

ADDITIONAL INFORMATION ON THE HPAE MEDICAL EXPENSE REIMBURSEMENT PROGRAM: Q&A

What kind of benefits will be available to participants in the program? The program will reimburse you for insurance premiums, out of pocket costs, deductibles, co-pays, etc. Medical expenses are broadly defined: it includes insurance for medical and or hospital expenses, dental or vision care, hearing aid and prescription drug expenses and long term care. Over the counter drugs (e.g. Tylenol) can be reimbursed as well.

What happens to my benefits if I leave my current hospital to go to work at a non-union hospital or leave the health care field entirely? If you leave before you have earned 5 years of service credits, any money that you put into the program will continue to accrue interest and, when you reach age 55, you will be able to take reimbursements from your Employee Account, based on the money that you contributed plus interest. If you leave after earning 5 years of service credits, you will be eligible to receive a monthly benefit at the age of 55, based on your years of service credits, the contribution level, and an actuarial analysis of the Trust Fund.

Are there survivor benefits? Yes, the program includes benefits to surviving spouses and domestic partners. If you have an Employee Account, the benefit level is 100% of the deceased retiree's benefit. If there is no surviving spouse or domestic partner, surviving dependents may receive the surviving spouse benefits so long as they are within the age limits for dependents. If you are eligible to receive a monthly benefit, the benefit level is 50% of the deceased retiree's benefit.

May an individual employee elect whether or not to participate (like a 401k plan)? No, if your bargaining unit votes in favor of the Medical Expense Reimbursement Program, then all full-time and part-time employees will have payroll deductions of \$.20/hour. If you bargaining unit votes against participation, then no one can participate. It's all or nothing. The tax advantages of the program depend on the absence of individual election.

Money from payroll deductions will be sent to the HPAE Retiree Medical Trust? Who runs the Trust? The Trust is controlled and administered by a Board of Trustees, composed of an equal number of HPAE representatives and management representatives. The Board administers the program, selects investment vehicles, and decides on distribution options. The Board will hire a professional investment manager to provide advice regarding investments of program assets and a Third Party Administrator (TPA), who will process claims and send out reimbursements.

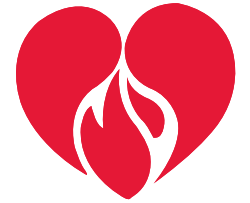
How can I be sure that the money will be handled properly? The Trust is regulated by federal law, and the Trustees are charged with the fiduciary responsibility to administer the program for the "exclusive benefit" of the participating employees. If the Trustees fail to do so, they will be subject to civil and criminal penalties.

Do other unions have this type of program? Yes. Unions such as the United Federation of Teachers (UFT) in New York City, the Communications Workers of America (CWA) at Verizon, and the United Auto Workers (UAW) all have similar retiree medical programs.

More questions about the HPAE Medical Expense Reimbursement Program?

Go to www.hpae.org/retireehealth or email any questions to Mike Slott at msslott@hpae.org.

Health Professionals and Allied Employees, AFT/AFL-CIO



A UNION PROGRAM FOR YOUR RETIREMENT HEALTHCARE NEEDS

THE HPAE MEDICAL EXPENSE REIMBURSEMENT PROGRAM

Dear HPAE Member,

HPAE has established a medical expense reimbursement program to help retirees pay for their medical costs. You will soon have an opportunity to vote on whether you and other eligible members of the bargaining unit will participate in this program through a mandatory payroll deduction of \$.20 per hour. This mail ballot, membership referendum will be run by a neutral agency, the American Arbitration Association (AAA).

We strongly encourage you to vote YES to participation in this program. This is just the first step in gaining the retiree health benefits that we, as healthcare professionals, deserve. In future negotiations, we will negotiate to have employers contribute to the program as well. Yet, even this relatively modest program has significant benefits for you. Every dollar you put aside for your future healthcare needs makes your retirement that much more secure.

In solidarity,

Ann Twomey, HPAE President

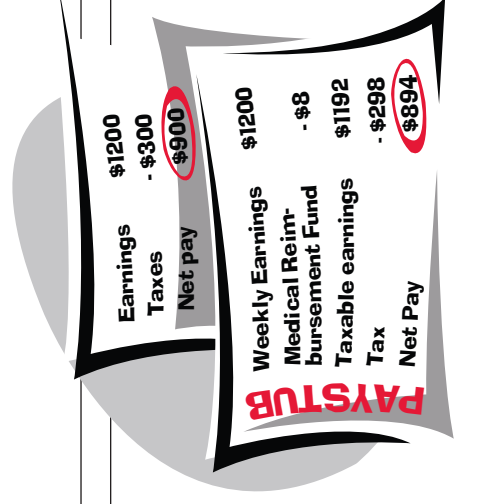
HOW THE HPAE MEDICAL EXPENSE REIMBURSEMENT PROGRAM WORKS

Employee only contributions

STEP 1 PAYROLL DEDUCTIONS

Your employer will deduct \$.20/hour from your paycheck for the HPAE Medical Expense Reimbursement Program. For example, a full-time employee will have \$8 a week deducted; for a part-time employee who works 20 hours a week the deduction will be \$4 a week. But because the deduction is in pre-tax dollars, the actual reduction in gross wages is smaller: \$6 a week for full-timers and \$3 a week for the part-timer.*

