

AEROSPACE CONTRACTORS' TRUST

Administered by Southern Benefit Administrators, Incorporated

Mailing Address:
P. O. Box 1449
Goodlettsville, TN 37070-1449

Telephone: (615) 859-0131
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Street Address:
2001 Caldwell Drive
Goodlettsville, TN 37072-3589

Date: November 9, 2010

Health and Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight – ATTN: James Mahew
Room 737-F-04
200 Independence Ave. SW
Washington, D.C. 20201

Re: Aerospace Contractors' Trust
EIN: 62-6383049

Pursuant to regulations published on June 28, 2010 the Aerospace Contractors' Trust is applying for waiver of the restricted annual limits. In compliance with these provisions we are enclosing a copy of the schedule of benefits which reflects the current benefit structure. The current Plan has an annual maximum of (b)(4) and a lifetime limit of (b)(4). This Plan was in existence prior to September 23, 2010.

The medical, prescription drugs, dental and vision benefits provided by this Plan are entirely self-funded. Family coverage is provided to employees who satisfy the eligibility requirements established by the Board of Trustees. The Plan's current eligibility rules require the employer to pay each month on behalf of the employees (b)(4) for single coverage, and (b)(4) for family coverage. This Plan is a collectively bargained Taft Hartley Welfare Fund and managed by Employer and Employee Trustees.

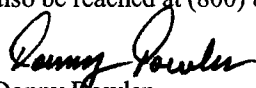
Because of increasing benefit and other expenses, costs exceed employer contributions. As the enclosed chart reflects, expenses exceeded contributions by (b)(4) per eligible per month in 2007, by (b)(4) in 2008, and by (b)(4) during the first nine months of 2010. There was a slight surplus in 2009. The Trustees are hopeful the Fund's reserves will help in getting through the recent deficit conditions.

In order to comply with provisions of the Affordable Care Act (ACA), we have secured stop-loss quotes. Stop-loss coverage will protect the Fund in the event of catastrophic claims. We are enclosing a copy of the most competitive quote received. You will note the monthly premium is (b)(4) per eligible per month. Based on (b)(4) eligible employees, this would increase the Plan's costs by (b)(4) per year. Although the premium can be reduced by having the Plan accept additional liability beyond (b)(4), the annual cost is significant.

To make adjustments for this additional cost, the Trustees will be forced to eliminate the "non-essential" benefits and increase the eligibility requirements to reduce the number of eligible employees. Current employment conditions, ending of the COBRA subsidy, and the increased cost of self-contributions, will result in the loss of coverage for a significant number of employees and their families who have had coverage under this Plan for many years. The hardship being placed on this Plan will ultimately be borne by the employees.

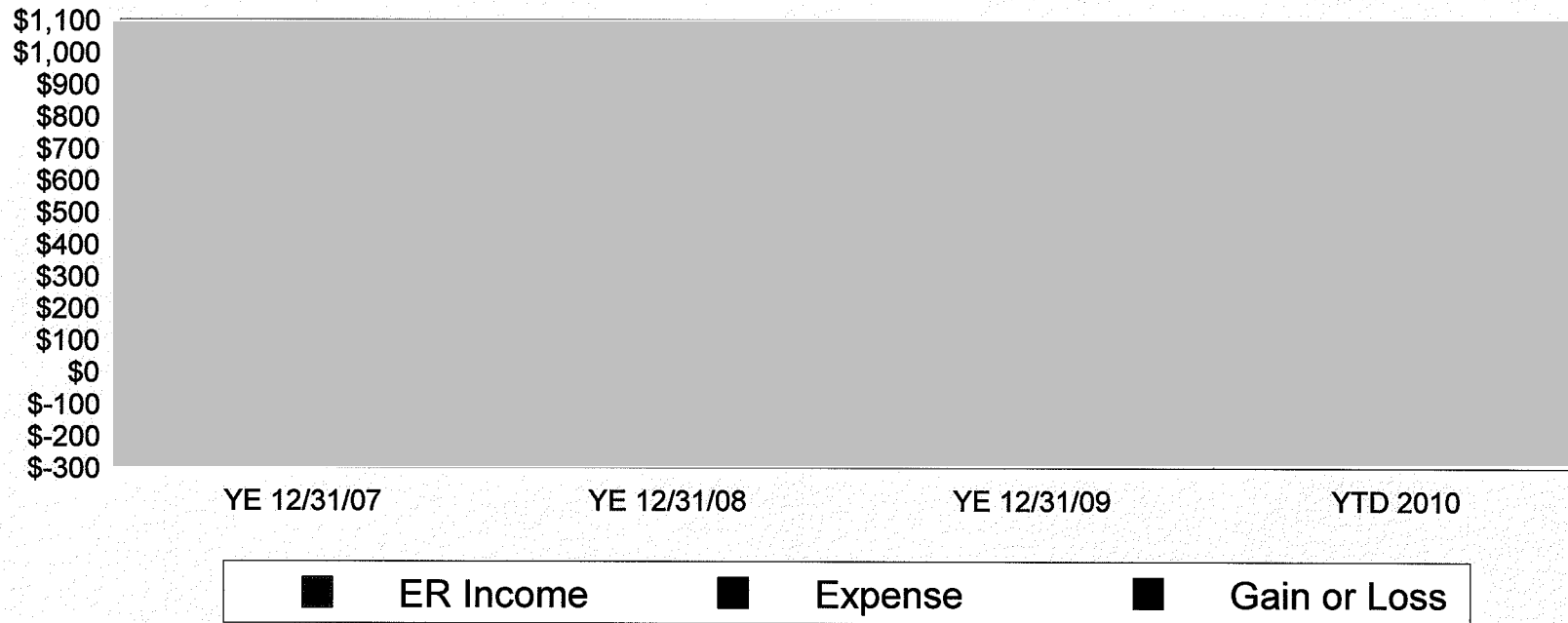
The effective date for this Fund to be in compliance with ACA is January 1, 2011. I attest that the information I have presented is correct. Please let us know if you need anything further in regard to this request.

