

July 17, 2017

TO: Participants in the IBEW Local 456 Welfare and Supplemental Welfare Funds

Re: New Welfare Fund Health Reimbursement Arrangement (HRA)

Dear Participants:

As previously communicated, effective August 1, 2017, you will automatically be enrolled in the IBEW Local 456 Welfare Fund's new Health Reimbursement Arrangement (HRA) program.

HRAs are Internal Revenue Service (IRS) sanctioned employer-funded, tax-advantaged, employer health benefit plans that reimburse employees for out-of-pocket medical expenses and individual health insurance premiums. Enclosed with this letter please find an overview of the HRA program along with a summary of eligible and ineligible expenses allowed by the IRS.

The HRA will be funded by employer contributions to the Welfare Fund equal to 1% of pay for all hours worked after January 1, 2015. Non-bargaining employees will also have an HRA account that will be prefunded with an amount equal to 1% of the average Journeyman's hourly pay rate multiplied by 150 hours for each month worked from January 1, 2015 to June 30, 2017, and then 1% of the applicable Journeyman's hourly pay rate multiplied by 150 hours per month thereafter.

Participants will receive all distributions from the HRA tax-free. Two (2) IBEW Local 456 Welfare Fund HRA Master Card debit cards will be sent to each eligible participant in the mail prior to August 1, 2017. Charges on these cards are limited to qualified medical providers and pharmacy expenses for participants and their eligible dependents. Participants are encouraged to make sure that expenses that are covered by the Welfare Fund, like vision and dental benefits, are not mistakenly charged to their HRA accounts. A swipe for non-qualified expenses will be denied. The cards can also be used at websites such as FSASStore.com to purchase HRA eligible products. These cards are good for 5 years, so please do not discard them. If you would like additional cards, please contact the Fund Office at extension 6165.

Participants will also have the ability to submit manual HRA claims to the Fund Office using the enclosed HRA Claim Form. Completed Claim Forms can be returned to the Fund Office by mail, faxed to (609) 883-7580, or scanned and emailed to 456HRA@ieshaffer.com. Reimbursement checks for processed Claim Forms will be issued and mailed directly to participants at their home address.

On or about July 24, 2017, a new HRA link will be available on the IBEW Local 456 section of the I.E. Shaffer & Co. web site at www.ieshaffer.com. This link will allow participants to log

into their HRA account to view their balance and review transactions. In addition, the HRA information contained in this letter, along with the Claim Form, will be available on the IBEW Local 456 section of the I. E. Shaffer & Co. website.

As always, please feel free to contact this office should you have any questions about the new HRA program, or if we can be of assistance.

Very truly yours,



Jon Levine
Administrator

Encls.

IBEW Local 456 Welfare Fund HRA

Eligibility:

- Available to all employees, non-bargaining employees and employers that are eligible for benefits from the Welfare Fund on June 1, 2017.
- Each eligible employee's HRA account will be funded by contributions equal to 1% of pay for all hours worked after January 1, 2015.
- Non-bargaining employees will also have an HRA account that will be prefunded with an amount equal to 1% of the average Journeyman's hourly pay rate multiplied by 150 hours for each month worked from January 1, 2015 to June 30, 2017, and then 1% of the applicable Journeyman's hourly pay rate multiplied by 150 hours per month thereafter.

Eligible Expenses:

- Expenses that meet the definition of medical care expenses under Section 213(d) of the Internal Revenue Code.
- Expenses incurred on or after the latter of August 1, 2017, or the participants initial Welfare Fund eligibility date, that were paid out of pocket or not covered by the Welfare Fund.
- Expenses incurred by the employee or their eligible dependents under the Welfare Fund.
- Coverage is limited to the total available balance in the employee's HRA account.
- Claims must be submitted within 365 days of when the expense was incurred.

Requesting Reimbursement:

- Employees can utilize the HRA program's debit card feature to pay for eligible expenses incurred from eligible providers at the point of sale.
- Employees can also submit manual Claim Forms to the Fund Office for reimbursement.

Disposition of HRA Accounts upon Termination from Coverage:

- Employees that terminate from coverage under the Welfare Fund will have 5 years following the date of termination to submit eligible claims or until their HRA balance is exhausted.
- In the event that an employee dies with a HRA account balance, the balance will be made available to the employee's surviving dependents who are eligible plan participants at the time of the participant's death.
- Eligible surviving dependents, as defined above, will then have 5 years following the date of the participant's death to submit eligible claims, or until the HRA balance is exhausted.
- In the event that a terminating participant, or the surviving dependents of a deceased participant, does not exhaust the HRA balance within 5 years following the termination or death, the remaining HRA balance will be forfeited back to the Welfare Fund.
- The HRA balance of an employee that dies with no eligible surviving dependents, as defined above, will be forfeited back to the Welfare Fund.

