SUMMARY PLAN DESCRIPTION

for the

MEDICAL EXPENSE REIMBURSEMENT PLAN

OF THE

HEALTH PROFESSIONALS AND ALLIED EMPLOYEES, AFT/AFL-CIO RETIREE MEDICAL TRUST

Issue Date: May 1, 2019

Dr. 5/1/19
(based on Plan ef. 4/1/19, as amended thru Am. No. 12)

HIGHLIGHTS OF THE PLAN

- **Eligibility**. Generally, you will need to participate for five years in the Plan to be eligible for monthly benefit payments from the Trust. However, there are limited benefits for shorter participation.

- **Benefits**. Your benefits from this Trust come in the form of reimbursement payments for certain medical costs, which are called "Covered Expenses,"[1] incurred after you retire. There are different levels of benefit payments, depending on how long you were in the Plan.

- **Changes of Employment Status, Address, Spouse or Child(ren)**. Please notify the Trust Office of changes to your employment status or any significant life event that you think might affect your participation in the Trust. For example, if you retire or otherwise separate from employment, you might be entitled to begin receiving benefits, or to make self-pay contributions under COBRA. If there is a change in mailing address or family composition (i.e., marriage, divorce, or birth of a child), failure to notify the Trust Office may result in loss or delay of benefit payments.

- **Claims**. You must present your claims to the Trust Office with your proof of payment of Covered Expenses, on a form approved by the Trustees, within 30 days after the end of the Plan year (December 31) in which you incurred the expense.

- **Trust Office**. The Trust Office provides important services to Trust participants. For example, to find out your benefit level, submit benefit claims, request a copy of the Plan, or notify the Trust of a change in address, you need to contact the Trust Office. You may contact the Trust Office at:

Health Professionals and Allied Employees, AFT/AFL-CIO
Retiree Medical Trust
c/o Zenith-American Solutions
140 Sylvan Avenue, Ste. 303
Englewood Cliffs, NJ 07632
Phone: (201) 947-8000 https://hpae.zenith-american.com

IMPORTANT NOTE*: *The questions and answers in this Summary Plan Description ("SPD") have been designed to provide you with key information about the HPAE Retiree Medical Trust, but they do 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 and effective August 1, 2014, as amended (the "Plan"). If there is a conflict between what is contained in the Plan and what is contained in the SPD or any other descriptions, the terms of the Plan will prevail.

[1] Capitalized terms contained herein are defined in the formal Plan document, and many are described in the Summary Plan Description.

TABLE OF QUESTIONS

PART 1
PARTICIPATION

- **Who can participate in the HPAE Retiree Medical Trust?**

Eligibility in the Trust is generally open to all Employees who are members of a bargaining unit represented by a participating HPAE Local, and for whom contributions are made as required by the Local's Collective Bargaining Agreement.

PART 2
CATEGORIES OF BENEFICIARIES AND BENEFITS

- **What are the two categories of Beneficiaries?**

The Plan provides for two categories of Beneficiaries: "Regular Beneficiaries" and "Limited Beneficiaries." It is possible to belong in one or both of these categories.

A "Regular Beneficiary" is entitled to monthly benefit payments for life[2] at a certain set amount, in reimbursement for Covered Expenses as defined in the Plan, up to a certain level, because he/she met the eligibility requirements listed in Part 3 hereof.

A "Limited Beneficiary" is entitled to benefit payments in miscellaneous amounts for reimbursement of Covered Expenses from his/her individual Employee Account as needed, up to the balance in the Employee Account. These reimbursements may not last for life if the Employee Account is exhausted. An Employee will have an Employee Account if one of the circumstances listed in Part 4 hereof applies to him or her.

Benefit payments in both categories reimburse you for the same types of medical expenses, called Covered Expenses under the Plan, after you retire.

<u>Cost Sharing.</u> It is important to remember that neither your regular monthly benefit payment, nor your Employee Account balance, may cover the entire Covered Expense amount. If your benefit payments from the Plan do not cover the entire cost of your Covered Expense, you will be responsible for the remainder.

- **What medical expenses will be reimbursed by the Plan?**

The following medical expenses are considered Covered Expenses, under the Plan, when they are incurred for a Beneficiary (retiree, spouse, child as defined under the Plan):

[2] The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify, limit, or terminate benefits as necessary to preserve the financial soundness of the Plan.

❖ Premium or contribution payments for coverage under health, dental, or vision insurance plans.

❖ Medical expenses excludable from gross income under Internal Revenue Code Section 213(d), in other words, costs for diagnosis, cure, mitigation, treatment, or prevention of disease or injury, including insulin, but not including other non-prescribed drugs. For a complete list, see IRS Publication 502, which can be found at www.irs.gov/pub/irs-pdf/p502.pdf.

❖ Premium payment for qualified long-term care (LTC) insurance.