Please direct your response to my attention at donny.dowlen@southernbenefit.com or fax to me at (615) 859-0324. I can also be reached at (800) 831-4914.


Donny Dowlen
Plan Administrator

AEROSPACE CONTRACTORS' TRUST

MONTHLY EMPLOYER INCOME AND EXPENSE PER ELIGIBLE PARTICIPANT



	YE 12/31/07	YE 12/31/08	YE 12/31/09	YTD 2010
ER Income	(b)(4)			
Expense				
Gain or Loss				

**TRUSTEES OF AEROSPACE CONTRACTORS TRUST
ARNOLD AIR FORCE BASE, TENNESSEE**

COVERAGE BID

(b)(4) **SPECIFIC DEDUCTIBLE**

ANNUAL SPECIFIC MAXIMUM PER INDIVIDUAL - \$750,000

UNLIMITED LIFETIME MAXIMUM

Composite/Single – (b)(4)

Family – (b)(4)

Total – (b)(4)

CARRIER	Swiss Re	HCC Life	Munich Re	Optum Health	Ing	
AM Best Rating	(b)(4)					
Effective Date						
Spec. Deductible/Ind.						
Specific Contract Basis						
Max. Annual Reimb.						
Covered Benefits (Spec)						
PREMIUMS (Specific)						(b)(4)
Single						
Family						
Composite						
Annually						
Comparison to Proposal 1						

EXHIBIT 21

AEROSPACE CONTRACTORS' TRUST
SCHEDULE OF BENEFITS

FOR ELIGIBLE EMPLOYEES AND ELIGIBLE DEPENDENTS

COMPREHENSIVE MAJOR MEDICAL EXPENSE BENEFIT
Deductible Amounts and Payment Percentages

The Calendar Year Deductible must be satisfied once each calendar year by each Covered Person. Any Covered Medical Expense listed below will be used to satisfy the deductible.

	Calendar Year Deductible	Fund Payment %	
		PPO	Non-PPO
For Surgery Performed on an Out-Patient Basis.....			
For Out-Patient Treatment of an Accidental Bodily injury (within 90 days of the accident provided initial treatment is administered within 24 hours of the accident)			(b)(4)
For Routine Medical Examinations, including Diagnostic X-Ray and Laboratory Procedures, when Performed by a Medical Doctor (M.D.) per Covered Family			
Physician Office Visit			
For all Other Covered Medical Expenses			

- 1) PPO providers. No copay applies for PPO charges when visits are for allergy shots. If visits are for an impending pregnancy, then only the initial (b)(4) copay is paid; the remaining visits are paid at (b)(4) until delivery
- 2) The maximum Calendar Year Deductible per family of Covered Persons is limited to (b)(4). For non-PPO charges, the individual deductible is (b)(4) per family. There is also a (b)(4) deductible per hospital emergency room visit.

