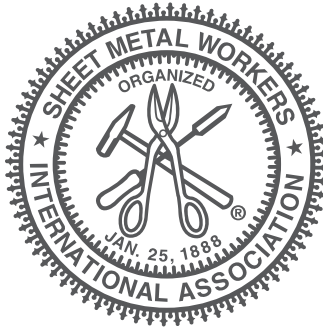




SHEET METAL WORKERS LOCAL NO. 265 HEALTH AND WELFARE PLAN

2013

Health Reimbursement Arrangement
Class C Medicare-Eligible Retired Employees and
Medicare-Eligible Spouses of Retired Employees
Supplement to the Summary Plan Description/Plan Document



Sheet Metal Workers Local No. 265 Health and Welfare Plan

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INTRODUCTION

This supplement to the Summary Plan Description/Plan Document for the Sheet Metal Workers Local No. 265 Health and Welfare Plan describes the benefits under the Health Reimbursement Arrangement (also called the HRA Plan) that are available to Class C Medicare-eligible retired employees and their Medicare-eligible spouses, effective July 1, 2011.

The Trustees have established this HRA Plan to permit eligible participants to obtain reimbursement for certain Qualified Medical Care Expenses incurred on or after July 1, 2011 on a non-taxable basis. This HRA Plan is intended to qualify as an employer-provided medical reimbursement plan under the Internal Revenue Code (IRC) of 1986 (the Code), as amended, Code §105 and §106 and regulations issued thereunder, and as a Health Reimbursement Arrangement as defined under IRS Notice 2002-45.

A "Qualified Medical Care Expense" generally means medical care expenses incurred by an employee or his or her eligible spouse for medical care.

The Qualified Medical Care Expenses reimbursed under this HRA Plan are intended to be eligible for exclusion from an eligible participant's gross income under Code §105(b). Reimbursements to highly compensated individuals may be limited or treated as taxable compensation to comply with Code §105(h), as may be determined by the Plan Administrator.

As of July 1, 2011, the HRA Plan is a part of the Health and Welfare Fund and, as such, is subject to the Plan's provisions described in the Plan's Summary Plan Description (SPD)/Plan Document.

We encourage you to read this supplemental booklet carefully to help you understand how the HRA Plan works and how it can benefit you.

The benefits of the HRA Plan are provided in compliance with ERISA, COBRA, HIPAA, FMLA, USERRA, and other group health plan laws, to the extent required by such laws. The Trustees have the right, in their sole discretion, to amend or terminate the HRA Plan at any time. If the Trustees terminate the HRA Plan, eligible participants will cease to be participants in the HRA Plan and any expense incurred after the date of termination will not be reimbursable through the HRA Plan.

HRA PLAN CONTRIBUTIONS

When an individual becomes eligible for Class C participation in the Sheet Metal Workers Local No. 265 Welfare Fund, an HRA Account is opened and maintained in the retiree's name. A separate account is also opened in the name of the retiree's Medicare-eligible spouse, if applicable.

Employer contributions fund the benefits under the Welfare Fund, of which the HRA Plan is a part. No employee contributions are allowed to be credited to the HRA Account and under no circumstances are benefits funded with salary reduction contributions. The Plan does not create a separate fund for the HRA Plan or otherwise segregate assets for this purpose.

The "HRA Account" is an unfunded recordkeeping entry of contributions received and claims paid on behalf of an eligible employee and his/her eligible spouse.

ELIGIBILITY

Initial Eligibility For The HRA Plan

You are initially eligible to participate in the HRA Plan if:

- You are a Class C Medicare-eligible retired employee and have been eligible for retiree coverage since retirement; or
- You are the eligible spouse of a Class C Medicare-eligible retired employee.

If you are a Class C Medicare-eligible retired employee, you must have been employed by an employer that was required to contribute to the HRA Plan under a collective bargaining agreement or a participation agreement on your behalf, while you were an active employee.

Continuing Eligibility

Once a retiree becomes eligible for the HRA Plan, the retiree and his or her Medicare-eligible spouse's eligibility will continue until they are no longer eligible.

When Eligibility Ends

A Class C Medicare-eligible retiree will cease to be a participant in the HRA Plan upon the termination of the HRA Plan or the participant's death. Upon loss of eligibility, a retiree's coverage continues for that calendar year. This means that the retiree will be eligible to receive reimbursements for Qualifying Medical Care Expenses incurred after his or her participation terminates. However, in no event will a retiree receive a cash out nor can a retiree assign, transfer or pledge any remaining balance in his or her HRA Account.

If an eligible spouse's coverage terminates under the HRA Plan because of a COBRA qualifying event, such as a divorce, the spouse will be given the opportunity to elect COBRA Continuation Coverage. If the spouse chooses to continue his or her HRA Plan coverage by making self-payments for COBRA Continuation Coverage, eligible reimbursements from the HRA Account are permissible, up to the allowed maximum amount, until the spouse's COBRA Continuation Coverage ends.

