

SANTA MONICA POLICE OFFICERS' REIMBURSEMENT BENEFIT TRUST

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December 2024

Re: Annual Option to Opt Out

Dear Fellow Trust Member:

The Patient Protection and Affordable Care Act (Act) allows individuals to obtain health insurance through a state or federal health insurance Exchange (Exchange). Depending on certain criteria including your household income, you may be eligible to apply for and receive a premium assistance tax credit (Tax Credit) through an Exchange provided that you are not otherwise eligible for minimum essential coverage, such as health coverage through:

- (a) government-sponsored coverage such as through Medicare, Medicaid, TRICARE, or CHIP,
- (b) your or your spouse's employment, or
- (c) the Retiree Medical Plan of the Santa Monica Police Officers' Association Reimbursement Trust (Trust).

If you and your family have no intention of applying for and receiving a Tax Credit through a Qualified Health Plan under the Exchange, you do not need to do anything. If you and your family are considering applying for such a Tax Credit, please continue to read this notice.

We anticipate that few of you would be eligible for such a Tax Credit. If you are not eligible for Medicare, you may decide to enroll in the Exchange and receive such a Tax Credit. Know that if you choose that option, you will not be eligible to receive reimbursements under this Trust. To that end, the Trust will inform you on an annual basis of your ability to "opt out" of receiving reimbursements under this Trust so that you may secure subsidized health insurance through the Exchange.

Also understand that if you obtain such a Tax Credit under an Exchange, you must promptly notify the Trust of such in writing. The Trust will terminate your eligibility for reimbursement upon notice from you or of learning so otherwise. The Trust will also be entitled to offset (or recoup) any reimbursements that the Trust has paid to you for which you were not otherwise eligible.

The Trust recognizes that the few early retirees, who seriously consider this option, will not take this lightly as no one likes to forego something which they have earned. However, the Trustees are required by the Act to have amended the Trust in this manner, and thus, will offer you this option annually.

The option to opt out is an annual one as depicted in the following example. After determining that it makes financial sense to enroll in the Exchange and receive a Tax Credit, Officer Robert Smith does so, effective December 27, 2024 for the 2025 year. He and his dependents will no longer be eligible to receive any reimbursements under this Plan for 2025, and thus, he elects to opt out of receiving reimbursements in 2025. Since he turns age 65 on September 1, 2025, he enrolls in Medicare on December 1, 2025. His wife and dependents also obtain other group health coverage in October 2025. In 2026, he and his eligible dependents will be given the option to receive reimbursements once again under this Plan.

If you plan on applying for and receiving a Tax Credit through the Exchange next year, complete the attached form and return it to the Administrative Office at the address below or fax number above. In this form, you must certify as to whether you or your dependents are eligible for and enrolled in Medicare (or not) and whether you are enrolled in the Exchange, eligible for or receiving a Tax Credit, and the effective date of such coverage under the Exchange and receipt of the Tax Credit.

If you have any questions regarding this matter, please do not hesitate to contact the Administrative Office.

Yours very truly,

Board of Trustees