MAXIMUM PAYMENT AMOUNTS

Maximum Amount Payable by the Fund During a Covered Person's Lifetime for all Charges Incurred In Connection with the Treatment of Drug Abuse or Alcohol Abuse and Related Conditions ³⁾	(b)(4)
Maximum Amount Payable by the Fund During a Covered Person's Lifetime for all Charges Incurred in Connection with the Surgical or Therapeutic Treatment Of Temporomandibular Joint Dysfunctions ⁴⁾	(b)(4)
Maximum Amount Payable by the Fund During a Covered Person's Lifetime for all Charges Incurred in Connection with Sleep Apnea and Sleep Studies.....	(b)(4)

- 3) Coverage for the treatment of drug or alcohol abuse is limited to treatment administered in an approved Alcohol Treatment Facility or Alcohol Intervention Facility and will be provided only once for each Covered Person during that Covered Person's lifetime and only for one period of confinement/treatment, subject to a maximum confinement/treatment period of forty-five days.
- 4) A temporomandibular joint dysfunction resulting from an accidental injury shall be considered a medical condition and not subject to the (b)(4) lifetime maximum.

**EXHIBIT 21
(Continued)**

Maximum Amount Payable by the Fund per Calendar Year per Covered Person for all Care Administered by, at the Direction Of, or Under the Supervision of, a Doctor of Chiropractic (D.C.)			
Maximum Amount Payable by the Fund Per Calendar Year Per Covered Family for a Routine Medical Examination, Including Diagnostic X-Ray and Laboratory Procedures, When Performed By a Medical Doctor (M.D.)..... \$			
Maximum Payable by the Fund Per Calendar Year for all Charges Incurred by a Covered Person in Connection with Mental/Nervous Disorders and Related Conditions:			(b)(4)
Inpatient			
Outpatient			
Maximum Amount Payable Per Person, Per Calendar Year for All Covered Medical Expenses			
Maximum Amount Payable by the Fund During a Covered Person's Lifetime for all Covered Medical Expenses			
Maximum Annual Out-of-Pocket Expense: ⁶⁾			
		<u>PPO</u>	<u>non-PPO</u>
Per Covered Person	\$		
Per Covered Family	\$		(b)(4)
Hospital Room and Board Maximum Charge			Semi-Private Room Rate
PRESCRIPTION DRUG CARD:			
Retail (30 day maximum):			
Generic			
Brand - No Generic			
Non-Preferred Brand			
Specialty Drugs.....			(b)(4)
Mail Order (90 day maximum):			
Generic			
Brand - No Generic			
Brand - Generic Available			
Lifetime Maximum Payable for Prescription Drug - Synagis ..			
⁵⁾ Within the (b)(4) per Covered Family benefit is a calendar year limit of (b)(4) per Covered Person. Charges for shots and immunizations for children will not be paid under this benefit and will continue to be non-covered items.			
⁶⁾ Charges incurred in connection with the treatment of Mental and/or Nervous Disorders and related conditions which are payable at the non-PPO fund payment percentage will not be subject to an Annual Out-of-Pocket Expense. Also, the (b)(4) individual PPO calendar year deductible applies toward the PPO Maximum Annual Out-of-Pocket Expense.			
⁷⁾ If a generic drug is available and a brand name drug is prescribed, the covered person will pay the greater of the non-preferred brand copayment, or the generic copayment plus the difference between the generic cost and the cost of the brand name drug.			
⁸⁾ Must be purchased through Prescription Drug Card Program			
DENTAL CARE BENEFIT:			
Annual Maximum per Covered Person			(b)(4)
100% Payable for Preventive Dental Care			
80% Payable for Restorative Dental Care			
80% Payable for Crowns, Bridges, Dentures, and Orthodontic Care			

**EXHIBIT 21
(Continued)**

VISION CARE BENEFIT:	Annual Maximum Per <u>Covered Person</u>
Purchase of Glasses:	
Single Lens or Contact Lenses	(b)(4)
Bifocal Lens	
Trifocal or Lenticular Lens	
Vision Examination	
Payment Percentage	

From: Botwinick, Alexandra (HHS/OCIO)
Sent: Tuesday, December 14, 2010 12:37 PM
To: 'donny.dowlen@southernbenefit.com'
Subject: Waiver of the Annual Limits Requirements of PHS Act Section 2711

Importance: High

Follow Up Flag: Follow up
Flag Status: Red

Attachments: Updated Jan 1 Approval Letter .pdf
Good Afternoon,

Thank you for submitting an application for a Waiver of the Annual Limits Requirements of the PHS Act Section 2711 for **Aerospace Contractors' Trust**. HHS has reviewed your application and made its determination. Please see the attached letter.

Please confirm receipt of this letter by replying to this e-mail.

Please let me know if I can be of further assistance.

Sincerely,

Alexandra Botwinick

Office of Oversight
HHS/OCIO
alexandra.botwinick@hhs.gov

AERO:000007

From: Keels, Lisa (HHS/OCIIO)
Sent: Tuesday, December 07, 2010 5:25 PM
To: Donny Dowlen
Cc: Habit, Sandra (HHS/OCIIO)
Subject: RE: Annual Limit Waiver Applications - Request for Additional Information
Thank you, Donny. I will be in touch with any questions.

