



**HEALTH PROFESSIONALS AND
ALLIED EMPLOYEES RETIREE
MEDICAL TRUST
SUMMARY PROGRAM DESCRIPTION
AND
MEDICAL EXPENSE
REIMBURSEMENT PROGRAM**

JANUARY 2007



Health Professionals and Allied Employees, AFT/AFL-CIO
RETIREE MEDICAL TRUST

2185 Lemoine Ave, Suite 1N
Fort Lee, NJ 07024

May 2007

Dear Participant

We are pleased to enclose the Summary Program Description and Medical Expense Reimbursement Program of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust. Also enclosed is a Notice of Privacy Practice of the HPAE Retiree Medical Trust.

Please read the enclosed material carefully and keep it in a safe place for future reference. If you have any questions regarding the Medical Expense Reimbursement Program or the Notice of Privacy Practice, please contact the Program Administrator at the above address.

Yours truly,

Administrator

LOH/cam
Enclosures (2)

**MEDICAL EXPENSE REIMBURSEMENT PROGRAM
OF THE
HEALTH PROFESSIONALS AND ALLIED EMPLOYEES, AFT/AFL-CIO
RETIREE MEDICAL TRUST**

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PART 2 – PROGRAM DOCUMENT

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SUMMARY PROGRAM DESCRIPTION

AND

MEDICAL EXPENSE REIMBURSEMENT PROGRAM

OF THE

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

Effective January 1, 2007

**MEDICAL EXPENSE REIMBURSEMENT PROGRAM
OF THE
HEALTH PROFESSIONALS AND ALLIED EMPLOYEES, AFT/AFL-CIO
RETIREE MEDICAL TRUST**

SUMMARY PROGRAM DESCRIPTION

(per DOL reg. 2520.102-3)

a. Name of Program

This Program is known as the “Medical Expense Reimbursement Program of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust,” effective January 1, 2007, (hereafter, the “Program”). The Program is governed by the “Trust Agreement Governing the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust” effective July 1, 2006, as amended from time to time. For a copy of the Trust Agreement, please contact the Trust Office (Part e herein). The Program document is part of this booklet.

b. Name, Address, and Telephone Number of Employee Organization that Established Program

This Program was established by the Health Professionals and Allied Employees, AFT/AFL-CIO (hereafter “HPAE”), whose address and telephone number are:

Health Professionals and Allied Employees, AFT/AFL-CIO
110 Kinderkamack Rd.
Emerson, NJ 07630
Phone: (201) 262-5005
Fax: (201) 262-4335

c. Identification Numbers

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

The Program number is 501.

d. Type of Program

This Program can be described as a welfare benefit program providing reimbursement of health insurance premium benefits including, for example, health insurance, dental insurance, Medicare, long term care insurance, etc.; and reimbursement for miscellaneous medical expenses. See Program document section 1.6 for details on permissible reimbursements; beneficiaries may check with the Trust Office to determine if an expenditure is a permissible reimbursement.

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e. Type of Administration/Trust Office

This Program is administered by the Board of Trustees of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust. The Board's address and telephone number are listed below. The Board has retained the services of a contract administrative agent, Benserco Inc., to assist in recordkeeping, claims payment, etc. The address and telephone number of the Trust Office are:

Health Professionals and Allied Employees, AFT/AFL-CIO
Retiree Medical Trust
c/o Benserco, Inc.
ATTN: Lucille Hart
2185 Lemoine Avenue, Suite 1N
Fort Lee, NJ 07024
Phone: (201) 947-8000
Fax: (201) 947-9192

f. Trust Administrator

The Trust Administrator (fiduciary) is the Board of Trustees of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust, whose members are listed in Part **h** hereof. The Board has retained the services of a contract administrative agent, Benserco Inc., to assist in recordkeeping, claims payment, etc. The Trustees may also be contacted in care of the Trust Office (Part **e** hereof).

g. Name and Address of 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 Program. Service of legal process may be made upon a Trustee at the address set forth in Part **h** hereof.

h. Names, Addresses, and Telephone Numbers of the Trustees

Joan Johnson, Labor Trustee
HPAE
110 Kinderkamack Rd.
Emerson, NJ 07630
Phone: (201) 262-5005
Fax: (201) 262-4335
E-mail: joan5105@comcast.net

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Mike Slott, Chairman, Labor Trustee
HPAE
110 Kinderkamack Rd.
Emerson, NJ 07630
Phone: (201) 262-5005
Fax: (201) 262-4335
E-mail: mslott@hpae.org

Marvin Apse, Employer Trustee
Bayonne Medical Center
29th St. at Avenue E
Bayonne, NJ 07002
Tel: 201-858-5260
Fax: 201-858-4399
E-mail: mapsel@bayonnemedicalcenter.org

i. Description of Bargaining Agreement

This Program is maintained pursuant to collective bargaining agreements between Health Professionals and Allied Employees, AFT/AFL-CIO (hereafter "HPAE"), a labor organization, which negotiates benefits on behalf of its members, and hospitals and other employers with whom the HPAE has contracts. HPAE has entered into, or intends to enter into, collective bargaining agreements regarding medical expense coverage for their members, wherein the bargaining Parties will agree that contributions shall be made to an employee benefit trust for the purpose of funding, in whole or in part, retiree health benefits.

Beneficiaries of the Program (i.e., Employees, Eligible Retirees, Surviving Spouses, and Dependents) as defined in the Program, may obtain copies of their bargaining agreement upon written request to the Trust Administrator. Further, the collective bargaining agreements are available for examination by Beneficiaries at the Trust Office. The Trustees may impose a reasonable charge to cover the cost of providing copies of the collective bargaining agreement. Beneficiaries may wish to inquire as to the amount of the charges before requesting copies.

j. Participation, Eligibility and Benefits (For details in addition to the following summary, see the Program document, Articles II and III in Part II, in this booklet.)

1. **Participation.** Participation in the Program is generally open to any individual who is employed by an employer that has signed a bargaining agreement with HPAE (or other Participating union) requiring contributions on behalf of that employee to this Program; and on whom the required contributions are made to the Trust Fund for all periods of Active Service after the Effective Date. See the Program document (in this booklet), Section 1.11 and 2.2 for details.

