

This memorandum is intended to summarize the recent changes to retiree health care benefits as a result of the payment of benefits by the City of Detroit General Retiree Health Care Trust and the City of Detroit Police & Fire Retiree Health Care Trust (collective the “RHC Trusts”). The pertinent changes can be summarized as follows:

- As of April 1, 2015, retiree health care benefits will be directly funded by the City of Detroit RHC Trusts;
- Because RHC Trusts are structured as Voluntary Employee Beneficiary Associations (VEBAs) under Section 501(c)(9) of the Internal Revenue Code, the RHC Trusts are unable to continue the payment of cash stipends directly to retirees;
- On April 1, 2015, retiree stipend payments will transition to a non-taxable dollar contribution to a Health Reimbursement Account (HRA);
- All HRAs will be provided and administered by Flex-Plan Services. An explanation of the characteristics of the HRA and how it will operate has been provided to retirees and is attached hereto for your reference;
- The amount of General VEBA HRA contributions shall remain the same as the cash stipends that were being paid. The amount of Police & Fire VEBA HRA contributions shall be reduced by \$5.00 per month to offset the cost of HRA administrative expenses;
- HRA coverage is considered “other health coverage” under the Affordable Care Act and accordingly may result in a retirees ineligibility for federal tax credits on the public healthcare exchanges;
- Retirees may initially elect to opt-out of HRA coverage before April 30, 2015, and may subsequently elect to opt-out at any time thereafter;
- Failure to opt-out in writing prior to April 30, 2015, will result in a retiree’s default enrollment in the HRA coverage. Verbal requests to opt-out will not be accepted;
- All questions regarding HRA coverage should be directed to Flex-Plan Services at (800) 669-3539; and
- It is the intent of each Retiree Health Care Board to maintain current benefit levels though the 2015 calendar year. However, it may become necessary for the Boards to further reduce benefits payable from the RHC Trusts in the future.



PF-1

March 11, 2015

**Re: Retiree Stipends**

Dear Retiree:

Please be advised that as of April 1, 2015, your retiree health care benefits will be directly funded by the City of Detroit Police & Fire Retiree Health Care Trust (the "RHC Trust").

Due to this change in funding, the RHC Trust is not able to continue the payment of taxable or non-taxable cash stipends paid directly to you or a designated insurance carrier. As a result, on April 1, 2015, the RHC Trust will transition the payment of your current monthly stipend to a non-taxable dollar contribution to a Health Reimbursement Account (HRA).

All HRAs will be provided and administered by Flex-Plan Services. An explanation of the characteristics of your HRA and how it will operate is attached for your reference.

If you are currently purchasing health insurance on a public healthcare exchange, please be aware that HRA coverage through the RHC Trust will be considered "other health coverage" and may result in your ineligibility for federal tax credits on the public exchanges. Therefore, if you are currently receiving federal tax credits, you may elect to opt-out of coverage under the RHC Trust in order to preserve your eligibility for such tax credits on the public health exchanges.

You may elect to opt-out at any time by completing the enclosed opt-out form. Your opt-out notification should be directed to the Benefits Administration Office as follows:

Benefits Administration Office  
Attn: HRA Opt Out  
2 Woodward Avenue, Suite 304  
Detroit, MI 48226

Failure to opt-out in writing will result in your default enrollment in the HRA coverage. Verbal requests will not be accepted.

It is the Retiree Health Care Board's (the "Board") intent to maintain current benefit levels through the end of the calendar year. However, due to increased administrative costs associated with the administration of your HRAs, the non-taxable monthly benefit credited to your HRA will be reduced by \$5.00 to offset the increased costs.

<u>If you currently receive a total monthly stipend of*:</u>	<u>Effective April 1, 2015, you will receive:</u>
\$400	\$395
\$300	\$295
\$250	\$245
\$175	\$170
\$125	\$120

\*Including additional retiree and spouse stipend, if applicable.

Please note that based on current cash flow projections it may become necessary for the Board to further reduce benefits payable from the RHC Trust in the future.

If you have questions regarding the HRA, please direct them to Flex-Plan Services at (800) 669-FLEX (3539).