Best,
Lisa

From: Donny Dowlen [mailto:donny.dowlen@southernbenefit.com]
Sent: Tuesday, December 07, 2010 5:23 PM
To: Keels, Lisa (HHS/OCIIO)
Cc: Habit, Sandra (HHS/OCIIO)
Subject: RE: Annual Limit Waiver Applications - Request for Additional Information

Lisa, please note our responses below. Let me know if you need anything else.

We want to emphasize that complying with annual limits would significantly increase the cost to the plan as noted below, and ultimately significantly decrease access to benefits for those currently covered.

Donny Dowlen
800-831-4914

From: Keels, Lisa (HHS/OCIIO) [mailto:Lisa.Keels@hhs.gov]
Sent: Tuesday, November 23, 2010 4:15 PM
To: donny.dowlen@southernbenefit.com
Cc: Habit, Sandra (HHS/OCIIO)
Subject: Annual Limit Waiver Applications - Request for Additional Information

Dear Mr. Dowlen:

Thank you for your applications for the Waiver of the Annual Limits Requirements of the PHS Act Section 2711. This email is a request for additional information for the following application:

Aerospace Contractors' Trust

I. In order to complete your application, please provide the following information for the application mentioned above:

- You state that a certain number of eligible employees are covered. Please provide the total number of individuals covered – (b)(4)

- Please confirm whether the plan listed above is a comprehensive or limited-benefit plan.

Based on our conversation last week, the plan would be considered a limited benefit plan.

- Please confirm that you are removing both overall lifetime limit as well as lifetime limits on essential health benefits.

AERO:000008

We will be removing the overall lifetime limit as well as lifetime limits on essential benefits.

· Was the plan listed above in existence prior to March 23rd, 2010? If so, have the trustees elected to comply with the grandfathering provisions?

The plan listed above was in existence prior to March 23, 2010 and the trustees have elected to comply with grandfather provisions.

· What is the expiration date of the last collective bargaining agreement pursuant to which each plan was designed?

January, 2013

For the plan listed above, please provide the current monthly premium rate and the projected monthly premium rate applicable to the plan if the plan were to comply with the restricted annual benefits.

1. The premium is (b)(4)
2. The cost in 2011 in the absence of annual limits is (b)(4)
3. The cost in 2011 to comply with annual limits is (b)(4)

In your cover (b)(4) state that the annual limit is (b)(4). However, the schedule of benefits states that the annual limit is (b)(4). Please confirm which annual limit is correct.

The annual limit is (b)(4).

In order to complete your applications, please provide this information as soon as possible. We look forward to receiving your completed applications.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight
lisa.keels@hhs.gov
301-492-4168

P.S. Please note that I will be out of the office for the rest of this week, but I will be available via email tomorrow (Wednesday) morning.

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AERO:000009

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AERO:000010

From: Donny Dowlen [donny.dowlen@southernbenefit.com]

Sent: Tuesday, December 07, 2010 5:31 PM

To: Keels, Lisa (HHS/OCIIO)

Cc: Habit, Sandra (HHS/OCIIO)

Subject: RE: Annual Limit Waiver Applications - Request for Additional Information

Lisa, we have provided you responses for the plans noted below. We have sought to answer your questions and provide premium and cost information for each plan. Just to confirm re the premium information, we have provided to you for each plan the anticipated premium for 2011, the cost to the plan if the waiver is granted and it does not have to comply with the \$750,000 annual limit, and the cost to the plan if it has to comply with the \$750,000 annual limit.

Please let us know if you need anything else.

Donny Dowlen

From: Keels, Lisa (HHS/OCIIO) [mailto:Lisa.Keels@hhs.gov]

Sent: Tuesday, November 23, 2010 4:15 PM

To: donny.dowlen@southernbenefit.com

Cc: Habit, Sandra (HHS/OCIIO)

Subject: Annual Limit Waiver Applications - Request for Additional Information

Dear Mr. Dowlen:

Thank you for your applications for the Waiver of the Annual Limits Requirements of the PHS Act Section 2711. This email is a request for additional information for the following applications:

1. Memphis Construction Benefit Fund
2. Atlanta Plumbers & Steamfitters Fringe Benefit Funds
3. South Central Laborers' Health & Welfare Fund
4. Southeastern Pipetrades Health & Welfare Fund
5. Aerospace Contractors' Trust
6. Southern Operators' Health Fund
7. Sheet Metal Workers' National Health Fund
8. Sheet Metal Workers Local No. 177 Health & Welfare Fund
9. Louisiana Electrical Health Fund

I. In order to complete your applications, please provide the following information for all applications mentioned above:

- In each application, you state that a certain number of eligible employees are covered. For each plan, please provide the total number of individuals covered.
- Some applications state that the plans are comprehensive. Please confirm whether each plan listed above is a

AERO:000011

comprehensive or limited-benefit plan.

