San Francisco Health Care Security Ordinance Health Reimbursement Arrangement (SFHCSO HRA)
January 1, 2016 – December 31, 2016

THIS PACKET INCLUDES YOUR HCSO HRA PLAN SUMMARY AND OTHER IMPORTANT INFORMATION

YOUR HCSO HRA SUMMARY PLAN DESCRIPTION (SPD) WILL BE DISTRIBUTED SEPARATELY BY YOUR EMPLOYER

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The San Francisco Health Care Security Ordinance Health Reimbursement Arrangement (“SFHCSO HRA”) is a supplementary health plan provided by your employer at no cost to you.

The SFHCSO HRA is a limited health benefit that will reimburse you for eligible health care (Dental and Vision) expenses that you incur during the year. The date you “incur” a covered expense means the date the service was actually performed (not the date you pay for a service, if different).

This packet contains important information about your SFHCSO HRA. For more details about the Plan, refer to your SFHCSO HRA Summary Plan Description (SPD).

**WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR ME TO BE COVERED UNDER THE SFHCSO HRA?**

- You are eligible to receive benefits under the SFHCSO HRA if you work at least 8 hours per week in the City/County of San Francisco (averaged over each calendar quarter) and do not participate in the primary health benefits program provided to “full-time” employees of your employer.

- For example, let’s say the January 1 to March 31 Calendar Quarter is exactly 13 weeks. If you work a total of 104 hours in the City/County of San Francisco during the quarter (and you are otherwise eligible), then you may qualify to receive a contribution under the SFHCSO HRA (104 hours divided by 13 weeks = 8 hours per week average). Conversely, if you worked only 84 hours in the City/County during the same calendar quarter, then you will not be eligible to receive a contribution under this Plan for that quarter (84 divided by 13 weeks = 6.46 hours per week average).

**IF I AM ELIGIBLE FOR MY EMPLOYER’S SFHCSO HRA, WHEN WILL MY PARTICIPATION COMMENCE?**

- If you are eligible to participate in the SFHCSO HRA, coverage will commence on the first day of the month following 90 days of employment with your employer (remember, you still have to work enough hours each quarter to receive a contribution).

**HOW DO I ENROLL?**

- Your employer will automatically enroll you in the SFHCSO HRA. You are not required to complete any additional forms to participate.

**WHAT DOES IT MEAN TO BE “ELIGIBLE TO RECEIVE BENEFITS” UNDER MY EMPLOYER’S SFHCSO HRA?**

- Being eligible to receive benefits under the plan simply means your employer will make a contribution to the plan on your behalf. For 2016, your employer’s total required expenditure (which is called the “Employer Spending Requirement”) is **$2.53** per qualifying “hour paid”. In general, “hours paid” includes both paid hours and hours for which you are entitled to be paid (such as paid vacation hours, paid time off and paid sick leave if you are eligible for these benefits). Your employer’s total Employer Spending Requirement (ESR) is capped at 172 hours per month or 516 hours per calendar quarter.

- **NEW FOR 2016:** Due to new restrictions imposed on HRA plans, only 20% of your employer’s total Employer Spending Requirement may be contributed to your SF HCSO HRA account in 2015. For example, if your total Employer Spending Requirement for the 1st Quarter of 2016 is $300, $60 (20%) will be allocated to the HCSO HRA (minus administration charges). The remaining $240 (80%) must be contributed to a different type of account. This material only applies to the funds contributed to your HCSO HRA. Contact your employer if you have questions about the other 80%.
WHAT EXPENSES DOES MY EMPLOYER’S SFHCSO HRA COVER?

For contributions earned AFTER December 31, 2013 (meaning starting in 2014), The HCSO HRA will reimburse you for the following expenses (up to the amount available in your account on the date your claim is processed by BASIC pacific):

- Dental and vision related expenses. Eligible expenses include, but are not limited to your cost for dental/eye exams, teeth cleaning, fillings, bridges, implants, orthodontia, TMJ treatment, prescription eyewear, prescription contacts and laser eye surgery;
- Expenses for long-term care, nursing home, home health or community based care;
- Your cost for a medical indemnity insurance policy (meaning a plan that pays you a fixed dollar amount for a specific medical condition or injury, such as a plan that pays you $500 if you break your arm);
- Your cost for an insurance policy that covers a specific disease or illness (such as a plan that covers cancer treatments exclusively);
- Your cost for an individual insurance policy that covers dental and/or vision expenses exclusively; and,
- Your cost for transportation to obtain a covered expense, including an allowance for mileage if you drive. In order to be eligible for transportation reimbursement, the transportation expense must be incurred exclusively to obtain a covered expense. For example, you may not seek reimbursement of your cost to commute to work simply because you also received dental care while at work. You must also be able to tie the transportation to the covered expense (for mileage reimbursement, you must report the miles driven). Finally, the cost for transportation must be necessary and reasonable. For example, you may not be reimbursed for the cost of driving 200 miles for a vision exam unless you can demonstrate that there was no qualified provider closer to your home.
- You may not be reimbursed for any expense that is paid for by any other source. For example, if you incur a covered dental expense for $200 and you have other dental coverage that pays 50% ($100) toward the charge, you may only seek reimbursement for the remaining $100 from the HCSO HRA.
- To be eligible, the expense must be medically necessary (meaning the expense cannot be solely for cosmetic purposes) and must be incurred while you are actively covered under the HCSO HRA.
- You may not be reimbursed for membership fees, access fees or other charges that are not directly related to actual services or qualified premiums for the plans listed above.