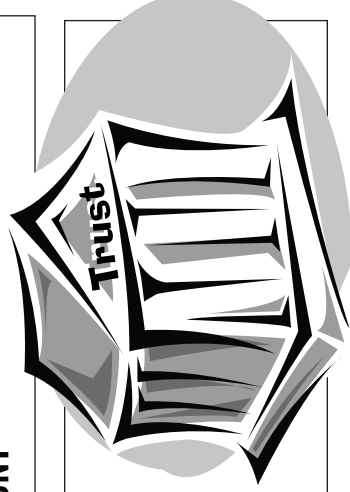
* Assumes the full-timer works 40 hours a week and has a 25% federal tax rate.



Earnings	\$1200
Taxes	-\$300
Net pay	\$900
Weekly Earnings	\$1200
Medical Reimbursement Fund	-\$8
Taxable earnings	\$1192
Tax	-\$298
Net Pay	\$894

STEP 2 MONEY IN YOUR EMPLOYEE ACCOUNT

Each month, your employer will send the money deducted from your paycheck to the HPAE Retiree Medical Trust, a jointly run, Union-Employer trust fund. The Trust is a non-profit entity regulated by federal law.



STEP 3 YOUR BENEFITS INCREASE IN AMOUNT

Less than 5 years of active service credits.

Your money will go into an **Employee Account**, where it will increase in amount through your continuing contributions and interest earned. If you leave your employer (and don't go to another hospital with this program) within 5 years, your money will be held in your Employee Account until you are eligible to access it.

What is an "active service credit"?

The program will credit an employee with 1 active service credit for each calendar year where the program receives contributions for 1700 hours of employment and .5 active service credit for contributions for 850 hours of employment.

5 or more years of active service credits

After 5 years of active service credits, you will be eligible to receive a **monthly reimbursement benefit** during retirement. The benefit amount will be determined by the Trustees and will be based on 1) years of contributions, 2) contribution level (e.g. \$.20/hr), and 3) an actuarial analysis of the Trust Fund. The maximum monthly benefit at any contribution level is based on 25 years of service credits. Less than 25 years is a pro-rata amount.

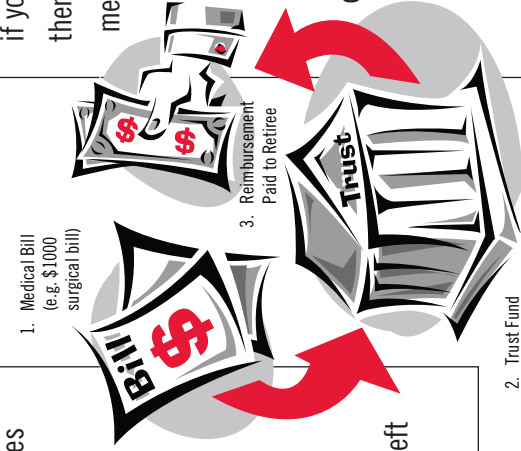
STEP 4 YOU RECEIVE REIMBURSEMENTS

Employee Account (Less than five years of service credit)

When you are 55 years or older, and have left your employer, you will be eligible to use the money in your account. You will submit your bills/receipts for medical expenses to the Trust office. You will then receive a reimbursement check. You will be able to get reimbursed up to the amount that you have in your Employee Account. For example, if you have \$2500 in your account when you retire, you will be able to receive \$2500 in reimbursements, plus any interest earned while you are retired, until you have nothing left in your account.

Monthly Benefit (Five or more years of service credit)

When you are 55 years or older and have left your employer, you will be eligible to receive a monthly reimbursement benefit. For example, if your monthly reimbursement benefit is \$100, then each month, you will be able to get \$100 of medical expenses reimbursed. You will submit your bills/receipts for medical expenses to the Trust office. You will then receive a reimbursement check. If you do not use any or part of that amount during one month, those dollars will "roll over" and be available in future months. Thus, you will have a continuing source of medical reimbursement money during your retirement.



2. Trust Fund Processes Claim