See Plan Section 1.8 or consult the Trust Office for more details.

PART 3
MONTHLY BENEFITS

- **How do I become a Regular Beneficiary, eligible for regular monthly benefits?**

  An Employee generally becomes a Regular Beneficiary entitled to lifetime monthly benefits[3] after meeting all of the following requirements:

  ❖ He/she earns five (5) years of Active Service in the Trust;

  ❖ Contributions are made to the Trust on his/her behalf;

  ❖ He/she attains age 55; and

  ❖ He/she ceases all employment (including per diem employment) with a participating employer in the Trust.

- **Will I qualify for monthly benefits as a Regular Beneficiary if I leave my job before I contribute to the Trust for five years?**

  No. An Employee who does not meet the minimum Active Service requirement of five years will generally not qualify for lifetime[4] monthly benefits as a Regular Beneficiary. However, such an Employee is eligible for certain benefits as a Limited Beneficiary from his/her Employee Account. (See Part 4 of this SPD for more information on Employee Account Benefits.)

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[3] The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify, limit, or terminate benefits as necessary to preserve the financial soundness of the Plan.

[4] See footnote 3.

- **How do I earn Active Service? What is the difference between "Active Service" and "Active Service Units"?**

  An Employee may earn Active Service in the following ways:

  Contributions to the Trust. On or after August 1, 2014, an Employee earns one year of Active Service in any calendar year that the Employee works at least 850 hours for which contributions are made to the Trust.

  COBRA: Contribution after Termination or Reduction of Employment. If your employment is terminated (except for gross misconduct) or reduced, you may continue to earn Active Service for a maximum of eighteen months, by making periodic self-payments to the Trust as permitted by the federal law known as COBRA,[5] and subject to rules set by the Trustees.

  (If continued self-payment enables an Employee to reach the minimum requirement of five years of Active Service, the Employee will become a Regular Beneficiary. If the continued self-payment does not enable an Employee to reach the minimum requirement of five years of Active Service, the value of the self-payments will be added to his/her Employee Account. See Part 4 below.)

  Note the difference between "Active Service" and "Active Service Units" (or ASUs):

  ❖ Active Service means periods of employment when your employer transferred contributions to the Trust on your behalf. Your length of Active Service is one of the factors that determines your eligibility for monthly benefits as a Regular Beneficiary.

  ❖ Active Service Units means the number of $0.05 contributions made on your behalf to the Trust. The number of Active Service Units will determine your benefit level.

- **How is my monthly benefit level calculated, if I am a Regular Beneficiary?**

  A Regular Beneficiary's monthly benefit level is determined by multiplying the number of Active Service Units (ASUs) he/she has accrued by the Unit Multiplier ("UM") in effect when he/she stops making contributions. Effective August 1, 2014, the Unit Multiplier is $0.07. (See Appendix A at the back of this Summary Plan Description.) Note that:

  An Employee earns Active Service Units for each hour worked during which his or her Employer contributes to the Trust. The Trust grants one ASU when the Trust Office has received contributions totaling $5.00. (For each contribution of $0.05, the Employee earns 1/100th of an ASU.)

[5] The Consolidated Omnibus Budget Reconciliation Act of 1986.

❖ Contributions made prior to August 1, 2014, shall be converted by the Trust Office, with actuarial assistance, into Active Service Units for purposes of determining a Regular Beneficiary's monthly benefit level.

❖ The Unit Multiplier is a factor determined by the Trustees, with actuarial advice. You may contact the Trust Office to find out the current Unit Multiplier.

(See Appendix B at the back of this Summary Plan Description for examples of benefit level calculations.)

Conversion of Leave into ASUs. An Employee may also earn Active Service Units through conversion of sick and/or vacation leave transfers into Active Service Units only if the applicable collective bargaining agreement requires it. Any conversion will be at actuarial cost, which is based on the actual age of the Employee at the date of transfer. To find out the actuarial cost of leave conversion, please refer to Appendix C at the back of this Summary Plan Description, "Leave Conversion Table."

Extra ASUs thru Continued Self-Payment (COBRA). If an Employee makes contributions under his/her COBRA rights (see question directly above), he/she will continue to earn Active Service Units for a maximum of eighteen months.

- **Will the Trust roll over the unused portions of my monthly benefit level?**

  Yes, the Trust will roll over any unused portions of your monthly benefit level for you to use on future Covered Expenses. For example, if you have a monthly benefit level of $100 and you get paid for Covered Expenses of $75 for January of 2017, then you will have $125 available in February. If you have no Covered Expenses in February of 2017, then you will have $225 of unused benefits to spend on Covered Expenses in March (which includes your monthly benefit of $100 for March).

