SUMMARY OF MATERIAL MODIFICATIONS
TO THE
LOCAL #112 SHEET METAL WORKERS
HEALTH CARE PLAN

(May 1, 2015)

1. General. This is a summary of material modifications regarding the Local #112 Sheet Metal Workers Health Care Plan (the "Plan"). This summary of material modification supplements the Summary Plan Description (the "SPD") previously provided to you. You should retain this document with your copy of the SPD.

2. Sponsor Information. The legal name, address and federal employer identification number of the Sponsor are:

Board of Trustees
Sheet Metal Workers Local No. 112 Welfare Fund
1200 Clemens Center Parkway
P.O. Box 1146
Elmira, NY 14902
smw112@verizon.net

(607) 733-3732

EIN: 16-6052225

3. Summary Description of Modifications.

This following is a description of the HRA benefit available to you under the Plan.

Health Reimbursement Arrangement. If you are eligible to receive health and hospitalization insurance benefits under the Plan, you will be eligible to participate in the Local 112 Sheet Metal Workers Health Reimbursement Arrangement ("HRA") and receive a benefit in an amount determined by the Trustees. This benefit will be credited to a HRA Account that the Trustees will establish for you.

The Trustees will determine a maximum annual amount that may be credited during the Plan Year to the HRA Account of each Participant in the HRA benefit. This amount is known as a Benefit Credit and will be credited as contributions to the Plan are received from your employer. Benefit Credits may be revised by the Trustees from time to time subject to the conditions and limitations of the Plan.

Effective May 1, 2014, the benefit credit to your HRA is $.43 for each hour you work in Covered Employment for which the Plan receives contributions from your Employer. Effective May 1, 2015, the benefit credit will be increased to $.73 for each hour you work in Covered Employment that is received from your Employer. Effective January 1, 2015, these amounts will be credited to your HRA only after you have met the eligibility requirements for insurance

benefits under the Plan and are enrolled in coverage. Only contributions received for the two calendar quarters immediately preceding your enrollment date will be credited to your HRA.

In addition, if you are eligible for coverage under the Local #112 Plan, and waive that coverage, you will receive an additional HRA benefit credit of $3.00 for each hour in Covered Employment for which the Plan receives contributions from your Employer, up to $6,000 in any Plan Year. See **How and When to Waive Coverage**, below.

The HRA is a benefit program that allows you to obtain reimbursement of qualified medical expenses not otherwise reimbursed or reimbursable in full by any other accident or health plan with tax-free funds provided by employers from the HRA Account. **Participation in this HRA Plan does require you to be enrolled and participating in a group health plan, either the Local 112 Plan or through your spouse's or parent's employer concurrent with your enrollment and participation in this program.** If you elect to be enrolled in this HRA program for your covered dependents, you are required to have enrolled your covered dependents in a group health plan at the same time. Covered dependents can be covered under this plan on a pre-tax basis until the end of the calendar year in which the child reaches age 26.

You may not participate in this program if you receive health insurance coverage as a spouse or dependent under the Local 112 Sheet Metal Workers Health Plan. Further, sole proprietors, partners in a partnership, members of Limited Liability Companies, and more than two percent owners of S-Corporations and certain relatives are not eligible to participate in this Plan on a pre-tax basis.

a. How And When To Waive Coverage

You may waive coverage during an annual enrollment. If you are a newly hired employee, you must make your decision during any period immediately preceding your becoming eligible.

In order to waive coverage under the Local #112 Plan you must be enrolled in your spouse's or parent's plan, and that plan must provide "Minimum Value." A health plan provides Minimum Value if the health plan's share of the total allowed cost of benefits is at least 60 percent (i.e., has an actuarial value of at least 60 percent). You will be eligible to waive coverage under the Local #112 Plan only if you present your enrollment card in your spouse's or parent's group health plan and provide a copy of that plan's Summary of Benefits and Coverage (SBC) indicating that it meets the Minimum Value standard.

If you are already a participant in the HRA and you fail to complete an election form for the upcoming coverage Plan Year, then you will maintain enrollment in the HRA based on your current group health plan coverage, until changed by an approved Change of Status election.

b. Change of Status

Generally, you cannot change the elections you have made after the beginning of the Plan Year. However, you can change your election if you if have a special enrollment event as set forth in paragraph 5 of Section 2 of the Summary Plan Description. In such a case, you may elect coverage for the balance of the calendar quarter so long as you are working or available for work

in Covered Employment, but continued coverage requires that you meet the Plan's quarterly eligibility requirements.
You may also change your election on an open enrollment date (January 1) so long as you otherwise meet the eligibility requirements for health insurance coverage under the Plan.

c. **<u>Schedule Of Benefits</u>**

The Trustees will maintain an "HRA Account" in your name to keep a record of the amounts available to you for the reimbursement of Qualified Medical Expenses. Your HRA Account is merely a recordkeeping account; it is not funded (all reimbursements are paid from the general assets of the Fund), and it does not bear interest or accrue earnings of any kind. Benefits must first be reimbursed from any health insurance plan, except a Health FSA account, before any benefits are payable from this HRA.

During the Plan Year, you may be reimbursed for Qualified Medical Expenses up to the maximum Benefit Credit amount available to you, less any prior reimbursements. No payment may be made for any medical expense incurred by you before your effective date of coverage or incurred or paid on or after the date of actual termination of participation subject to COBRA Continuation Coverage. The Trustees reserve the right to discontinue or modify coverage at any time.

