Health Reimbursement Account Preventive Care Program for Participants and Spouses

EFFECTIVE DATE: JANUARY 1, 2016

The Trustees have established the Health Reimbursement Account Preventive Care Program (HRAPCP) to allow Participants and their Spouses to receive a specified deposited amount in a Health Reimbursement Account (HRA) upon successfully fulfilling the Wellness Exam requirements. Withdrawals from an individual's HRA will be used to cover certain medical care expenses and self-contribution expenses (as defined by Internal Revenue Service Publication 502 – which can be deducted as an itemized expense on your income tax return), that are incurred by the HRA recipient, and are related to, but not covered under, the regular provisions of the Central Laborers' Welfare Fund Plan or another plan providing benefits to a Participant or Spouse.

HRAs are not savings accounts from which the Participant or Spouse can withdraw at will. Participants and their Spouse are not vested in their HRA balances. No interest will be paid on HRAs. Amounts accumulated in a Participant's or Spouse's HRA can only be used for qualified medical expenses and self-payments, defined below, subject to the rules and provisions set forth in the Plan.

Medical expenses are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. They include the costs of equipment, supplies, and diagnostic devices needed for these purposes. They also include dental expenses. Medical expenses include the premiums you pay for insurance that covers the expenses of medical care, and the amounts you pay for transportation to get medical care. Medical expenses also include amounts paid for qualified long-term care services and limited amounts paid for any qualified long-term care insurance contract.

(**Self-payments** are the payments made to the Fund –Central Laborers' Welfare Fund - for the purpose of continuation of eligibility for Plan benefits under the Central Laborers'' Welfare Fund self-payment rules or rules related to COBRA and which are payable by the Participant, Spouse or Dependent. Self-payments are only accepted from the Participant, spouse or Dependent and are not payable by an employer or other third-party.)

No amounts for which payment has been or will be made by another benefit or insurance plan, including benefit plans provided by any government program (including but not limited to Medicare), will be reimbursable under this program. The total combined reimbursement from all benefit/insurance plans when added to the amount of the HRA reimbursement cannot exceed 100% of the allowable amount.

The Trustees reserve the right to eliminate or modify this program at any time and in their sole discretion. It is the intention of the Board of Trustees that, if for some reason, it becomes prudent to terminate the program, they will do so. In the event of termination, Participants and their Spouse will be allowed to file claims against their individual accounts until they are depleted, understanding that the Health Reimbursement Account (HRA) is not a vested benefit.

ELIGIBILITY

The eligibility rules applicable to the regular Plan do not apply to the HRAPCP. A Participant or Spouse who has a balance in his HRA is eligible to use his HRA for the qualified medical expenses and self-payment expenses specified above. In order to receive a Health Reimbursement the Participant or Spouse does not have to be eligible for regular Plan benefits when the qualified medical expense is incurred, when the reimbursement request is submitted or received, or when the Health Reimbursement check is issued. (Please note that reimbursements are not issued to a Spouse who became or becomes ineligible as explained under section 8 of the "**HEALTH REIMBURSEMENT ACCOUNT (HRA)**" below.)

If the reimbursement request is for a Spouse the reimbursement will be sent to the Spouse along with the "Health Reimbursement Account Report". The term Spouse is defined as the following: The lawful spouse of an Eligible Employee. Proof of such relationship must be on file at the Fund Office before HRA reimbursements for such spouse will be authorized.

Entitlement to reimbursement and the amount of any such reimbursement made by the Plan from the Participant's Health Reimbursement Account will be based on the amount of the Participant's or Spouse's individual HRA balance at the time the reimbursement check is issued.

If a Participant or Spouse dies and there is a balance remaining in his or her HRA, the surviving spouse of the deceased may use the balance remaining in the deceased's HRA for the qualified medical expenses and self-payment expenses as specified above. The balance shall be forfeited if there is no Spouse.

HEALTH REIMBURSEMENT ACCOUNT (HRA)

1. The Plan will allocate a specific amount, designated annually by the Trustees, once a Participant or Spouse successfully fulfills all the requirements related to the annual Wellness Exam Program. Any Participant or Spouse who becomes entitled to an HRA will be notified, via mail, when he or she has completed the HRA eligibility requirements and the Fund has been notified of the Participant's or Spouse's successful completion of the Preventive Care Program criteria. This verification and notification process will typically take less than 30-days.

2. If the Plan issues an HRA reimbursement check to a Participant or Spouse for a qualified medical expense and/or self-payment reimbursement, the Participant's or Spouse's individual HRA will be reduced by the amount of such reimbursement.