- **Will the Trust carry over Covered Expense amounts that exceed my monthly benefit level?**

  Yes, the Trust will carry over Covered Expense amounts that exceed your monthly benefit level. However, the Trust will not prepay claims. For example, if you have a monthly benefit level of $100 and you submit a claim for Covered Expenses of $300 in January 2017, then you will be reimbursed $100 in January of 2017, $100 in February of 2017 and $100 in March of 2014, i.e., the Trust will not reimburse you $300 in January. (However, if you have new claims in February or March, payment on them will be deferred to April and carried over to subsequent months as necessary.)

- **Is it possible for my monthly benefit level to change after I start benefits?**

  Yes, it is possible for your benefit level to change, i.e., benefits under the Plan are not vested. The Trustees reserve the right and power to adjust the Unit Multiplier or other Plan terms. Such adjustments may apply to current as well as future Beneficiaries.

- **Why is my monthly benefit level different from that of other retirees in my Local and in other Locals?**

  A Regular Beneficiary's monthly benefit level is dependent on how long his/her Local has participated in the Trust, the hourly contribution level negotiated by his/her Local, and how many Active Service Units he/she has earned. Thus, the individual monthly benefit level will differ among Plan participants, even within the same Local.

PART 4
EMPLOYEE ACCOUNT BENEFITS

- **What are Employee Account Benefits?**

  Employee Account Benefits are benefit payments to a Limited Beneficiary for reimbursement of Covered Expenses in any amount, up to the balance of his/her Employee Account. Claims will generally be reimbursed until the Employee Account balance falls to zero. These benefit payments are not on a regular monthly schedule; the Trust will make them upon submission of a claim, subject to the Trust's claims procedures. See Plan Section 3.5 for details.

- **How do I become a Limited Beneficiary, eligible for Employee Account benefits?**

  An Employee will become a Limited Beneficiary eligible for Employee Account in three circumstances:

  1. The Employee has **less than five years of Active Service** credits and is no longer working in a participating hospital or institution; or

  2. The Employee has an accrued leave transfer to the Trust, pursuant to a collective bargaining agreement; or

  3. The Employee has **five or more years of Active Service** but less than $5000 of contributions were made to the Trust on his/her behalf, and the Employee is no longer working for a participating hospital or institution.

  In the first two circumstances above, the Employee <u>automatically</u> becomes a Limited Beneficiary, and has an Employee Account. In the third circumstance (more than five years of Active Service), the E<u>mployee can choose</u> whether to become a Regular Beneficiary eligible for regular monthly benefits for life; or a Limited Beneficiary, eligible to spend down his or her Employee Account quickly. See discussion below of the advantages and disadvantages of each benefit. (The Employee Account is a recordkeeping account kept by the Trust Office, not an actual separate bank account.)

- **What are the advantages and disadvantages of electing Employee Account benefits, in place of monthly benefits?**

  Advantage and Disadvantage of Employee Account Benefit.

  The **advantage** of the Employee Account is that there is no monthly limit on benefit payments and so it is useful to pay for larger medical expenses all at once. You can spend your Employee Account as quickly as you like (so long as you have medical expenses to reimburse). Your Surviving Spouse and Children can also receive benefits from the Employee Account until the balance reaches zero.

  The **disadvantage** of the Employee Account is that it is likely to run out fairly quickly, and perhaps many years before you (or your spouse) die. We have found that participants with 6-9 years of Active Service would have an Employee Account balance somewhere between $2000-$3500 (depending on the contribution rate in their collective bargaining agreement).

  Advantage and Disadvantage of the Lifetime Monthly Reimbursement Benefit.

  The **advantage** of the regular monthly benefit to "Regular Beneficiaries" is that it is designed to last for your lifetime, and the lifetime of your spouse.[6] There is a Surviving Spouse benefit for the spouse's lifetime at 50% of your benefit level – these benefits start when you would have reached age 55 – or immediately upon death if you were over age 55.

  The **disadvantage** of the monthly benefit for Employees who were not in the Plan that long is that it may be a relatively small benefit check, and not worth your time and effort to make monthly claims for reimbursement. You can call the Trust Office at the phone number below to find out your current monthly benefit level. (See Part 8 below for contact information.)

- **If qualified, how do I elect Employee Account benefits?**

  Retirees who are qualified to elect the Employee Account option can do so by signing and submitting the Employee Account Election Form to the Trust Office. Contact the Trust Office by phone or email to receive an Election Form. (See Part 8 for contact information.) The Election Form must be received by the Trust Office prior to payment of any benefit claims to you.

  Effective date. The election for Employee Account benefits is available for participants who retire on or after April 1, 2019, and have not yet received benefit payments from the Plan.

Please note: The election for Employee Account benefits, instead of monthly benefits, is an irrevocable election. Upon the Trust Office's receipt of your signed Election Form, you will be

[6] The Plan is currently written to provide benefits for Regular Beneficiaries until death. However, this is not guaranteed. The Trustees reserve the right to modify, limit, or terminate benefits as necessary to preserve the financial soundness of the Plan. The monthly benefit payments are not guaranteed at a particular level; the Board of Trustees reserves the right to adjust the Unit Multiplier for calculating monthly benefit levels up or down at any time for some or all current and/or future Beneficiaries.

considered a "Limited Beneficiary" under the Plan, and the Trust Office will set up your Employee Account.