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2. **Eligibility Rules.** There are two types of eligibility in this Program; one is as a Regular Beneficiary, and the other is as a Limited Beneficiary. An employee (described in “Participation” above) becomes a Regular Beneficiary generally, upon: (a) earning five (5) years of Active Service after the Employee’s Effective Date; (b) terminating all employment (excluding per diem employment for which no employer contributions are made to this Program) with his or her Participating Employer; and (c) attaining age 55. See the Program document Section 2.1(a) for details.

An employee may also become a Limited Beneficiary eligible for limited benefits without five years of Active Service; see the Program document, Section 2.1(b) for details.

3. **Benefits.** A Regular Beneficiary will receive a monthly payment to reimburse for Covered Expenses (as defined in the Program document), incurred on or after April 1, 2011, in an amount not to exceed the Beneficiary’s benefit level, calculated pursuant to 3.3(b). The Trustees shall set the Benefit Amounts from time to time for each Program, and the Trustees may increase or decrease them from time to time, for current and/or future Beneficiaries. Consult with the Trust Office for the current Benefit Amounts.

A Limited Beneficiary will have an Employee Account, and may draw upon it after separation from service until the Account balance reaches zero.

- (a) **General.** The rules in Sections 3.3 and 3.4 of the Program document apply to Regular Beneficiaries, i.e., those Retirees who become eligible under Section 2.1(a). The rules in Section 3.5 of the Program document apply to Limited Beneficiaries, i.e., those Retirees who become eligible under Section 2.1(b) for benefits from Employee Accounts. All benefit payments are subject to proper and timely submission of claims pursuant to Section 3.6 hereof of the Program document.

- (b) **Commencement of Benefits.** Benefits for Beneficiaries shall commence as follows.

(1) Retiree. A Regular Beneficiary shall be entitled to benefit payments upon meeting the eligibility requirements of Section 2.1(a) (generally, five years of Active Service, termination of employment and age 55). A Limited Beneficiary shall be entitled to benefit payment upon separation from employment and attainment of age 55.

(2) Surviving Spouse. A Surviving Spouse of a Regular Beneficiary shall be entitled to benefit payments starting the later of: (i) the month after the Eligible Retiree dies; or (ii) the month that the deceased Eligible Retiree would have attained age 55. The Surviving Spouse of a Limited

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Beneficiary shall be entitled to benefits upon the death of the Eligible Retiree.

(3) Surviving Domestic Partner. A Surviving Domestic Partner will receive monthly benefit payments within 60 calendar days after the end of the Program Year, as set forth in Section 3.2(c) of the Program document, pursuant to the calculation set forth in 3.3(d).

(4) Surviving Dependents. If there is no Surviving Spouse or Domestic Partner, Dependents shall be entitled to receive monthly benefit payments upon death of the Employee.

4. **Procedures Governing Qualified Medical Child Support Order Determinations (QMCSO)**. Beneficiaries can obtain, without charge, a copy of such procedures from the Program Administrator (noted in Part e).
5. **Description of Cost Sharing Provisions**. The Program reimburses toward the cost of Covered Expenses, but may not cover all your medical costs. Program beneficiaries will be responsible for the balance of any Covered Expenses in excess of the Program's benefit.

k. [Reserved]

l. Circumstances Which May Result in Ineligibility, Denial of Benefits or Amendment or Termination of the Program

1. 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 expense receipts, failure to meet the eligibility requirements, death, or termination of the Program. Also, see the Program document, Section 3.4 for more details regarding termination of benefits.
2. **Posthumous Claims**. Claims for Covered Expenses, which are properly and timely submitted, on behalf of a deceased Beneficiary who was entitled to benefits until death, will be paid for the months through and including the month in which the Beneficiary died, at the rate of the monthly Benefit Amount for that Beneficiary.
3. **Benefit Modification or Termination**. Benefit coverage and Amounts may be modified or terminated pursuant to Article VI of the Program and such changes may apply to current and/or future Beneficiaries. In the event of the termination of the Program, assets of the Program which 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.

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m.n. [Reserved]

o. **Continuation Coverage Pursuant to: (1) COBRA; and (2) Veterans' Rights**

1. **COBRA.** This continued participation in a health plan is a right governed by federal law, known as the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly referred to as your "COBRA" right. If you are covered by this Program, you have the right to continue contributions to this Program in order to receive coverage after retirement in certain instances where coverage under this Program would otherwise end. THIS COBRA INFORMATION WILL INFORM YOU OF YOUR RIGHTS AND OBLIGATIONS UNDER COBRA. YOU AND YOUR SPOUSE SHOULD TAKE THE TIME TO READ THIS CAREFULLY.

2. **COBRA Coverage Means the Right to Continue Contributions to Program.** The type of continuation coverage in this Program is unusual. As with normal COBRA coverage, this Program gives the Employee (or family member) the right to self-pay contributions into the Trust, which were formerly being paid by the employer pursuant to the collective bargaining agreement when the Employee was working. **However, in this Program, these self-paid contributions (if sufficient, as explained below) would entitle you to health premium reimbursements after retirement,¹ not health coverage immediately following active employment. That is, this Program is generally for retiree health benefits, not benefits prior to retirement.** (However, you will be able to access your Employee Account, if any, upon termination of employment and attainment of age 55.

To be eligible as a Regular Beneficiary to receive monthly health reimbursement benefits after retirement, this Program requires that the Employee earns five (5) years of Active Service as defined in Section 2.2 of the Program. Note that Active Service may be earned from the transfer of sick leave accumulation, if the Employee elects this option. Therefore, depending on how many years of Active Service have been earned by the Employee at the time of the Qualifying Event, it may be advisable for the Employee (or other qualified beneficiary) to continue to self-pay the contributions to reach the five (5) year Active Service requirement in order to become entitled to the retiree benefits of the Trust. Further, additional contributions may increase your level of benefits after retirement. If you do not choose to continue making these COBRA contributions to this Program and you have not earned five years of Active Service, you may have rights as a Limited

¹ In a typical health Program, the COBRA right entitles the employee to self-pay contributions to continue to receive current health coverage. In contrast, this Program does not pay coverage to employees immediately after employment, but instead accepts contributions during active employment, which are being held by the Trust to purchase health coverage after the employee retires.

