



**HEALTH
REIMBURSEMENT
ARRANGEMENT
(HRA)**

2006

POLICE & FIRE RETIREE MEDICAL

**HEALTH REIMBURSEMENT
ARRANGEMENT**

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HEALTH REIMBURSEMENT ARRANGEMENT

HIGHLIGHTS

- The HRA can help pay qualifying medical expenses not covered under your health insurance.
- The HRA is utilized to pay both qualified premiums and medical reimbursements.
- Claims for qualified premiums and reimbursements will be paid as long as there are sufficient funds in the members account.
- Claims for a previous plan year may be filed in a subsequent year if the member was participating in the HRA at the time of the service, and if they have dollars remaining in their account.
- There is no forfeiture at the end of the year.
- If a member has an FSA, it is the member's responsibility to coordinate those benefits with this HRA.
- Amounts available under an FSA must be exhausted before reimbursements may be made from the HRA.

DEFINITIONS

Administrator: means the Board of Trustees of the Police and Fire Retiree Medical Funding Program, or their designee.

Claim Form: means the form provided by the Administrator to be completed and submitted to the Administrator by a member in order to receive reimbursements from the Plan.

Contributions: means the sum of money the Municipality is contributing monthly to the member's HRA.

Dependent: means any individual who is a tax dependent of the Member as defined in IRS Code 152, with the following exception; any child to who Code 152(e) applies (regarding a child of divorced parents, etc., where one or both parents have custody of the child for more than half of the calendar year and where the parents together provide more than half of the child's support for the calendar year) is treated as a dependent of both parents. Notwithstanding the foregoing, the HRA account will provide benefits in accordance with the applicable requirements of any QMCSO, even if the child does not meet the definition of "dependent".

Eligible Medical Expenses: means expenses incurred by a member or his or her spouse or dependents for medical care, as defined in IRS Code 213 To be reimbursed for eligible expenses, members must complete the Health Reimbursement Claim Form, and submit it to the Administrator.

DEFINITIONS

Enrollment Form: means the form provided by the Administrator for the purpose of allowing an eligible member to Participate in this Plan

Explanation of Benefit Forms: means the form provided by the health insurance provider to explain the amount of expenses covered, or not covered by the insurer.

HRA: means Health Reimbursement Arrangement as defined in IRS Notice 2002-45.

Loss of Eligibility: means a member who has retired due to a disability and the Police and Fire Retirement System Board has determined that the member is no longer eligible to receive the benefit as defined under AMC 3.87.040(C).

Member: means an individual who qualifies as a member of the program under Section 3.85.040 of the Anchorage Municipal Code.

Plan: means Police & Fire Retiree Medical Funding Program health reimbursement arrangement.

Program: same as the Plan

OMCSO: means a qualified medical child support order

Trust: means the Police and Fire Retiree Medical Funding Program.

PLAN DESCRIPTION

The Health Reimbursement Arrangement (HRA) allows you to utilize dollars from your HRA account to pay for qualifying medical expenses you incur while participating in the HRA. Qualified medical expenses are those specified in the plan that would generally qualify for the medical and dental expenses deduction. These are explained in Publication 502, Medical and Dental Expenses. Examples include amounts paid for doctors' fees, prescription and non-prescription medicines, and necessary hospital services not paid for by insurance. Qualified medical expenses from your HRA include the following.

- Amounts paid for health insurance premiums.
- Eligible amounts paid for long-term care coverage.
- Amounts that are not covered under another health plan.

When you participate in the HRA, you may receive reimbursement for these types of expenses as long as they are qualified under the IRS list of eligible expenses.

The Program will not reimburse an expense incurred before the date the HRA was in existence, nor reimburse an expense that is incurred before the date a member first became enrolled in the HRA. As you incur eligible expenses, you may file a claim form to be reimbursed. Any unused amounts in the HRA can be carried forward for reimbursements in later years.

ENROLLMENT

Members may enroll upon the first of the month following their date of retirement with the Police and Fire Retirement System, and upon completion of the enrollment form. Once enrolled, participation will continue until loss of eligibility occurs.

The HRA will be utilized to either pay the member's health insurance premiums, long term care premiums, or reimbursement of eligible out of pocket medical expenses not covered by their health insurance. The HRA will not pay for Long Term Care expenses.

CARRYOVER OF ACCOUNTS

If any balance remains in the Member's HRA Account for a given year, such balance shall be carried over to subsequent years.

DOUBLE DIPPING

As with other accident or health plans, double dipping is not allowed. An HRA cannot reimburse expenses that have been reimbursed by another plan. This would include an FSA. If coverage is provided under both an HRA and a 125 health FSA for the same medical care expenses, **amounts available under an FSA must be exhausted before reimbursements may be made from the HRA.** In no case may a member be reimbursed for the same medical care expense by both an HRA and a health FSA.

DOUBLE DIPPING (continued)

Any expense which qualifies as a medical deduction under Internal Revenue Service regulations and which is not fully covered by health insurance may be submitted for payment the expense must be for services provided to the member or to any person who qualifies as the member's dependent for tax purposes.

Members cannot be reimbursed for eligible expenses which have been paid from other sources such as another insurance provider. **If a member receives a duplicate reimbursement, he/she is responsible for reporting the additional payment as taxable income. (See a tax advisor)**

FILING FOR REIMBURSEMENT

Each medical care expense submitted for reimbursement must be substantiated. All receipts and Explanation of Benefit Forms from insurance providers must accompany the claim for reimbursement.

When a member signs the claim form, he/she is affirming that the expenses for which they are claiming reimbursement are paid for and meet the requirements of the HRA.

Claims should be sent to the Administrator at the following address:

Lorne Bretz, Plan Administrator
Police & Fire Retiree Medical Trust
P.O. Box 196650
Anchorage, AK 99519-6650

Telephone: (907) 343-8203
Telephone: (877) 343-8203
Fax: (907) 343-8204

Email: BretzLD@muni.org

APPEAL PROCESS

In the event that a claim for reimbursement is denied, the member has the right to appeal the denial to the Board of Trustees, provided the member submits a written appeal within 60 days of the date of the initial notice of the adverse determination by the Administrator. The written appeal should be sent to the Administrator and set forth the reasons why the member believes the claim is reimbursable, together with any documentation supporting the member's appeal.

The Board of Trustees will review the appeal at the regularly scheduled Board of Trustees meeting, and a written determination will be sent to the member within 30 days thereafter. If the Board of Trustees upholds the denial of benefits, the member shall have the right to arbitrate the adverse decision under the Employee Benefit Plan Claim Arbitration Rules of the American Arbitration Association, provided the arbitration request is received by the American Arbitration Association within 60 days of the written denial decision by the Board of Trustees.