



## LOCAL 36 BENEFIT FUNDS

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### Summary of Material Modification

The Trustees of the International Association of Sheet Metal, Air, Rail and Transportation Workers ("SMART") Local Union No. 36 Welfare Fund (your Welfare Plan) periodically review the benefits provided by your Welfare Plan to determine if there are changes that are needed so that your Welfare Plan can continue to provide the richest benefits possible while maintaining Plan assets, keeping down costs to you, and maintaining, to the extent possible, the contribution and self-pay rates.

#### **Health Reimbursement Account (HRA)**

Effective July 1, 2016 the Board of Trustees have established a Health Reimbursement Account as part of the Welfare Fund which shall be initially funded June 1, 2016. Funding this year will be through option B(2). Annual Contribution.

#### A. Eligibility for Benefits.

1. Any Member with an HRA account may use the benefit for as long as he or she remains covered by the Welfare Plan as an Active participant, self-pay participant, COBRA participant or retiree participant in the SMART Local 36 Welfare Fund or the Medicare Retiree plan through SMART International.
2. Upon the death of a Participant a surviving Spouse or dependent may continue to use the HRA as long as he or she continues to be covered by the Welfare Plan.
3. Eligibility terminates when coverage under the Welfare Fund terminates except that a Participant's benefit will be restored if eligibility is reinstated under Section 3.5.
4. Special Rule for Retirees. When an Active Participant enrolls in the SMART Local 36 Retiree Plan or in the Medicare Retiree Plan through the International (currently the Humana Medicare Advantage Plan) he or she must exhaust his or her SASMI HCRA prior to receiving benefits from the SMART Local 36 HRA. A Retiree must provide the Welfare Fund Office with a statement showing that his or her SASMI HCRA account is exhausted to be eligible for reimbursement.

#### B. How the HRA is Funded

1. Hourly Contributions. The Trustees may designate a portion of the hourly contribution to the Welfare Fund as an hourly HRA contribution or a separate hourly contribution to the HRA may be established as part of the wage and benefit package. Such contributions shall be credited as follows:

- (a) Class I (Active) and Class II (Administrative) Members are eligible for any hourly contribution that is designated by the Trustees or that is part of the wage package. Only contributions actually paid by the employer and received by the Fund will be credited.
- (b) Class III (owner) Members are only eligible if the business is incorporated as a c-Corp. Owner Members whose business is a partnership, LCC, S-Corp, or sole proprietorship cannot participate in the HRA.
- (c) There is no self-pay towards this benefit.

2. Annual Contributions – Based on a review the hours worked and contributions received compared to the claims paid during the prior year and the projection of costs for the current year, the Trustees may allocate a portion of Plan assets to the HRA to Participants who meet both the following qualifications:

- (a) Covered under the Plan with Class I (Active), Class II (Administrative), Class V (Self-pay) or Retiree coverage (not COBRA coverage) on the start date of June 1, 2016 and, thereafter, annually on a date determined by the Trustees; and
- (b) Either
  - (1) Worked 600 hours in the calendar year prior to the distribution, or
  - (2) Received 600 hours of equality and/or disability payments and worked at least 100 hours in the calendar year prior to the distribution.

NOTE: The Trustees are not required to allocate assets to the HRA. The decision is a discretionary one that will be made on an annual basis.

3. HRA benefits are not vested. Although it is the intent of the Trustees that all amounts will be available for benefits unless forfeited as set out above, the Trustee retain the right to amend or modify the rules related to eligibility for the HRA or the uses of the HRA and to modify the amounts available for benefits or to eliminate the HRA provisions.

- C. Eligible Expenses. The HRA can be used to reimburse the following out of pocket expenses:
- 1. Deductibles, co-payments, and co-insurance charges incurred in connection with Tier I or Tier II provider claims (out of network Tier III claims are not allowed expenses);
  - 2. Co-payments for prescription drugs covered by the Plan;
  - 3. Dental and Vision expenses not covered by the Plan including the cost of prescription lenses for safety glasses;
  - 4. Certain types of Over the Counter (OTC) Medications when prescribed by a physician (a list of OTC items eligible for reimbursement is available on the website with the claim form or by contacting the Fund Office);
  - 5. IVF related charges; and
  - 6. Self-pay and Retiree coverage premiums (not COBRA premiums).

NOTE: Only expenses incurred after an individual is eligible for benefits from the HRA can be reimbursed.

D. How the Claim Process and Reimbursement Works.

- a. Reimbursements will be issued to eligible individuals for eligible expenses upon submission of a completed claim form and supporting original documentation showing that the eligible expense was incurred and paid.
  - i. The list of eligible expenses is on the back of the claim form.
  - ii. For Over-The-Counter items you must provide a prescription from a physician. Once you submit a prescription you can be reimbursed for that expense for the period set out in the prescription up to 12 months.
- b. Claims for reimbursements must be submitted within 12 months of expense being incurred.
- c. Reimbursements will be provided to you on a "Benicard." Once your card is issued subsequent reimbursements will be electronically added to the card.
- d. A participant, former participant, or surviving dependent is permitted to permanently opt out of and waive future reimbursements from the HRA at least annually and, upon termination of coverage, if the HRA is not forfeited a participant, former participant, or surviving dependent may permanently opt out of and waive future reimbursements from the HRA. This opt-out feature is intended to provide that the individual will not be precluded from claiming a Code § 36B premium tax credit.

**Additional documents and information related to the HRA will be available at the Special Order of Business Union meeting on May 24, 2016.**

You should keep this notice with your important plan documents. If you have any questions about the changes described in this Notice you can call the Fund Office at 314-652-8175.