Know Your Health Care HRA

Eligible and Ineligible Expenses

Maximize the Value of Your Reimbursement Account – Your Health Reimbursement Account (HRA) dollars can be used for a variety of out-of-pocket health care expenses. The following is based on a list of eligible and ineligible expenses used by federal employees.

Eligible Expenses

BABY/CHILD TO AGE 13

- Lactation Consultant
- Lead-Based Paint Removal
- Special Formula
- Tuition: Special School/Teacher for Disability or Learning Disability
- Well Baby /Well Child Care

DENTAL

- Dental X-Rays
- Dentures and Bridges
- Exams and Teeth Cleaning
- Extractions and Fillings
- Oral Surgery
- Orthodontia
- Periodontal Services

EYES

- Eye Exams
- Eyeglasses and Contact Lenses
- Laser Eye Surgeries
- Prescription Sunglasses
- Radial Keratotomy

HEARING

- Hearing Aids and Batteries
- Hearing Exams

LAB EXAMS/TESTS

- Blood Tests and Metabolism Tests
- Body Scans
- Cardiograms
- Laboratory Fees
- X-Rays

MEDICAL EQUIPMENT/SUPPLIES

- Air Purification Equipment
- Arches and Orthotic Inserts
- Contraceptive Devices
- Crutches, Walkers, Wheel Chairs
- Exercise Equipment
- Hospital Beds
- Mattresses
- Medic Alert Bracelet or Necklace
- Nebulizers
- Orthopedic Shoes
- Oxygen
- Post-Mastectomy Clothing
- Prosthetics
- Syringes
- Wigs

MEDICAL PROCEDURES/SERVICES

- Acupuncture
- Alcohol and Drug/Substance Abuse (inpatient treatment and outpatient care)
- Ambulance
- Fertility Enhancement and Treatment
- Hair Loss Treatment
- Hospital Services
- Immunization
- In Vitro Fertilization
- Physical Examination (not employment-related)
- Reconstructive Surgery (due to a congenital defect, accident, or medical treatment)
- Service Animals
- Sterilization/Sterilization Reversal
- Transplants (including organ donor)
- Transportation

MEDICATIONS

- Insulin
- Prescription Drugs

OBSTETRICS

- Breast Pumps and Lactation Supplies
- Doulas
- Lamaze Class
- OB/GYN Exams
- OB/GYN Prepaid Maternity Fees (reimbursable after date of birth)
- Pre- and Postnatal Treatments

PRACTITIONERS

- Allergist
- Chiropractor
- Christian Science Practitioner
- Dermatologist
- Homeopath
- Naturopath
- Optometrist
- Osteopath
- Physician
- Psychiatrist or Psychologist

THERAPY

- Alcohol and Drug Addiction
- Counseling (not marital or career)
- Exercise Programs
- Hypnosis
- Massage
- Occupational
- Physical
- Smoking Cessation Programs
- Speech
- Weight Loss Programs

HRA ELIGIBLE

- Insurance Premiums
- Long Term Care Premiums

The IRS does NOT allow the following expenses to be reimbursed under Health Care HRAs, as they are not prescribed by a physician for a specific ailment.

Ineligible Expenses

- Contact Lens or Eyeglass Insurance
- Cosmetic Surgery/Procedures
- Electrolysis
- Marriage or Career Counseling
- Personal Trainers
- Sunscreen (spf less than 30)
- Swimming Lessons

Note: This list is not meant to be all-inclusive.

Please Note: The IRS does not allow Over-the-Counter (OTC) medicines or drugs to be purchased with Health Care HRA funds unless accompanied by a prescription and the prescription is filled by a pharmacist. If you have an OTC prescription, you can use your benefits card for these purchases.

Ineligible Over-the-Counter Medicines and Drugs (unless prescribed in accordance with state laws)

- Acid controllers
- Acne medications
- Allergy & sinus
- Antibiotic products
- Antifungal (Foot)
- Antiparasitic treatments
- Antiseptics & wound cleansers
- Anti-diarrheals
- Anti-gas
- Anti-itch & insect bite
- Baby rash ointments & creams
- Baby teething pain
- Cold sore remedies
- Contraceptives
- Cough, cold & flu
- Denture pain relief
- Digestive aids
- Ear care
- Eye care
- Feminine antifungal & anti-itch
- Fiber laxatives (bulk forming)
- First aid burn remedies
- Foot care treatment
- Hemorrhoidal preps
- Homeopathic remedies
- Incontinence protection & treatment products
- Laxatives (non-fiber)
- Medicated nasal sprays, drops, & inhalers
- Medicated respiratory treatments & vapor products
- Motion sickness
- Oral remedies or treatments
- Pain relief (includes aspirin)
- Skin treatments
- Sleep aids & sedatives
- Smoking deterrents
- Stomach remedies
- Unmedicated nasal sprays, drops & inhalers
- Unmedicated vapor products

OTC items that are not medicines or drugs remain eligible for purchase with HRAs. You can use your benefits card for these items.

Eligible Over-the-Counter Items (Product categories are listed in bold face; common examples are listed in regular face.)

