

**SAN FRANCISCO ELECTRICAL WORKERS
HEALTH & WELFARE TRUST**

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**** NEW HEALTH CARE PLAN BENEFIT ****

December 14, 2018

TO: All Active Employees Who Participate in the
Health Reimbursement Arrangement

FROM: Board of Trustees of the San Francisco
Electrical Workers Health & Welfare Plan

RE: Health Reimbursement Arrangement

As an eligible Participant with a Health Reimbursement Arrangement (HRA) account, you will be able to use the funds in your account starting January 1, 2019. Beginning with hours worked in June 2018, \$0.25 per hour has been contributed by your Employer on your behalf towards your HRA account. An account is set up for you once HRA contributions are received on your behalf. Initial information regarding the account was mailed to you in June 2018.

Account will be available to you starting January 1, 2019

Starting January 1, 2019, you can access the funds in your account in two ways:

1. Submit an **HRA Claim Form** to request reimbursement for eligible healthcare expenses. You can call the phone number below to request a Claim Form. Please read the Program Summary carefully for information on the necessary information and supporting documents.
2. Use a Visa **Prepaid Benefits Card**. The Prepaid Benefits Card will be mailed to you separately and should be received before the end of December. Please read the enclosed information regarding the Prepaid Benefits Card and FAQs.

Both methods of reimbursement will require you to retain documentation showing the eligible healthcare expenses you incurred. Please read all the enclosed materials regarding both reimbursement methods carefully.

Account statements will be mailed to you on a quarterly basis. You will receive your initial statement in January 2019. You will be able to track the contributions credited to your account and your reimbursement activity. A website may also be used to check your balance and activity at any time. Information on the website is included with the Visa Prepaid Benefits Card information enclosed.

If you have further questions, please contact Kaufmann and Goble at 1-855-512-1170.

SAN FRANCISCO ELECTRICAL WORKERS HEALTH & WELFARE PLAN HEALTH REIMBURSEMENT ARRANGEMENT

PROGRAM SUMMARY

January 2019

What is a Health Reimbursement Arrangement? The Plan's new Health Reimbursement Arrangement ("HRA") creates and maintains an account for each Participant who meets the eligibility requirements described below. It allows you to build up an account that can be used to pay eligible out-of-pocket medical expenses, including post-retirement health care premiums.

How will my HRA account be credited and charged? Each eligible Participant will have an account that is credited (increased) each month based on hours worked and charged (decreased) for benefit payouts made to you. From June 1, 2018, and until further notice, the amount credited per hour worked is \$0.25.

How will I be informed of my HRA account balance? HRA account information will appear on a statement that will be provided to you quarterly.

What are the eligibility requirements for HRA account crediting? Your HRA account will be credited \$0.25 for each hour you work in a month if all of the following requirements are satisfied during that month:

1. Your Employer is obligated to contribute to the HRA for hours you work in that month.
2. Those hours are also credited to your Hour Bank (or would be if not for the 1,000 hour limit) under the terms of the Plan.
3. You are covered under one of the Plan's PPO or HMO benefits.

What are the Reimbursement Requirements? You may request reimbursement from your HRA account for any eligible out-of-pocket medical expense you incur on or after the later of June 1, 2018, or the first pay date on which contributions were required to be made to your HRA account. The medical expense must have been incurred on behalf of you or your Dependent on or after the first date that you became eligible to receive credits to your HRA account. Medical expenses incurred during a month in which you are not enrolled under one of the Plan's PPO or HMO benefits (such as after retirement or other termination of Covered Employment) are generally eligible for reimbursement, but expenses incurred on behalf of a non-spouse Dependent must be incurred while the Dependent is enrolled in one of the Plan's PPO or HMO benefits.

What is the maximum benefit? The maximum amount payable under the HRA is equal to your HRA account balance.

