

## INTRODUCTION and INSTRUCTIONS

### **Materials, Use and Limited License**

BASIC is granting a non-exclusive, non-assignable, limited license to use this Plan Document only in connection with the provisions of the Subscription Services. It is understood that the Plan Document and related materials are the confidential property of BASIC, they are not “work for hire”, and no additional rights to use the Materials are granted. The Purchaser is responsible for its use and the protection of the confidentiality of Materials and shall be liable for any unauthorized use or disclosure.

### **Effect of Termination**

The terms of the limited license to use this Plan Document continue after the termination of any or all agreements between BASIC and the Purchaser.

### **Instructions**

This Plan Document does not stand alone.

- This Plan Document incorporates by reference your Enrollment Materials. Place a copy of your entire enrollment package for each enrollment period, along with any changes that are communicated during the year, in a file with this Plan Document for easy access for participant requests or for an audit.
- This Plan Document refers to the Summary Plan Description for specific details such as the plan year, plan name and other necessary demographics. These instances are spelled out in the Plan Document.
- Any amendment made by competent legal counsel should be attached to this Plan Document. BASIC does not need to review such amendments. BASIC will have no liability for any losses or penalties related to such amendments.

This Plan Document should be saved each year with a copy of the Summary Plan Description and Enrollment Materials attached for ease in responding to any audits or Participant requests.

### **Important Notice**

This Plan Document is intended as a prototype Plan Document for use with a BASIC Subscription Service. BASIC and its representatives are not attorneys and do not provide legal advice. Any questions regarding state or local requirements, and any requests for revisions or additional terms should be sent to your benefit advisor or legal counsel.

### **Adoption**

This Plan Document is adopted by the Purchaser by its acts to download and save this Plan Document per these instructions. The Purchaser is advised to inquire internally and follow any and all specific or formal requirements for the adoption of a benefit plan.

**PLAN DOCUMENT  
For the  
HEALTHCARE REIMBURSEMENT ACCOUNT PLAN (HRA)**

**Article I: Table of Contents**

**Article II Adoption and Purpose**

- 2.01 Adoption and Purpose
- 2.02 Plan Detail and Demographics
- 2.03 Funding

**Article III – Definitions**

- 3.01 Code
- 3.02 Dependent
- 3.03 Eligible Medical Expense
- 3.04 Employee
- 3.05 Employer
- 3.06 Enrollment Materials
- 3.07 Participant
- 3.08 Plan Year
- 3.09 Spouse

**Article IV – Eligibility and Participation**

- 4.01 Eligibility Requirements
- 4.02 Opt Out Allowed
- 4.03 Notification to Employees
- 4.04 Termination of Participation
- 4.05 Continuation of Coverage (COBRA)
- 4.06 Employee Retirement Income Security Act (ERISA)
- 4.07 Terminated Employees
- 4.08 Family Medical Leave Act

**Article V – Election of Available Benefits**

- 5.01 Available Benefits
- 5.02 Carryover
- 5.03 Forfeitures
- 5.04 Services Not Covered

**Article VI – Claims**

- 6.01 When to File
- 6.02 How to File
- 6.03 Participant Certification
- 6.04 Claim Review
- 6.05 Denial and Appeal Procedure

**Article VII – Plan Termination**

- 7.01 Plan Termination
- 7.02 Employer Right to Terminate

**Article VIII – Excepted Benefit HRA (EBHRA)**

- 8.01 Purpose
- 8.02 Participant

**Article IX – Individual Coverage HRA (ICHRA)**

- 9.01 Purpose
- 9.02 Participant
- 9.03 Compatible Individual Health Insurance
- 9.04 Written Acknowledgement