- **When may a Limited Beneficiary begin receiving Employee Account benefits?**

A Limited Beneficiary may begin receiving his/her Employee Account benefits after separating from all employment (including per diem employment) with his/her Participating Employer and meeting one of the following requirements:

1) He or she is between ages 40-55 and 24 months have passed since the Plan received contributions on his or her behalf; or
2) He or she has attained age 55; or
3) The Social Security Administration had determined that he or she is disabled.

- **How is the balance of my Employee Account calculated?**

The balance of an Employee Account will be determined, generally, by adding:

❖ The total amount of hourly payroll employee contributions made on behalf of an Employee who does not meet the minimum Active Service requirement of five years to qualify for monthly benefits;

❖ Amounts of sick and/or vacation leave[7] transferred to the Trust, pursuant to your labor agreement;

❖ For a Regular Beneficiary who elects to become a Limited Beneficiary with an Employee Account, the total amount of all hourly payroll contributions made on behalf of the Employee, adjusted for the actual past investment returns earned (or lost) during the period that the Plan received contributions on the Employee (including COBRA contributions), until the date that the Trust Office received an Employee Account Election Form from the Beneficiary.

and subtracting:

❖ Any benefit payments.

There will be no earnings or expense adjustments to the Employee Accounts, except as provided above during establishment of an Employee Account for a Regular Beneficiary who elects to become a Limited Beneficiary.

[7] Important Note: The Trust only accepts sick and/or vacation leave that is transferred to the Trust as a mandatory (non-elective) transfer under a collective bargaining agreement or some other written agreement. The IRS has ruled that sick and/or vacation leave that is mandatorily transferred into a retiree health account is exempt from income tax under IRS Revenue Ruling 75-539 and subsequent private letter rulings. Please consult with your tax preparer if you have questions regarding this matter. If you would like a copy of Revenue Ruling 75-539 to provide to your tax preparer, please contact the Trust Office.

PART 5
LOSS, DENIAL, OR DELAY OF BENEFITS

- **What circumstances may result in ineligibility or denial of benefits?**

  Circumstances which may result in disqualification, ineligibility, denial, or the loss of benefits include failure by the Employee or employer to make required contributions, failure to properly submit Covered Expense receipts, failure to meet the eligibility requirements, death of the Beneficiary, or termination of the Plan.

  The following events will result in automatic termination of benefits:

  ❖ A Regular Beneficiary's benefits under this Plan will terminate upon his/her death, or if he/she returns to employment (including per diem employment) with a Participating Employer, or, for a Limited Beneficiary, when the Employee Account balance reaches zero, or if he/she returns to employment (including per diem employment) with a Participating Employer.

  ❖ A Surviving Spouse's benefits under this Plan will terminate upon his/her death, or, for the Surviving Spouse of a Limited Beneficiary, when the Employee Account balance reaches zero.

  ❖ A Surviving Domestic Partner's benefits under this Plan will terminate upon his/her death, or, for the Surviving Domestic Partner of a Limited Beneficiary, when the Employee Account balance reaches zero.

  ❖ A Surviving Child(ren)'s benefits under this Plan will terminate upon the loss of child(ren) status, or upon his/her death, or, for the Surviving Children of a Limited Beneficiary, when the Employee Account balance reaches zero.

- **Can my benefits be reduced by Plan amendment or termination?**

  Yes. The Trustees reserve the right to modify benefit coverage and benefit levels, or to terminate the Plan, and such changes may apply to current and/or future Beneficiaries. In the event the Plan is terminated, any Plan assets that remain after payment of expenses associated with termination will be allocated and distributed to the Beneficiaries in accordance with Section 501(c)(9) of the Internal Revenue Code. See Plan Sections 3.4 and 3.5 for details.

- **When do I need to contact the Trust Office to update my personal information?**

  You should contact the Trust Office with any changes you experience that might affect your benefits or rights from the Trust, including, but not limited to, the following:

- Change in your mailing address;

- Change in your employment status (e.g., retirement, lay-off, or reduction in hours);

- Change in your spouse or domestic partner (e.g., divorce, marriage, or death); and/or

- New children (e.g., by birth or adoption).

It is important for the Trust Office to have an up-to-date record of any personal information that might affect your benefits and rights under the Trust. Failure to notify the Trust Office of such changes may result in the loss or delay of benefits under this Plan.