What can I use my HRA account for? Your HRA account is available solely for reimbursements to you for your payment of eligible medical (including dental, orthodontia, vision, hearing aid and prescription drug) expenses which are not otherwise payable under the Plan, such as:

- ◆ All or part of any co-payments required or amounts in excess of usual, customary and reasonable limits, on covered services.
- ◆ Services not covered by the Plan (see *Summary of General Categories of Qualified Expenses* below).
- ◆ Prescription drug co-payments.
- ◆ Self-payment premiums, including COBRA and Retiree Health & Welfare premiums.

Refer to IRS Publication 502 for an extensive listing of expenses eligible for reimbursement from your HRA account.

What expenses are not allowed? Examples of expenses **not reimbursable** from your HRA account include:

- ◆ Expenses covered under the Plan.
- ◆ Dietary supplements (whether prescribed by a doctor or not).
- ◆ Premiums for non-health care related insurance such as life insurance.
- ◆ Over-the-counter medicines or drugs without written prescription.
- ◆ Premiums for individual health insurance coverage or group coverage other than for the Plan. IRS Guidance provides that premiums and claims for **individual market coverage or insurance plans** purchased from a state or federal Marketplace (also known as the Exchange) are not considered expenses eligible for reimbursement through the HRA
- ◆ Medicare premiums before your retirement.

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What documentation is needed to support reimbursement? Documentation needs to include patient name, date of service, provider or merchant name, type of service, amount covered by insurance, and amount paid out-of-pocket. Balance due statements or credit card receipts are not acceptable. Refer to the attached *Acceptable Supporting Documentation* for further detail.

What happens to my HRA after I retire or otherwise leave Covered Employment? You will still be able to use your HRA account as you had before leaving service, including for reimbursement of your Retiree Monthly Coverage Payments and Medicare Parts B and D premiums. Each year, you will have the opportunity to waive future HRA account reimbursements permanently, which you may wish to do if you wish to receive government subsidized individual health care coverage on a state insurance exchange. If your HRA account has paid out no benefit for three consecutive calendar years after you have ceased Plan coverage, your account will be forfeited.

What happens to my HRA in the event of my death? Upon your death:

1. Your Spouse can always request reimbursement for medical expenses incurred before your death for which you could have received reimbursement, and for any medical expenses your surviving Dependents incur while covered under one of the Plan's PPO or HMO benefits.
2. If you have no surviving Spouse, your other surviving Dependents who remain covered under the Plan may request reimbursements from your remaining HRA account while the Dependent is covered under the Plan.
3. If you have no surviving Dependent, your estate may claim reimbursement for expenses you incurred before your death for up to 12 months following your death.

All amounts in your (including your surviving Dependent's) HRA account will be forfeited 36 months after your death.

Affordable Care Act Form 1095-B. Any Covered Individual eligible to receive reimbursements from your HRA Account will receive a Form 1095-B relating to HRA coverage. The Form 1095-B is intended to assist reporting health coverage the individual's income tax return. For more information, please visit the IRS website at <https://www.irs.gov/Affordable-Care-Act/Employers/Information-Reporting-by-Providers-of-Minimum-Essential-Coverage>.

How long will it take to process my reimbursement request? Generally, reimbursements for eligible claims filed by the end of a month with all necessary documentation will be issued by the 15th of the next month.

Questions? Contact Kaufmann and Goble Associates at 1-855-512-1170.

Return forms by mail to: SFEW HRA Plan
160 W. Santa Clara Street, Suite 1550
San Jose CA 95113-1734

Return forms by fax to: (408) 298-1180

Return scanned forms by email to: SFEWHRA@kandg.com

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Acceptable Supporting Documentation

Documentation needs to include patient name, date of service, provider or merchant name, type of service, amount covered by insurance, and amount paid out-of-pocket.

Copies of credit/debit card receipts, check copies, or bank statement transactions without a supporting service statement are **not** acceptable documentation.

Balance Due Statements, Balance Forward Statements or Collection Notices without complete service details (patient name, date of service, type of service, amount covered by insurance) are **not** acceptable documentation.

Additional information will be requested for expenses that do not include acceptable documentation. The expenses will not be reimbursed until the required information is returned.

