

# Alaska Electrical Trust Funds

PENSION FUND – HEALTH AND WELFARE FUND – LEGAL FUND  
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July 2011

Re: Alaska Electrical Health & Welfare Fund  
Summary of Material Modifications

Dear Plan Participants:

The Trustees at their July 11, 2011 meeting made the following material modifications to the Plan. This notice provides VERY IMPORTANT information to you and your Eligible Dependents. Please take the time to read it carefully and keep it with your important paper work.

## **Mat-Su Regional Hospital**

Mat-Su Regional Hospital in the Mat-Su valley has been added as one of the Fund's PPO (preferred provider) hospitals. As a preferred provider, they have agreed to provide eligible employees and their dependents with efficient, cost-effective services and supplies at discounted rates.

## **Third-Party Reimbursement (Subrogation) Provision**

The following updated Plan language replaces the language currently in your plan booklet on page GP-12:

### **THIRD PARTY REIMBURSEMENT**

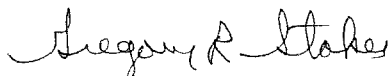
The Plan excludes benefits for a Covered Person if the Covered Person is injured from an Illness or Injury caused by the act or omission of another person (known as the "third party").

1. If a Covered Person is pursuing or investigating a claim or lawsuit against a third party or insurer for an Illness or Injury caused by the act or omission of the third party, the Plan may initially advance payment for benefits related to the third party Illness or Injury. By accepting advance payment for benefits, the Covered Person agrees that the Plan's payment related to the Illness or Injury is conditioned on repayment from any recovery from the third party or the third party's insurer, under an automobile policy, commercial premises policy, homeowner's policy, medical malpractice policy, renter's policy, or any other liability policy, including first-party uninsured or underinsured motorist policy.
2. The Plan shall be entitled to first dollar priority to 100% reimbursement from the Covered Person, with respect to any full or partial recovery by the Covered Person, whether by judgment, settlement, award or otherwise, from any third party, insurer or persons making payments on behalf of a third party. If the Covered Person and the Covered Person's attorney or personal representative recognize the Plan's right to reimbursement, comply with the terms of the Plan and cooperate fully with the Plan, the Plan will deduct reasonable attorney fees and a pro rata share of the costs from the reimbursement amount.
3. The Plan's right to reimbursement applies without regard to the characterization of the recovery by the Covered Person and/or any third party or the source of the recovery. The Plan does not recognize the make whole doctrine, which is expressly rejected. The Plan does not otherwise agree to limit its right to reimbursement based on the amount of the Covered Person's recovery; however, the Plan's right to reimbursement will not exceed the amount of the Covered Person's recovery, after payment of attorney fees and expenses.

4. Before advancing benefits, the Plan may require that the Covered Person and/or the Covered Person's attorney or personal representative execute, in writing, an agreement acknowledging this reimbursement right, the name and address of the party at fault, the name of any insurance company through which coverage may be available, the name of any other lien holders involved and a factual description of the accident and/or Injury.
5. The Covered Person and/or the Covered Person's attorney or personal representative also agree that in the event of a dispute as to the amount of the Plan's claimed reimbursement, the Plan's reimbursement amount will be paid into a trust account and held there until the Plan's claim is resolved by mutual agreement or court order. The obligation to place the reimbursement amount in trust is independent of the obligation to reimburse the Plan. If the funds necessary to satisfy the Plan's reimbursement amount are not placed in trust, the Covered Person or the individual named to hold the funds in trust shall be liable for any loss the Plan suffers as a result.
6. If the Plan is forced to bring a legal action against the Covered Person to enforce the terms of Plan provisions, it shall be entitled to its reasonable attorney fees, costs of collection and court costs.
7. If there is a reasonable basis to believe that this provision or any agreement to reimburse the Plan is not enforceable or that the Covered Person will not honor the terms of this provision or any agreement to reimburse, the Plan will deny coverage and may seek refunds of overpaid benefits from providers. The Plan may also cease advancing benefits and exclude future expenses incurred after a judgment, settlement, or proposed settlement of the claim, irrespective of the amount of the recovery, if such expenses are related to the third party recovery.
8. If the Covered Person fails to honor the terms of this provision or any agreement to reimburse, any advanced benefits will be considered overpaid benefits and the Plan may take appropriate action to collect the overpaid benefits, including, but not limited to, seeking refunds from providers, offsetting future benefits, including those of family members, denying future payments, bringing a breach of contract action in state court to enforce the Plan's right to reimbursement under this Plan provision or seeking a construction trust in federal court under ERISA § 502(a)(3). In addition to the overpaid benefits, the Covered Person will be liable for interest, and all costs of collection, including reasonable attorney fees and court costs. Interest will be calculated at the prime interest rate then prevailing at any national bank located in Anchorage, Alaska, on the date of the breach, plus five (5) percentage points, but not to exceed the amount permitted by law.
9. Venue for any enforcement action of this Plan provision will be in the U.S. District Court for the District of Alaska in Anchorage. The Plan may bring an action in an appropriate court to enforce the agreement to reimburse, enforce the requirement that funds be placed in trust or seek other appropriate relief.

Please contact the Administrative Office if you have any questions. Thank you.

Sincerely,



Gregory R. Stokes  
Administrator