PART 6
SURVIVOR BENEFITS

- **What benefits will my spouse and children receive if I die?**

Regular Beneficiaries Receiving Monthly Benefits. A Surviving Spouse of a Regular Beneficiary, with or without Children, is eligible for monthly benefits equal to 50% of the benefit level of the deceased Regular Beneficiary. If there is no Surviving Spouse or Surviving Domestic Partner, the monthly benefit level for Surviving Children of a Regular Beneficiary will be 50% of the benefit level for the deceased (to be divided equally among Children). Note that a Surviving Child's monthly benefits under this Plan will terminate upon the loss of "Child" status, as defined in the Plan.

Employee Account Benefits. The Surviving Spouse or Surviving Domestic Partner of a Limited Beneficiary with an Employee Account with a positive balance is entitled to reimbursement benefits in an amount equal to the balance of the deceased Limited Beneficiary's Employee Account. If there is no Surviving Spouse or Surviving Domestic Partner, then the Surviving Child(ren) of the deceased Limited Beneficiary is entitled to the Employee Account Benefits.

- **Will my Domestic Partner receive any benefits if I die?**

Yes, the benefits for a Surviving Domestic Partner are similar to benefits for the Surviving Spouse, but restricted to some extent under federal tax law. See Plan Section 3.3(d) for details. Same-sex spouses are treated the same as opposite-sex spouses.

The Internal Revenue Service has issued guidance indicating that, to the extent coverage is provided to *nondependent* Domestic Partners, the value of such coverage under the Plan for nondependent Domestic Partners will be included in the Employee's gross income for a taxable year if he or she is expected to have a nondependent Domestic Partner upon becoming eligible for benefits under the Plan. The amounts to be included in the employee's gross income will be determined under a valuation that takes into account reasonable actuarial assumptions.

The Trust Office will request information concerning registered Domestic Partnerships. Please notify the Trust Office if you have a Domestic Partner.

PART 7
BENEFIT CLAIM AND APPEAL PROCEDURES; LAWSUITS

- **How do I submit my claims for benefits? What are the appeal procedures for denied claims?**

To present a claim for benefits under this Plan, you must submit a written claim on an approved claim form within thirty (30) days after the end of the Plan year in which the expense was incurred. The Plan year ends on December 31. (However, the Trust Office may waive the deadline for good cause shown, according to guidelines set by the Trustees.) Beneficiaries may contact the Trust Office to request an approved claim form.

Claims must be mailed to the Trust Office at:

Health Professionals and Allied Employees,
AFT/AFL-CIO Retiree Medical Trust
c/o Zenith American Solutions, Inc.
140 Sylvan Avenue, Ste. 303
Englewood Cliffs, NJ 07632
Fax: (201) 947-9192
https://hpae.zenith-american.com

You may also make a written request to the Trust Office for an eligibility determination, clarification of rights under the Plan or enforcement of rights under the Plan. Details for claim submission and appeal of claim denial are set forth in Plan Sections 3.6 and 4.1-4.3. Note that the appeal procedures apply to any complaint that you may have regarding the Plan, i.e., not just a claim denial.

To appeal a claim denial, eligibility determination or response on clarification or enforcement of Plan rights, you must submit a written request to the Trust Office within 181 calendar days after the date of the Trust Office's notification of denial of benefits or determination. The Board of Trustees will hold a hearing on the appeal, and you will be entitled to present your position and any evidence in support of your appeal at the hearing. The Board of Trustees will then make a decision affirming, modifying or setting aside the Trust Office decision.

- **Is there a time limit for filing a lawsuit against the Trust for benefit payments, etc.?**

Yes, there is a limitation period for filing a lawsuit against the Trust for benefit payments, etc. You have the right to bring action in federal court pursuant to ERISA Section 502(a) no later than one year after the exhaustion of administrative remedies (i.e., the appeal process above), which means the date of the written decision by the Board of Trustees on an appeal of a denied benefit claim or other complaint.

PART 8
ADMINISTRATION & THE BOARD OF TRUSTEES

- **Who is the Plan Administrator?**

The fiduciary of the Plan (known under federal law as the "Plan Administrator") is the Board of Trustees of the Health Professional and Allied Employees, AFT/AFL-CIO Retiree Medical Trust. The Board has retained the services of a contract administrator (the "Trust Office") to assist in recordkeeping, claim payments, etc. You may contact the Board in care of the Trust Office.