Type of Reimbursement	Documents Required
Medical Co-payments	Copy of your Medical Co-payment summary or Explanation of Benefits (EOB) including copy of your eligible Dependent(s) EOB and Group Policy Number (if applicable).
Dental / Orthodontic Co-payments	Copy of Dental Explanation of Benefits (EOB). In the case of Orthodontic services, details of the treatment plan (duration, payment schedule, etc.) will be requested if not previously supplied.
Vision Co-payments	Copy of your Vision Plan itemized receipt showing your out-of-pocket expenses.
Prescription Co-payments*	Copy of the Pharmacy Insurance receipt reflecting the patient's co-payment or a printout from your pharmacy.
Active Subsidized Self-Payments / COBRA	Copy of Health Plan payment stub and copy of check or money order.
Retiree Monthly Coverage Payments	Copy of the Health Plan payment stub and copy of check or money order.

* **Kaiser Prescription Co-payments** - Kaiser stopped including the patient's name on the prescription payment receipt towards the middle of 2016. Payment receipts that do not include the patient's name are **not** sufficient documentation. An insurance receipt for prescriptions can be requested from Kaiser by phone, email, or by visiting any of the Kaiser locations. Contact information for each location can be found at www.thrive.kaiserpermanente.org.

SAN FRANCISCO ELECTRICAL WORKERS HEALTH & WELFARE PLAN HEALTH REIMBURSEMENT ARRANGEMENT

SUMMARY OF GENERAL CATEGORIES OF ELIGIBLE & INELIGIBLE EXPENSES

Summary of the General Categories of Qualified Expenses ELIGIBLE for Reimbursement

- Acupuncture
- Alcoholism Treatment
- Ambulance Service
- Annual Physical Exam
- Birth Control
- Blood Tests
- Cardiographs
- Chiropractor
- Christian Science Practitioner
- Contact Lenses
- Crutches
- Dental Treatments
- Dental X-Rays
- Dermatologist
- Diagnostic Devices (e.g. Diabetes Test Kits)
- Drug Addiction Treatment
- Eye Exam
- Eyeglasses
- Eye Surgery
- Fertility Procedures
- Guide Dog or Service Animal
- Gynecologist
- Hearing aid and Batteries
- Hospital Services
- Insulin Treatments
- Insurance Premiums that cover medical care
- Laboratory Fees
- Legal Fees (To Authorize Mental Illness Treatment)
- Lodging (Away From Home For Outpatient Care)
- Medicare B and D
- Medical care in a nursing home
- Metabolism Tests
- Nursing Services
- Operating Room Costs
- Ophthalmologist
- Oral Surgery
- Organ Transplant (Including Donor's Expenses)
- Orthodontia/Braces/Invisalign
- Orthopedist
- Osteopath
- Oxygen and Oxygen Equipment to Relieve Breathing Problem
- Physicians & Specialists
- Premiums for Health & Welfare Active/Retiree Self Pay, COBRA
- Premiums for Long-Term Care Insurance
- Prescription Drugs
- Prosthesis
- Psychiatric Care
- Psychoanalyst
- Psychologist
- Qualified Long-term care expenses
- Special Education
- Speech Therapy
- Sterilization
- Stop-Smoking Program
- Telephone or TV Equipment to Assist the Hearing Impaired
- Therapy Equipment
- Transportation Expenses (Essential to Medical Care)
- Vasectomy
- Vision Correction Surgery (LASIK)
- Weight-Loss Program (for specific disease diagnosed by a physician)
- Wheelchair
- Wig (hair loss due to disease)
- X-Ray for medical reasons

Summary of the General Categories of Qualified Medical NOT ELIGIBLE for Reimbursement

