

Northwest Insulation Workers Welfare Trust

Physical Address 7525 SE 24th Street, Suite 200, Mercer Island, WA 98040 • Mailing Address PO Box 34203, Seattle, WA 98124
Phone (844) 811-6789 • Fax (206) 505-9727 • Website www.nwinsulationtrust.com

Administered by
Welfare & Pension Administration Service, Inc.

October 14, 2022

**To: All Plan Participants of the
Northwest Insulation Workers Welfare Trust**

RE: Dialysis Treatment – Effective July 1, 2022

This is a Summary of Material Modification describing changes to your health plan adopted by the Board of Trustees. Please be sure that you and your family read this notice carefully and keep it with your benefit booklet for future reference.

Dialysis Treatment – Inpatient

The Plan pays for medically necessary inpatient dialysis on the same basis as any other inpatient treatment. Non-emergency inpatient dialysis requires preauthorization.

Outpatient Dialysis: Effective July 1, 2022, the Plan's benefit for outpatient dialysis is changing. The reason for the change is because:

- (1) There is a concentration of dialysis providers in the market that results in outpatient dialysis providers exercising control over prices for dialysis-related products and services,
- (2) There is evidence of (i) significant inflation of the prices charged to Plan by dialysis providers, (ii) the use of revenues from claims paid on behalf of Plan to subsidize reduced prices to other types of payers as incentives, and (iii) specific targeting of certain group health plans, such as the Plan, by dialysis providers as profit centers, and
- (3) The Plan's Board of Trustees have a fiduciary obligation to preserve Plan assets against charges which (i) exceed reasonable value due to factors not beneficial to Plan members, such as market concentration and discrimination in charges, and (ii) are used by the dialysis providers for purposes contrary to the interests of Plan members, such as subsidies for other plans and discriminatory profit-taking.

Accordingly, as of the effective date of this change, all outpatient dialysis providers will be considered out-of-network (non-PPO) and will be subject to a specific pricing methodology as described in this document. The U&C definition in the Plan booklet and Summary Plan Description will not apply to outpatient dialysis providers.

For medically necessary outpatient dialysis treatment, the Plan will determine the Plan benefit amount based upon the average payment actually made for reasonably comparable services and/or supplies to all providers of the same services and/or supplies by all types of plans in the applicable market during the preceding calendar year, based upon reasonably available data, adjusted for the national Consumer Price Index medical care rate of inflation. The Plan may increase or decrease the payment based upon factors concerning the nature and severity of the condition being treated.

This Plan provision shall apply to all outpatient dialysis claims filed by, or on behalf of, Plan members for reimbursement of products and services provided for purposes of outpatient dialysis, regardless of the condition causing the need for dialysis.

The Plan may review all outpatient dialysis charges to determine whether there is a reasonable probability that market concentration and/or discrimination in charges have resulted in an increase of the charges for outpatient dialysis products and/or services for the dialysis-related charges under review. If the Plan determines that there is a reasonable probability that the charges exceed the reasonable value of the goods and/or services, the Plan may subject the claims, and all future claims for outpatient dialysis goods and services from the same provider with respect to the member, to a cost-containment review to determine the appropriate Plan benefit amount.

Where appropriate, the Plan may enter into an agreement with a provider establishing the rates payable for outpatient dialysis goods and/or services, provided that such agreement must identify this section of the Plan and clearly state that such agreement is intended to supersede this Plan section.

This change does not apply to inpatient dialysis claims.

End-Stage Renal Disease

If you are diagnosed with End-stage Renal Disease (ESRD), you may be eligible for Medicare coverage by nature of your diagnosis. If you apply for Medicare, you are required to provide the Trust Administration Office with the effective date of your Medicare coverage so that the Plan can ensure the correct coordination of claims payments between the Plan and Medicare.

Dialysis Preauthorization

Both non-emergency in-patient dialysis and outpatient dialysis require preauthorization

If you have any questions regarding the information outlined in this notice, please contact the Administration Office at (844) 811-6789, option 0.

Board of Trustees

Northwest Insulation Workers Welfare Trust

Important Reminder - You must advise the Administration Office of any changes in your basic demographic data, including changes in your name, marital status, dependents, other insurance coverage available, designated beneficiary, home address, email address and telephone number. Provide information changes by completing and sending a new Enrollment Form to the Administration Office. If you have a change in dependents, divorce requires a complete filed copy of your divorce decree along with any accompanying court orders including the parenting plan. Marriage requires a copy of your marriage certificate, the parenting plan for step children and their birth certificates.

Failure to update your information on file may interfere with our ability to process your benefits and provide timely communication of important Plan information.