## Frequently Asked Questions

### 1. What is the RHC Trust?

The RHC Trust was established under the Plan for the Adjustment of Debts of the City of Detroit to provide health benefits to certain eligible former Detroit Police Officers and Firefighters. The RHC Trust is established as a tax-exempt voluntary employees beneficiary association (VEBA) under Section 501(c)(9) of the Internal Revenue Code, as amended. Pursuant to Section 501(c)(9) of the Internal Revenue Code and Section 2.1 of the RHC Trust Agreement, the RHC Trust is limited to providing health and welfare type benefits to eligible retirees and their beneficiaries.

### 2. What retirees are eligible for the RHC Trust?

Former City of Detroit Police Officers and Firefighters who retired with a City pension on or before December 31, 2014 and who were either a) enrolled with City retiree health benefits as of February 28, 2014 or as a spouse on a City health benefit or b) transitioned from active City benefits to retiree City benefits on or after November 1, 2013. Surviving spouses and surviving children currently receiving or would be eligible to receive a duty-death or survivor pension with respect to a retiree who would have qualified as an eligible retiree in the RHC Trust.

### 3. I purchase health insurance on a public healthcare exchange and receive federal tax subsidies. Will the HRA affect these subsidies?

Please be aware that HRAs are considered to be group health plans within the meaning of Internal Revenue Code § 9832(a); Section 733(a) of the Employee Retirement Income Security Act of 1974 (ERISA); and Section 2791(a) of the Public Health Service Act. If you are currently purchasing health insurance on a public healthcare exchange, HRA coverage through the RHC Trust will be considered “other health coverage” and may result in your **ineligibility** for federal tax credits on the public exchanges. Therefore, if you are currently receiving federal tax credits, you may want to opt-out of coverage under the RHC Trust in order to preserve your eligibility for such tax credits on the public health exchanges.

### 4. I want to opt out of the HRA plan so I can continue to receive federal tax credits on the public exchanges. What do I do?

You may elect to opt-out at any time, by providing written notification of your election to opt-out to the Benefits Administration Office. Your opt-out notification should be directed to Benefits Administration as follows:

Benefits Administration Office  
Attn: HRA Opt Out  
2 Woodward Avenue, Suite 304  
Detroit, MI 48226

Opt-outs received from the 1<sup>st</sup> to the 15<sup>th</sup> of the month will be processed effective the end of that month. Requests received from the 16<sup>th</sup> to the end of the month will be processed effective the end of the following month. Examples are as follows:

- A request received on June 10<sup>th</sup> will be processed effective June 30<sup>th</sup>.
- A request received on June 20<sup>th</sup> will be processed effective July 31<sup>st</sup>.

**Note that verbal requests to opt-out of the HRA will not be accepted.**

**5. What happens if I do not opt-out of the HRA?**

You will be automatically enrolled in the HRA and your account will be credited each month in the amount of your current stipend less the \$5 in administrative costs. Failure to opt-out in writing will result in your default enrollment in the RHC Trust's HRA coverage and as such, if you are currently purchasing health insurance on a public healthcare exchange, HRA coverage through the RHC Trust will be considered "other health coverage" and may result in your **ineligibility** for federal tax credits on the public exchanges.

**6. I qualified for and am receiving the additional retiree stipend of \$50 and the spouse stipend of \$125. Will I still receive these additional stipends?**

Yes, but any stipends that you received including these additional stipends will now be credited to your HRA each month and not provided as a separate check.

**7. I am a Medicare-eligible retiree, but my spouse qualified for the \$125 additional stipend. Will my spouse receive the HRA?**

In this instance, a HRA will be set-up in the name of the retiree and will be credited each month with the amount of the additional spouse stipend less the administrative costs.

PF-2

**RETIREE HEALTH REIMBURSEMENT ACCOUNT (HRA) INFORMATION  
CITY OF DETROIT POLICE & FIRE RETIREE HEALTH CARE TRUST**

**March 11, 2015**

The City of Detroit Police & Fire Retiree Health Care Trust (the “RHC Trust”) has selected Flex-Plan Services, Inc. to be the claims administrator for your Health Reimbursement Account (HRA). This plan has been established by the RHC Trust to reimburse you for your out-of-pocket medical expenses.