- Baby Sitting, Childcare, and Nursing Services for a Healthy Baby
- Controlled Substances (such as marijuana)
- Cosmetic Surgery and Procedures
- Cosmetics, Hygiene Products and Similar Items
- Dancing Lessons
- Diaper Service
- Electrolysis or Hair Removal
- Flexible Spending Account
- Funeral, Cremation or Burial Expenses
- Future Medical Care
- Hair Transplant
- Health Club Dues
- Household Help
- Illegal Operations and Treatments
- Insurance Premiums for Life Insurance, Income Protection, Disability, Loss of Limbs, Sight or Similar Benefits
- Maternity Clothes
- Medicine and Drugs from Other Countries
- Nutritional Supplements
- Over-the-counter Medicines and Drugs
- Personal Use Items
- Swimming Lessons
- Teeth Whitening
- Veterinary Fees
- Weight-Loss Programs
- Premiums for Individual Insurance Coverage (including premiums subsidized by the Premium Tax Credit) purchased inside or outside of the Marketplace/Exchange, as prohibited under IRS Notice 2013-54

(More information on such expenses is also presented in IRS Publication 502)

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PREPAID BENEFITS VISA CARD – GENERAL INFORMATION

As a Plan Participant, you will receive two (2) Prepaid Benefits Cards. One card is for you and the second card is for your eligible Spouse or other Dependent. The cards will need to be activated before use. Activation instructions will be provided with the cards.

At the My Wex Health Card website, you can view your HRA account balance, view transaction activity, and print statements. Currently, the My Wex Health Card website can be accessed at my.wexhealthcard.com. You must register the first time at the website. To register, you must enter your member ID (your Social Security number), card number, zipcode, and an email address. You must also create a password.

Listed below is information on the Prepaid Benefits Card.

Who is eligible for a Prepaid Benefits Card?

As a Participant, you are eligible if you have an HRA account.

Can the Prepaid Benefits Card be used for expenses for my Spouse and other Dependents?

Yes, provided that your Spouse and other Dependents are enrolled in the Plan.

Can the Prepaid Benefits Card be used for expenses for my Domestic Partner?

No. Domestic Partners, children of a Domestic partner and dependents covered through legal guardianship are not considered Eligible Dependents under the Plan.

When is my Prepaid Benefits Card effective?

The Prepaid Benefits Card can be used for expenses with a service date on or after January 1, 2019.

What is my account balance?

You can check your balance at my.wexhealthcard.com. You will need to register the first time you log into your account. Account balances will change with account activity such as new contributions and payment of claims submitted through an HRA Claim Form. We recommend that you check your account balance before using your Prepaid Benefits Card.

When will my HRA payroll contribution be available on the Prepaid Benefits Card?

HRA employer contributions will generally be credited to your account monthly. For example, contributions received for the January work month will generally be credited to your account by mid-March and will be available on your Prepaid Benefits Card the following business day.

Can I use the Prepaid Benefits Card for self-pay or COBRA premium payments?

No. You will need to pay the premium and then submit an HRA Claim Form along with proof of payment to Kaufmann and Goble for reimbursement.

Do I need to keep receipts for expenses paid with the Prepaid Benefits Card?

Yes. You should keep receipts for expenses paid with the Prepaid Benefits Card. You might be required to submit copies of the receipts if your transactions cannot be confirmed as eligible expenses. You will be notified by mail if more information is required.

What happens if I lose coverage under the SFEW Health & Welfare Plan?

Loss of coverage could result in suspension of your Prepaid Benefits Card. You will be notified by mail if your Prepaid Benefits Card will be suspended.

Further information can be found in the attached *Frequently Asked Questions about your Prepaid Benefits Visa Card* Notice. You should read the notice prior to use of your card.

Frequently Asked Questions about your Prepaid Benefits Visa Card

San Francisco Electrical Workers Health & Welfare Plan Health Reimbursement Arrangement

General Questions on the Benny® Prepaid Benefits Card

1. What is the Benny Prepaid Benefits Card?

The Benny Prepaid Benefits Card is a special-purpose Visa® Card that gives Participants an easy, automatic way to pay for eligible health care expenses. The Card lets you electronically access the pre-tax amounts set aside in your respective Health Reimbursement Arrangement (HRA) account.

