

The HPAE Retiree Medical Trust - Frequently Asked Questions (April 2019)

What is the HPAE Retiree Medical Trust?

The HPAE Retiree Medical Trust is a fund established by HPAE and participating employers to help pay for your medical costs after retirement.

Which HPAE employers are currently participating?

The following HPAE-represented hospitals are participating in the Trust: Bergen New Bridge Medical Center, Christ Hospital, Cooper University Medical Center, Cornerstone Behavioral Health Hospital, Englewood Hospital and Medical Center, South Jersey Medical Center, Inspira Woodbury, Jersey Shore Medical Center, Meadowlands Hospital, Palisades Medical Center, Southern Ocean Medical Center, and Virtua/Memorial Hospital. HPAE staff are also participants in the Trust.

How is the Trust funded and by whom?

Each HPAE local union negotiates with the employer the level of contributions; and the source of the contributions. Money transfers into the Trust can come from mandatory employee (pre-tax) payroll deductions and/or employer (pre-tax) contributions.

What types of medical expenses are reimbursed by the Program?

- 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), including hospital, health care provider, diagnostic, dental, vision, and prescription drug costs.
- Premium payment for qualified long-term care (LTC) insurance.
- Premium payment for Medicare supplement plans.

Are reimbursement benefits from the HPAE Retiree Medical Trust taxable?

No. Unlike a 401k plan, the money in the Retiree Medical Trust is completely “tax advantaged”. Money contributed to the fund is not taxed; interest earned by the fund is not taxed; and reimbursement money is not taxable income.

Can an individual employee “opt out” of the program if it is negotiated in the contract and approved by a majority of employees in a bargaining unit?

No. To receive the tax advantages of the program, as determined by the Internal Revenue Code law, all eligible members of a bargaining unit must participate at the same level. Either all eligible employees participate or no one participates.

What type of benefit payments does the Trust provide?

The Trust provides two types of benefit payments: “Monthly Benefits” and “Employee Account benefits.”

- 1) Monthly Benefits:** An eligible retiree qualifies as a “Regular Beneficiary” and is entitled to **monthly reimbursement** of covered expenses in the amount of his/her monthly benefit level, as determined by the medical expense reimbursement program. An employee is eligible if she/he has **five or more years** of active service credits in the program, is 55 years old, and is no longer working in a participating hospital or institution. The current Plan rules allow this benefit to be paid for life,

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but that is not guaranteed.

2) Employee Account Benefits: If you have an Employee Account in the Trust, you will not be eligible for regular monthly benefits, but you can spend down the amount in your Employee Account, as quickly as you want. The Employee Account is available to two categories of employees:

- If an employee has **less than five years of Active Service** credits and is no longer working in a participating hospital or institution; or
- The employee has **five or more years of Active Service** but less than \$5000 of contributions were made on his/her behalf to the Trust, and is no longer working for a participating hospital or institution.

In the first case (less than five years of Active Service), the person automatically becomes a Limited Beneficiary, and has an Employee Account. In the second case (more than five years), the employee can choose whether to become a Regular Beneficiary eligible for regular monthly benefits for life; or a Limited Beneficiary, eligible to spend down his Employee Account quickly. A "Limited Beneficiary" is entitled to reimbursement of covered expenses in an amount equal to the balance in his/her Employee Account. The employee will be eligible for the benefits when he or she:

- Is between 40-55 and 24 months have passed since the Plan received contributions on his or her behalf
- Has attained age 55
- Is disabled, as determined by the Social Security Administration

What if I leave my employer before I earn five years of active service credits? Will I lose the money I have contributed?

No. All the money that you contributed will be in your Employee Account and available to you when you are eligible based on the above conditions.

What if I leave my employer after I earn five years of active service credits, but am no longer an HPAE member or employed in healthcare?

You will still be eligible for a monthly reimbursement benefit when you meet the Plan's age requirements.

What will be the benefit for my spouse/domestic partner and children in the event of my death?

A spouse, domestic partner, and dependent children are eligible for survivor benefits.

If you are receiving a monthly benefit as a "Regular Beneficiary," a surviving spouse, with or without children, is eligible for monthly benefits equal to **50%** of the benefit level of the deceased eligible retiree. If there is no surviving spouse or domestic partner, the monthly benefit level for surviving children will be 50% of the benefit level of the deceased (to be divided equally among children). The surviving child(ren)'s monthly benefits will terminate upon the loss of child(ren) status.

If you have an Employee Account as a "Limited Beneficiary," then your surviving spouse or domestic partner will be entitled to reimbursement benefits in an amount **equal to the balance** of your Employee Account. If there is no surviving spouse or domestic partner, then your child(ren) will be entitled to such benefits.