Qualified Medical Expenses eligible to be reimbursed from the HRA Account are those that are not eligible for reimbursement under any other plan or any other source, including another health reimbursement account or flexible spending account, and are medically necessary expenses that are incurred by you, your spouse, and your Dependents during the Plan Year for medical care as defined in Section 213(d) of the Internal Revenue Code. You may include all medical, dental, and vision expenses for the diagnosis, cure, treatment or prevention of disease, and for treatments affecting any part or function of the body that are not covered or not reimbursed by insurance or any other source. Expenses may also be to alleviate or prevent a physical defect or illness. Expenses incurred solely for cosmetic reasons or expenses that are merely beneficial to a person's general health are not eligible for reimbursement. Medical expenses qualify for reimbursement based on when they are incurred and are considered incurred at the time the drugs, medical equipment, or medical care service is provided, not at the time you pay for them.

For purposes of this HRA benefit only, Dependents include your spouse and any child of yours who will be under age 27 as of the end of the calendar year, provided your child is covered under your policy or your spouse's policy. For this purpose, a "child" is an individual who is your son, daughter, stepson, or stepdaughter, and includes both a legally adopted individual and an individual lawfully placed with you for legal adoption.

As a result of the health care reform law, expenses incurred for medicines or drugs (other than insulin) on or after January 1, 2011, are subject to an additional requirement. Those expenses may be reimbursed on a tax-free basis only if the medicine or drug is prescribed, even if the medicine or drug is an over-the-counter (OTC) medicine or drug that may be purchased without a prescription. For purposes of the new restrictions, a prescription for a medicine or drug must be a written or electronic order that satisfies the legal requirements for a prescription in your state (including that it be issued by someone authorized to issue prescriptions in that state). The

restrictions do not apply to OTC items other than medicines and drugs (e.g., equipment, supplies, and medical devices, including items such as crutches, bandages, blood sugar test kits, and eyeglasses).

d. **Carryover of HRA Account**

If any balance remains in your HRA Account after all reimbursements have been made for a Plan Year, that balance will be carried over to reimburse you for Qualified Medical Expenses incurred during a subsequent Plan Year. The balance in your HRA Account will be forfeited and added to the Fund's reserves at the end of a period of twenty-four (24) consecutive months in which there is no contribution to, or distribution from your HRA Account. Further, any balance remaining in your HRA Account upon your death (if you are not survived by a spouse or eligible Dependents), or upon the death of the survivor of your spouse or eligible Dependents, will be forfeited and added to the Fund's reserves.

You will have the option each year at open enrollment, and upon your retirement or termination from Covered Employment, to permanently opt out of HRA Account coverage. If you do so, your entire HRA Account will be forfeited. This allows you to apply for a premium tax credit for health insurance coverage through the new health insurance exchanges, if you would otherwise qualify. This is only optional; if you wish, you may continue to use your HRA after your retirement, and your spouse and dependents may use it upon your death.

e. **Claims**

The HRA Plan will reimburse you for Qualified Medical Expenses to the extent that you have a positive balance in your HRA Account. The following procedure should be followed:

- You may use the debit card issued under this Plan or you must submit a claim to the Claims Administrator and provide any additional information requested by the Claims Administrator;
- A request for payment must relate to the Qualified Medical Expenses incurred during the time you were covered under this Plan; and
- Claims must be submitted in writing (unless a debit card is used).

Claims may be submitted directly to the Claims Administrator:

ProFlex Administrators, LLC
8321 Main Street
Williamsville, NY 14221
Phone - 716-633-2073
Fax - 716-929-2013
www.proflextpa.com

- Complete a Claim Form, found at www.proflextpa.com, and attach additional information as required.
- You will be reimbursed directly for Qualified Medical Expenses.

The claim or in the case of a debit card transaction where the Plan has requested additional information the documentation must set forth:

- The person or persons on whose behalf the Qualified Medical Expenses were incurred;
- The nature and date of the Qualified Medical Expenses so incurred;
- The amount of the requested reimbursement; and
- A statement that such Qualified Medical Expenses have not been otherwise reimbursed and is not reimbursable through any other source.

Each written claim must be accompanied by bills, invoices, or other statements from an independent third party showing that the Qualified Medical Expenses have been incurred and showing the amounts of such Qualified Medical Expenses, along with any additional documentation that the Administrator may request.

If you use a debit card, you must certify that the debit card will only be used to pay for Qualified Medical Expenses for you, your Spouse and eligible Dependent(s). You will be required to make this certification each Plan Year. Your failure to do so will prohibit you from enrolling in the debit card program.

In the event that a claim was reimbursed in error, you will be required to reimburse the Plan for the improper payment. If you fail to reimburse the Plan, the Trustees may offset any future claims until the improper payment is fully recouped, and restrict or deny your access to the debit card to recoup the improper payment. If the improper payment is not recouped, the Trustees may take any action it would normally take for any other business indebtedness to recoup the improper payment.

f. **Claims Procedure**

If a claim for reimbursement under this HRA is wholly or partially denied, claims shall be administered in accordance with the claims procedure set forth in Section 4 of the Summary Plan Description.

g. **Future of the HRA Benefit**

The HRA is based on the Trustees' understanding of the current provisions of the Internal Revenue Code, and relevant Department of the Treasury rulings. The Trustees reserve the right to amend or discontinue the HRA benefit if regulations or changes in the tax law make it advisable to do so.

You should refer to your Summary Plan Description for additional information regarding your health benefits under the Plan.