

**CITY OF DETROIT GENERAL**  
**RETIREE HEALTH CARE PLAN & TRUST**  
**CORRECTION OF OVERPAYMENTS POLICY**

Adopted: November 29, 2016

**I. PURPOSE**

The Board of Trustees of the City of Detroit General Retiree Health Care Plan & Trust (the “RHC Trust”) is vested with the authority and responsibility for the establishment, operation, management and administration of benefits to be provided by the Retiree Health Care Plan for General Retirees of the City of Detroit (the “RHC Plan”). The Board of Trustees has a fiduciary duty to manage and invest the RHC Trust assets for the exclusive purpose of providing benefits to participants and beneficiaries of the RHC Plan and Trust and defraying reasonable expenses. In fulfilling its duties and responsibilities, the Board must act with the care, skill prudence, and diligence then prevailing that a prudent person acting in a like capacity – and familiar with such matters – would use in the conduct of an enterprise of like character and with like aims. Accordingly, the Board has a fiduciary obligation to ensure that all retirees and beneficiaries receive those benefits to which they are entitled under the provisions of the RHC Plan. The Board may adopt such rules and regulations and take all actions it deems necessary for the administration of the RHC Plan and Trust. This policy is intended to establish the Board’s rules and procedures for the correction of overpayments of benefits to retirees and beneficiaries.

**II. DEFINITIONS**

**“Board” or “Board of Trustees”** shall mean the Board of Trustees of the City of Detroit General Retiree Health Care Trust.

**“HRA”** shall mean Health Reimbursement Arrangement.

**“Participant”** means any eligible Retiree or eligible Spouse of a Retiree, who is receiving benefits from the Plan.

**“Retiree”** means any former Employee of the City of Detroit who retired on or before December 31, 2014, and is in receipt of retirement benefits from the General Retirement System of the City of Detroit.

**“RHC Plan or Plan”** shall mean the Retiree Health Care Plan for General Retirees of the City of Detroit as adopted by the Board pursuant to Section 9.2 of the Trust document to offer life, sickness, accident or other similar benefits to Participants in accordance with Section 501(c)(9) of the Code.

**“RHC Trust” or “Trust”** shall mean the City of Detroit General Retiree Health Care Trust established under the Plan for the Adjustment of Debts of the City of Detroit, confirmed by the United States Bankruptcy Court for the Eastern District of Michigan on November 7, 2014, and effective as of December 10, 2014.

**“Spouse”** means a Retiree’s lawful spouse at the time of retirement, provided that in the case of a surviving Spouse such marital status exists at the date of the Retiree’s death.

### **III. POLICY**

#### **A. Generally**

1. The Board shall make all final determinations regarding the existence of an overpayment of benefits to a retiree and/or beneficiary.
2. In instances where the Board has determined that there is an error resulting in an overpayment in the benefits an individual is receiving from the Plan, the Board shall approve an appropriate correction/adjustment to the benefit(s) in accordance with this policy.
3. Upon confirmation of an overpayment of benefits from the Plan, written notification shall be provided to the affected retiree(s) or beneficiary(ies) explaining the nature and amount of the overpayment, and providing repayment options as established by the Board and set forth herein.
4. Overpayments resulting from fraud or intentional misrepresentation shall be subject to repayment as determined by the Board in its sole discretion and may be prosecuted to the fullest extent of the law.

#### **B. HRA Benefits**

1. In the event of an overpayment of benefits to a Participant in the Plan’s Health Reimbursement Arrangement as a result a clerical or administrative error resulting in the payment of an increased monthly HRA benefit over a period of time, repayment shall be accomplished in each instance as follows:
  - a. appropriate adjustment to the monthly HRA benefit payable to the Participant over a time period: (a) not to exceed two (2) years; or (b) the same period of time in which the monthly overpayment occurred, whichever is greater.
2. In the event of an overpayment of HRA benefits to a Retiree or Spouse who is deemed ineligible to participate in the Plan, repayment, with interest at the actuarial assumed rate of return, may occur as follows:
  - a. adjustment to, or suspension of, the individual’s future monthly HRA benefit over a period determined by the Board until repayment in full is made.

3. The Board, in its sole discretion, reserves the right to amend, modify, supplement or waive any of the foregoing provisions based upon the circumstances in each instance.

**C. Insurance Premiums**

1. To the extent possible, all overpaid premiums shall be recovered from the relevant insurance provider in accordance with the insurance provider's contractual agreement with the Board.

2. The Board shall seek to recover any overpaid amounts which are not recoverable from the insurance provider(s) directly from the affected individual in such a manner as the Board, in its sole discretion, deems appropriate.

**IV. REVIEW AND MODIFICATION**

The Board shall review and propose any needed modifications to this Policy as it deems necessary.

**V. EFFECTIVE DATE**

This policy shall take effect immediately upon its adoption by the Board.