3. HRA balances cannot be carried forward for a period greater than 24 months from the date of initial allocation.

4. The balance remaining in a Participant's or Spouse's individual HRA will be transferred back to the Plan and such Participant's or Spouse's HRA balance will be reduced to zero if there is no account activity (i.e., no contributions to or benefits paid from the HRA) in two (2) consecutive Plan Years.

5. No interest will be paid on HRAs.

6. HRAs are not savings accounts from which the Participant or Spouse can withdraw at will. Participants and their Spouse are not vested in their HRA balances.

7. If a Spouse of a Participant ceases to meet the definition of "legal Spouse" (due to divorce or legal separation) and has an HRA balance, he or she forfeits any remaining HRA balance effective on the date in which an individual no longer meets the definition of "legal Spouse".

8. If an individual ceases to be a Participant or Spouse in the Plan, has an HRA balance, and subsequently seeks health care coverage through a federal or state exchange, he forfeits any remaining HRA balance. The balance in the HRA will revert to the Funds.

REIMBURSEMENT REQUIREMENTS

1. Requests must be received by the Fund Office no later than one year (12 months) following the date on which the expense was incurred.

2. **FOR MEDICAL REIMBURSEMENT the minimum amount a Participant or Spouse can request is $10. However, if a Participant or Spouse incurs less than $10 in medical expenses during a calendar year, he may submit a request for less than $10 at the end of the calendar year in which the expense was incurred.**

3. **FOR SELF-PAYMENT REIMBURSEMENT a Participant or Spouse can request less or more than $10 towards continuation of coverage.**

4. Medical Reimbursement requests **MUST BE** submitted to the Plan with the following items:
    a. A properly completed request form which will be provided to the Participant or Spouse by the Fund Office upon request.
    b. A copy of the itemized bill or receipt showing proof of payment or other evidence that Medical Expenses were incurred.

c. All explanation of benefits (EOBs) from primary insurance company & with respect to any expenses for which another plan is secondary to this Plan, the reimbursement request must also include a copy of the secondary plan's EOB.

5. Self-Payment Reimbursement requests **MUST BE** submitted to the Plan with a properly completed request form which will be provided to the Participant or Spouse by the Fund Office upon request and/or with each quarterly report.

6. For every reimbursement request a statement will be mailed to the member. The statement will show the balance of the HRA before and after the reimbursement is issued (if applicable), the deduction (if applicable) of the reimbursement and a check (if applicable).

ALL HEALTH REIMBURSEMENTS

1. Requests received by the Fund Office on or before the last business day of the month will be processed early in the following month. If the member is entitled to reimbursement under the rules & provisions of this Plan, the reimbursement check will be issued within 30-days. Requests that are submitted to the Fund Office on a non-business day **WILL BE** dated as being accepted on the next business day.

2. Upon receipt of a reimbursement request for a qualified medical expense or self-payment expense that has been submitted in accordance with the provisions above, the Plan will issue a reimbursement check payable to the Participant or Spouse and will deduct the amount of such reimbursement from the Participant's or Spouse's HRA. The amount of the reimbursement will be the amount of the qualified medical expense or self-payment reimbursement request, up to, but not to exceed, the amount in the Participant's or Spouse's HRA at the time the check is issued.

Health Reimbursement Account (HRA) Preventive Care Program for Participants and Spouses

What Expenses Are Includible?

Following is a list of some items that you can include in HRA reimbursement. The items are listed in alphabetical order. This list is not exhaustive of all included and reimbursable. This list can be revised and amended at the sole discretion of the Central Laborers' Welfare Fund Board of Trustees. All other rules related to the HRA apply.

Co-payments

You can include in HRA reimbursements the amount you pay toward co-payments associated with your own medical treatment or your own prescription purchases on drug prescribed for medical purposes.

Co-Insurance

You can include in HRA reimbursements the amount you pay toward your out-of-pocket costs defined as co-insurance. Co-insurance is the amount you are required to pay on medical expenses you incur, up to your out-of-pocket maximum.

Deductibles

You can include in HRA reimbursements the amount you pay toward your own individual deductible.

Eye Surgery

You can include in HRA reimbursements the amount you pay for eye surgery to treat your defective vision, such as laser eye surgery or radial keratotomy.

Over Allowable Charge

You can include in HRA reimbursements the amount you pay that was excluded from your medical benefit payment due to it exceeding the allowable charge, as defined by the Plan.

