



HPAE Retiree Medical Trust

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NOTICE TO PARTICIPANTS: SUMMARY OF MATERIAL MODIFICATIONS

TO: All Participants in the Medical Expense Reimbursement Plan of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust

FROM: Board of Trustees, Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust

RE: Monthly Verification of Premiums for Claims Payment

DATE: December 17, 2021

This Summary of Material Modifications contains important information about your rights and benefits under the Medical Expense Reimbursement Plan (“Plan”) of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust (“Trust”). Please file it with your important documents.

This Notice is important to Beneficiaries who have been submitting one annual verification of their health insurance premium to the Trust Office, in order to have Trust benefits paid for the following twelve months. That process is changing on January 1, 2022.

A. New Requirement for Monthly Verification of Premiums. Due to IRS requirements and recent legal developments, the Trust Office needs to start collecting monthly proof of your insurance premium payments in order to reimburse you monthly for those payments. In past years, it was sufficient if you submitted your Claim Form and proof of your insurance premium amount and payment *annually*. Once the Trust Office received this annual documentation, the Trust Office sent you a reimbursement payment each month for the following year, until they collected the premium information again for the next year. That will no longer be sufficient. Instead, you will need to submit the Claim Form annually, and documentation of premium payment monthly.

The annual Claim Form will advise the Trust Office of the premium amount that you will be paying for the upcoming year, and the amount that you are claiming for reimbursement from the Plan for those monthly premiums. If you have a change in premium amount before the next annual Claim Form collection date (e.g., due to eligibility for Medicare or adding/deleting a family member to/from your policy), then you need to submit a new Claim Form to the Trust Office.

The monthly submission of documentation of premium amount and proof of payment will fulfill the IRS requirement and will be effective for premiums paid for any insurance coverage effective on or after January 1, 2022. The Trust Office is developing methods to make the monthly submission simpler for you. We will update you in a future notice, when new, easier processes for proof of premium amount and payment are implemented. **The Trust Office will suspend your monthly benefit payments on April 1, 2022, if they have not received full documentation of all prior monthly premiums.**

B. Documentation Needed for Each Monthly Payment of Premium. Pursuant to IRS requirements and the Plan, the Trust Office must collect documentation of your payment of premiums for each month. This is a separate requirement from collection of the annual Claim Form. You will need to submit documentation prepared by a third party for each monthly premium that you want reimbursed, e.g., an invoice from the insurance carrier along with proof of ACH payment or a receipt, or your pension plan monthly payment stub showing premium payment deduction. This documentation must show each of the following items for each month of insurance coverage that you request reimbursement of premiums:

- (1) Type of insurance coverage, e.g., medical, dental, vision insurance;
- (2) Month of coverage that the premium paid for;
- (3) Amount of the premium; and

(4) Proof of payment of the premium by a Beneficiary of the Plan. In some situations, this proof of payment will also satisfy items 1-3 above, e.g., pension statement showing deduction, employee paystub showing deduction, or insurance carrier receipt for payment of premium. However, in some cases, e.g., a cancelled check, you will also have to submit another document showing 1-3 above. You would also need additional documentation of items 1-3 with an ACH transfer to insurance carrier for premium amount (from your bank statement) or a credit card statement showing payment to insurance carrier for premium amount.

C. Claim Payments Must Reimburse Prior Premium Payments. In addition, the IRS has indicated that all reimbursement payments must reimburse your *prior* premium payment, not a prospective payment. Depending upon the date in the month that you pay your insurance premiums, you may not be able to submit proof of premium payment before the January claims payment. Whenever you submit full documentation of your insurance premiums, the Trust Office will reimburse all documented premiums in the next claims payment. That process of reimbursing the prior month's premium will continue with reimbursement of each premium in the following month after receipt of documentation from you.

D. Option to Submit Bundled Premium Documentation. While you are permitted to submit your documentation of premium payments monthly, you can also

bundle several months' or a full year's worth of premium documentation and proofs of payment and submit the documentation to the Trust Office all at once. Please keep in mind that you will only receive reimbursement payments after you have submitted full documentation. So, you will not receive monthly reimbursement of premiums, if you choose to bundle your claims. For example, if you submit your claims quarterly, you will receive a quarterly reimbursement payment for the months of premiums that you have submitted and fully documented.

Deadline. Note that the final deadline for submission of documentation of premiums paid during the calendar year is January 30th of the following calendar year. If you choose to hold your claims and submit all claims and documentation at the end of the calendar year, make sure to get the full documentation for each month of premiums submitted to the Trust Office by the final claim deadline.

E. Annual Payment of Premium. If you pay your insurance premium in one lump sum annually for an entire year of coverage, then you can submit documentation from a third party showing items 1-4 (above in Section B) for your annual premium amount and payment *just once per year* after making your annual payment; you do not need to resubmit this same documentation each month. The Trust Office will reimburse your annual premium payment up to your monthly benefit level each month until the annual premium is reimbursed in full. Keep in mind that you cannot receive more than your monthly benefit level in any month, even if you submit other claims for medical expenses or other premiums. For example, if you submit full documentation of an annual medical premium of \$1,000 and your monthly benefit level is \$200, you will receive \$200 per month for 5 months. If you also submit a claim for a \$100 medical expense, then that claim will be reimbursed in the sixth month after the initial claim for the annual medical premium is reimbursed in full.

F. Exception for Documentation of Medicare Premiums. Documentation of Medicare premiums is an exception to the requirement for monthly premium documentation. The Social Security Administration sends only an annual statement of your Social Security benefits showing the deduction for Medicare for each month of the following year, and Social Security does not provide monthly statements or stubs. Therefore, retirees claiming reimbursement of Medicare premiums will generally need to provide their Social Security statement showing the deduction for Medicare only once per year during the annual Claim Form submission. However, any time you receive a new Social Security statement that changes your Medicare deduction amount, you need to provide a copy of that new Social Security statement to the Trust Office within 30 days of receipt in order to avoid overpayment of benefits, which you will need to reimburse to the Trust. This exception to monthly premium documentation applies to Medicare Parts A, B, and D premiums. Note that the exception does *not* apply to Medicare supplemental or Medigap premium documentation, for which you must submit items 1-4 (see Section B above) for each monthly premium.

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If you have any questions about this Notice or would like a copy of the Summary Plan Description, or the full Plan, please contact the Trust Office at phone: (201) 947-8000.

Please keep this Summary of Material Modifications with your Summary Plan Description for future reference.

NOTE: This Summary of Material Modifications, as required by the Employee Retirement Income Security Act of 1974, as amended (ERISA), is designed to explain recent changes made to the Medical Expense Reimbursement Plan. However, it does not provide all the details and limitations of the Plan. Exact specifications are provided in the Medical Expense Reimbursement Plan of the Health Professionals and Allied Employees AFT/AFL-CIO Retiree Medical Trust," restated effective July 1, 2019, and as amended thereafter, which will prevail in case of conflict with this Notice. Please keep this Notice with your Summary Plan Description, as an update to that document.