2. How does the Prepaid Benefits Card work?

It works like a Visa® Card, with the value of your HRA account stored on it. When you incur eligible health care expenses at a business that accepts Visa® debit cards, you simply use your Card. The amount of eligible purchases will be deducted – automatically – from your account and the pre-tax dollars will be electronically transferred to the provider or merchant for immediate payment.

3. How does the Prepaid Benefits Card change how I am reimbursed for expenses?

Without the Prepaid Benefits Card, you will need to pay for your eligible expenses at the time of purchase, submit claim forms along with all receipts, and then wait for the reimbursement to be processed. A check will then be issued and mailed to you. However, with the Prepaid Benefits Card, you simply swipe your Card and the funds are automatically deducted from your HRA account for payment of eligible expenses. The Card eliminates most out-of-pocket cash outlays and paperwork, as well as the need to wait for reimbursement checks. HRA Claims Forms will still be available to submit for reimbursement for those eligible expenses that are not processed through the Card.

4. Is the Prepaid Benefits Card just like other Visa® Cards?

No. The Prepaid Benefits Card is a special-purpose Visa® Card that can be used only for eligible health care/benefits expenses. It cannot be used, for instance, at gas stations or restaurants and it cannot be cashed out. However, there are no monthly bills and no interest.

5. How many Prepaid Benefits Cards will I receive?

You will receive two Cards.

6. What if my Prepaid Benefits Card is lost or stolen?

You should call Kaufmann and Goble to report a Card lost or stolen as soon as you realize it is missing, so the Administrator can turn off the Card and issue a replacement Card. There will be a \$5.00 fee for a replacement card, which will automatically be deducted from your HRA account.

Card Activation

1. How do I activate the Card?

You should call the toll-free number on the activation sticker on the front of the Card. You can use either or both Cards once the first Card is activated – you do not need to activate both. You should wait one business day after activation to use the Card, however. You should sign the Card with your own name.

2. What dollar amount is on the Prepaid Benefits Card when it is activated?

The current balance in your HRA account. You can check your balance at my.wexhealthcard.com. You should check your balance prior to use of the Card. Account balances will change with account activity such as new contributions and payment of claims submitted through an HRA Reimbursement Claim Form.

Using the Card

1. Where may I use the Prepaid Benefits Card?

IRS regulations allow you to use your Prepaid Benefits Card in participating pharmacies, mail-order pharmacies, discount stores, department stores, and supermarkets that can identify HRA-eligible items at checkout and accept Visa® prepaid cards. Eligible expenses are deducted from the account balance at the point of sale. Transactions are fully substantiated, and in most cases, no paper follow-up is needed. You can find out which merchants are participating by visiting my.wexhealthcard.com.

Some plans may allow you to use your Cards in pharmacies that have certified that 90% of the merchandise they sell is HRA-eligible. However, since these pharmacies cannot identify the eligible items at the point of sale, another form of auto substantiation or paper follow-up may be required. You may also use the Card to pay a hospital, doctor, dentist, or vision provider that accepts Visa® prepaid cards. In this case, auto-substantiation technology is used to electronically verify the transaction's eligibility according to IRS rules. If the transaction cannot be auto-substantiated, paper follow-up might be required.

2. Are there places the Prepaid Benefits Card won't be accepted?

Yes. The Card is not accepted at locations that do not offer eligible healthcare expenses, such as hardware stores, restaurants, bookstores, gas stations and home improvement stores. Cards may not be accepted at pharmacies, mail-order pharmacies, discount stores, department stores, and supermarkets that **cannot** identify HRA-eligible items at checkout. The Card transaction may be declined. You can find out which merchants are participating by visiting my.wexhealthcard.com.

3. If asked, should I select "Debit" or "Credit"?

Your Prepaid Benefits Card is actually a prepaid card. But, since there is no "prepaid" selection available, you should select "Credit." You do not need a PIN and cannot get cash with the Prepaid Benefits Card.