- **What are the names and addresses of the Trustees?**

Mike Slott, Chairman
c/o HPAE
8 Aubrey Road
Montclair, NJ 07043
Phone: (973) 979-0703

Christine O'Hearn, Trustee
Brown & Connery, LLP
360 Hadden Avenue
Westmont, NJ 08108
Phone: (856) 854-8900

Jackie Franchetti, Trustee
c/o HPAE
110 Kinderkamack Rd.
Emerson, NJ 07630
Phone: (201) 262-5005

Mr. Roy Park, Trustee
Bergen New Bridge Medical Center
230 East Ridgewood Avenue
Paramus, NJ 07652
Phone: (201) 967-4380

- **How can I contact the Trust Office?**

You can contact the Trust Office at:

Health Professionals and Allied Employees,
AFT/AFL-CIO Retiree Medical Trust
c/o Zenith American Solutions, Inc.
140 Sylvan Avenue, Ste. 303
Englewood Cliffs, NJ 07632
Phone: (201) 947-8000; Fax: (201) 947-9192; https://hpae.zenith-american.com

PART 9
GENERAL INFORMATION ABOUT THE PLAN AND TRUST

- **What are the official name and identification numbers of the Plan and Trust?**

This Plan is known as the "Medical Expense Reimbursement Plan of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust," restated and effective August 1, 2014 and as amended hereafter (the "Plan"). The Plan is governed by the "Trust Agreement Governing the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust," effective July 1, 2006 and as amended from time to time thereafter ("Trust Agreement"). For a copy of the Plan or Trust Agreement, please contact the Trust Office.

The Employer Tax Identification Number assigned to the Trust by the Internal Revenue Service is EIN 68-6254830.

The Plan number is 501.

- **What is the Plan Year, and why is it important?**

  The Plan year runs from January 1 - December 31. It is important because you must submit claims within 30 days of the end of the Plan year, unless the Trust Office has waived the deadline.

- **What is the name, address and telephone number of the employee organization that established this Plan?**

  The Plan was established by the Health Professionals and Allied Employees, AFT/AFL-CIO ("HPAE") which is a labor organization representing healthcare professionals. The name, address and telephone number of HPAE is as follows:

  Health Professionals and Allied Employees, AFT/AFL-CIO
  110 Kinderkamack Rd.
  Emerson, NJ 07630
  Phone: (201) 262-5005

- **What type of plan is the Medical Expense Reimbursement Plan?**

  The Plan is a welfare benefit plan providing health insurance premium and medical expense reimbursement benefits to retirees.

PART 10
PARTICIPATING LOCALS & CONTRIBUTIONS

- **Are there bargaining agreements that address contributions to this Plan and Trust?**

  Yes, the Plan is maintained pursuant to various Collective Bargaining Agreements ("CBAs"), and applicable successor agreements, between HPAE and participating employers. Beneficiaries may obtain copies of the CBAs upon written request to the Trust Office. The Trustees may impose a reasonable charge to cover the cost of copies.

- **What is the source of contributions to the Trust, and how are the assets protected? What are the tax benefits of the Trust?**

  Contributions to this Plan must be non-elective, that is, required by a CBA or Special Agreement. They may be employer and/or employee contributions. However, under certain limited circumstances, Beneficiaries may make COBRA self-payment contributions.

  Contributions are received and held in trust and are invested by the Trust with the assistance of a professional investment manager, using investment policies and methods consistent with objectives of this Plan and Employee Retirement Income Security Act of 1974 (ERISA).

  <u>This Trust has three tax advantages</u>:

  1) <u>Contributions are not taxed.</u> Your employee contributions to the Trust are pre-tax. If that money had gone into salary, it would have been taxable.

  2) <u>Earnings are not taxed</u>. After the contributions are made to the Trust, they become plan assets and are invested by the Trust's professional investment manager. The earnings on these investments are not taxed. This means that the "Unit Multiplier," which determines your monthly benefit level, can be higher. (See Part 3 hereof for a discussion of the Unit Multiplier.)

  3) <u>Benefit payments are not taxed</u>. Finally, the benefit payments you will receive from this Trust are not taxable income. When you get reimbursed from the Trust as a retiree for medical expenses, you will not have to report that money as taxable income.

PART 11
LEGAL RIGHTS

- **What is the name and address of the agent for service of process?**

  Each member of the Board of Trustees is an agent for purposes of accepting service of legal process on behalf of the Plan. Service of legal process may be made upon a Trustee or the Trust Office.

- **What are my legal rights under applicable federal statutes?**

  A. Family Medical Leave Act

  Please contact the Trust Office and/or your Employer if you would like to take advantage of your right to self-pay contributions under the federal Family and

Medical Leave Act("FMLA"). For example, an Employee may be eligible to self-pay during FMLA leave for one of the following reasons:

- ❖ For the birth and care of a newborn child of the Employee;
- ❖ Placement with the Employee of a child for adoption or foster care;
- ❖ To care for an immediate family member (spouse, child, or parent) with a serious health condition; and
- ❖ To take medical leave when the Employee is unable to work because of a serious health condition.

There are more reasons. Contact the Trust Office for details.

B. Uniformed Services Employment and Reemployment Rights Act (i.e., Veterans rights under USERRA)

Please contact the Trust Office if you are a veteran leaving to, or returning from, active duty and would like to take advantage of your right to self-pay contributions under USERRA.

C. Consolidated Omnibus Budget Reconciliation Act (COBRA)

For a description of your rights under COBRA, please see the General COBRA Notice, provided at the end of this Summary Plan Description. Also, if you would like to request a copy of the General COBRA Notice, please contact the Trust Office.

