

SANTA MONICA POLICE OFFICERS' REIMBURSEMENT BENEFIT TRUST

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Fellow Trust Members,

As you may remember, the Retiree Plan of the Santa Monica Police Officers' Association Reimbursement Trust (Plan) is caught in a gray area of the law known as the "Patient Protection Affordable Care Act" (Act). The Act's reporting requirements reflect how it is trying to mold the Plan into a design for which it was not created. Included with this letter is the Summary of Benefits and Coverage (SBC), which the federal agencies require to be sent.

The purpose of the SBC is to describe the Plan's benefits, exclusions, and limitations in summary fashion, much like a "benefits at a glance," which many medical plans often provide. The "model" SBC template does not appear to offer the sort of meaningful information that is appropriate for a medical reimbursement plan. The "model" has been modified as reflected in the enclosed SBC to be informative and helpful so that you may better understand this Plan..

This SBC refers you to the formula, which describes how reimbursements are calculated for Part A and Part B. The new formula outlined in Section 3.2(a) (of the Restated Plan Document) reads, in relevant part:

"Retiree reimbursement level. The monthly reimbursement level of an Eligible Retiree will be the amount equal to the sum of the amounts described below in Subsections (1) Part "A" Reimbursement and (2) Part "B" Reimbursement (less any applicable monthly administrative fees that the Trustees may assess in their discretion), as follows:

(1) The monthly Part "A" Reimbursement shall be equal to the years of Active Service of the Eligible Retiree, multiplied by 3.333 percent, multiplied by the Base Reimbursement Amount (currently \$200.00); provided however, that no more than 30 years of Active Service (including any Service as set out in 2.2(b)) may count towards the monthly Part "A" Reimbursement.

(2) The monthly Part "B" Reimbursement shall be equal to the amount of the contributions per month on the Retiree's behalf to the Trust, in excess of \$67.00 per month, multiplied by 1.30%."

The Restated Plan Document became effective on June 1, 2014. A copy of the Restated Plan Document and its plan amendments are available upon request. As we have previously stated, we want to maintain this Plan. Understand, however, that the Trustees reserve the right, in their sole discretion, and at any time, to make any changes to the Plan.

We appreciate your continued support.

Yours very truly,

Board of Trustees