HOW OFTEN DOES MY EMPLOYER MAKE A CONTRIBUTION TO MY SFHCSO HRA?

- Your employer reports the amount of your contribution to BASIC pacific (the administrator) after the end of each calendar quarter (e.g. in April for the January through March calendar quarter). In most cases, your SFHCSO HRA account should be credited with your contribution (if any) on or before the last day of the month (e.g. April 30th for the first quarter).

WILL I BE INFORMED WHEN A CONTRIBUTION IS MADE TO MY SFHCSO HRA ACCOUNT?

- Yes! Each time your employer makes a contribution, BASIC pacific (the administrator) will send you a statement. The statement will include the amount of your contribution for the previous quarter.

CAN I USE MY SFHCSO HRA FUNDS TO PAY FOR EXPENSES INCURRED BY MY QUALIFIED DEPENDENTS?

- Yes. The SFHCSO HRA covers expenses that are incurred by you, your spouse and children. Domestic partners are not eligible for reimbursement under your employer’s SFHCSO HRA.

HOW DO I ACCESS MY SFHCSO HRA FUNDS?

- To access your funds, complete a SFHCSO HRA Claim Form, attach your supporting documentation and submit your claim to BASIC pacific (the administrator). Complete instructions are included on the attached Claim Form.
IF I SUBMIT A CLAIM, WHEN WILL I BE REIMBURSED FROM MY SFHCSO HRA?

- Reimbursements are processed by BASIC pacific each Wednesday & Friday (holidays excluded).
- The claims “cut-off” is 8:30 am (Pacific) on the previous day. For example, claims received by 8:30 am on Tuesday will be processed for reimbursement on Wednesday.
- The only exception to the reimbursement schedule is the few week period immediately following the end of each plan year (generally the period of January 1st through January 20th each year). During this period, BASIC pacific will suspend all reimbursements. Refer to “Why does BASIC pacific suspend reimbursements during the first few weeks of January?” for a detailed explanation.
- It is recommended that you sign up to receive reimbursements by direct deposit to your personal bank account. Direct deposit is fast, efficient and reliable. Plus, if BASIC pacific has your email address on file, you will receive an email message each time a direct deposit is sent to your account. A direct deposit form is included in this package.
- If all or a portion of your claim must be denied, you will receive a notice from BASIC pacific explaining why the expense was denied. In many cases, an expense may have to be denied simply because your supporting documentation is unclear or incomplete. If this happens, you’ll need to resubmit the claim with clear and/or complete documentation.
- If you ever feel a claim was incorrectly or unfairly denied, you may appeal the denial by resubmitting the claim with a cover letter explaining why you believe the expense should have been paid. Whenever you appeal a claim, be very specific and be sure to include any additional documentation that supports your appeal.

DO THE SERVICES HAVE TO BE RENDERED (PERFORMED) BEFORE I CAN SUBMIT A CLAIM FOR REIMBURSEMENT?

- Yes! To be eligible for reimbursement, the service must have been performed. You may not be reimbursed in advance of a service being performed.

WHAT IF MY PROVIDER REQUIRES PAYMENT IN ADVANCE OF PERFORMING A SERVICE?

- If your provider requires payment in advance of the service being performed, you’ll have to pay separately and then seek reimbursement later. The only alternative is to try and find a provider that will allow you to pay after the service is rendered.

IF I DON’T HAVE ANY ELIGIBLE MEDICAL EXPENSES, CAN I CHOOSE TO RECEIVE MY SFHCSO HRA FUNDS IN “CASH”?

- No. The HCSO HRA is a welfare (i.e. health) benefit provided by your employer. The funds in your HCSO HRA are available exclusively for eligible medical, dental and vision related expenses. They are not your personal funds.

WHAT IS THE MAXIMUM THAT I MAY BE REIMBURSED FROM MY SFHCSO HRA?

- The maximum amount that you may be reimbursed for an expense(s) is your available balance as of the date your claim is processed for reimbursement. For example, if your available balance is $400 and you submit a claim for $500, you will be reimbursed $400.
- Your available balance is equal to the amount contributed by your employer, minus the amount you have been previously reimbursed and the monthly administration fee.

WHAT HAPPENS IF I SUBMIT A CLAIM FOR AN AMOUNT THAT EXCEEDS MY AVAILABLE BALANCE?

