



Administered By: Benefit Programs Administration
Telephone (833) 504-3967 (213) 406-2380 Facsimile (562) 463-5894

**NOTICE TO PARTICIPANTS:
SUMMARY OF MATERIAL MODIFICATIONS**

TO: All Participants in the Medical Expense Reimbursement Plan
of the Southern California Public Safety Retiree Medical Trust

FROM: Board of Trustees, Southern California Public Safety
Retiree Medical Trust

RE: Changes to Plan: Monthly Verification of Premiums for Claims Payment
(Plan Amendment No. 16)

DATE: December 7, 2021

This Summary of Material Modifications contains important information about your rights and benefits under the Medical Expense Reimbursement Plan (“Plan”) of the Southern California Public Safety Retiree Medical Trust (“Trust”). Please file it with your important documents.

This Notice is important only to Beneficiaries who have been submitting one annual verification of their health insurance premium to the Trust Office, in order to have Trust benefits paid for the following twelve months. That process is changing on January 1, 2022.

A. New Requirement for Monthly Verification of Premiums. Due to IRS requirements and recent legal developments, the Trust Office needs to start collecting monthly proof of your insurance premium payments in order to reimburse you monthly for those payments. In past years, it was sufficient if you submitted your claim form and proof of your insurance premium amount and payment *annually*. Once the Trust Office received this annual documentation, the Trust Office sent you a reimbursement payment each month for the following year, until they collected the premium information again for the next year. That will no longer be sufficient. Instead, you will need to file the claim form annually (as usual), and documentation of premium payment monthly (new IRS requirement).

The annual claim form will advise the Trust Office of the premium amount that you will be paying for the upcoming year, and the amount that you are claiming for reimbursement from the Plan for those monthly premiums. If you have a change in premium amount before the next annual collection date (e.g., due to eligibility for Medicare or adding/deleting a family member to/from your policy), then you need to

submit a new Claim Form to the Trust Office. The annual Claim Form requirement is the same as prior years.

New for 2022 and future years, you need to submit monthly documentation of premium amount and proof of payment to fulfill the IRS requirement. This requirement starts on January 1, 2022. **The Trust Office will suspend your monthly benefit payments on April 1, 2022, if they have not received full documentation of all prior monthly premiums.**

B. Documentation Needed for Each Premium Reimbursement Claim.

Pursuant to IRS requirements and the Plan, the Trust Office must collect a claim form and documentation prepared by a third party. This means that your statement alone on the Trust claim form is not sufficient. Instead, you will need to submit evidence from a third party, e.g., the insurance carrier or your pension plan, showing each of the following items for each month of insurance coverage that you request reimburse of premiums:

- (1) Type of insurance coverage, e.g., medical, dental, vision insurance;
- (2) Month of coverage that the premium paid for;
- (3) Amount of the premium for the month of coverage claimed for reimbursement; and
- (4) Proof of payment of the premium by a Beneficiary of the Plan, e.g., pension statement showing deduction, employee paystub showing deduction, insurance carrier receipt, cancelled check, ACH transfer to insurance carrier for premium amount (from your bank statement), credit card statement showing payment to insurance carrier for premium amount.

C. Claims Must Reimburse Prior Premium Payments. In addition, the IRS has indicated that all claims' payments must reimburse your *prior* premium payment, not a prospective payment. Depending upon the date in the month that you pay your insurance premiums, you may not be able to submit proof of premium payment before the deadline for the January claims payment. The Trust Office pays claims on the 19th of each month and must receive your documentation of premium payment by the 10th of the month in order to include reimbursement in that month's claim payment. For example, the Trust Office must receive your premium documentation for January premium payments by January 10, 2022, in order to reimburse that payment in the January 19, 2022 claims payment. If you cannot submit your January premium documentation by January 10, then you should submit your proof of payment of premium as soon as you are able, and as long as the documentation is received by February 10th, your January premium payment will be reimbursed in the February claims payment on February 19, 2022. That process of reimbursing the prior month's premium will continue with reimbursement of each premium in the following month after receipt of documentation from you.

D. Option to Submit Bundled Claims. While you are permitted to submit your claims for reimbursement of premiums monthly, you can also bundle several months' or a full year's worth of premium documentation and submit it to the Trust Office all at once. Please keep in mind that you will only receive reimbursement payments after you have submitted a claim with full documentation. So, you will not receive monthly reimbursement of premiums, if you choose to bundle your claims. For example, if you submit your claims quarterly, you will receive a quarterly claims payment reimbursing for the months of premiums that you have submitted and fully documented. The deadline for claim submission on this Plan is 3 months after the end of the Plan year, which ends on January 31st. So, all claims for premiums paid from February 1 to January 31 are due by the following April 30th. If you choose to hold your claims and submit all claims and documentation at the end of the year, make sure to get the claims and full documentation for each month of premiums submitted to the Trust Office by the claim deadline.

E. Exception for Reimbursement of Medicare Premiums. Claims for reimbursement of Medicare premiums are the one exception to the requirement for monthly claims and documentation. The Social Security Administration sends only an annual statement of your Social Security benefits showing the deduction for Medicare for each month of the following year, and Social Security does not provide monthly statements or stubs. Therefore, retirees claiming reimbursement of Medicare premiums will generally need to provide their Social Security statement showing the deduction for Medicare only once per year. Please note that if your spouse is also on Social Security and Medicare, and your spouse dies, you will receive a new Social Security statement that may change your Medicare deduction. Any time you receive a new Social Security statement that changes your Medicare deduction amount, you need to provide a copy of that new Social Security statement to the Trust Office within 30 days of receipt in order to avoid overpayment of benefits, which you will need to reimburse to the Trust. The exception to monthly claim documentation applies to Medicare Parts A, B, and D premiums. Note that the exception does *not* apply to Medicare supplemental or Medigap premiums.

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If you have any questions about this Notice or would like a copy of the Summary Plan Description, or the full Plan, please contact the Trust Office at phone: 833.504.3967 or email scpublicsafety@bpabenefits.com. Please keep this Summary of Material Modifications with your Summary Plan Description for future reference.

NOTE: This Summary of Material Modifications, as required by the Employee Retirement Income Security Act of 1974, as amended (ERISA), is designed to explain recent changes made to the Medical Expense Reimbursement Plan. However, it does not provide all the details and limitations of the Plan. Exact specifications are provided in the Medical Expense Reimbursement Plan of the Southern California Public Safety Retiree Medical Trust," restated effective February 1, 2021, and as amended thereafter, which will prevail in case of conflict with this Notice. Please keep this Notice with your Summary Plan Description, as an update to that document.