

New York City Head Start Management Welfare Fund Employee Medical Reimbursement Program Overview

The NYC Head Start Management Welfare Fund ("Welfare Fund") has established the Employee Medical Reimbursement Program ("Program"). The Program, which is fully funded by Head Start, enables participants to be reimbursed for medical, dental, vision or hearing expenses incurred in a year that are not covered by any other benefit plan. You may also be reimbursed for certain over-the-counter non-prescription medications (generally not including vitamins or dietary supplements that are used to maintain good health) Participant contributions are not required or permitted.

Participation begins on the first day of the month following 30- days of full time paid employment. The amount available for reimbursement for eligible expenses incurred during the "Period of Coverage" will be \$800 or such other amount as determined by the New York City Head Start Management Welfare Fund Board of Trustees. The "Period of Coverage" is the calendar year plus the 2 ½ month period immediately following the end of the calendar year.

You automatically become a participant in the Program when you enroll in the Blue Cross Hospitalization Plan. You must complete the Personal Insurance Enrollment Card to enroll in the Blue Cross Hospitalization Plan. If any of the information that you indicate on the enrollment form changes in the future (e.g., your address, the listing of your dependents, domestic partner, or marital status), you must file a revised enrollment form.

If you do not use up the amount allocated to your reimbursement account during a Period of Coverage the unused amount cannot be carried over to the next Period of Coverage. Likewise, no portion of the account can be taken by you in cash. Amounts reimbursed are not taxable income.

The Welfare Fund has retained the services of a third party administrator to administer the Program. The Administrator will maintain the participant employee database, review and process claims, issue reimbursement checks and provide participant account statements.

On the following pages we have provided an overview of how the Program operates, including the types of expenses that are eligible for reimbursement. A more detailed description of the Program is provided in a Summary Plan Description a copy of which is also enclosed. We highly recommend that you read the Summary Plan Description.

WHO IS ELIGIBLE?

Management employees and other non-union employees are eligible to participate in the Program on the first of the month following completion of 30-days of full time paid employment. For each Period of Coverage an account will be established for each eligible employee. In order to receive reimbursement for eligible expenses you must submit a claim form with appropriate documentation (such as an "explanation of benefits" from your insurance carrier) that eligible expenses have been incurred during the Period of Coverage. However, reimbursement claims can be submitted until the June 1st immediately following the end of the Period of Coverage.

Participation in the Program continues for each eligible employee as long as he or she remains a full-time management or other non-union employee of Head Start. In case of a termination or change in status from a full-time to part-time employee, the participant may receive reimbursement of claims that were incurred up to the actual date of termination or reduction in hours.

WHAT IS AN ELIGIBLE EXPENSE?

Eligible medical, dental, vision or hearing expense must meet the following criteria:

- Expenses are for "medical care" including the diagnosis, cure, mitigation, treatment, or prevention of illness and injury; transportation cost of a trip primarily for and essential to medical care; or for medical insurance.
- Expenses are not for cosmetic surgery or cosmetic dentistry undertaken to only improve appearance.
- Expenses are incurred by you, your spouse, domestic partner and your eligible dependants (as defined by IRS rules).
- Expenses are not reimbursed by any other insurance carrier.
- Expenses are for services performed during the Period of Coverage.
- Expenses are not being claimed as a medical deduction on the participant's or dependent's federal tax returns.
- Expenses are not for vitamins (unless prescribed by a Doctor)
- Expenses are not for over-the-counter dietary supplements, cosmetics, or toiletries that promote wellness and/or are beneficial to general good health or hygiene. However, certain dietary supplements are eligible for reimbursement when a Doctor has directed, in writing, that you, your spouse, domestic partner or other eligible dependent take such supplement in order to treat a specific condition and the treatment is not for cosmetic purposes.

Examples of eligible expenses are:

MEDICAL

Deductibles

Co-payments

Expenses in excess of amounts covered by insurance

Routine physicals

Prescription drugs not covered by insurance carriers

Transportation costs related to trips to and from the health care provider

Medical insurance; premiums that are not paid on a pretax basis (e.g. COBRA Coverage)

NON- PRESCRIPTION MEDICATIONS

Aspirin and other pain relievers (Ibuprofen, Tylenol)

Non- prescription allergy medications (Claritin, Benadryl)

Cold medicines (Sudafed, Contact)

Antacids (Maalox, Mylanta)

Cough medicines (Robitussin, Delsym)

DUAL PURPOSE NON-PRESCRIPTION MEDICATIONS

(Requires Doctor's written note listing medical condition and recommended medication)

Supplements such as glucosamine/chondroitin for arthritis or other medical condition (not reimbursable if taken for overall joint health)

Herbal Supplements used to treat a specific condition such as St John's Wart for depression

