BAC Local Union 15 Fringe Benefit Funds
PO Box 909500 • Kansas City, MO 64190-9500
Phone (816) 777-2668 • Toll Free (833) 479-9428 • Fax (816) 756-3659

October 2025

TO: ALL PLAN PARTICIPANTS

RE: WORKING SPOUSE RULE/PLAN DESIGN CHANGES

Dear Participant,

The Board of Trustees of the BAC Local Union 15 Welfare Fund is committed to providing quality welfare benefits while ensuring that such benefits are cost-effective. After careful consideration, the Board of Trustees has approved a number of benefit and plan design changes effective January 1, 2026 which are described below and in the accompanying Summary of Material Modifications (SMM).

Summary of Changes:

- **Working Spouse Rule** - a working spouse will need to enroll in his/her employer's health insurance coverage to maintain coverage under this plan. Participants will receive additional information on this new rule from the Fund Office.
- **Continued Eligibility rule change** - to maintain eligibility under the plan, a participant will need to have worked 400 credited hours in a four month eligibility period or 800 credited hours in an eight-month eligibility period
- **Changes to Plan Deductibles** - $600 deductible for single person/$1,200 family (in-network) and $1,000 single person/$2,000 family (out-of-network). Additional deductible changes will apply in 2027 — see SMM for details.
- **Changes to Out of Pocket Maximums** - $5,300 single/$10,600 family (in-network); $8,800 single/$17,700 family (out-of-network); prescription drug out of pocket maximum of $5,300 single person/$10,600 family.
- **New Working Retiree Short Hour Self-Pay Rule** - see SMM for details.

SINCERELY,

BOARD OF TRUSTEES
BAC LOCAL UNION 15
WELFARE FUND

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SUMMARY OF MATERIAL MODIFICATIONS

To: All Eligible Participants
Re: New Working Spouse Rule and Plan Design Changes
Date: October 2025

Dear Participant:

The Board of Trustees may occasionally modify benefits based on the financial status of the Plan, to comply with federal law, or to ensure that the Fund provides cost effective benefits to participants, beneficiaries and dependents. Effective January 1, 2026 the Plan is implementing a number of changes due to increased health care costs.

New Working Spouse Rule

Effective January 1, 2026, Spouses must follow this Plan's Working Spouse Rule, which provides that when the spouse of an eligible Employee is eligible to enroll in Qualifying Employer Health Care Coverage through their employer for an employee cost of no more than $250 per month, the spouse is ***required*** to enroll in such coverage, beginning January 1, 2026, to be eligible for coverage under this Plan. Any out-of-pocket medical expenses the spouse incurs under their employer's plan would then be submitted for coverage under this Plan pursuant to the Plan's coordination of benefits rules. See this Plan's Coordination of Benefits rules for details on primary and secondary coverage and the attached summary of how the new rule operates.

If you may be subject to this new working spouse rule, you will be receiving additional information from the Fund Office including an affidavit that you will need to fill out and return to the Fund Office.

Changes to Plan Deductibles

Effective January 1, 2026, the deductible for single persons will be $600 for expenses incurred in-network per calendar year and $1,200 per family for expenses incurred in-network per calendar year. For expenses incurred out of network per calendar year the deductible will be $1,000 per single person or $2,000 per family.

Effective January 1, 2027, for participants and spouses (if applicable) who do not obtain a physical examination by a licensed medical provider as provided for in the routine/ preventative service benefit, the deductible for single persons will be $1,000 for expenses incurred in-network per calendar year and $2,000 per family for expenses incurred in network per calendar year. For expenses incurred out of network per calendar year the deductible will be $1,600 per single person or $3,200 per family. For participants and spouses (if applicable) who do obtain a physical examination, a deductible credit will be applied to both the in network and out of network deductibles of $400 per single coverage or $800 per family. If there is a spouse covered on the plan, both the participant and spouse will be required to obtain a physical to receive the deductible credit.

Changes to Out of Pocket Maximums

Effective January 1, 2026, the out-of-pocket maximums will change to the annual limit according to the Affordable Care Act, split evenly between *in network* medical claims and prescription drug claims. For example, in 2026, the out-of-pocket maximum for *in network* medical claims will change to $5,300 per single person per calendar year and $10,600 per family per calendar year. The prescription drug out-of-pocket maximum will change to $5,300 per single person per calendar year and $10,600 per family per calendar year.

The out-of-pocket maximums for *out of network* medical claims will increase from the *in network* out-of-pocket maximums at the same ratio of the *out of network* deductibles to the *in network* deductibles. For example, in 2026, the out-of-pocket maximums for *out of network* medical claims will change to $8,800 per single person per calendar year and $17,700 per family per calendar year.