- Some of the plans above include lifetime limits. Please confirm that you are removing both overall lifetime limits as well as lifetime limits on essential health benefits in those plans.

• Was each plan listed above in existence prior to March 23rd, 2010? If so, have the trustees elected to comply with the grandfathering provisions?

• For each plan, what was the date of the last collective bargaining agreement pursuant to which each plan was designed?

- For each plan listed above, please provide the current monthly premium rates and the projected monthly premium rates applicable to the plan if the plan were to comply with the restricted annual benefits. In other words, we would like a chart that reflects the following information:

2010 January Premium (current level)	2011 January Premium (renewal)	2011 January Premium (if \$750,000 annual limit was applied)
--	-----------------------------------	---

EE
EE + Child (if
applicable or other
appropriate tier)
EE + Spouse (if
applicable or other
appropriate tier)
Family (if applicable
or other appropriate
tier)

II. Please provide additional information for the following plans:

1. Aerospace Contractors' Trust: In your cover letter, you state that the annual limit is (b)(4). However, the schedule of benefits states that the annual limit is (b)(4). Please confirm which annual limit is correct.

2. Sheet Metal Workers Local No. 177 Health & Welfare Fund: In your cover letter, you state that the plan has an annual maximum of (b)(4). However, the schedule of benefits does not seem to have an annual limit. Rather, it seems as though the schedule of benefits has an annual limit of (b)(4) for hospitalization benefits. Please clarify this information.

III. I will be in touch separately about Mid South Carpenters Regional Council Health and Welfare Fund.

In order to complete your applications, please provide this information as soon as possible. We look forward to receiving your completed applications.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight
lisa.keels@hhs.gov
301-492-4168

P.S. Please note that I will be out of the office for the rest of this week, but I will be available via email tomorrow (Wednesday) morning.

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AERO:000013

From: Keels, Lisa (HHS/OCIIO)
Sent: Tuesday, December 14, 2010 3:09 PM
To: Donny Dowlen
Cc: Habit, Sandra (HHS/OCIIO)
Subject: RE: Waiver

Thank you, Donny. I hope you have a happy holiday season as well!

All the best,

Lisa

From: Donny Dowlen [mailto:donny.dowlen@southernbenefit.com]
Sent: Tuesday, December 14, 2010 1:00 PM
To: Keels, Lisa (HHS/OCIIO)
Cc: jere.brassell@southernbenefit.com
Subject: Waiver

Lisa, I just received approval on eight of the applications that you were reviewing for our company. I just want to thank you for your assistance in this process. I know you guys are buried in applications and we just want to thank you for the prompt and courteous service you gave these applications. I hope you have a happy holiday season.

Donny Dowlen

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AERO:000014

From: Keels, Lisa (HHS/OCIIO)
Sent: Tuesday, November 23, 2010 5:15 PM
To: donny.dowlen@southernbenefit.com
Cc: Habit, Sandra (HHS/OCIIO)
Subject: Annual Limit Waiver Applications - Request for Additional Information

Dear Mr. Dowlen:

Thank you for your applications for the Waiver of the Annual Limits Requirements of the PHS Act Section 2711. This email is a request for additional information for the following applications:

1. Memphis Construction Benefit Fund
2. Atlanta Plumbers & Steamfitters Fringe Benefit Funds
3. South Central Laborers' Health & Welfare Fund
4. Southeastern Pipetrades Health & Welfare Fund
5. Aerospace Contractors' Trust
6. Southern Operators' Health Fund
7. Sheet Metal Workers' National Health Fund
8. Sheet Metal Workers Local No. 177 Health & Welfare Fund
9. Louisiana Electrical Health Fund

I. In order to complete your applications, please provide the following information for all applications mentioned above:

- In each application, you state that a certain number of eligible employees are covered. For each plan, please provide the total number of individuals covered.
- Some applications state that the plans are comprehensive. Please confirm whether each plan listed above is a comprehensive or limited-benefit plan.
- Some of the plans above include lifetime limits. Please confirm that you are removing both overall lifetime limits as well as lifetime limits on essential health benefits in those plans.
- Was each plan listed above in existence prior to March 23rd, 2010? If so, have the trustees elected to comply with the grandfathering provisions?
- For each plan, what was the date of the last collective bargaining agreement pursuant to which each plan was designed?
- For each plan listed above, please provide the current monthly premium rates and the projected monthly premium rates applicable to the plan if the plan were to comply with the restricted annual benefits. In other words, we would like a chart that reflects the following information:

