



Los Angeles Machinist Benefit Trust

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Important Notice to LAMBT Plan Participants and their Families regarding the new Health Insurance Exchanges or “Marketplaces,” including “Covered California”

Dear Participants and Families,

You should soon receive a notice in the mail from your employer regarding the new Health Insurance Marketplace coverage options and your health coverage. This notice from your employer is required by the Affordable Care Act (ACA aka “Obama-Care”). It is being sent from your current employer to all current employees now and will be sent to new hires in the future.

The employer notice provides a summary of the health coverage offered to you by the Los Angeles Machinist Benefit Trust (LAMBT or Trust) and a brief overview of ACA and the Health Insurance Marketplaces. The notice will include information about shopping for coverage through your state’s Health Insurance Marketplaces (when ACA was first passed, the Marketplaces were called Exchanges).

The employer notice is also required to mention that you may be eligible for federal premium subsidies if you purchase coverage on the Marketplace, and that, if you do purchase a Marketplace plan, you may lose your employer contribution (if any) to the plan.

When you receive your employer notice, remember that as an eligible participant in LAMBT coverage, you do not need to shop for different or additional insurance. And, remember that because Trust coverage is considered affordable and adequate as defined by ACA, you are not eligible for federal premium subsidies.

If you, like most LAMBT participants, participate in the LAMBT plan as a member of a “bargaining unit” covered under the terms of a collective bargaining agreement, your employer is obligated to contribute to the Plan on your behalf, regardless of whether you have current LAMBT coverage. This obligation is not affected by an individual’s choice to purchase insurance through the Marketplace. When you receive the employer notice, you can file it with your other LAMBT plan information.

The Affordable Care Act is requiring that these employer notices be sent out because, starting in January 2014, most people will be required to have health insurance; if not, they will pay a penalty. This is known as the “individual mandate.” Your health insurance coverage can come from your (or your spouse’s) employment, through a policy you buy on your own, or through a government-sponsored program like Medicare or Medicaid.

Fortunately, you don’t need to take any action. Your coverage under the Los Angeles Machinist Benefit Trust meets and exceeds the individual mandate standard, and is a better value than Marketplace coverage.

Here is a how your coverage under the Trust measures up under ACA criteria for determining whether a plan's coverage is adequate and affordable for its covered members:

- **LAMBT coverage is legally adequate.** In general, your coverage is considered to meet a “minimum value” standard under ACA if the benefits the plan cover at least 60% of eligible expenses. The Trust's medical plan exceeds the ACA minimum value standard.
- **LAMBT coverage is legally affordable.** In general, your coverage is considered “affordable” under ACA if the premium cost to cover you (but not other members of your family) does not exceed 9.5% of your household income. For example, if your household income (including your wages from covered employment) is \$40,000, your coverage would be considered affordable if your participant-only coverage does not cost you more than \$3,800 a year. We believe the LAMBTs benefits are affordable under the standards set through ACA. Please note that employer contributions made to the LAMBT on your behalf, which are negotiated in your collective bargaining agreement, or are established by the Trust for non-bargaining unit participants, are not used to calculate the affordability of your coverage.

It's clear that over the next few months, there will be significant talk about the Health Insurance Marketplace—from insurance companies, on the Internet, in social media, on TV, in newspapers, on the radio, and from your friends, neighbors and families.

REMEMBER: In spite of all the “noise” you'll hear about the Health Insurance Marketplace, including invitations to consider purchasing Marketplace coverage:

the bottom line is that as an eligible participant in the LAMBT actives plan of benefits, you satisfy the “you-must-have-coverage” requirement (the individual mandate). What's more, your LAMBT coverage will be a better deal than the plans offered through the Health Insurance Marketplace.

We encourage you to contact the Administrative Office for the Trust (Zenith American Solutions), at (800) 499-8121 if you have questions about the information in this letter, the employer notice regarding the new Health Insurance Marketplace coverage options, the individual mandate, Health Insurance Marketplaces, or anything else. You can also go to the federal government's website dedicated to Marketplace information, www.healthcare.gov.

Sincerely

Board of Trustees