D. Divorce: Qualified Domestic Relations order (QDRO)

Beneficiaries can obtain from the Trust Office, without charge, a copy of the procedures governing the determination of whether a Domestic Relations Order is qualified. The Trust may assess a fee on the Employee/Eligible Retiree and/or Beneficiary for the review process. (The same applies for Medical Child Support Orders.)

E. Important Information: Statement of Legal Rights

❖ Rights of Plan Participants. Beneficiaries of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust are entitled to certain rights and protections under the federal Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- ♦ Examine, without charge, all documents governing this Plan, including CBAs, insurance contracts and a copy of the latest annual report filed by the Plan with the U.S. Department of Labor, at the Plan

Administrator's office and at other specified locations, such as worksites and union halls. The annual report is also available at the Public Disclosure Room of the Employee Benefits Security Administration.

♦ Obtain copies of documents governing the operation of this Plan, including insurance contracts, collective bargaining agreements, a copy of the latest annual report, and an updated Summary Plan Description, upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

♦ Receive a summary of the Plan's annual financial report (SAR). The Plan Administrator is required by law to furnish each enrollee with a copy of this summary annual report.

♦ Continue contributions to the Plan by self-payment under COBRA, if there is a cessation of contributions to the Plan as a result of a COBRA qualifying event. See the General COBRA Notice and Plan Sections 2.2(b) and 2.2(c) for rules governing your COBRA continuation coverage rights.

❖ <u>Prudent Actions by Plan Fiduciaries</u>. ERISA imposes certain obligations upon the persons who are responsible for the operation of this employee welfare benefit plan. The persons who operate your Plan and Trust are legal "fiduciaries." Fiduciaries must act solely in the interest of the Plan Beneficiaries, and must exercise reasonable prudence in the performance of their Plan and Trust duties. Fiduciaries who violate ERISA may be removed and required to compensate the Trust for any losses they cause to the Trust. No one, including an employer, may fire or otherwise discriminate against members to prevent them from obtaining a welfare benefit or from exercising their rights under ERISA.

❖ <u>Enforce Your Rights</u>. If your claim for a welfare benefit is denied or ignored, in whole or in part, you and your Beneficiaries have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, you can take steps to enforce these rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $147 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court after exhausting the Plan's administrative procedures. If a Plan fiduciary misuses the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the

U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees.

❖ Assistance with Your Questions. If you have any questions about this Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W. Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at (866) 444-EBSA (3272).

❖ Privacy Rights. The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires health benefit plans to protect the privacy of "protected health information." In the course of providing benefit to you under this Plan, the Trust Office may acquire protected health information. Accordingly, the Plan has developed procedures to restrict access to protected health information to persons who need to know it in order to process, complete, or administer the Plan benefits. If you would like more details about your privacy rights or a copy of the Privacy Notice, please contact the Trust Office.

APPENDIX A
UNIT MULTIPLIER

Operative Period	Unit Multiplier
August 1, 2014 – present	$0.07

The Unit Multiplier (UM) is a factor in the calculation of the monthly benefit level for a Regular Beneficiary (see Section 3.3 of the Plan). The UM applies to claims for Covered Expenses submitted by Regular Beneficiaries, which the Trust Office pays during the corresponding Operative Period; provided, however, that the Trustees may modify the UM from time to time. Also, the actual amount paid by the Trust may not exceed the actual Covered Expenses paid by the Beneficiary.

APPENDIX B
EXAMPLES OF BENEFIT LEVEL CALCULATION

Every $5.00 in contributions = 1 Active Service Unit (So $0.20 contribution = 1/25th of an ASU; and $0.25 contribution = 1/20th of an ASU.) Assume Unit Multiplier= $0.07 (effective August 1, 2014)

Example #1 – 6 years in Trust: Assume a Local has a contribution rate of $0.20/hour worked, and Employee Jones works 2,000 hours per year (approximately 38.5 hours a week) for two years with that contribution rate. Then the Local increases the contribution rate to $0.25/hour worked, and Jones works 2,000 hours per year for four more years with that contribution rate, and then retires. The monthly amount available to Jones for medical expense reimbursement will be calculated as follows:

Step 1: Convert hourly contributions to Active Service Units (ASUs)
$0.20/hour = 1/25 Active Service Unit/Hour
$0.25/hour = 1/20 Active Service Unit/Hour

Step 2: Find total number of Active Service Units (ASUs) earned
1/25 ASU/hour x 2,000 hours/year x 2 years = 160 ASUs
1/20 ASU/hour x 2,000 hours/year x 4 years = 400 ASUs
Total = 560 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier:
Monthly Benefit Level: 560 x $0.07 = $39.20
Annual Benefit: $470.40

