



## **The HPAE Retiree Medical Trust - Frequently Asked Questions**

### **What is the HPAE Retiree Medical Trust?**

The HPAE Retiree Medical Trust is a fund established by HPAE and participating employers to provide supplemental retiree health benefits through reimbursement of medical costs.

### **Which HPAE employers are currently participating?**

The following HPAE-represented hospitals are participating in the Trust: Christ Hospital, Cooper University Hospital, Englewood Hospital and Medical Center, Inspira Health, Inspira Woodbury, Jersey Shore Medical Center, Meadowlands Hospital, Palisades Medical Center, Runnells Hospital, and Virtua/Memorial Hospital. HPAE staff are also participants in the Trust.

### **How is the Trust funded and by whom?**

Each HPAE local union negotiates with the employer the level of contributions and how the money is contributed. Money can be contributed from employee (pre-tax) payroll deductions and/or employer contributions.

### **What types of medical expenses are reimbursed by the Program?**

- Premium or contribution payments for coverage under health, dental, or vision insurance plans.
- Medical expenses excludable from gross income under Internal Revenue Code Section 213(d), including hospital, health care provider, diagnostic, dental, vision, and prescription drug costs.
- Premium payment for qualified long-term care (LTC) insurance.
- Premium payment for Medicare supplement plans

### **Are reimbursement benefits from the HPAE Retiree Medical Trust taxable?**

**No.** Unlike a 401k plan, the money in the Retiree Medical Trust is completely “tax advantaged”. Money contributed to the fund is not taxed; interest earned by the fund is not taxed; and reimbursement money is not taxable income.

### **Can an individual employee “opt out” of the program if it is negotiated in the contract and approved by a majority of employees in a bargaining unit?**

**No.** To receive the tax advantages of the program, as determined by the Internal Revenue Code law, all eligible members of a bargaining unit must participate. Either all eligible employees participate or no one participates.

## **What type of benefit payments does the Trust provide?**

The Trust provides two types of benefit payments: regular “monthly benefits” and “Employee Account benefits.”

**1) Monthly Benefits:** An eligible retiree qualifies as a “Regular Beneficiary” and is entitled to **monthly reimbursement** of covered expenses in the amount of his/her monthly benefit level, as determined by the medical expense reimbursement program. An employee is eligible if she/he has **five or more years** of active service credits in the program, is 55 years old, and is no longer working in a participating hospital or institution.

**2) Employee Account Benefits:** If an employee has **less than five** years of active service credits and is no longer working in a participating hospital or institution, the employee qualifies as a “Limited Beneficiary” and is entitled to reimbursement of covered expenses in an amount equal to the balance in his/her Employee Account. The employee will be eligible for the benefits if he or she:

- Is between 40-55 and 24 months have passed since the Plan received contributions on his or her behalf.
- Has attained age 55
- Is disabled, as determined by the Social Security Administration

## **What if I leave my employer before I earn five years of active service credits? Will I lose the money I have contributed?**

**No.** All the money that you contributed will be in your Employee Account and available to you when you are eligible based on the above conditions.

## **What if I leave my employer after I earn five years of active service credits, but am no longer an HPAE member or employed in healthcare?**

You will still be eligible for a monthly reimbursement benefit when you turn 55 years old.

## **What will be the benefit for my spouse/domestic partner and children in the event of my death?**

A spouse, domestic partner, and dependent children are eligible for survivor benefits.

If you are receiving a monthly benefit as a “regular beneficiary”, a surviving spouse, with or without children, is eligible for monthly benefits equal to **50%** of the benefit level of the deceased eligible retiree. If there is no surviving spouse or domestic partner, the monthly benefit level for surviving children will be 50% of the benefit level of the deceased (to be divided equally among children). The surviving child(ren)’s monthly benefits will terminate upon the loss of child(ren) status.

If you have an Employee Account as a “limited beneficiary,” then your surviving spouse or domestic partner will be entitled to reimbursement benefits in an amount **equal to the balance** of your Employee Account. If there is no surviving spouse or domestic partner, then your child(ren) will be entitled to such benefits.