

## **TRANSITIONAL RULES FOR GROUPS NEWLY PARTICIPATING IN THE MICHIGAN CONFERENCE OF TEAMSTERS WELFARE FUND**

This is to highlight certain of the MCTWF's rules that should be considered when deciding whether to transition a group into MCTWF participation. This is not intended to be a comprehensive statement of such rules, but rather, it is intended to alert you to key issues. MCTWF's Field Services staff should be contacted with all questions.

### **Contribution Rates**

MCTWF's Weekly Contribution Rates are applicable to all groups in Michigan, Ohio and Indiana. While these rates may also apply to certain groups outside the tri-state area, rate adjustments may be necessary depending on the locale and group size. When such groups number 50 employees or more MCTWF requires information on age, gender, family status, and prior claims experience to determine the contribution rate. You should contact MCTWF's Field Services Department for rates for all new groups outside the tri-state area.

### **Benefit Bank Week Entitlement**

Employees of newly participating Employers will not be entitled to Bank Weeks until they have had contributions made on their behalves to MCTWF for 12 consecutive weeks or 13 out of 17 weeks of active employment.

### **Eligibility for MCTWF Plan Benefits**

Active Employees of newly participating Employers are eligible for immediate coverage.

#### ***Employees Not Actively Working***

##### *When the Employer has no obligation to contribute for the Employee*

If an Employee is not actively working (e.g. laid off or disabled, etc.) on the effective date of the Employer's initial contribution obligation to MCTWF and the Employer has no obligation to contribute for that Employee, no eligibility will be established for MCTWF benefits until the Employee returns to active employment. If the return to work date is within 26 weeks of the effective date of the Employer's first contributions to the Fund, the Employee will have immediate eligibility upon his or her return to active employment. If the return to work date is after 26 weeks, the Employee must establish eligibility and coverage will not begin until 9 weeks out of 13 have been contributed on his or her behalf (coverage is retroactive to the beginning of the 9<sup>th</sup> week).

##### *When the Employer is obligated to contribute for the Employee*

If an Employee is not actively working (e.g., laid off, disabled, etc.) on the effective date of the Employer's initial contribution obligation to MCTWF, but the Employer has an obligation to contribute for that Employee, the Employee will be eligible for all benefits for the weeks for which the Employer contributes except for weekly accident and sickness ("loss of time") benefits.

#### ***When an Employee is Purchasing COBRA***

If an Employee is currently purchasing COBRA continuation coverage on the effective date of the Employer's contribution obligation to MCTWF, the Employee will have the option of participating in the MCTWF's COBRA plan for the remainder of his COBRA coverage period. MCTWF must receive notification of the Employees and/or eligible dependents currently on COBRA and verification from the Employer of their COBRA qualifying event and effective date of such coverage. MCTWF will communicate directly with the Employee and/or eligible dependents regarding his or her options. It is the Employee's responsibility to respond to MCTWF's COBRA notice timely.

### **Eligible Dependents**

MCTWF provides coverage for the Employee's spouse (defined as "an individual recognized as a spouse under the law of the State of Michigan") and an Employee's unmarried natural, step, or adopted child, or one who has been placed with an Employee for adoption, who has not attained age 19, or who has not attained age 24 and is a full time student at an accredited institution, or who is determined by a licensed physician, psychologist or psychiatrist to be permanently and totally disabled, provided that adequate evidence is presented showing that the coverage, totally and permanently disabled child was covered under the health plan that immediately preceded MCTWF coverage. If the child is a full time student when the Employer commences MCTWF participation, MCTWF's *Full-Time Student Eligibility Verification* Form must be completed and submitted to establish eligibility as a dependent. MCTWF's Field Services Representative will provide you with this form.

### **Employees Considering Retirement**

MCTWF's eligibility rules must be met before a retiring Employee will qualify for participation in MCTWF's Retiree Medical Program.

Retirees must be at least age 57 to be eligible. However, those who retire under a "30-and-Out" Central States Pension Fund pension may participate as early as age 50. In addition to age, the following requirements must be satisfied:

- The Employee must have been contributed for under a MCTWF plan that includes the Retiree Medical Program benefit (either by an Employer or by appropriate self-contributions) made on his or her behalf for at least 40 weeks in each of the five consecutive 52 week periods immediately preceding retirement (the "5 out of 5" rule) or at least 40 weeks in seven out of the ten consecutive 52 week periods immediately preceding retirement (the "7 out of 10" rule); except that –

For periods while an Employee performed seasonal work, contributions must have been made for an average of at least 40 weeks per 52-week period for five consecutive 52-week periods immediately preceding retirement (the "seasonal 5 out of 5" rule), or, an average of at least 40 weeks per 52 week period for seven out of the ten consecutive 52-week periods immediately preceding retirement (the "seasonal 7 out of 10" rule). The appropriate test shall be applied pro rata based on the type of work in which the Employee was engaged during the measuring period; and

The Employee must not be eligible for Medicare coverage or engaged in Prohibited Employment.

- MCTWF will allow Employees who choose to retire prior to the satisfaction of the "5 out of 5" or "7 out of 10" rules, after a minimum of 26 weeks of active participation to maintain eligibility under the active Plan for so long as the Employer continues to make active Plan contributions on their behalf. Once the employee is able to satisfy the "5 out of 5" or "7 out of 10" rule (by counting the continued Employer contributions), the Employee will be eligible, for 90 days following cessation of active coverage, to enroll in MCTWF's Retiree Medical Program.
- Effective with groups or individuals whose participation in the MCTWF commenced on or after November 30, 2003, MCTWF ceased recognizing participation years in the Central States Health and Welfare Fund or in any other Fund, for purposes of establishing eligibility to participate in MCTWF's Retiree Medical Program or in determining the years of service to establish the required Program self-contribution rates.

### **Retirees Currently Covered by a Group Health Plan**

MCTWF permits retirees participating in an employer sponsored medical plan at the time of the active group's transition to participate in MCTWF's Retiree Medical Program pursuant to a "cost based" contribution rate schedule, which schedule is subject to annual revision, or to participate in a MCTWF active plan (as determined by the Local Union and Employer, but exclusive of short term or long term disability benefits) at contribution rates that are adjusted (a) based on the average ages of the initial group of retirees, or (b) the average of the youngest initial age for entitlement and the oldest age that a retiree can remain covered under the plan (not to exceed 65 years of age or the date of Medicare eligibility).

### **Participation Opt Outs**

MCTWF will permit participant (including dependents) opt outs and/or all dependent opt outs when the following requirements are satisfied:

- Participant's Employer has entered into the appropriate Memorandum of Understanding with the Teamsters Local Union providing for opt outs; and
- Participant has timely submitted the appropriate executed application and provided MCTWF with required proof of other coverage; and
- Participant has received written approval of the application from MCTWF.

Reinstatement of MCTWF coverage will be permitted when proof of termination of other coverage is provided to MCTWF within 45 days of the effective date of coverage termination or during the period beginning 60 days and ending 30 days before the last day of the plan year of the Employer's IRC Section 125 Cafeteria Plan.

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313-964-2400 / Field Services Department Extensions 496 and 414