Example #2 – 12 years in Trust: A Local selects a contribution rate of $0.20/hour, and Employee Jones works 1,800 hours per year (approximately 34.6 hours a week) for seven years with that contribution rate. Then the Local increases the contribution rate to $0.40/hour, and Jones works 1,800 hours per year for five years at that level, and then retires. The monthly amount available to Jones for medical expense reimbursement will be calculated as follows:

Step 1: Convert hourly contributions to Active Service Units (ASUs)
$0.20/hour = 1/25 Active Service Unit/Hour
$0.40/hour = 2/25 Active Service Unit/Hour

Step 2: Find total number of Active Service Units (ASUs) earned
1/25 ASU/hour x 1,800 hours/year x 7 years = 504 ASUs
2/25 ASU/hour x 1,800 hours/year x 5 years = 720 ASUs
Total = 1224 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier.
Monthly Benefit Level: 1224 x $ 0.07= $85.68
Annual Benefit: $1028.16

Example #3 – Career Employee – 25 years in Trust: A Local selects a contribution rate of $0.20/hour, and Employee Jones works 1,800 hours per year (approximately 34.6 hours a week) for seven years with that contribution rate. Then the Local increases the contribution rate to $0.40/hour, and Jones works 1,800 hours per year for 18 years at that level, and then retires. The monthly amount available to Jones for medical reimbursement will be calculated as follows:

Step 1: Convert hourly contributions to Active Service Units (ASUs)
$0.20/hour = 1/25 Active Service Unit/Hour
$0.40/hour = 2/25 Active Service Unit/Hour

Step 2: Find total number of Active Service Units (ASUs) earned
1/25 ASU/hour x 1,800 hours/year x 7 years = 504 ASUs
2/25 ASU/hour x 1,800 hours/year x 18 years = 2592 ASUs
Total = 3096 Active Service Units

Step 3: Multiply number Active Service Units by Unit Multiplier.
Monthly Benefit Level: 3096 x $ 0.07 = $ 216.72
Annual Benefit: $2600.64

* * *

Please note: Trustees work with a professional actuarial firm to determine the UM. The Trustees reserve the right to modify the UM and the formula used to calculate benefit levels at any time for some or all existing and/or future Beneficiaries. For more details, please contact the Trust Office.

APPENDIX C
LEAVE CONVERSION TABLE

- For Employees who convert Leave Transfer on and after October 1, 2016, the effective date of the Leave Conversion Tables is October 1, 2016.

Section 2.2(d) of the Plan sets forth the terms and conditions under which the Plan will convert accumulated sick and/or vacation leave into Active Service Units ("ASUs"). The Leave Conversion Table below illustrates how many ASUs an Employee will earn when his/her employer transfers the value of accumulated leave to the Trust.

- The number of ASUs an Employee earns as a result of the transfer of leave is calculated by the following formula:

  [Dollar amount transferred] divided by [applicable cost for one ASU]

- The cost for one ASU depends on the age of the Employee at the time of the Leave Transfer, as determined by the professional actuarial firm engaged by the Trustees.

- **This leave conversion table assumes a leave transfer of $1,000**.

Age at Leave Transfer	**Cost for One Active Service Unit in dollars and cents ("x")**	**Number of ASUs Earned with $1000 ($1,000 / x) (rounded to nearest whole number)**
Age 20	1.56	641
Age 21	1.66	602
Age 22	1.76	568
Age 23	1.86	538
Age 24	1.97	508
Age 25	2.09	478
Age 26	2.22	450
Age 27	2.35	426
Age 28	2.49	402
Age 29	2.64	379
Age 30	2.80	357
Age 31	2.97	336
Age 32	3.14	318
Age 33	3.33	300
Age 34	3.53	283
Age 35	3.74	267
Age 36	3.97	252
Age 37	4.21	238
Age 38	4.46	224
Age 39	4.73	211
Age 40	5.01	200

Age at Leave Transfer	Cost for One Active Service Unit in dollars and cents (“x”)	Number of ASUs Earned with $1000 ($1,000 / x) (rounded to nearest whole number)
Age 41	5.31	188
Age 42	5.63	178
Age 43	5.97	168
Age 44	6.33	158
Age 45	6.71	149
Age 46	7.11	141
Age 47	7.54	133
Age 48	7.99	125
Age 49	8.47	118
Age 50	8.97	111
Age 51	9.51	105
Age 52	10.08	99
Age 53	10.69	94
Age 54	11.33	88
Age 55	12.01	83
Age 56	11.87	84
Age 57	11.73	85
Age 58	11.58	86
Age 59	11.42	88
Age 60	11.25	89
Age 61	11.08	90
Age 62	10.90	92
Age 63	10.72	93
Age 64	10.52	95
Age 65	10.32	97
Age 66	10.12	99
Age 67	9.91	100
Age 68	9.69	103
Age 69	9.47	106
Age 70	9.24	108