



SOUTHERN CALIFORNIA PIPE TRADES HEALTH & WELFARE FUND

SUPPLEMENT No. 4

To: All Participants
From: Board of Trustees
Date: June 2026
Re: High Cost Medication Step Therapy Requirements

KEEP THIS NOTICE WITH THE SUMMARY PLAN DESCRIPTION

In order to manage excess drug costs by ensuring appropriate treatments are used, Trustees have implemented Step Therapy requirements effective September 1, 2026.

Step Therapy protocols will be required as part of the authorization process for certain high-cost or specialized therapies to ensure safe, clinically appropriate, and cost-effective use of medications in adherence to industry-standards. These protocols include the use of First-Line Therapy, generics, or other lower-cost drug substitutes. Exceptions will not be made unless medical records document failure, intolerance, or contraindication for each step.

This change amends the 2025 Summary Plan Description as follows:

SECTION **9. MEDICAL BENEFITS**

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Specialty Medication

A Prescription Drug is covered as a Specialty Medication when the Fund determines that the medication:

- A. Requires special delivery, preparation, or handling; or
- B. Requires special administration or monitoring; or
- C. Treats a complex condition; or
- D. Costs \$1,000 or more for a 30-day supply.

The Plan will pay 95% of either (1) the cost or (2) the Red Book average wholesale price of the Specialty Medication, whichever is lower. A Specialty Medication requires prior authorization from the Fund Office.

Step Therapy protocols are used to approve high-cost or specialized therapies. These protocols include the use of First-Line Therapy, generics, or other lower-cost drug substitutes unless medical records document a failure, intolerance, or contraindication for each step.

A maintenance medication for a chronic or long-term condition (such as diabetes), other than one that costs \$1,000 or more for a 30-day supply, is not considered a Specialty Medication.

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SECTION 24. DEFINITIONS

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First-Line Therapy

Medications and treatments recognized as initial treatment based on clinical efficacy, safety, and cost-effectiveness.

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Step Therapy

A utilization management approach that requires patients to try one or more preferred medications (usually generics) before coverage is granted for higher cost medications (name brand drugs).

This Southern California Pipe Trades Health & Welfare Fund believes this Active Plan 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 the Active 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 Fund Office at (800) 595-7473. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or <https://www.healthcare.gov/health-care-law-protections/grandfathered-plans/>. This website has a table summarizing which protections do and do not apply to grandfathered health plans.

KEEP THE FUND OFFICE INFORMED OF YOUR ADDRESS.

If the Fund office does not have your current address, you will not be informed about important changes to your benefits and you may not receive all the benefits to which you are entitled. You can obtain a Change of Address Form from www.scptac.org, or from the Fund office or your Local Union office. You may also use this QR code to complete a Change of Address Form.



You should also promptly advise the Fund office of any change in your family status, such as marriage, divorce, or death.