 31	June 1 to Sept. 30 or Feb 1 to Sept 30	At least 300 hours or At least 600 hours	At least 350 hours or At least 700 hours

Transition from the Old Rules to the New Rules

Under the old rules, the hours worked between August 1, 2003 and January 31, 2004, will determine your coverage during the Benefit Period from April 1, 2004 through September 30, 2004. Under the new rules, the hours worked from February 1, 2004 through May 31, 2004 (or from October 1, 2003 through May 31, 2004), will determine your coverage during the Benefit Period from August 1, 2004 through November 30, 2004. Note that there is a 2-month overlap in the Benefit Periods.

If you are eligible for coverage under the old rules from April 1, 2004 through September 30, 2004 but not eligible for coverage under the new rules starting August 1, 2004, you will automatically have your coverage continued from August 1, 2004 through September 30, 2004. Your coverage will terminate on September 30, 2004. Whether you regain eligibility for coverage for the Benefit Period beginning December 1, 2004, will be determined by the hours worked from June 1, 2004 through September 30, 2004 (or from February 1, 2004 through September 30, 2004).

If you have any questions as to how these changes might affect you, please contact the Fund Office at (913) 236-5490 or (800) 542-4482.

Board of Trustees
December 2003