Over Maximum Allowed

You can include in HRA reimbursements the amount you pay on your services that were denied payment due to being over a maximum dollar or maximum frequency allowance defined in your Plan of Benefits. (Example – otherwise allowable dental expenses that are denied payment due to your annual dental allowance being maximized or costs toward a hearing aid that is not otherwise covered under your hearing benefit.)

Self-Payment/COBRA payment to extend your coverage under the Plan

You can include in HRA reimbursements the amount paid in a self-payment or COBRA payment, which was made to extend your coverage under the Plan. However, to receive reimbursement, you must first make the payment to extend your coverage before requesting.

Transportation

You can include in HRA reimbursements the amount you pay for transportation you need that was primarily for, and essential to, medical care. This may include public transportation or an ambulance service. The cost of transporting a nurse or other person who can give you injections, medications or other treatments, which is required by you while traveling to get medical care. (Cost of another must be confirmed as medically necessary, in writing, by your treating physician(s). Excluded transportation reimbursements are listed under "What Expenses Are Not Includible".

What Expenses Are Not Includible?

Following is a list of some items that you cannot include in figuring your medical expense deduction. The items are listed in alphabetical order. This list is not exhaustive of all excluded reimbursements. This list can be revised and amended at the sole discretion of the Central Laborers' Welfare Fund Board of Trustees.

Abortion

You cannot include in HRA reimbursements the amounts you paid toward a legal abortion.

Bandages

You cannot include in HRA reimbursements the cost of medical supplies such as bandages unless they are specifically ordered by a licensed physician and are for supplies that are not readily available over the counter.

Baby Sitting, Childcare, and Nursing Services for a Normal, Healthy Baby

You cannot include in HRA reimbursements amounts you pay for the care of children, even if the expenses enable you to get medical or dental treatment. Also, any expense allowed as a childcare credit cannot be treated as an expense paid for medical care.

Controlled Substances

You cannot include in HRA reimbursements amounts you pay for controlled substances (such as marijuana, laetrile, etc.) that are not legal under federal law, even if such sub-stances are legalized by state law.

Cosmetic Surgery

Generally, you cannot include in HRA reimbursements the amount you pay for unnecessary cosmetic surgery. This includes any procedure that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease. You generally cannot include in HRA reimbursements the amount you pay for procedures such as face lifts, hair transplants, hair removal (electrolysis), and liposuction.

You can include in HRA reimbursements the amount you pay for cosmetic surgery if it is necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.

Example: An individual undergoes surgery that removes a breast as part of treatment for cancer. She pays a surgeon to reconstruct the breast. The surgery to reconstruct the breast corrects a deformity directly related to the disease. The cost of the surgery is includible in her HRA reimbursements.

Dancing Lessons

You cannot include in HRA reimbursements the cost of dancing lessons, swimming lessons, etc., even if they are recommended by a doctor, if they are only for the improvement of general health.

Dependent Expenses

You cannot include in HRA reimbursements the amount you pay toward medical or dental expenses incurred by a dependent, parent, spouse, other relative or unrelated individual.

Diaper Service

You cannot include in HRA reimbursements the amount you pay for diapers or diaper services, unless they are needed to relieve the effects of a particular disease.

Electrolysis or Hair Removal
You cannot include in HRA reimbursements the amount you pay for electrolysis or hair removal. This is considered a cosmetic surgery/procedure.

Flexible Spending Account
You cannot include in HRA reimbursements amounts for which you are fully reimbursed by your flexible spending account if you contribute a part of your income on a pre-tax basis to pay for the qualified benefit.

Funeral Expenses
You cannot include in HRA reimbursements amounts you pay for funerals.

Future Medical Care
You cannot include in HRA reimbursements current payments for medical care (including medical insurance) to be provided substantially beyond the end of the year.

Hair Transplant
You cannot include in HRA reimbursements the amount you pay for hair transplant. This is considered a cosmetic surgery/procedure.

Health Club Dues
You cannot include in HRA reimbursements health club dues or amounts paid to improve one's general health or to relieve physical or mental discomfort not related to a particular medical condition.
You cannot include in HRA reimbursements the cost of membership in any club organized for business, pleasure, recreation, or other social purpose.

Health Savings Accounts
You cannot include in HRA reimbursements any payment or distribution for medical expenses out of a health savings account.

Household Help
You cannot include in HRA reimbursements the cost of household help (other than home health services such as home health nurses, therapists, etc.) even if such help is recommended by a doctor.