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Beneficiary, but not as a Regular Beneficiary under Section 3.3 of the Program document.

Widowed and Divorced Spouses and Dependent children may also have the right to continue self-payment under certain circumstances. Contact the Trust Office for details.

3. **Qualifying Events.** If you are an Employee and you have a “Qualifying Event”, i.e., your contributions to this Trust cease because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your Part), you generally will have the right to continue contributions to this Program.

If you are the spouse of an Employee covered by this Program, you might also have the right to continue contributions to this Program, depending on certain circumstances, if you lose coverage under this Program for any of the following reasons, which also are Qualifying Events:

- (a) The death of your spouse;
- (b) A termination of your spouse’s employment (for reasons other than gross misconduct) or reduction in your spouse’s hours of employment, provided that your spouse does not elect COBRA coverage.

Dependent children of an Employee covered by this Program might also have rights to continue contributions to this Program if coverage under this Program is lost for any of the following Qualifying Events:

- (a) The death of the covered parent; or
- (b) The termination of the covered parent’s employment (for reasons other than gross misconduct) or reduction in the parent’s hours of employment, where neither the Employee parent nor spouse elect COBRA coverage.

Contact the Trust Office for details.

4. **Notice Requirements of Employee and/or Family Member.** Under COBRA, the Employee or a family member has the responsibility to provide written notice, within the time limits described in Part 6 below, to the Trust Office of the occurrence of any of the following Qualifying Events:
 - (a) The death of the covered Employee;

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- (b) The child of a covered Employee losing dependent status under this Program;
 - (c) The occurrence of a second Qualifying Event after a qualified Beneficiary has become entitled to continuation coverage with a maximum duration of eighteen (18) months (or twenty-nine (29) months in the case of a disability, as described in Part 8 below);
 - (d) A qualified Beneficiary being determined by the Social Security Administration to be disabled at any time before or during the first sixty (60) days of continuation coverage; or
 - (e) A qualified Beneficiary, with respect to whom a notice described in Part 4(d) above has been provided, is subsequently determined by the Social Security Administration to no longer be disabled.
5. **Procedures for Notifying the Trust Administrator of Qualifying Event.** Subject to the time limits in Part 6 below, a qualified Beneficiary must provide written notice of the Qualifying Event(s), described in Part 4 above, to the Trust Office by either first class mail or facsimile (fax). The contact information for the Trust Office is as follows:

Health Professionals and Allied Employees, AFT/AFL-CIO
Retiree Medical Trust
c/o Benserco, Inc.
ATTN: Lucille Hart
2185 Lemoine Avenue, Suite 1N
Fort Lee, NJ 07024
Phone: 201-947-8000
Fax: 201-947-9192

The notice of the Qualifying Event should include:

- (a) The name and social security number of the Employee and of the qualified Beneficiary;
- (b) The nature of the Qualifying Event and the date of the Qualifying Event; and
- (c) The current address and phone number of the qualified Beneficiary who is filing the notice.

When the Trust is notified that one of these Qualifying Events has happened, it will, in turn, notify you about details concerning your election to continue your contributions to the Trust for the right to receive future benefits.

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6. Time Limits for Notifying the Trust Administrator of Qualifying Events.

- (a) The period of time for providing notice to the Trust Office of the Qualifying Events listed in Part 4(a), (b), or (c) above, is sixty (60) days after the latest of:
 - (1) The date on which the Qualifying Event occurs;
 - (2) The date on which you lose (or would lose) coverage under the Program as a result of the Qualifying Event; or
 - (3) The date on which you are informed through this SPD of the responsibility to provide notice and the Program's procedures for providing notice (see Part 4 above).

- (b) The period of time for providing notice to the Trust Office of a disability determination pursuant to Part 4(d) above, is before the end of the first eighteen (18) months of continuation coverage and sixty (60) days after the latest of:
 - (1) The date of the disability determination by the Social Security Administration;
 - (2) The date on which a Qualifying Event occurs;
 - (3) The date on which you lose (or would lose) coverage under the Program as a result of the Qualifying Event; or
 - (4) The date on which you are informed through this Summary Program Description of the responsibility to provide notice and the Program's procedures for providing notice (see Part 4 above).

- (c) The period of time for providing notice to the Trust Office of a change in disability, pursuant to Part 4(e) above, is thirty (30) days after the later of:
 - (1) The date the Social Security Administration determines that you are no longer disabled; or
 - (2) The date on which you are informed through this Summary Program Description of the responsibility to provide notice and the Program's procedures for providing notice (see Part 5 above).

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7. **Length of COBRA Payments.** The COBRA law requires that you be afforded the opportunity to continue to make contributions to the Trust for thirty-six (36) months (three years) unless you lost coverage because of a termination of employment or reduction in hours. In that case, the required self-payment period is eighteen (18) months. The eighteen (18) month period may be extended to thirty-six (36) months if a second Qualifying Event (i.e., death, but not termination of employment) occurs during that eighteen (18) month period.

The eighteen (18) month period may be extended for an additional eleven (11) months (for a total of twenty-nine (29) months) if an individual becomes disabled (as determined under the rules for Social Security disability benefits) at any time before or during the first sixty (60) days of continuation coverage, and the Trust Office is notified of the Social Security determination within sixty (60) days of the determination and before the end of the eighteen (18) month period. The affected individual also must notify the Trust Office within thirty (30) days of a determination (for purposes of Social Security disability benefits) that the individual is no longer disabled. The eleven (11) month extension applies to all disabled and non-disabled individuals entitled to continuation coverage as a result of the same event. Please note the cost to you to pay for the additional eleven (11) months will be approximately 50% higher than the cost for the first eighteen (18) months if the continuation coverage includes the disabled individual and the continuation coverage would not be available in the absence of a disability.