	2010 January Premium (current level)	2011 January Premium (renewal)	2011 January Premium (if \$750,000 annual limit was applied)
EE			
EE + Child (if applicable or other appropriate tier)			

AERO:000015

EE + Spouse (if applicable or other appropriate tier)			
Family (if applicable or other appropriate tier)			

II. Please provide additional information for the following plans:

1. Aerospace Contractors' Trust: In your cover letter, you state that the annual limit is (b)(4). However, the schedule of benefits states that the annual limit is (b)(4). Please confirm which annual limit is correct.
2. Sheet Metal Workers Local No. 177 Health & Welfare Fund: In your cover letter, you state that the plan has an annual maximum of (b)(4). However, the schedule of benefits does not seem to have an annual limit. Rather, it seems as though the schedule of benefits has an annual limit of \$ (b)(4) for hospitalization benefits. Please clarify this information.

III. I will be in touch separately about Mid South Carpenters Regional Council Health and Welfare Fund.

In order to complete your applications, please provide this information as soon as possible. We look forward to receiving your completed applications.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight
lisa.keels@hhs.gov
301-492-4168

P.S. Please note that I will be out of the office for the rest of this week, but I will be available via email tomorrow (Wednesday) morning.

From: Keels, Lisa (HHS/OCIIO)
Sent: Tuesday, December 07, 2010 12:04 PM
To: Keels, Lisa (HHS/OCIIO); donny.dowlen@southernbenefit.com
Cc: Habit, Sandra (HHS/OCIIO)
Subject: RE: Annual Limit Waiver Applications - Request for Additional Information
Hello again, Donny,

Thank you for all your responses thus far. I have one more question for all the plans listed below (and the Mid South Carpenters Regional Council Health and Welfare Fund):

- For each plan, what is the date on which the last collective bargaining agreement pursuant to which the plan was negotiated will expire?

Thank you again,
Lisa

From: Keels, Lisa (HHS/OCIIO)
Sent: Tuesday, November 23, 2010 5:15 PM
To: 'donny.dowlen@southernbenefit.com'
Cc: Habit, Sandra (HHS/OCIIO)
Subject: Annual Limit Waiver Applications - Request for Additional Information

Dear Mr. Dowlen:

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1. In order to complete your applications, please provide the following information for all applications mentioned above:
 - In each application, you state that a certain number of eligible employees are covered. For each plan, please provide the total number of individuals covered.
 - Some applications state that the plans are comprehensive. Please confirm whether each plan listed above is a comprehensive or limited-benefit plan.
 - Some of the plans above include lifetime limits. Please confirm that you are removing both overall lifetime limits as

AERO:000017

well as lifetime limits on essential health benefits in those plans.

- Was each plan listed above in existence prior to March 23rd, 2010? If so, have the trustees elected to comply with the grandfathering provisions?
- For each plan, what was the date of the last collective bargaining agreement pursuant to which each plan was designed?
- For each plan listed above, please provide the current monthly premium rates and the projected monthly premium rates applicable to the plan if the plan were to comply with the restricted annual benefits. In other words, we would like a chart that reflects the following information:

	2010 January Premium (current level)	2011 January Premium (renewal)	2011 January Premium (if \$750,000 annual limit was applied)
EE			
EE + Child (if applicable or other appropriate tier)			
EE + Spouse (if applicable or other appropriate tier)			
Family (if applicable or other appropriate tier)			

II. Please provide additional information for the following plans:

1. Aerospace Contractors' Trust: In your cover letter, you state that the annual limit is (b)(4). However, the schedule of benefits states that the annual limit is (b)(4). Please confirm which annual limit is correct.
2. Sheet Metal Workers Local No. 177 Health & Welfare Fund: In your cover letter, you state that the plan has an annual maximum of (b)(4). However, the schedule of benefits does not seem to have an annual limit. Rather, it seems as though the schedule of benefits has an annual limit of (b)(4) for hospitalization benefits. Please clarify this information.

III. I will be in touch separately about Mid South Carpenters Regional Council Health and Welfare Fund.

In order to complete your applications, please provide this information as soon as possible. We look forward to receiving your completed applications.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight

AERO:000018

lisa.keels@hhs.gov

301-492-4168

P.S. Please note that I will be out of the office for the rest of this week, but I will be available via email tomorrow (Wednesday) morning.