Vitamins/Minerals such as calcium, antioxidants, iron and magnesium when used to treat a specified condition

Retin-A and other acne medications for a (not reimbursable if used for cosmetic purposes such as wrinkle reduction)

Sleep –Aids such as Unisom and Sominex

Sunscreen and Sunblock for a specified skin condition affected by sun exposure

Weight Loss/ Dietary Supplements for a specified medical condition such as obesity

Fiber Supplements such as Benefiber and Metamucil in certain circumstances

DENTAL

Deductibles

Co-payments

Expenses in excess of covered amounts or plan limits or not otherwise covered by the insurance carrier

VISION

Examinations

Frames and prescription lenses

Prescription contact lenses, maintenance solution and equipment

HEARING

Examinations

Hearing aids and equipment (batteries, etc.)

You may wish to obtain IRS Publication 502, "Medical and Dental Expenses," from your local IRS office or the Trustees for an overview of eligible expenses. However, IRS Publication 502 does not include a description of over-the-counter non-prescription medications that may also be considered eligible expenses under Program. If you have any questions as to whether a particular product is eligible for reimbursement under the Program please call Healthplex at 1(800) 468-0600.

**SUMMARY OF MATERIAL MODIFICATIONS
TO THE
SUMMARY PLAN DESCRIPTION
OF THE
NEW YORK CITY HEAD START
MANAGEMENT WELFARE FUND**

This Notice called a "Summary of Material Modifications" advises you of a change in the information presented in the Plan's Summary Plan Description ("SPD"). It is numbered to coincide with the sections of the SPD that have been revised. Please keep this Notice with your SPD.

2. WHO IS ELIGIBLE?

The domestic partner of a Participant and the child(ren) of the domestic partner shall be eligible to participate in the Plan provided that the Participant and the domestic partner are: (1) at least age 18; (2) are not married; (3) are not related by blood to the extent they would be prohibited from marrying in New York state; (4) have a committed personal relationship; (5) live together and have lived together on a continuous basis; and (6) have submitted a Declaration of Domestic Partnership that was accepted by the Local 95 Head Start Employees Welfare Fund and is currently in effect.

6. ELIGIBLE EXPENSES

Generally, expenses for over-the-counter dietary supplements, cosmetics or toiletries that promote wellness and/or are beneficial to good health or hygiene are not eligible for reimbursement. However, certain dietary supplements are eligible for reimbursement when a Doctor (or certain other health care providers) has directed, in writing, that the Participant take such supplement in order to treat a specific condition and that the treatment is not cosmetic. Examples include but are not limited to:

- Supplements such as glucosamine/chondroitin for arthritis or other medical condition (not reimbursable if taken for overall joint health);
- Herbal Supplements used to treat a specific condition such as St John's Wort for depression;
- Vitamins/Minerals such as calcium, antioxidants, iron and magnesium when used to treat a specified condition;
- Retin-A and other acne medications (not reimbursable if used for cosmetic purposes such as wrinkle reduction);
- Sleep –Aids such as Unisom and Sominex;
- Sunscreen and Sunblock for a specified skin condition affected by sun exposure;

- Weight Loss/ Dietary Supplements for a specified medical condition such as obesity; and
- Fiber Supplements such as Benefiber and Metamucil in certain circumstances.

NEW YORK CITY HEAD START MANAGEMENT WELFARE FUND

c/o Randy S. Paul
D.C. 1707, Local 95 Welfare Fund
75 Varick Street - Suite 1500
New York, NY 10013
Phone (212) 343-1660 • Fax (212) 343-8803

BOARD OF TRUSTEES

Andre Lake
Cynthia Cummings
Gina Rusch



November 19, 2010

Re: New York City Head Start Management Employees Reimbursement Program
Filing Reminder and Important Plan Changes

Dear Member:

The deadline for obtaining services through the Management Employees Medical Reimbursement Program for the 2010 Plan Year is March 15, 2011. You are eligible for reimbursement up to \$800 per plan year for qualified medical expenses incurred by you, your spouse and your eligible dependents.

A qualified medical expense is any medical expense recognized by the Internal Revenue Service that is not reimbursed by an insurance carrier or otherwise. Examples of unreimbursed expenses are medical deductibles, co-payments, or other qualified medical expenses in excess of insurance coverage. A listing of qualified expenses can be obtained by requesting Publication 502 from your local IRS office.

As part of the new federal health care reform, reimbursement for over-the-counter medications will be eliminated under the Medical Reimbursement Program. This change to our Program goes into effect on January 1, 2011. However, please note the following exceptions which will enable you to continue to be reimbursed for over-the-counter medications purchased on or after December 31, 2010:

1. You have obtained a valid physician's prescription for that particular medication prior to its purchase, or
2. The drug or medication is insulin.