8. **Termination of COBRA Payments.** The COBRA law provides that your right to continue COBRA payments may be cut short of the full coverage period – eighteen (18), twenty-nine (29), or thirty-six (36) months – for any of the following reasons:
- (a) The Trust no longer maintains this Program;
 - (b) Your employer no longer contributes to the Program on behalf of employees;
 - (c) The monthly contribution to the Trust for your continuation coverage is not timely paid, or
 - (d) There has been a final determination that you are no longer disabled if you qualified for an extra eleven (11) months' continuation coverage based on disability.

You do not have to show that you are insurable to choose continued participation. If you have any questions about COBRA, you should contact the Trust Office at the address and phone number in Part 5 above. Also, if you have changed marital status or you or your spouse have changed address, please notify the Trust Office.

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9. **Refund of Contributions Erroneously Paid.** Any self-paid contributions to the Program made and accepted in error shall be refunded to you by the Program Administrator and shall not confer upon you any rights under the Program if it is determined that you are ineligible for continuation coverage.

10. **Veterans' Rights.** If you are on leave from employment for military service, you may have certain rights under the federal laws on veterans' rights. You or your covered Dependents may elect to continue contributions to this Program for the lesser of twenty-four (24) months or the period ending on the date on which you could, but fail to, apply for or return to a position of employment with the employer. If you make this election, you will generally be required to pay 102% of the contributions that were being paid by the employer on your behalf for the period of continued coverage. **Note:** Like COBRA coverage, this entitles you to continue contributions to this Program to augment your post-retirement medical benefits. See Part 2 above for further explanation or contact the Trust Office.

p. Sources of Contributions

Contributions to this Program are made by contributing employers and employees, depending on the terms of the underlying collective bargaining agreement. There are also, under certain circumstances, Employee and Dependent contributions.

q. Methods Used for Accumulation of Assets

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

r. Program Year

The Plan year runs from January 1 to December 31 of each year.

s. Procedures to be Followed in Presenting Claims for Benefits and Appeal Procedures for Denied Claims

The claim and appeal procedures are also contained in Articles III.6 and IV of the Program document. If you request an appeal hearing, the Program's Hearing Procedures (if any) will be furnished automatically, without charge, as a separate document.

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t. **Privacy Rights**

The HPAE Retiree Medical Trust is required by law to safeguard and maintain the privacy of your health information. The HIPAA Privacy Rule creates a national standard to protect individuals' medical records and other personal health information, called Protected Health Information or PHI. The Trust may also need to observe state laws on privacy that offer greater protection, under certain circumstances. The Trust must provide you with a notice of the Trust's legal duties, privacy practices and obligations with respect to your health information. The Trust has furnished each Participant with a Privacy Notice. The Privacy Notice describes how medical information about Participants may be used and how Participants may obtain access to this information. If you would like to receive another copy of the Trust's Privacy Notice or if you want more information about the privacy practices of the HPAE Retiree Medical Trust, please write to:

Health Professionals and Allied Employees, AFT/AFL-CIO
Retiree Medical Trust
c/o Benserco, Inc.
2185 Lemoine Avenue
Fort Lee, NJ 07024

NOTE: This Summary Program Description has been designed to provide you with key information about the Medical Expense Reimbursement Program, but it does not provide all the details and limitations of the Program. Exact specifications are provided in the "Medical Expense Reimbursement Program of the Health Professionals and Allied Employees, AFT/AFL-CIO Retiree Medical Trust, effective January 1, 2007" (in this booklet), which will prevail in case of conflict with this Summary.

Pursuant to U.S. Treasury Circular 230, this Summary Program Description is not intended or written by the Trustees to be used, and it may not be used by you or any other person or entity, for the purpose of avoiding any penalties that may be imposed on you or any other person or entity under the United States Internal Revenue Code.

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OF THE
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PREAMBLE

WHEREAS the Health Professionals and Allied Employees, AFT/AFL-CIO (hereafter “HPAE”), is a labor organization under the National Labor Relations Act, whose Local Unions negotiate benefits on behalf of their members; and

WHEREAS, the HPAE Locals have entered into, or intend to enter into, collective bargaining agreements regarding medical coverage for their members, wherein the bargaining parties will agree that contributions would be made to an employee benefit trust for the purpose of funding, in whole or in part, retiree health benefits; and

WHEREAS, the HPAE established such a trust as of January 1, 2007, granting administration of the Trust to a Board of Trustees pursuant to the “Trust Agreement Governing the Health Professionals and Allied Employees Retiree Medical Trust,” effective July 1, 2006;

NOW, THEREFORE, the Board of Trustees of the aforementioned Trust does hereby adopt this Medical Expense Reimbursement Program of the Health Professionals and Allied Employees, AFT/AFL-CIO, Retiree Medical Trust, effective January 1, 2007, as set forth in the following pages.

**ARTICLE I
DEFINITIONS**

Where the following words and phrases appear in this Program, they shall have the meaning set forth in this Article, unless the context clearly indicates otherwise. Other words and phrases with special meanings are defined where they first appear unless their meanings are apparent from the context.

- 1.1 **“Active Service”** means service as defined in Section 2.2 herein, after the Employee’s Effective Date.
- 1.2 **“Beneficiary”** means an Eligible Retiree, his or her Surviving Spouse (or Surviving Domestic Partner), and the Retiree’s Surviving Dependents. A **“Regular Beneficiary”** is a person who has become eligible for monthly benefits under Section 2.1(a). A **“Limited Beneficiary”** is a person who has become eligible for benefits from an Employee Account under Section 2.1(b).