4. How does the Card work in participating pharmacies, discount stores, department stores, and supermarkets?

- a. Bring prescriptions, vision products, eligible Over-the-Counter products (OTCs) and other purchases to the register at checkout to let the clerk ring them up.
- b. Present the Card and swipe it for payment.
- c. If the Card swipe transaction is approved (*e.g.*, there are sufficient funds in the account and at least some of the products are HRA-eligible), the amount of the HRA-eligible purchases is deducted from the account balance and no receipt follow up is required. The clerk will then ask for another form of payment for the non-HRA-eligible items.
- d. If the Card swipe transaction is declined, the clerk will ask for another form of payment for the total amount of the purchase.
- e. The receipt will identify the HRA-eligible items and may also show a subtotal of HRA-eligible purchases.
- f. In most cases, you will not receive a request for receipts for HRA-eligible purchases made in participating pharmacies, discount stores, department stores, or supermarkets.

5. Why do I need to save all of my itemized receipts?

You and your eligible Dependents should always save itemized receipts on HRA purchases made with the Prepaid Benefits Card. You may be asked to submit receipts to verify that your expenses comply with IRS guidelines. Each receipt must show the patient's name, merchant or provider name, the service received or the item purchased, the date, and the amount of the purchase. The IRS requires that every card transaction must be substantiated. This can occur through automated processing as outlined by the IRS (*e.g.*, copay matching). If the automated processing is unable to substantiate a transaction, the IRS requires that itemized receipts must be submitted in order to validate expense eligibility.

6. How long do I need to save my itemized receipts?

You should save itemized receipts for at least six (6) months.

7. May I use the Card if I receive a statement with a Patient Due Balance for a medical service?

Yes. As long as you have a balance in your account for the amount due, the services were incurred on or after the date you became eligible for a Prepaid Benefits Card, and the provider accepts Visa® debit cards. You can simply write the Card number on your statement and send it back to the provider.

8. What if I am asked for the CVV when paying the balance due or when placing an order by phone or online?

CVV stands for “Card Verification Value.” It is a 3-digit number that can be found on the back of the card to the right of the signature panel.

9. How do I know how much is in my account?

You can visit your personal Account Summary page at my.wexhealthcard.com. You should always know your approximate account balance before making a purchase with the Card.

10. What if I have an expense that is more than the amount left in my account?

By checking your account balance often you will have a good idea of how much is available. When incurring an expense that is greater than the amount remaining in their account, you may be able to split the cost at the register (check with the merchant). For example, you may tell the clerk to use the Prepaid Benefits Card for the exact amount left in the account, and then pay the remaining balance separately. Alternatively, you may pay by another means and submit the eligible transaction manually via a claim form with the appropriate documentation to Kaufmann and Goble.

11. What are some reasons that the Prepaid Benefits Card might not work at point of sale?

The most common reasons why a Card may be declined at the point of sale are:

- a. The Card has not been activated.
- b. The Card has been used before the 24-hour period after activation is over.
- c. You have insufficient funds in your account to cover the expense.
- d. Non-eligible expenses (*e.g.*, grocery items) have been included at the point-of-sale. (Retry the transaction with the eligible expense only.)
- e. The merchant is encountering problems (*e.g.* coding or swipe box issues).
- f. The pharmacy, discount store, department store, or supermarket cannot identify HRA-eligible items at checkout according to IRS rules.

12. Who do I call if I have questions about the Prepaid Benefits Card?

Call Kaufmann and Goble at the phone number shown on the back of the Card.

13. How will I know to submit receipts to verify a charge?

You will receive a letter or notification from Kaufmann and Goble if there is a need to submit a receipt. All receipts should be saved per the IRS regulations.

14. What if I fail to submit receipts to verify a charge?

If receipts are not submitted as requested to verify a charge made with Prepaid Benefits Card, then the Card may be suspended until receipts are received. You may be required to repay the amount charged. Kaufmann and Goble will advise you that the Card has been suspended, if a receipt is not received. Submitting a receipt or repaying the amount in question will allow the Card to become active again.