Changes to Eligibility Requirements

For the benefit period beginning April 1, 2026, a participant will remain eligible for benefits as long as such participant is credited with at least 400 hours in a four month eligibility period or at least 800 hours in an eight month eligibility period.

Loss of Grandfathered Status

The changes to the Plan described above affect the Fund's status under the Affordable Care Act (ACA). As a result of some changes described in this SMM, the Plan will lose its "grandfathered" status effective January 1, 2026. This means that, as of that date, the Plan will be subject to all ACA requirements that apply to non-grandfathered plans.

The Plan already voluntarily complied with some ACA requirements, such as covering select preventive services from in-network providers with no cost-sharing. However, additional changes to the Plan are required. These include modifications to the Plan's maximum out-of-pocket rules, expanded procedures for handling certain claims and appeals, and the option for participants to have select plan decisions reviewed by an independent organization.

New Working Retiree Short-Hour Self-Pay Rules

Effective April 1, 2025, a retiree that has returned to work and regained coverage from the Plan as an active eligible Employee has the opportunity to short-hour self-pay to maintain Active coverage for **one** Benefit Period if the following criteria are met:

- A temporary window suspending the BAC Local Union 15 Pension Fund's rules for retirees working in covered employment is in effect;
- The Benefit Period elected for short-hour self-pay must immediately follow a Benefit Period in which the Participant had coverage from the Plan based on working sufficient Work Hours;
- The Participant has not previously utilized the working retiree short-hour self-pay rules to maintain coverage during the 2025 suspension of benefits moratorium (i.e. this is a one-time opportunity); and
- The Participant files a request with the Fund Office to short-hour self-pay for the Benefit Period, demonstrating the Participant satisfies the criteria for this coverage.

Please keep this notice with your Summary Plan Description booklet. If you have any questions regarding this change, please contact the Fund's administrative office at (833) 479-9428 or at (816) 777-2668.

Sincerely,

BOARD OF TRUSTEES
BAC LOCAL UNION 15
WELFARE FUND

BAC LOCAL UNION 15 WELFARE FUND

ADDITIONAL INFORMATION REGARDING WORKING SPOUSE RULE

Effective January 1, 2026, the BAC 15 Plan will be amended to provide a Working Spouse Rule (the "Rule"). Generally, employed spouses who are eligible to enroll in a Qualifying Employer Health Care Coverage through their employer for an employee cost of less than $250 per month will be required to enroll in such coverage beginning January 1, 2026 to be eligible for coverage under the BAC 15 Plan. Upon enrollment in such employer's group coverage, the spouse would be eligible for coverage under the BAC 15 Plan on a secondary basis. That means any out of pocket medical expenses the spouse incurs under their employer's plan would then be submitted for coverage under the BAC 15 Plan.

After you review this, contact the Fund Office if you have any questions. Further details will be provided with the annual Spouse re-enrollment mailing in October.

Definition of Qualifying Employer Health Care Coverage

For purposes of this Plan's Working Spouse Rule, "Qualifying Employer Health Care Coverage" is coverage under a plan that:

- is insured, or self-insured by the spouse's employer, and subject to regulation by state or federal agencies, such as the U.S. Department of Labor or Internal Revenue Service; and
- provides industry recognized standard benefits for medically-necessary hospitalization, surgery, outpatient medical treatment and prescription drug coverage.

I. Who does the Rule apply to?

A. The Rule applies to an employed spouse who has access to Qualifying Employer Health Care Coverage at a cost to the employee of no more than $250 per month for the least expensive coverage option. Any optional/voluntary benefit buy ups, if any (like vision, dental, or spouse/child coverage additions), would not count towards the $250 threshold;

B. The Rule applies to spouses of Active Employees and non-Medicare spouses of Retirees; the Rule does not apply to covered children or spouses who are not eligible for this Plan's non-MAPD benefits.

II. How does the rule work?

A. All spousal coverage under the Plan will terminate as of 11:59 PM as of each December 31, beginning December 31, 2025. This creates a COBRA qualifying life event for all covered spouses and allows each spouse to enroll in any available outside Qualifying Employer Health Care Coverage as of January 1 each calendar year, regardless of such outside employer's annual re-enrollment date.

B. If a non-working spouse (as of January 1, 2026) later becomes eligible for Qualifying Employer Health Care Coverage during the calendar year, they are subject to the Rule as of his or her first available enrollment effective date with such outside employer.