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- 1.3** “**Board of Trustees**” or “**Trustees**” means the duly selected board which administers the Program and Trust, pursuant to the Trust Agreement.
- 1.4** “**Code**” means the Internal Revenue Code, as amended.
- 1.5** “**Collective Bargaining Agreement**” or “**CBA**” means a written agreement between an Employer and a Local that requires contributions to the Trust for retiree medical benefits, and subsequent amendments or successor agreements. A CBA also includes a “subscription agreement” as defined herein.
- 1.6** “**Covered Expense**” means any of the following:
- (a) A premium or contribution on behalf of a Beneficiary to a health, dental, or vision insurance Program, for coverage in effect while the Beneficiary is eligible for benefits under this Program, for the type of covered expense excludible from gross income under Code Section 105(b);
 - (b) A medical expense excludable from gross income under Code Section 213(d), i.e., costs for the diagnosis, cure, mitigation, treatment, or prevention of disease or injury, incurred while the Beneficiary is eligible for benefits under this Program, and which has not been claimed by the Beneficiary as a deduction on his or her personal tax return;
 - (c) Premiums for long-term care insurance qualified under Code Sec. 7702 for coverage in effect while the Beneficiary is eligible for benefits under the Program, but for no other expenses associated with the costs of long-term care.
- 1.7** “**Dependent**” means a “legal dependent” as defined by the Internal Revenue Code, of an Employee or Eligible Retiree.
- 1.8** “**Domestic Partner**” means a person who has met the criteria used to establish whether a person is a domestic partner under the rules of the Domestic Partner Act of New Jersey.
- 1.9** “**Effective Date**” for an Employee means the date that contributions for that Employee’s Local are required and made to the Trust, as approved by the Trustees.
- 1.10** “**Eligible Retiree**” means an Employee who is entitled to benefits under Section 2.1 of the Program.
- 1.11** “**Employee**” means an individual while employed by a participating employer; who is a member of a bargaining unit represented by a Local; and on whom the required contributions are made to the Trust Fund pursuant to a collective bargaining agreement for all periods of Active Service after the Effective Date.

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- 1.12** “**Employee Account**” means the individual bookkeeping account maintained by the Trust in the name of an Employee, which reflects certain contributions made to the Trust as set forth in Section 3.5.
- 1.13** “**Employer**” or “**Participating Employer**” means an employer (as further defined in the Trust Agreement), which contributes to this Program pursuant to a CBA.
- 1.14** “**Local**” means a participating labor organization or bargaining unit, which has signed a collective bargaining agreement with the Employer and for which the Trustees have approved participation in the Trust; or any group that is the subject of a subscription agreement with the Trustees.
- 1.15** “**Maximum Benefit Amount**” means the amount set or from time to time by the Trustees as the monthly maximum amount available for payment of Covered Expenses. The benefit level for a Regular Beneficiary shall be a percentage of the Maximum Benefit Amount, determined according to the schedule in Section 3.2 hereof.
- 1.16** “**Modify**” means to adjust, including increase or decrease.
- 1.17** “**Plan**” means a distinct level of contributions and benefits from the Program, which shall be set by the Trustees from time to time.
- 1.18** “**Program**” means the entire benefit program codified in this separate written document, together with any amendments duly adopted by the Trustees.
- 1.19** “**Subscription Agreement**” means a written agreement between an entity and the Trustees and any supplement, amendment, continuation, or renewal thereof that obligates the entity to make contributions to the Trust Fund for employees, for the purpose of providing employee welfare benefits to the employees covered by said agreement, and their beneficiaries.
- 1.20** “**Surviving Spouse**” or “**Surviving Domestic Partner**” means the lawful spouse, as defined in the Internal Revenue Code, or Domestic Partner of an Eligible Retiree, who was in that status at least 12 months on the date of the Eligible Retiree’s death. The Surviving Spouse or Surviving Domestic Partner of an Employee who has satisfied all the requirements of Section 2.1, except the Employee dies prior to separation from service, shall also be considered a Surviving Spouse or Surviving Domestic Partner.
- 1.21** “**Trust**” or “**Trust Fund**” means the Health Professionals and Allied Employees Retiree Medical Trust created by the Trust Agreement and all property and money held by such entity, including all contract rights and records. “**Trust Office**” means Benserco Inc., 2185 Lemoine Ave., Suite 1N, Fort Lee NJ 07024; Phone: 201-947-8000; Fax: 201-947-9192.

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1.22 “**Trust Agreement**” or “**Agreement**” means the Trust Agreement governing the Health Professionals and Allied Employees Retiree Medical Trust, AFT/AFL-CIO, effective July 1, 2006, and any amendments hereto.

ARTICLE II
ENTITLEMENT TO BENEFITS

2.1 Eligibility.

(a) Eligibility as a Regular Beneficiary. An Employee shall become an Eligible Retiree entitled to monthly benefits as a Regular Beneficiary under Section 3.2 hereof when he or she meets the following requirements.

- (1) Earns five (5) years of Active Service after the Employee’s Effective Date;
- (2) Has terminated from all employment (excluding per diem employment for which no employer contributions are made to this Program) with his or her participating Employer; and
- (3) Attains age 55.

Such a Retiree may also be entitled to Employee Account benefits, if earned by transfer of accumulations under Section 2.2(e), (but not from regular monthly employer and employee contributions).

(b) Eligibility as a Limited Beneficiary: Employee Account Benefits. An Employee who does not achieve eligibility under 2.1(a) hereof shall become an Eligible Retiree as a Limited Beneficiary under this Program, entitled to receive benefits from his or her Employee Account, pursuant to Section 3.5 of the Program, when he or she meets the requirements of subsections 2.1(a)(2) and (3). The following rules apply to this eligibility:

- (1) *Employee Contributions.* The Trust Office shall calculate all employee contributions made to the Program on behalf of the Employee and credit them to the Employee Account, according to rules set by the Board of Trustees.
- (2) *Employer Contributions.* Generally, employer contributions will not be credited to the account of an Employee who earns less than five years of Active Service in the Plan. However, the Program recognizes that Employees whose bargaining unit joins the Program within five years of their 55th birthday may not have an opportunity to earn five years of Active

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Service. Therefore, for an Employee who is 50 years old or older on the Employee's Effective date and does not achieve eligibility under Section 2.1(a) hereof, the Trust Office shall also calculate all employer contributions made to the Program on behalf of the Employee and credit them to the Employee Account, according to rules set by the Board of Trustees.