After December 31, 2010, you may still purchase over-the-counter medications without a prescription but the program will not reimburse the cost. Any over-the-counter medications purchased prior to January 1, 2011 will be reimbursable from the Medical Reimbursement Program without a prescription provided you submit a claim for reimbursement no later than June 1st 2011.

If an over-the-counter medication is best for you, ask your physician to provide a prescription for the medication.

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- You may attempt to request that prescription without the hassle and expense of an office visit if your physician previously recommended use of the medication. Some people plan to send a letter to their physician addressing the request, in lieu of making an appointment. Be sure to include your phone number and other contact information for any questions your doctor's office may have.

- The prescription you request ideally will reflect the longest period of time or highest number of "refills" your physician possibly will authorize. That way you can avoid additional requests and/or additional actual office visits to see your physician. You would simply save your receipts for the medication and submit a single request for reimbursement prior to the program's deadline, or you may photocopy the prescription and submit multiple requests to Healthplex.

Over-the Counter Items Other Than Medication -Please be aware that only over-the-counter *medications* are subject to this rule. Any over-the-counter items other than medications or drugs, such as crutches or diabetic supplies are reimbursable even without a prescription.

Insulin -As mentioned above, insulin remains reimbursable regardless of a prescription; you would submit reimbursement requests as you currently do for insulin.

Remember any remaining account balances unused by March 15th 2011 will be forfeited. All claims for reimbursement of medical expenses incurred by March 15th, 2011 must be submitted no later than June 1, 2011. Please contact Randy Paul at 212-343-1660 or a Healthplex Customer Service Representative at 800-468-0600 if you have any questions.

Sincerely,

The Board of Trustees

CHANGES TO OVER-THE-COUNTER ELIGIBILITY FOR REIMBURSEMENT

Under the new health care reform legislation, over-the-counter (OTC) drugs, medicines and biologicals will be eligible for reimbursement only if the request is accompanied by a doctor's prescription. This means items such as cough medicines, pain relievers, acid controllers, diaper rash ointment, to name a few, will no longer be reimbursed unless there is a doctor's prescription submitted along with the reimbursement request. Insulin will remain eligible as a tax-free reimbursement without a prescription.

The change to OTC applies to taxable years (not plan years) beginning after December 31, 2010. Therefore, this will affect all plans and participants at the same time, no matter what the plan year. If a plan has a non-calendar plan year, the rule will change how OTC reimbursement is handled mid-year on January 1, 2011.

The effective date focuses on when the expense was incurred. Expenses incurred on and after January 1, 2011 will require a doctor's prescription. Expenses incurred prior to January 1, 2011 will not. For example, a participant could incur an OTC drug expense on December 31, 2010, not submit the expense until March 2011 under the plan's run out rule, and the expense could still be reimbursed without a prescription.

Though we do not yet know the specific list of items affected, we have been provided a list of categories that will be removed from the IAS list. They include the following:

Acid Controllers	Baby Rash	Laxatives
Allergy & Sinus	Ointments/Creams	Motion Sickness
Antibiotic Products	Cold Sore Remedies	Pain Relief
Anti-Diarrheals	Cough, Cold & Flu	Respiratory Treatments
Anti-Gas	Digestive Aids	Sleep Aids & Sedatives
Anti-Itch & Insect Bite	Feminine Anti-	Stomach Remedies
Anti-parasitic	Fungal/Anti-Itch	
Treatments	Hemorrhoidal Preps	

*IAS is an IRS approved inventory information approval system that allows for automatic adjudication of an expense at a pharmacy by comparing an item's SKU to an approved list of eligible expenses.

**SUMMARY OF
MATERIAL MODIFICATIONS
TO THE
SUMMARY PLAN DESCRIPTION
OF THE
NEW YORK CITY HEAD START
MANAGEMENT WELFARE FUND
EMPLOYEE MEDICAL REIMBURSEMENT PROGRAM**

This Notice called a "Summary of Material Modifications" advises you of a change in the information presented in the Program's Summary Plan Description ("SPD").

Retiree Medical Reimbursement Benefits for Spouses and Domestic Partners

If you are an eligible former Head Start employee participating in the Program because you are enrolled in the Retiree Health Benefit provided through the District Council 1707, Local 95 Head Start Employees Welfare Fund (Retiree Health Benefit), your Spouse or Domestic Partner is eligible to continue to participate in the Program provided they also enroll in the Retiree Health Benefit. Your Spouse or Domestic Partner's eligibility to participate in the Program will end as of the date you cease to participate in the Retiree Health Benefit.

This amendment is effective as of June 1, 2009, for eligible expenses (see Section 6 of the SPD for an explanation of "eligible expenses") incurred on or after June 1, 2009.

Any questions about the Retiree Health Benefit should be directed to the District Council 1707, Local 95 Head Start Employee's Welfare Fund at (212) 343-1660.