- If you submit a claim for an eligible expense(s) that exceeds your current balance, BASIC pacific will reimburse you the balance in your account. Then, the portion of your expense that was unpaid will carry forward and be processed for reimbursement after your employer makes your next quarterly contribution during the same plan year. This process will be continued until the end of the claims run-out period following each plan year.
For example, let’s say that your cost for a dental bridge on February 10, 2016 is $2,000. Let’s further say that you have $500 available in your SFHCSO HRA account when you submit your claim on February 15th. Given this scenario, BASIC pacific will reimburse you $500 immediately. The remaining unpaid amount of $1,500 will then be held pending receipt of additional contributions from your employer. If no additional contributions are made in the plan year, you will not receive any further reimbursement for the expense.

WHAT HAPPENS IF I DO NOT USE MY ENTIRE ACCOUNT BALANCE BY THE END OF EACH YEAR?
- At midnight on December 31st each year, your creditable unused balance will be rolled over to the next plan year. Your creditable unused balance is equal to your actual account balance on December 31st minus any funds that were not used for two or more years (see “How long is my employer contribution available to me?” below). For this reason, it is always best to submit all your claims for the year before December 31st.

CAN I STILL SUBMIT CLAIMS AFTER DECEMBER 31ST?
- Absolutely! You may submit claims for expenses incurred during the previous year until March 31st of the following year. For example, if you incur a $100 expense in June of 2016, the deadline to submit a claim for this expense is March 31, 2017. However, the maximum amount you are eligible to be reimbursed for this expense will be based on your balance at the time BASIC pacific processes your claim.
- Please note that “submit” means the claim must actually be received by BASIC pacific. So don’t wait until March 31st to mail your claim or it will arrive after the deadline and will no longer be eligible for reimbursement.

HOW LONG IS MY EMPLOYER CONTRIBUTION AVAILABLE FOR ME TO USE?
- As long as you remain eligible to participate in the plan, employer contributions will remain available for two years. For example, an employer contribution made in 2015 will remain available until December 31, 2017. After December 31, 2017 any unused funds that were contributed in 2015 will no longer be available. Funds contributed in 2016 will then remain available until December 31, 2018, and so on.

WHY ARE FUNDS ONLY AVAILABLE FOR TWO YEARS?
- The rules are established by government regulation. The rules state the funds must be available for two years. Your employer’s plan meets or exceeds this requirement.

WHY DOES BASIC PACIFIC SUSPEND REIMBURSEMENTS DURING THE FIRST FEW WEEKS OF JANUARY?
- After the close of business on December 31st of each year, BASIC pacific must suspend all HCSO HRA reimbursements while it performs an audit to determine the amount of forfeited contributions from each participant’s account (meaning the unused funds that have been available for two years). Because all HCSO HRA’s renew on January 1 each year, it can take up to three (3) weeks for BASIC pacific to complete this audit for all clients.
- During this suspension period, HCSO HRA participants are still free to submit claims to BASIC pacific.
- BASIC pacific will do everything in its power to complete the audits before January 20th. If we do, we’ll re-start paying claims immediately.

WHAT HAPPENS IF I TERMINATE EMPLOYMENT?
- If you terminate employment (or otherwise lose your eligibility to participate), you will remain eligible to participate for an additional 90 day period. Then, you still have 90 more days to submit claims for reimbursement. For example, if you terminate employment on January 1, 2016, you may be reimbursed for eligible expenses incurred through March 31, 2016. Then, you still have until June 30, 2016 to submit claims for reimbursement. Remember though, “submit” means the claim must actually be received by BASIC pacific.
- You may also have the opportunity to extend your SFHCSO HRA participation under COBRA. Refer to your SFHCSO HRA Summary Plan Description (SPD) for detailed information about your COBRA rights.
WILL I RECEIVE A NOTICE ABOUT THE SFHCSO HRA IF I TERMINATE?

- Yes! If you terminate employment, you will receive a special separation notice called the “Notification of Termination of Benefits”. This notice will include your final available balance and your deadline to both incur expenses & submit claims for reimbursement.

WHO ADMINISTRATES THE SFHCSO HRA?

- Your employer is the Plan Sponsor and ERISA Plan Administrator. Your employer has contracted with BASIC pacific to handle the day-to-day administrative responsibilities under the Plan. BASIC pacific is located in Rocklin, CA.

IS THERE A CHARGE TO PARTICIPATE IN THE SFHCSO HRA?

- Yes. BASIC pacific will deduct a monthly fee of $4.35 from your account balance to administer the benefit.

HOW DO I CONTACT BASIC PACIFIC FOR ASSISTANCE?

- Phone: (800) 574-5448 or (916) 303-7090, Monday - Friday from 8:30 am to 4:30 pm (Pacific)
- Fax: (916) 303-7083 or (800) 584-4591
- Email: customerservice@basicpacific.com
- Mailing Address: P.O. Box 2170, Rocklin, CA 95677