Refer to page 2 for information on the maximum amount allowed for reimbursement through an HRA Account.

Upon the Death of a Class C Medicare-Eligible Retired Employee

Upon your death, your eligible surviving spouse will continue to be entitled to reimbursements from his or her HRA Account for Qualified Medical Care Expenses, up to the allowed maximum amount, until his or her death.

REIMBURSEMENT PROVISIONS

Calendar Year Reimbursement Amount

- **If you are a Class C Medicare-eligible retired employee**, your HRA Account will be credited with **\$1,500** each calendar year. You can receive reimbursement through your HRA Account of up to \$1,500 each calendar year for Qualified Medical Care Expenses you incur within that same calendar year.
- **If you are a Medicare-eligible spouse of a Class C Medicare-eligible retired employee**, your HRA Account will be credited with **\$1,200** each calendar year. You can receive reimbursement through your HRA Account of up to \$1,200 each calendar year for Qualified Medical Care Expenses you incur within that same calendar year.

A "calendar year" is the period from January 1 to December 31.

Qualified Medical Care Expenses

A Qualified Medical Care Expense is incurred at the time the medical care or service is furnished, and not when you are formally billed for, charged for, or pay for the medical care. In addition, expenses payable from your HRA Account must be substantiated.

The following expenses are eligible for reimbursement in accordance with the rules and procedures in this HRA Plan. However, this is not intended to be an all-inclusive list. Other expenses not listed here may be reimbursable.

Medical Care Expenses incurred before you first become covered by the HRA Plan are not eligible for reimbursement through your HRA Account.

- Acupuncture
- Alcoholism (the treatment of)
- Ambulance
- Annual Physical Examination
- Artificial Limb
- Autoette
- Bandages
- Birth Control Methods Prescribed by a Physician
- Body Scan
- Braille Books and Magazines
- Breast Reconstruction Surgery
- Chiropractor
- Christian Science Practitioner
- Contact Lenses
- Crutches
- Dental Treatment
- Dental X-rays
- Dentures
- Diagnostic Devices
- Disabled Dependent Care Expenses
- Drug Addiction (the treatment of)
- Eyeglasses
- Eye Surgery
- Fees Paid to a Health Institute Prescribed by a Doctor
- Fertility Enhancement
- FICA and FUT (a tax paid for medical care service provided by a nurse or other attendant)
- Fluoridation Unit
- Guide Dog
- Gum Treatment
- Gynecologist
- Hearing Aids and Batteries
- Hospital Bills
- Hydrotherapy
- Insulin Treatments
- Insurance Premiums for COBRA

- Insurance Premiums for Health Care Coverage (unless the premium is paid or could have been paid pre-tax from another source)
- Insurance Premiums for Medicare
- Lab Tests
- Lead Paint Removal
- Lodging (away from home for outpatient care)
- Metabolism Tests
- Neurologist Services
- Nursing Services (including board and meals for the attendant)
- Obstetrician Services
- Operating Room Costs
- Ophthalmologist Services
- Optician Services
- Optometrist Services
- Oral Surgery
- Organ Transplants (including donor's expenses)
- Orthopedic Shoes
- Orthopedist Services
- Osteopath Services
- Over-the-Counter Medications (if prescribed by a Physician, Doctor or Surgeon)
- Oxygen and Oxygen Equipment
- Pediatrician Services
- Physician Services
- Physiotherapist Services
- Podiatrist Services
- Postnatal Treatments
- Practical Nurse Medical Services
- Pregnancy Test Kit
- Prenatal Care
- Prescription Medicines
- Prosthesis
- Psychiatrist Services
- Psychoanalyst Services
- Psychologist Services
- Psychotherapy
- Qualified Long-Term Care Insurance Premiums (up to certain limits)
- Radium Therapy
- Registered Nurse Services
- Special School Costs for the Handicapped
- Spinal Fluid Test
- Splints
- Sterilization
- Stop Smoking Programs
- Surgeon Services
- Telephone or TV Equipment to Assist the Hard-of-Hearing
- Therapy Equipment
- Transplants
- Transportation Expenses (relative to health care)
- Ultra-violet Ray Treatment for Medical Reasons
- Vaccines
- Vasectomy
- Vitamins (if prescribed)
- Weight-Loss Program
- Wheelchair
- Wig
- X-rays

Non-Reimbursable Expenses

Qualified Medical Care Expenses can only be reimbursed when they have not already been reimbursed by another insurance plan, or any other accident plan or health plan, including a Health Flexible Spending Account (FSA). If a portion of a Qualified Medical Care Expense has been reimbursed elsewhere (e.g., because the health insurance plan imposes copayment or deductible limitations), you can be reimbursed for the remaining portion of such an expense (e.g., the deductible or copay) through your HRA Account if the expense otherwise meets the requirements of a Qualified Medical Care Expense.

