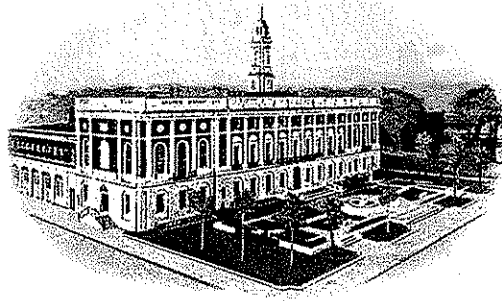


KAREN LANG
PENSION AND BENEFITS MANAGER



PENSION AND BENEFITS
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PENSION AND BENEFITS OFFICE
THE CITY OF WATERBURY
CONNECTICUT

TO: All City Government & Department of Education Benefit Eligible Employees

FROM: Pension & Benefits Department

DATE: December 1, 2011

RE: Legally Required Changes to the City's Health Insurance Plans

As you may know, on March 23, 2010, President Obama signed into law the comprehensive health reform legislation, known as the Patient Protection and Affordable Care Act. Contained within this legislation are required technical changes that affect the City's health care plans. We are happy to report that, based on this legislation; the City will be making modifications to the City's prescription benefits provided under the Blue Care POS and POE health care plans providing an increased benefit to the City's employees as follows:

Currently, for those enrolled in the Blue Care POS Plan, there is an annual maximum prescription drug benefit of \$1,000. Upon reaching this maximum in any given year, the employee is responsible for 100% of the costs of prescription drugs. Under the changed benefit, should an employee reach \$1,000 in prescription drug benefits in the course of a year, subsequent purchases will be first subject to the annual deductible associated with out-of-network service, and then a coinsurance of 30% for all purchases until the plan's out-of-pocket maximums have been reached as set forth in the POS plan. Beyond the out-of-pocket maximums, all subsequent purchases are 100% covered by the POS plan (i.e., prescription drug cost will be treated the same as prescription drugs are currently treated under the Century Preferred PPO Plan).

With respect to the Blue Care POE plan, the annual maximum benefit related to purchasing prescription drugs is being eliminated altogether, in accordance with the requirements of the Act.

If there are any questions, please do not hesitate to contact us.