2.2 Active Service.

- (a) General. Unless otherwise provided in a collective bargaining agreement of a participating employer, which has been approved by the Trustees, the Program shall credit an Employee with one year of Active Service for every calendar year in which the Program receives contributions for 1700 hours of employment as an Employee; and one-half year of Active Service for every calendar year in which the Program receives contributions for 850 hours of employment as an Employee.
- (b) Employment with a Participating Employer. Active Service is used to determine an Employee's eligibility under this Program. An Employee may earn Active Service in the following ways:
 - (1) For years or half years of employment as an Employee with a Participating Employer, pursuant to Section 2.2(a);
 - (2) For time as an Employee on any authorized leave of absence from a participating employer, including authorized disability, illness, or injury, provided that contributions are made to the Program during that time (including periodic self-payment of contributions); and
 - (3) For service in the Armed Forces, as required by federal law.
- (c) Contribution after Termination or Reduction of Employment (COBRA). An Employee whose employment is terminated or reduced may continue to earn Active Service by periodic self-payment of contributions, for a maximum of eighteen months, pursuant to the federal law known as COBRA and rules set by the Trustees.
- (d) Spouse or Dependent Contribution after Death of Employee (COBRA). After the death of an Employee, a Surviving Spouse, Domestic Partner, or Dependent may continue to earn Active Service by periodic self-payment of contributions, for a maximum of thirty-six months, pursuant to the federal law known as COBRA, and rules set by the Trustees.
- (e) Transfer of Sick Leave and Other Similar Compensation. An Employee may earn Active Service by transfer of compensation accumulations (for example, sick

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leave) into the Program annually or within ninety (90) days of the Employee's retirement date, provided that such transfer is made pursuant to a non-elective requirement for such transfer in his or her CBA. The transfer must be according to rules set by the Trustees, which may be obtained from the Trust Office. Such transfers shall be subject to the following conditions:

- (1) The Program shall convert all or part of the accumulation amount into years (or partial years) of Active Service for the Employee, in order to increase Active Service. The Program shall use the contribution rate in effect for the Employee's Local on the Employee's retirement date, or the date of transfer, if sooner.
- (2) Alternatively, the Employee may elect to transfer all or a portion of the accumulation amount to an Employee Account for that Employee, pursuant to the claim procedures in Section 3.5.

2.3 Self-Pay Contributions. Self-payment rules for purposes of Section 2.2(b)-(d) shall be set by the Trustees and may be obtained from the Trust Office.

2.4 No Rebate or Refund. Employees shall not be eligible for rebates or refunds of any contributions made.

ARTICLE III BENEFITS

3.1 General. An Employee may become a Beneficiary under either Section 2.1(a) or 2.1(b) or both. The rules in Sections 3.3 and 3.4 apply to Regular Beneficiaries, i.e., those Retirees who become eligible under Section 2.1(a). The rules in Section 3.5 apply to Limited Beneficiaries, i.e., those Retirees who become eligible under Section 2.1(b) for benefits from Employee Accounts. All benefit payments are subject to proper and timely submission of claims pursuant to Sec. 3.6 hereof.

3.2 Commencement of Benefits. Benefits for Beneficiaries shall commence as set forth in this Section 3.2.

- (a) Retiree. An Eligible Retiree shall be entitled to benefit payments upon meeting the eligibility requirements of Section 2.1(a) or 2.1(b)
- (b) Surviving Spouse. A Surviving Spouse or Domestic Partner shall be entitled to benefit payments starting the later of: (i) the month after the Eligible Retiree dies; or (ii) the month that a deceased Eligible Retiree would have attained age 55 (subject to Section 3.3(c)).

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- (c) Surviving Domestic Partner. A Surviving Domestic Partner will receive monthly benefit payments within 60 calendar days after the end of the Program Year determined under Section 3.3(b) hereof, pursuant to the calculation set forth in 3.3(d)(2).
- (d) Surviving Dependents. If there is no Surviving Spouse or Domestic Partner, Dependents shall be entitled to receive monthly benefit payments upon death of the Employee.

3.3 Benefit Levels for Regular Beneficiaries. An Employee who becomes an Eligible Retiree under Section 2.1(a), and his or her Surviving Spouse and Dependents, shall be Regular Beneficiaries and entitled to monthly reimbursement of Covered Expenses incurred on or after April 1, 2011, in an amount not to exceed the Beneficiary's benefit level, calculated pursuant to 3.3(b).

- (a) Maximum Benefit Amount. The Trustees shall set the Maximum Benefit Amounts from time to time for each Plan of the Program. A Regular Beneficiary's monthly benefit level shall be a percentage of the Maximum Benefit Amount, as determined in Section 3.3(b) below.
- (b) Calculation of Benefit Level.
 - (1) The Trustees shall set the benefit level for a Regular Beneficiary according to the Maximum Benefit Amount in effect at the earliest of:
 - (i) the month in which the Trust ceases to receive contributions on behalf of that Employee; or
 - (ii) the month in which the Regular Beneficiary starts to receive benefit payments from the Trust. That benefit level will remain the same throughout the Employee's retirement, unless the Trustees adjust it thereafter.
 - (2) The benefit level for a Regular Beneficiary shall be a percentage of the Maximum Benefit Amount, determined according to the following schedule. Active Service in the schedule includes all years for which contributions were made to the Trust, plus years of Active Service based on transfer of accumulated leave pursuant to Sec. 2.2(e) (if not transferred to the Employee Account).

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<u>Years of Retiree's Active Service</u>	<u>Percentage of Max. Benefit Amount Available to Retiree</u>	<u>Years of Retiree's Active Service</u>	<u>Percentage of Max. Benefit Amount Available to Retiree</u>
5	25.00%	16	66.25%
6	28.75%	17	70.00%
7	32.50%	18	73.75%
8	36.25%	19	77.50%
9	40.00%	20	81.25%
10	43.75%	21	85.00%
11	47.50%	22	88.75%
12	51.25%	23	92.50%
13	55.00%	24	96.25%
14	58.75%	25 or more	100.00%
15	62.50%		

- (c) Surviving Spouses and Dependents. The benefit level for a Surviving Spouse (with or without surviving Dependents) shall be 50% of the benefit level for the Eligible Retiree. If there is no Surviving Spouse or Domestic Partner and there are surviving Dependents, the benefit level shall be 50% of the benefit level for the Eligible Retiree (to be divided equally among the Dependents).
- (d) Domestic Partners.
- (1) The benefit level for a Surviving Domestic Partner shall be the same as for a Surviving Spouse, subject to subsection (2) hereof.
 - (2) The aggregate amount paid to all Domestic Partners annually shall not exceed the maximum amount allowed to Domestic Partners under federal tax law (currently set at 3% of the total benefits paid annually), which shall be calculated within thirty calendar days after the end of each Program year.
- (e) Modification of Benefit Levels. The Trustees may modify the Benefit Amounts or the percentages under 3.3(b) from time to time, which modifications may apply to current and/or future Beneficiaries, as determined by the Trustees.