**Article X – Qualified Small Employer HRA (QSEHRA)**

- 10.01 Purpose

10.02 Participants

**Article XI – Administration**

11.01 Employer's Duties

11.02 Information to be Provided to the Employer

11.03 Misstatements

11.04 Medical Child Support Orders

11.05 The Privacy Rule

11.06 The Federal Security Rule

**Article XII – Plan Construction**

12.01 Taxation

12.02 Uniform Exercise of Powers

12.03 Plan Discrimination and Recession

12.04 Construction

12.05 Entire Document

12.06 Severability

12.07 Non-Alienation

12.08 Rights Against the Employer

**Article II – Adoption and Purpose**

**2.01 Adoption and Purpose.** The Employer adopts this Healthcare Reimbursement Plan (HRA), and creates this HRA as defined under IRS Notice 2002-45, under the terms and conditions set forth in this Plan Document as well as under the Enrollment Materials that are expressly incorporated by reference into this Plan Document. The Eligible Medical Expenses reimbursed under this HRA are intended to be eligible for exclusion from Participants' gross income under Code §105(b). This Plan is intended to be an employer-provided medical reimbursement plan under Code §§105 and 106. See Article X for the purpose and specific requirements for an Excepted Benefit HRA.

**2.02 Plan Detail and Demographics.** This Plan Document expressly incorporates by reference the following demographics from the Summary Plan Description: The Plan Name; the Plan Sponsor's name and address; the Plan Administrator's name and address; the Plan Year, the Plan Run Out Date. The Summary Plan Description will indicate whether this is an Excepted Benefit HRA.

**2.03 Funding.** Benefits under this Plan shall be made from the Employer's general assets. Annual allocations designated by the Employer shall be monitored for each enrolled Participant in a manner deemed appropriate by the Employer. There are no segregated funds or Plan assets required or established to maintain this Plan. No Employee contributions are allowed.

**Article III – Definitions**

**3.01 Code.** The Internal Revenue Code of 1985, as amended from time to time.

**3.02 Dependent.** A Dependent is defined by Section 152(a), including any child of the Participant to whom IRS Rev. Proc. 2008-48 applies (regarding certain children of divorced or separated parents who receive more than half of their support for the calendar year from one or both parents and are in the custody of one or both parents for more than half of the calendar year). For the purposes of the tax advantages available under Qualified Benefit Plans that provide accident and health benefits as defined under Sections 105 and 106 of the Code, a Dependent is determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof and includes any child (as defined in Code § 152(f)(1)) of the Participant who as of the end of the taxable year has not attained age 27.

**3.03 Eligible Medical Expenses.** All healthcare expenses must be (a) for medical care as defined in Code Section 213(d) which is rendered or received during the Plan Year, (b) incurred by an Participant, Participant's spouse, or dependent, (c) not otherwise taken as a medical deduction by a taxpayer and (d) not covered under any other benefit plan or account. Services and supplies must be for diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body. Services and

supplies that are beneficial" to an individual's general health" are not covered unless they are determined by a physician to be necessary to treat or alleviate a specific physical or mental illness. Amounts paid for menstrual care products shall be treated as paid for medical care. Over-the-counter (OTC) products no longer require a prescription and can be reimbursed under this Plan. The Enrollment Materials will include limitations and exclusions to Eligible Medical Expenses, if any.

- 3.04 Employee.** A person who is currently or hereafter employed by the Employer, or by any other Employer aggregated under Sections 414(b), (c), (m), (n), or (o) of the Internal Revenue Code and the regulations thereunder, including a leased Employee subject to Section 414(n) of the Code. Excluded are Employees who are non-resident aliens and receive no earned income from the employer, which constitutes income from sources within the United States, and self-employed individuals as described in section 401(c) of the Internal Revenue Code including sole proprietors, or partners in a partnership.
- 3.05 Employer.** The Employer adopting this plan and any affiliate or subsidiary that, with the consent of the Employer becomes an Employer, by adopting the plan, or any successor business organization that assumes the obligations of the Employer.
- 3.06 Enrollment Materials.** The Employer will provide written Enrollment Materials at each enrollment period and during the Plan Year for midyear enrollees. The Enrollment Materials will provide the specific process for enrollment in the Qualified Benefits Plans. The Enrollment Materials are expressly incorporated by reference into this Plan Document.
- 3.07 Participant.** Any employee who has met the eligibility requirements set forth in the Enrollment Materials and Summary Plan Description.
- 3.08 Plan Year.** Commencing on the first day of the Plan Year and each anniversary thereof, except that the first Plan Year may include a period of fewer than twelve (12) consecutive months.
- 3.09 Spouse.** Any individual who is legally married to a Participant under applicable state law.