AERO:000019

From: Donny Dowlen [donny.dowlen@southernbenefit.com]

Sent: Thursday, December 09, 2010 9:50 AM

To: Keels, Lisa (HHS/OCIIO)

Cc: Habit, Sandra (HHS/OCIIO)

Subject: FW: Annual Limit Waiver Applications - Request for Additional Information

Lisa, just so there is no misunderstanding, I want to document clarification concerning my responses to your question below regarding premium and cost information. In #1 we are providing the premium expected for 2011. In #2, we are providing the estimated plan cost if it does not have to comply with the \$750,000 annual limit. In #3, we are providing the estimated plan cost if it has to comply with the \$750,000 annual limit. I know you understand this, but we want to make sure that others who review this application have the same understanding. Thank you.

Donny Dowlen

From: Donny Dowlen [mailto:donny.dowlen@southernbenefit.com]

Sent: Tuesday, December 07, 2010 4:23 PM

To: 'Keels, Lisa (HHS/OCIIO)'

Cc: 'Habit, Sandra (HHS/OCIIO)'

Subject: RE: Annual Limit Waiver Applications - Request for Additional Information

Lisa, please note our responses below. Let me know if you need anything else.

We want to emphasize that complying with annual limits would significantly increase the cost to the plan as noted below, and ultimately significantly decrease access to benefits for those currently covered.

Donny Dowlen
800-831-4914

From: Keels, Lisa (HHS/OCIIO) [mailto:Lisa.Keels@hhs.gov]

Sent: Tuesday, November 23, 2010 4:15 PM

To: donny.dowlen@southernbenefit.com

Cc: Habit, Sandra (HHS/OCIIO)

Subject: Annual Limit Waiver Applications - Request for Additional Information

Dear Mr. Dowlen:

Thank you for your applications for the Waiver of the Annual Limits Requirements of the PHS Act Section 2711. This email is a request for additional information for the following application:

Aerospace Contractors' Trust

I. In order to complete your application, please provide the following information for the application mentioned above:

- You state that a certain number of eligible employees are covered. Please provide the total number of individuals covered – 2,072

- Please confirm whether the plan listed above is a comprehensive or limited-benefit plan.

Based on our conversation last week, the plan would be considered a limited benefit plan.

- Please confirm that you are removing both overall lifetime limit as well as lifetime limits on essential health

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benefits.

We will be removing the overall lifetime limit as well as lifetime limits on essential benefits.

· Was the plan listed above in existence prior to March 23rd, 2010? If so, have the trustees elected to comply with the grandfathering provisions?

The plan listed above was in existence prior to March 23, 2010 and the trustees have elected to comply with grandfather provisions.

· What is the expiration date of the last collective bargaining agreement pursuant to which each plan was designed?

January, 2013

For the plan listed above, please provide the current monthly premium rate and the projected monthly premium rate applicable to the plan if the plan were to comply with the restricted annual benefits.

1. The premium is (b)(4) single/\$ (b)(4) family
2. The cost in 2011 in the absence of annual limits is (b)(4)
3. The cost in 2011 to comply with annual limits is (b)(4)

In your cover (b)(4) state that the annual limit is (b)(4) However, the schedule of benefits states that the annual limit is (b)(4) Please confirm which annual limit is correct.

The annual limit is (b)(4)

In order to complete your applications, please provide this information as soon as possible. We look forward to receiving your completed applications.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight
lisa.keels@hhs.gov
301-492-4168

P.S. Please note that I will be out of the office for the rest of this week, but I will be available via email tomorrow (Wednesday) morning.

AERO:000021

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AERO:000022

From: Donny Dowlen [donny.dowlen@southernbenefit.com]

Sent: Tuesday, December 07, 2010 5:23 PM

To: Keels, Lisa (HHS/OCIIO)

Cc: Habit, Sandra (HHS/OCIIO)

Subject: RE: Annual Limit Waiver Applications - Request for Additional Information

Lisa, please note our responses below. Let me know if you need anything else.

We want to emphasize that complying with annual limits would significantly increase the cost to the plan as noted below, and ultimately significantly decrease access to benefits for those currently covered.

Donny Dowlen
800-831-4914

From: Keels, Lisa (HHS/OCIIO) [mailto:Lisa.Keels@hhs.gov]

Sent: Tuesday, November 23, 2010 4:15 PM

To: donny.dowlen@southernbenefit.com

Cc: Habit, Sandra (HHS/OCIIO)

Subject: Annual Limit Waiver Applications - Request for Additional Information

Dear Mr. Dowlen:

Thank you for your applications for the Waiver of the Annual Limits Requirements of the PHS Act Section 2711. This email is a request for additional information for the following application:

Aerospace Contractors' Trust

I. In order to complete your application, please provide the following information for the application mentioned above:

- You state that a certain number of eligible employees are covered. Please provide the total number of individuals covered – 2,072

- Please confirm whether the plan listed above is a comprehensive or limited-benefit plan.