3.4 Termination of Benefits. Benefits for Regular Beneficiaries shall terminate as set forth in this Section 3.4.

- (a) Eligible Retirees. An Eligible Retiree's monthly benefit coverage under the Program shall terminate on the earliest of the following dates:

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- (1) Return to employment with a Participating Employer; provided however that upon subsequent cessation of all employment with participating employers, benefit payments shall resume.
 - (2) Date of the Retiree's death; provided however that claims for Covered Expenses, which are properly and timely submitted on behalf of the deceased Retiree after death, will be paid for the months through and including the month in which the Retiree died, at the rate of the monthly benefit level for that Retiree.
 - (3) Date the balance in the Employee Account related to the Beneficiary reaches zero.
- (b) Surviving Spouse, Domestic Partner, and Dependents. The monthly benefit coverage of the dependent of a Regular Beneficiary under the Program shall terminate as follows.
- (1) *Surviving Spouse or Domestic Partner.* Claims for Covered Expenses, which are properly and timely submitted on behalf of the deceased Surviving Spouse or Domestic Partner after death, will be paid for the months through and including the month in which the Surviving Spouse or Domestic Partner died, at the rate of the monthly benefit level for that Surviving Spouse or Domestic Partner.
 - (2) *Dependents.* If there is no Surviving Spouse or Domestic Partner, Dependents shall be entitled to the benefits until loss of Dependent status, as defined in Section 1.8 hereof.

3.5 Benefits from Employee Accounts.

- (a) Employee Account. An Employee who becomes an Eligible Retiree under Section 2.1(b) hereof, and his or her Beneficiaries, are entitled to reimbursement of Covered Expenses from his or her Employee Account. The balance in the Employee Account shall include the following:
- (1) Transfer of individual accumulations (e.g., sick leave, vacation leave, and similar leave compensation);
 - (2) Employee contributions from salary under Sections 2.1(b)(1) and leave transfers under 2.2(e), but not to include employer contributions from salary (except for employer contributions under Section 2.1(b)(2));
 - (3) Investment earnings and losses, minus administrative expenses and benefit payments; and

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- (4) Unused monthly reimbursements (including an unused portion of a monthly reimbursement), under Section 3.2 hereof.
- (b) Benefit Level. There shall be no maximum on a claim against the Employee Account, so long as all claims are for reimbursement of Covered Expenses, i.e., the Maximum Benefit Amount does not apply to Employee Accounts.
- (c) Termination of Benefits from Employee Account. Reimbursement from the Employee Account will terminate when the Account balance reaches zero. Any balance left in the Employee Account upon the death of the Beneficiary and his or her surviving Beneficiaries will forfeit to the Program.
- (d) Modification of Rules. The Trustees may modify or amend the rules for benefit payments from Employee Accounts, which may apply to current and/or future Beneficiaries.

3.6 Benefit Claim Procedure.

- (a) To make a claim for Program benefits, Beneficiaries must present proof of payment of Covered Expenses, on a form approved by the Trustees, to:

Health Professionals and Allied Employees, AFT/AFL-CIO
Retiree Medical Trust
c/o Benserco, Inc.
ATTN: Lucille Hart
2185 Lemoine Avenue, Suite 1N
Fort Lee, NJ 07024
Phone: (201) 947-8000
Fax: (201) 947-9192

Prior to issuing payment, the Trust Office shall review such proof and determine whether to grant or deny coverage under the Program.

- (b) If the Trust Office grants coverage, payment will be made to the Beneficiary. If the Trust Office denies coverage, the Beneficiary may appeal the denial of coverage or any other adverse benefit determination of the Trustees.
- (c) Proof of payment of a covered expense shall include, but not be limited to, canceled checks drawn to the name of the medical insurance provider or receipt for payment from the medical insurance provider, subject to verification as determined by the Trustees in their sole discretion.

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- (d) Claims for Program benefits should be submitted within 30 days after end of the Program year in which the expense was incurred.
- (e) Subject to subsection (f) below, unless specifically provided by law, the Trustees shall not make any payments on behalf of or distributions to any person entitled to any benefits except to a Beneficiary personally or pursuant to a Qualified Medical Child Support Order under federal law.
- (f) If a Beneficiary is deemed to be incompetent by a lawful judicial or quasi-judicial forum, or reasonably deemed to be incompetent by the Trustees, then any payment due may be paid to such person and in such manner as the Trustees, in their sole discretion, consider to be in the best interest of the Beneficiary, (unless the judicial forum has appointed a party as the Beneficiary's representative, in which case the Trustees will make payment to that party). The Trustees shall not be under any duty to oversee the application of funds so paid, provided due care was exercised in the selection of the person to whom funds were paid, and the receipt of the person to whom funds were paid shall be full acquittance to the Trustees. The Trustees shall not be liable to any person for a determination made in good faith that a Beneficiary is incompetent.

**ARTICLE IV
CLAIM APPEAL PROCEDURES**

4.1 Beneficiary's Duty to Notify Trust Office of Claim. The Beneficiary is required to notify the Trust Office of his or her claim for benefits pursuant to Article III hereof, before he or she is entitled to either receive benefits under this Program, or appeal the Trust Office's decision denying a request for benefits.

4.2 Acceptance or Denial of Claims by the Trust Office.

- (a) Standard Claim Decision - Timing. The Trust Office shall consider each claim for Program benefits and determine whether to grant or deny coverage under the Program. Subject to Sections 4.2(b) and 4.2(c) hereof, the Trust Office shall send written notification of a denial not later than 30 calendar days after receipt of the Beneficiary's claim. If coverage is granted, the Beneficiary shall receive payment as stated in Section 3.6(b) hereof. If the claim is denied, the Beneficiary has the right to appeal the claim, pursuant to Section 4.3 hereof and the Program's "Appeal Procedures," if any, available from the Trust Office.

