

SEAFARERS HEALTH AND BENEFITS PLAN

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Margaret R. Bowen
Administrator

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Dear Plan Participant:

On behalf of the Seafarers Health and Benefits Plan, I am very pleased to notify you of some positive changes to your health benefits that were recently adopted by the Board of Trustees. I hope these new benefits will be helpful to you and the members of your family.

New Benefits for Birth Control Services and Prescriptions

Effective January 1, 2013, the Plan will provide birth control benefits to eligible Seafarers and their dependents. These new benefits include doctor's visits, contraceptive devices, injectables and prescription drugs such as birth control pills. The Plan will not cover contraceptives that can be purchased over-the-counter. The same co-payments and deductibles that apply to other office visits and prescriptions will apply to these benefits.

Increased Mental Health and Substance Abuse Benefits for Seafarers

The Plan is improving the substance abuse benefits that it provides to eligible Seafarers. At the present time, the Plan will pay for inpatient detoxification for an eligible Seafarer for up to five days on one occasion; and if the Seafarer receives follow-up treatment, the Plan will pay for a second inpatient detoxification. **These limits are being removed. Beginning January 1, 2013, the Plan will pay for inpatient detoxification in the same manner as any other hospital stay.** The Plan will continue to pay for residential treatment and counseling for substance abuse at the Seafarers Addictions Rehabilitation Center (ARC) in Piney Point, Maryland.

The Plan is increasing the inpatient mental health benefits that it provides to eligible Seafarers. At the present time, the Plan will pay for an inpatient psychiatric stay for an eligible Seafarer for up to 30 days in a 12-month period. **This 30 day limit is being removed. Beginning January 1, 2013, the Plan will pay for inpatient psychiatric hospitalization for an eligible Seafarer in the same manner as any other hospital stay.**

The Plan will also provide greater outpatient mental health benefits to Seafarers next year. Currently, if a Seafarer receives outpatient mental health services from a Network provider, the Plan calculates 40% of the Network-allowed charge for each visit, and then pays 80% of that amount; for up to 10 visits a year. If a Seafarer receives this treatment from an out-of-Network provider, the Plan currently calculates 40% of the reasonable and customary charge for each visit, and then pays 65% of that amount; for up to 10 visits a year.

Beginning January 1, 2013, the Plan will pay for out-patient mental health services for eligible Seafarers in the same manner as all other outpatient doctor's visits. This means that the Plan will pay 80% of the Network-allowed amount for each visit to an in-Network provider; or 65% of the reasonable and customary charge for each visit to an out-of-Network provider. There will be no limit on the number of visits.

Reminder about the Plan's Grandfathered Status

I would also like to remind you that the Seafarers Health and Benefits Plan believes it is a "grandfathered health plan" under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that this Plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the Plan Administrator at 5201 Auth Way, Camp Springs, MD 20746. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or www.dol.gov/ebsa/healthreform. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

Enclosed with this letter is a notice entitled "Premium Assistance Under Medicaid and the Children's Health Insurance Program. (CHIP)." The Plan is required to send this notice to participants annually. This notice only applies to those individuals who are eligible for Medicare or CHIP, and who pay a premium for their health insurance coverage. This notice will not apply to most participants in this plan.

Questions?

If you have any questions about the changes listed above, or about any of your benefits, feel free to contact the Plan at 1-800-252-4674.

Sincerely,

Margaret R. Bowen
Administrator