This communication will provide general details about the HRA, how it works, what you can do to submit eligible claims, and who to contact if you have questions.

**General Plan Information**

- **Plan Year:** April 1, 2015 - December 31, 2015
- **Benefit:** The HRA will reimburse up to the total amount noted in the chart below for the 2015 plan year for eligible expenses.

If you currently receive a monthly stipend of:*	Effective April 1, 2015, you will receive a monthly credit of:	Total amount:
\$400	\$395	\$3,555
\$300	\$295	\$2,655
\$250	\$245	\$2,205
\$175	\$170	\$1,530
\$125	\$120	\$1,080

\* Total monthly amount includes spouse stipend, if applicable.

- **Eligible Expenses:** All expenses under IRC Sec 213(d) are eligible for reimbursement if they were incurred by you (e.g. retiree, surviving spouse, surviving child) or your eligible dependents (e.g. spouse, child, stepchild). Please see enclosed list of eligible expenses.
- **Claimed Expenses:** You may submit claims for eligible expenses that were incurred during the plan year noted above and while you were eligible for the monthly credits.

**How it Works**

Get treatment from a provider, purchase an eligible item, or receive an eligible service. Fill out a claim form and return with documentation to Flex-Plan Services for reimbursement.

**HRA Claims Submission**

- 1) Fill out a claim form (enclosed). Please make sure to write legibly and sign the bottom.
- 2) Submit documentation that clearly shows the date, type and cost of expense.
- 3) Claims can be submitted using one of the following methods – fax, email, mail, online, or through the Flexi app for Android or iPhone. Please use only one method per submission.
- 4) Your reimbursement will be directly deposited into your bank account or a check sent to your home. Reimbursements are processed on the last day of each month.
- 5) You will have 90 days to submit claims at the end of the plan year.

## RETIREE HEALTH REIMBURSEMENT ACCOUNT (HRA) INFORMATION CITY OF DETROIT POLICE & FIRE RETIREE HEALTH CARE TRUST

### Online Access

Plan participants have access to their online account through the participant portal where they can update their personal information, view claims history, submit claims, check balances, and access plan forms and documents.

Once you are registered, you can also submit claims via the new Flexi App for Android or iPhone! The Website will allow you to create your own login and password.

- If you are registered for online account access, just log in as normal. If you forgot your username and/or password, click on “Forgot Password”. Your User Name and temporary password will be emailed to you.
- If you are not already registered for online account access you will need to complete registration. **Go to Step 2.**

**Step 1:** Visit [www.flex-plan.com](http://www.flex-plan.com), choose the “**Participant**” tab and select the link ‘**Manage My Benefits**’.

**Step 2:** Registering your Account:

First time users will select the “**Register With Flex-Plan.com**” link. You will need the following information to register your account:

- Last Name, First Initial
- E-mail Address: (E-mail address are required to access your account on-line, if you have not provided an e-mail address to Flex-Plan you must do so in writing prior to registering for account access.)
- Company Code: CYD
- Choose a User Name
- Date of Birth

Do not forget to review and accept the ‘Terms and Conditions’. Shortly after registering for online access you will receive an e-mail confirmation with a temporary password.

**Step 3:** To change your account password, log into your account:

- Click on ‘**Update My Information**’
- Click on ‘**Change My Password**’

You will be sent a confirmation email stating that you have recently changed your password in your online profile.

If information is incomplete, or Flex-Plan does not have all the information for your record, please contact Flex-Plan so they can update the record.

### **Have Questions?**

Flex-Plan Services, Inc.

Phone: (425) 452-3421 or (866) 897-1996

Fax: (425) 709-7125 or (866) 831-6222

Email: [105@flex-plan.com](mailto:105@flex-plan.com)

Website: [www.flex-plan.com](http://www.flex-plan.com)

Mail: PO Box 53250 Bellevue, WA 98015-3250

## City of Detroit Retiree HRA Opt Out Form

I would like to **OPT OUT** of the retiree HRA effective April 1, 2015 or based on the date of receipt of this form\*.