The denial notification shall include the following information:

- (1) The specific reason(s) for such denial;

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- (2) Specific reference to the Program provisions upon which the denial is based;
 - (3) A statement that the Beneficiary is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Beneficiary's claim for benefits; and
 - (4) An explanation of the Program's "Appeal Procedures," if any, with respect to the denial of benefits and a statement of the Beneficiary's right to bring an action in court after exhaustion of administrative procedures.
- (b) Extension of Time - Special Circumstances. If the Trustees determine that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Beneficiary prior to the termination of the initial 30 calendar day period. The extension notice shall indicate the special circumstances requiring the extension of time and the date by which the Trustees expect to render a benefit determination. In no event shall such extension exceed a period of 15 calendar days from the end of the initial period (45 calendar day total).
- (c) Extension of Time – Failure to Submit Information. The period of time for the Trustees to make a benefit determination may be extended if the Beneficiary fails to submit all necessary information to allow the Trustees to decide the claim. In such case, the period for deciding the claim is tolled from the date on which the request for additional information is sent to the Beneficiary until the date the Beneficiary provides to the Trust Office the requested information. The Beneficiary shall be allowed at least 45 calendar days from receipt of the request for additional information within which to provide the information.

4.3 Appeal Procedures. The Trustees, Beneficiaries, and any person who claims to be entitled to benefits under this Program shall follow the provisions in this Article IV.

- (a) Sole Procedures. The procedures specified in this Section shall be the sole and exclusive procedures available to a person dissatisfied with an eligibility determination or benefit award, or who is otherwise adversely affected by any action of the Trustees.
- (b) Request for Hearing. Any person whose claim has been denied may appeal to the Trustees to conduct a hearing in the matter, provided that he or she requests the hearing in writing within 181 calendar days after receipt of notification of the denial of benefits or other adverse determination. The letter requesting a hearing should also indicate the reasons why the Beneficiary believes that the grounds for denial of benefits are inapplicable. The Beneficiary may request and examine documents pertinent to the denial and may submit written comments, documents,

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records and other information relating to the claim for benefits to the Trustees. The Beneficiary shall also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Beneficiary's claim for benefits.

- (c) Decision on Appeal. The Trustees shall make decision, affirming, modifying or setting aside the former decision, no later than the date of the meeting of the Board of Trustees that immediately follows the Trust Office's receipt of a request for review, unless the request for review is filed within 30 days preceding the date of such meeting. In such case, the Trustees shall make a decision no later than the date of the second meeting following the Trust Office's receipt of a request for review. If special circumstances require a further extension of time for processing, a benefit determination shall be made not later than the third meeting of the Trustees following the Trust Office's receipt of the request for review, provided that the Trust Office provides the claimant with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Trust Office shall notify the claimant of the decision on appeal as soon as possible, but not later than 5 days after the benefit determination is made. The Trustees may issue a written decision within 30 days thereafter, unless special circumstances require another 30-day extension. Any notification of a denial of benefits shall include the following information:
- (1) The specific reason(s) for such denial;
 - (2) Specific reference to the Program provisions upon which the denial is based;
 - (3) A statement that the Beneficiary is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Beneficiary's claim for benefits; and
 - (4) An explanation of the Beneficiary's right to bring an action in federal court, after exhaustion of the Program's administrative procedures.
- (d) Right to Court Review. Upon exhaustion of these procedures in this Article IV, the Beneficiary who is dissatisfied with an eligibility determination or benefit award or who is otherwise adversely affected by any action of the Trustees may then bring an action in court.

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**ARTICLE V
MISCELLANEOUS**

- 5.1 Limitation of Rights.** Neither the establishment of the Program and the Trust, nor any modifications thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving any Beneficiary or other person any legal or equitable right of action, or any recourse against any Local, the HPAAE or its employees, any Employer or its employees, the Trust or its employees, the Trust Office or the Trustees, except as provided in this Program and the Trust Agreement.
- 5.2 Applicable Laws and Regulations.** Reference in this Program to any particular sections of any local, state, or federal statute shall include any regulation pertinent to such sections and any subsequent amendments to such sections or regulations.
- 5.3 Confidentiality.** It is agreed and understood that each Beneficiary who applies for benefits under this Program is entitled to the same rights and consideration, including the right of confidentiality, and the Trustees shall not be required to nor shall they reveal to any other persons, including the HPAAE, its officers, agents or employees, any matters revealed to them in confidence by such Beneficiary in the course of his or her application for benefits, except to the extent required by law. This Program is subject to the federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), which imposes specific restrictions on the use and disclosure of protected health information.
- 5.4 Trustee Authority.** The Trustees shall have the authority and discretion to determine eligibility for benefits, to interpret and apply the provisions of this Trust and Program, or of the benefit Programs, or of their own motions, resolutions and administrative rules and regulations, or of any contract, instruments, or writings they may have entered into or adopted. The Trustees’ decision shall be binding and conclusive.

**ARTICLE VI
AMENDMENTS AND TERMINATION**

In order that the Board of Trustees may carry out its obligation to maintain, within the limits of its resources and applicable law, a Program dedicated to providing benefits for Beneficiaries, the Trustees expressly reserve the right, in their sole discretion, at any time and from time to time, but upon a non-discriminatory basis:

- (a) To modify the Benefit Amounts.
- (b) To amend or rescind any provision of this Program.
- (c) To terminate the Program.

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Any such changes may apply to current and/or future Beneficiaries. Amendments shall be made by action of the Board of Trustees pursuant to Article IV of the Trust Agreement.

Adopted this 26 day of October, 2006; and effective January 1, 2007.

**BOARD OF TRUSTEES,
HEALTH PROFESSIONALS AND ALLIED
EMPLOYEES, AFT/AFL-CIO
RETIREE MEDICAL TRUST**

Mike Slott

Marvin Apsel

Joan Johnson