C. If a new spouse (marriage after January 1, 2026) becomes eligible for Qualifying Employer Health Care Coverage during the calendar year, they are subject to the Rule as of his or her first available enrollment effective date with such outside employer.

III. What documents do I need to send in?

A. All spouses will be required to complete and submit an annual enrollment form on or before December 15, 2025, confirming their employment status for coverage on and after January 1, 2026;

B. The Plan will conduct annual spouse re-enrollments beginning October 2025, affecting spousal coverage beginning each January 1, starting on and after January 1, 2026. This process will include a working spouse affidavit (to be completed by the spouse's employer, as applicable) confirming the availability and cost of the spouse's outside coverage;

C. Working spouses will be responsible for updating the Fund Office when their outside employment coverage changes (for example, the spouse's employer changes);

D. The Fund Office may request updated employer coverage affidavits at any time during the year to re-substantiate a spouse's lack of outside Qualifying Employer Health Care Coverage;

E. Timing of submitting information:

1. Timely submitters – submitted all necessary paperwork *prior to* December 15:

a. Non-working spouses need only sign the annual enrollment paperwork and the accompanying affidavit confirming they have no outside employment.

b. If a working spouse's timely enrollment paperwork confirms they are not eligible for Qualifying Employer Health Care Coverage as of January 1, the BAC 15 Plan will continue to pay primary for that spouse as of January 1.

c. If a working spouse's timely enrollment paperwork confirms they are eligible for outside Qualifying Employer Health Care Coverage and enrolls as of January 1, the BAC 15 Plan will pay secondary to the working spouse's primary coverage effective January 1.

2. Non-timely submitters – submitted all necessary paperwork *after* December 15:

a. Spouses who do not submit timely paperwork may, at the Plan's discretion, have their coverage **terminated** from this Plan as of January 1. Such spouses will receive a notice of creditable coverage reflecting their coverage terminated December 31.

b. A non-working spouse's primary coverage will be reinstated (if terminated) the first day of the month following the date their completed paperwork was received by the Fund Office.

c. For a working spouse whose late enrollment paperwork confirms they were not eligible for Qualifying Employer Health Care Coverage as of January 1, the BAC 15 Plan's primary coverage would be reinstated (if terminated) the

first day of the month following the date their completed paperwork was received by the Fund Office.

d. When a working spouse's timely enrollment paperwork confirms they are eligible for outside Qualifying Employer Health Care Coverage and enroll in such outside coverage after January 1, the BAC 15 Plan will pay secondary as of the date such outside qualifying employer coverage is effective for such spouse.

IV. Exceptions to the rule

A. A working Spouse is not required to enroll in an employer-sponsored health care plan in order to maintain eligibility in this Plan if the following situations apply:

1. If the spouse is self-employed and has no other employees.

2. If the spouse is not employed full time within the meaning of Section 4980H of the Internal Revenue Code (generally less than 30 hours per week or on average less than 130 hours per month).

3. If the spouse is eligible and elects to continue coverage under the Plan as a surviving spouse.

B. The following individuals do not need to submit Working Spouse Rule Compliance Forms to the Fund Office:

1. A spouse who is **NOT** eligible for benefits of this Plan's Active Employees.

2. A spouse who is **NOT** eligible for benefits of this Plan's Pre-Medicare Retirees

NOTE: If a spouse submits a claim for benefits under this Plan as primary and does not disclose Qualifying Employer Health Care Coverage, such claim is fraudulent. If this Plan pays such a claim, this Plan must be repaid the full value.

Special Notice for Participants enrolling in a High Deductible Healthcare Plan ("HDHP")
This Plan is not an IRS-qualified HDHP, which means coverage under this Plan (even if only on a secondary basis) disqualifies such working spouse from making or receiving pre-tax contributions into a Health Savings Account (HSA), even if the working Spouse's employer-sponsored plan is a HDHP.

Therefore, a working Spouse who enrolls in a HDHP may wish to either:

1. Not make or receive pre-tax contributions into an HSA during any time when the Spouse is also covered by this Plan on a secondary basis; or

2. Voluntarily opt-out of secondary coverage under this Plan in order to remain eligible to make and/or receive pre-tax HSA contributions

To further explore the rules and regulations surrounding HDHPs and HSAs, please contact a qualified tax professional. This Plan cannot offer tax advice.

If you have any questions or concerns about this notice, contact the Fund Office at BAC Local Union 15 Welfare Fund, P.O. Box 909500, Kansas City, MO 64190-9500; Telephone: (816) 777-2668 or toll free: (833) 479-9428.

Sincerely,

Board of Trustees