I understand that by completing and returning this form, I will **NOT RECEIVE ANY HRA CONTRIBUTIONS** from the City of Detroit Police & Fire Retiree Health Care Trust (the "RHC Trust").

I understand that this **OPT OUT CAN NOT BE CHANGED** until the next open enrollment period.

Name of Retiree	
Retiree SSN	
Signature of Retiree	Date
<i><b>Only complete the spouse information below if you are opting-out of the spouse stipend.</b></i>	
Name of Spouse	
Spouse SSN	
Signature of Spouse	Date

**Please return this form to:**  
 Benefits Administration Office  
 Attn: HRA Opt Out  
 2 Woodward Avenue, Suite 304  
 Detroit, MI 48226

\*Opt-outs received from the 1<sup>st</sup> to the 15<sup>th</sup> of the month will be processed effective the end of that month. Requests received from the 16<sup>th</sup> to the end of the month will be processed effective the end of the following month. Examples are as follows:

- A request received on June 10<sup>th</sup> will be processed effective June 30<sup>th</sup>.
- A request received on June 20<sup>th</sup> will be processed effective July 31<sup>st</sup>.

**CITY OF DETROIT  
HEALTH REIMBURSEMENT ARRANGEMENT  
CLAIM FORM  
PLAN YEAR JANUARY 1, 2015 through DECEMBER 31, 2015**

**Section I – Employee Information**

Last Name, First Name _____	MI _____	Day Phone _____	Employee SSN _____
Address _____	City _____	St _____	Zip _____
<input type="checkbox"/> <b>Address Change</b>			Email * SEE INFORMATION BELOW _____

**Instructions**

1. Complete Section I – Employee Information.
2. **Do not staple any documentation to claim form, please tape to separate sheet or include loosely in envelope. Do not send originals (all claims are stored electronically and paper copies will be shredded).**
3. Complete Section II – Claims. Attach proper documentation showing the date(s) of service, type(s) of service and cost (No cancelled checks, balance forwards or bank card receipts). Itemize all expenses to prevent delays in reimbursement.
4. Complete Section III - Signing the claim form. Claims can be submitted using one of the following methods – fax, email, mail or online. Online claims status is available at [www.flex-plan.com](http://www.flex-plan.com). Claims must be submitted at least three (3) full business days prior to the scheduled reimbursement date.

***All Section 213(d) expenses are eligible for reimbursement.  
Please see the eligible expense list included in this mailing.***

**Section II – List Claimed Expenses**

Service Date	Type of Service	Name of Provider	For Whom	Net Cost
<b>Total Request</b>				<b>\$</b>

**Section III – Signature**

To the best of my knowledge and belief, my statements on this claim form are complete and true. I understand that I am solely responsible for the validity of claims submitted to this Plan. I am claiming reimbursement only for eligible expenses incurred by myself, spouse, and/or dependents during the plan year shown above. I certify that these expenses have not been reimbursed under this plan or by any other source and that they will not be reimbursed by any other source or insurance. **\*By providing an email address**, I consent to receive all possible communications from Flex-Plan, agents, and subcontractors regarding the Plan via email. I may withdraw consent at anytime without charge by contacting Flex-Plan by phone, email, or mail. To update your email address contact Flex-Plan by phone, email, or mail. You have the right to receive paper version of an electronic document free of charge. Software requirements will be provided with each electronic document. I hereby authorize my HRA to be reduced by the amount(s) shown above.

Participant's Signature <b>X</b> _____	Date _____
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Fax completed forms and documentation to:  
(425) 709-7125 or Toll-free (866) 831-6222

Email forms and documentation to:  
[105@flex-plan.com](mailto:105@flex-plan.com)

Mail forms and documentation to:  
**Flex-Plan Services**  
PO Box 53250 Bellevue, WA 98015-3250

Customer Service: email: [105@flex-plan.com](mailto:105@flex-plan.com) Website: [www.flex-plan.com](http://www.flex-plan.com) Phone: 425-452-3421 or 866-897-1996