Illegal Operations and Treatments
You cannot include in HRA reimbursements amounts you pay for illegal operations, treatments, or controlled substances whether rendered or prescribed by licensed or unlicensed practitioners.

Insurance Reimbursed Expenses/Otherwise Reimbursed Expenses
You cannot include in HRA reimbursements amounts you paid, but were reimbursed for by insurance, another individual or some other source of reimbursement. Only those expenses for which you have not been reimbursed can be considered for reimbursement by your HRA.

Maternity Clothes
You cannot include in HRA reimbursements amounts you pay for maternity clothes.

Medical Savings Account (MSA)
You cannot include in HRA reimbursements amounts you contribute to an Archer MSA. You cannot include expenses you pay for with a tax-free distribution from your MSA. You also cannot use other funds equal to the amount of the distribution and include the expenses.

Medicines and Drugs from Other Countries

In general, you cannot include in your HRA reimbursements the cost of a prescribed drug brought in (or ordered shipped) from another country. You can only include the cost of a drug that was imported legally. For example, you can include the cost of a prescribed drug the Food and Drug Administration announces can be legally imported by individuals.

You can include the cost of a prescribed drug you purchase and consume in another country if the drug is legal in both the other country and the United States.

Nonprescription Drugs and Medicines

Except for insulin, you cannot include in HRA reimbursements amounts you pay for a drug that is not prescribed.
Example: Your doctor recommends that you take aspirin. Because aspirin is a drug that does not require a physician's prescription, you cannot include its cost in your HRA reimbursements.

Nutritional Supplements

You cannot include in HRA reimbursements the cost of nutritional supplements, vitamins, herbal supplements, “natural medicines,” etc. unless they are recommended by a medical practitioner as treatment for a specific medical condition diagnosed by a physician. Otherwise, these items are taken to maintain your ordinary good health, and are not for medical care.

Parent Expenses

You cannot include in HRA reimbursements the amount you pay toward medical or dental expenses incurred by a dependent, parent, spouse, other relative or unrelated individual.

Personal Use Items

You cannot include in HRA reimbursements the cost of an item ordinarily used for personal, living, or family purposes unless it is used primarily to prevent or alleviate a physical or mental defect or illness. For example, the cost of a toothbrush and toothpaste is a nondeductible personal expense.

In order to accommodate an individual with a physical defect, you may have to purchase an item ordinarily used as a personal, living, or family item in a special form. You can include the excess of the cost of the item in a special form over the cost of the item in normal form as a medical expense. (example - *Braille Books and Magazines)*

Relative Expenses

You cannot include in HRA reimbursements the amount you pay toward medical or dental expenses incurred by a dependent, parent, spouse, other relative or unrelated individual.

Spouse Expenses

You cannot include in HRA reimbursements the amount you pay toward medical or dental expenses incurred by a dependent, parent, spouse, other relative or unrelated individual.

Swimming Lessons

You cannot include in HRA reimbursements the cost of dancing lessons, swimming lessons, etc., even if they are recommended by a doctor, if they are only for the improvement of general health.

Teeth Whitening

You cannot include in HRA reimbursements amounts paid to whiten teeth. This is considered a cosmetic surgery/procedure.

Transportation

You cannot include in HRA reimbursements amounts paid going to and from work, even if your condition require an unusual means of transportation. You may not include expenses for travel to another city for an operation or other medical care if that travel is purely personal and not required, travel that is merely for general improvement of your health or the costs of operating a specially equipped car for other than medical reasons.

Unrelated person Expenses

You cannot include in HRA reimbursements the amount you pay toward medical or dental expenses incurred by a dependent, parent, spouse, other relative or unrelated individual.

Veterinary Fees

You generally cannot include veterinary fees in your HRA reimbursements.

Weight-Loss Program

You cannot include in HRA reimbursements the cost of a weight-loss program if the purpose of the weight loss is the improvement of appearance, general health, or sense of well-being. You cannot include amounts you pay to lose weight unless the weight loss is a treatment for a specific disease diagnosed by a physician (such as obesity, hypertension, or heart disease). If the weight-loss treatment is not for a specific disease diagnosed by a physician, you cannot include either the fees you pay for membership in a weight reduction group or fees for attendance at periodic meetings. Also, you cannot include membership dues in a gym, health club, or spa.

You cannot include the cost of diet food or beverages in HRA reimbursements because the diet food and beverages substitute for what is normally consumed to satisfy nutritional needs.