- **Baby Electrolytes and Dehydration**
Pedialyte, Enfalyte
- **Contraceptives**
Unmedicated condoms
- **Denture Adhesives, Repair, and Cleansers**
PoliGrip, Benzodent, Plate Weld, Efferdent
- **Diabetes Testing and Aids**
Ascencia, One Touch, Diabetic Tussin, insulin syringes; glucose products
- **Diagnostic Products**
Thermometers, blood pressure monitors, cholesterol testing
- **Ear Care**
Unmedicated ear drops, syringes, Ear wax removal
- **Elastics/Athletic Treatments**
ACE, Futuro, elastic bandages, braces, hot/cold therapy, orthopedic supports, rib belts
- **Eye Care**
Contact lens care
- **Family Planning**
Pregnancy and ovulation kits
- **First Aid Dressings and Supplies**
Band Aid, 3M Nexcare, non-sport tapes
- **Foot Care Treatment**
Unmedicated corn and callus treatments (e.g., callus cushions), devices, therapeutic insoles
- **Glucosamine &/or Chondroitin**
Osteo-Bi-Flex, Cosamin D, Flex-a-min Nutritional Supplements
- **Hearing Aid/Medical Batteries**
- **Home Health Care (limited segments)**
Ostomy, walking aids, decubitis/pressure relief, enteral/parenteral feeding supplies, patient lifting aids, orthopedic braces/supports, splints & casts, hydrocollators, nebulizers, electrotherapy products, catheters, unmedicated wound care, wheel chairs
- **Incontinence Products**
Attends, Depend, GoodNites for juvenile Incontinence, Prevail
- **Prenatal Vitamins** Stuart Prenatal, Nature's Bounty Prenatal Vitamins
- **Reading Glasses and Maintenance Accessories**

**IBEW Local 456 Welfare Fund
Health Reimbursement Arrangement (HRA)
Claim Form**

See the back side of this form for instructions. Please complete the form and then send it, along with your receipts, to:
I E Shaffer & Co P.O. Box 1028 West Trenton, NJ 08628 Attn: 456 HRA Claims
 You can also fax the completed form to (609) 883-7580 or email it to: 456HRA@IEShaffer.com

Your Name	Social Security #	
Telephone #		
Home Address		
City	State	Zip

Expense Information (please print)				
<i>Complete the following information for each claim expense item. If you have multiple items of similar types of service (for example, six prescriptions), you may combine them on one line. Attach supporting documentation for each expense. The claim form and documentation must list the date(s) that the expense was incurred, provider name, type of service, patient name, and your portion of the charge for the service.</i>				
Date Expense Incurred (mm/dd/yy)	Name of Service Provider	Expense Description	Person for Whom Expense Incurred	Net Amount
Total Requested Reimbursement Amount				

Certification	
<i>I authorize my Health Reimbursement Arrangement (HRA) to be reduced by the amount of expenses listed above. I certify that all expenses for which reimbursement is claimed have been incurred and have not been reimbursed and are not reimbursable under any other health plan. I understand that I am required to submit, in addition to this claim form, an itemized receipt or an Explanation of Benefits from my insurer. I represent that any individual (other than the employee or employee's spouse) for whom a claim is filed hereunder, qualifies as a dependent of the employee for federal income tax purposes. I further declare that I have not and will not deduct these expenses on my federal, state, or local income tax returns.</i>	
Employee Signature (Required)	Date

Important Medical Reimbursement Claim Submission Information

Definition of “Incurred”

The term “incurred” refers to the date you or your eligible dependent is provided with the care that gives rise to the medical, dental, vision, prescription, or other qualifying expense. This date could be different than the date you are billed or pay for the expense.

Helpful Hints on How to Successfully File a Claim

- The list of eligible medical and dental expenses for which you may seek reimbursement are detailed in **IRS Publication 502 “Medical and Dental Expenses”** which can be found at www.irs.gov/publications/p502/index.html.
- The documentation must clearly list the date the service was incurred, provider name, type of service, patient name, and your portion of the charge for the service.
- If the expense incurred is reimbursable by your welfare fund or other insurance, you must submit the expense to your welfare fund and/or insurance company first. You can then use the Explanation of Benefits (EOB) received from the welfare fund or insurance company as your expense documentation. The EOB that you receive from your welfare fund or insurance company is the best source of expense documentation for use in submitting your claims.
- Cancelled checks, “balance forward” statements, “previous balance” statements, “paid on account” statements or receipts, charge card receipts, or charge card statements are not acceptable forms of expense documentation according to the IRS as they do not clearly indicate the date or type of service.
- For prescription expenses, submit the prescription receipt you received with the medication purchased showing the patient name, medication name, the date the prescription was filled, and the amount owed for the medication. Cash register receipts or charge slips for prescription purchases cannot be accepted as they do not indicate the medication name or patient.
- To be eligible for reimbursement, claims must be submitted within one year from the date the expense was incurred.
- Keep copies of your claims.