"Qualified Medical Care Expenses" will not include the following expenses:

- Advance Payment for Services
- Athletic, Fitness, or Health Club Membership
- Automobile Insurance Premium (allocable to medical coverage)
- Boarding School Fees
- Bottled Water
- Commuting Expenses of a Disabled Person
- Cosmetic Surgery and Procedures
- Cosmetics, Hygiene Products, and Similar Items
- Diaper Service
- Domestic Help
- Funeral, Cremation, or Burial Expenses
- Health Programs offered by Resort Hotels, Health Clubs, and Gyms
- Illegal Operations and Treatments
- Illegally Procured Drugs
- Massage Therapy (unless prescribed)
- Maternity Clothes
- Premiums for Life Insurance, Income Protection, Disability, Loss of Limbs, Sight, or Similar Benefits
- Scientology Counseling
- Social Activities
- Special Foods or Beverages
- Specially Designed Car for the Handicapped (other than an autoette or special equipment)
- Swimming Pool
- Travel (for general health improvement)
- Tuition and Travel Expenses (for a problem child to a particular school)
- Voluntary Abortion Expenses
- Weight Loss Programs (for general health)
- Any Item not considered "Medical Care" under IRC Section 213

CLAIMS & APPEALS PROCEDURES

Filing A Claim

You should submit a claim for reimbursement for Qualified Medical Care Expenses no later than 12 months after you incur an expense, and you must submit the claim on a designated HRA form available from the Fund Office. Each claim must be supported by a receipt showing that you or your eligible spouse incurred the Qualified Medical Care Expense and must include the following:

- The person or persons on whose behalf Qualified Medical Care Expenses have been incurred;
- The date the expense was incurred;
- A description of the expense incurred;
- The amount of the requested reimbursement; and
- A statement that the expenses submitted for reimbursement have not otherwise been reimbursed.

In addition to the claim form, you should include an Explanation of Benefits (EOB) from your health plan or insurance carrier; or if the medical expense is not covered by insurance, please provide:

- An invoice from the provider that indicates the provider's name, address, telephone number, the amount of the expense, a description of the expense, the date the expense occurred, and the name of the patient; and
- A statement that the expenses submitted for reimbursement have not otherwise been reimbursed.

Reimbursements From Your HRA Account

Except for the final claim for a 12-month period, you may not make a claim for an expense or expenses totaling less than \$50.

Within 30 days after the Fund Office receives your request for HRA Account reimbursement (for the \$50 minimum), you will be reimbursed for the Qualified Medical Care Expenses or you will be notified that the claim has been denied. This 30-day time period may be extended for an additional 15 days for matters beyond the control of the Plan or its designee, including cases where a filed claim is incomplete. A written notice of an extension, which will include the reasons for the extension, will be provided to you and you will be allowed 45 days in which to complete an originally incomplete reimbursement claim request.

Appeal Procedures If Reimbursement Is Denied

If a claim for reimbursement under the HRA Plan is wholly or partially denied, you will be provided a written notice of the denial and the reason(s) why the claim was denied. Thereafter, you may file a written appeal to the Trustees in accordance with the procedures detailed in the Summary Plan Description/Plan Document.

COORDINATION OF BENEFITS

Benefits under this HRA Plan are intended to pay solely for Qualified Medical Care Expenses not previously reimbursed or reimbursable elsewhere. To the extent that an otherwise eligible Qualified Medical Care Expense is covered or reimbursable from another source, that other source must pay or reimburse prior to payment or reimbursement from this HRA Plan.

UNUSED AMOUNTS IN YOUR HRA ACCOUNT

Your HRA Account will be debited during each calendar year for any reimbursement of Qualified Medical Care Expenses and any administrative expenses (as determined by the Trustees) charged to the account. In no event will benefits ever be provided in the form of cash or any other taxable or nontaxable benefit other than reimbursement for eligible Qualified Medical Care Expenses.

Any HRA benefit payments (e.g., uncashed reimbursement checks) that are not claimed 12 months after the calendar year in which the Qualified Medical Care Expense was incurred will be forfeited.

Any unused amounts in your HRA Account cannot be carried over from one calendar year to the next. However, you will be eligible to receive reimbursements for Qualifying Medical Care Expenses incurred after your participation terminates.

TAX STATUS

If you submit an expense for reimbursement under the HRA Plan, you cannot deduct that expense on your tax return. Contributions credited to your HRA Account are not taxable income when made and generally are not taxable when paid out as benefits. However, certain actions may cause your HRA to be taxable. For instance, when you receive reimbursement from your HRA Account for contributions for health coverage that are paid or could have been paid pre-tax from an IRC Section 125 plan.

Funds recorded to an HRA Account and amounts reimbursed for eligible expenses are not included in an individual's income. This means you will not be taxed on this money.

NONDISCRIMINATION

Reimbursements to highly compensated individuals may be limited or treated as taxable compensation to comply with Code §105(h), as may be determined by the Plan Administrator in its sole discretion.



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