Based on our conversation last week, the plan would be considered a limited benefit plan.

- Please confirm that you are removing both overall lifetime limit as well as lifetime limits on essential health benefits.

We will be removing the overall lifetime limit as well as lifetime limits on essential benefits.

- Was the plan listed above in existence prior to March 23rd, 2010? If so, have the trustees elected to comply with the grandfathering provisions?

The plan listed above was in existence prior to March 23, 2010 and the trustees have elected to comply with grandfather provisions.

- What is the expiration date of the last collective bargaining agreement pursuant to which each plan was

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designed?

January, 2013

For the plan listed above, please provide the current monthly premium rate and the projected monthly premium rate applicable to the plan if the plan were to comply with the restricted annual benefits.

1. The premium is (b)(4) single (b)(4) family
2. The cost in 2011 in the absence of annual limits is (b)(4)
3. The cost in 2011 to comply with annual limits is (b)(4)

In your cover I (b)(4) state that the annual limit is (b)(4). However, the schedule of benefits states that the annual limit is (b)(4). Please confirm which annual limit is correct.

The annual limit is (b)(4).

In order to complete your applications, please provide this information as soon as possible. We look forward to receiving your completed applications.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight
lisa.keels@hhs.gov
301-492-4168

P.S. Please note that I will be out of the office for the rest of this week, but I will be available via email tomorrow (Wednesday) morning.

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AERO:000024

From: Donny Dowlen [donny.dowlen@southernbenefit.com]
Sent: Tuesday, November 09, 2010 11:10 AM
To: HHS HealthInsurance (HHS)
Subject: Waiver

Attachments: 119105.pdf

Enclosed is documentation for the Aerospace Contractors' Trust.

Donny Dowlen
Southern Benefit Administrators
2001 Caldwell Drive
Goodlettsville, TN 37072

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AERO:000025



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Consumer Information and
Insurance Oversight
Washington, DC 20201

Date: October 2010

From: Steve Larsen, Director, Office of Oversight 

Subject: Application for Waiver of the Annual Limits Requirements of PHS Act Section 2711

Dear Waiver Applicant:

Section 2711(a)(2) of the Public Health Service Act (PHS Act), as added by the Patient Protection and Affordable Care Act (Affordable Care Act), requires the Secretary to impose restrictions on the imposition of annual limits on the dollar value of essential health benefits (as defined in section 1302(b) of the Affordable Care Act) for any participant or beneficiary in a new or existing group health plan or a new policy in the individual market for plan or policy years beginning on or after September 23, 2010 and prior to January 1, 2014. Specifically, the Secretary is granted the authority to determine what constitutes a "restricted annual limit" that can still be imposed under such plans or policies prior to January 1, 2014.

The interim final regulations published on June 28, 2010 (codified at 26 CFR § 54.9815-2719T; 29 CFR § 2590.715-2719; and 45 CFR § 147.126) established such restricted annual limits. The regulations also provided that these restricted annual limits may be waived by the Secretary of Health and Human Services (HHS) if compliance with the interim final regulations would result in a significant decrease in access to benefits or a significant increase in premiums. Pursuant to the regulation, HHS issued guidance on September 3 regarding the scope and process for applying for a waiver.

The Office of Consumer Information and Insurance Oversight, Office of Insurance Oversight received and processed your application for the plan(s) or policy(ies) year beginning January 1, 2011. We have determined that your application has met the criteria to obtain a waiver of the restricted annual limits requirements because compliance with the interim final regulations would result in a significant decrease in access to benefits for those currently covered by such plans or policies, or a significant increase in premiums paid by those covered by such plans or policies. To the extent you make any change to your benefit package after March 23, 2010, you must determine whether the change(s) will trigger loss of grandfathering status pursuant to 45 CFR § 147.140(g)(1).

An approval of your request for waiver of the restricted annual limits requirements granted under this process applies only to the annual limit(s) provided in your application for the plan or policy year beginning between September 23, 2010 and September 23, 2011. This waiver only applies to the annual limits requirements in Section 2711 of the ACA and does not apply to any other requirement of the Affordable Care Act, ERISA, the IRS Code or the PHS Act. Further, a group

health plan or health insurance issuer must reapply for any subsequent plan or policy year prior to January 1, 2014 when this waiver expires in accordance with future guidance from HHS. HHS may modify this waiver approval process memorandum and other relevant information.

If you have any questions regarding this letter, please email OCIIOOversight@hhs.gov.