#### **Article IV – Eligibility and Participation**

- 4.01 Eligibility Requirements.** Each employee shall be eligible to participate in this HRA upon meeting the eligibility requirements outlined in the Enrollment Materials. An eligible Employee shall automatically become a Participant in this Plan upon successful completion of the Waiting Period indicated on the first page of the SPD (not to exceed 90 days).
- 4.02 Opt Out Allowed.** (Not applicable to the Qualified Small Employer HRA (QSEHRA)) An employee (or former employee) can permanently opt out and waive future reimbursements from this HRA at least annually (and upon termination of employment). Upon opting out, the remaining amounts in this HRA will be forfeited.
- 4.03 Notification to Employees.** The employer will communicate in writing to all Participants the terms and conditions of this HRA through a Summary Plan Description, the Summary of Benefits and Coverage, as well as Enrollment Materials.
- 4.04 Termination of Participation.** A Participant will automatically cease to be an HRA Participant on the day of, or the end of the month in which the following events occur:
  - (a) Your death,
  - (b) The HRA terminates,
  - (c) You are no longer an Employee,
  - (d) The sponsor determines you made fraudulent or improper use of a plan, certificate or identification,
  - (e) For HRA plans that require enrollment in the Employers Group Health Plan and the Participant loses coverage under that Employers Group Health Plan, or
  - (f) The day you opt-out of coverage under this HRA Plan. You can opt-out of HRA coverage at each annual open enrollment; or if retiree benefits are provided under this HRA Plan, you can opt-out the day you terminate employment.Upon termination a Participant can submit claims for coverage incurred prior to the termination date as long as they are submitted on or before the Run Out End Date.
- 4.05 Continuation of Coverage (COBRA).** This HRA is subject to the rules set forth by the

Consolidated Omnibus Budget Reconciliation Act (COBRA), unless the Employer employed less than 20 employees on a typical business day during the preceding calendar year, or this Plan is a Qualified Small Employer HRA (QSEHRA).

**4.06 Employee Retirement Income Security Act (ERISA).** This HRA is defined as a welfare benefit plan subject to ERISA. This can include but is not limited to the Summary Plan Description, Summary of Material Modification, IRS Form 5500, and Summary Annual Report.

**4.07 Terminated Employee.** Unless this HRA has a retiree benefit, a terminated employee's account will be capped to the balance of the account at the time of termination. Claims that are incurred prior to the date of termination can be submitted through this HRA's applicable Run Out End Date. The Run End Date for the current Plan Year is stated on the Summary Plan Description.

**4.08 Family Medical Leave Act.** The Family & Medical Leave Act of 1993 (29 U.S.C. 2611) as amended, is referred to as FMLA. FMLA Leave will not be available to Employees for Plan Years in which the Employer has fewer than 50 Employees as counted in that Act. For Plan Years in which the Employer has 50 or more Employees, the Employer is required to make FMLA Leave available to Eligible Employees under circumstances that are prescribed by applicable federal law, including a period in which an Employee is off due to the FMLA shall be treated in accordance with the rules for a layoff or a leave of absence and provided to the extent required by the FMLA (e.g., the employer will continue to pay its share of the contribution to the extent the Participant opts to continue coverage). If the Employer is subject to the FMLA, a Participant may revoke or continue an election through the plan upon commencement of the FMLA Leave, whether such leave is paid or unpaid. This provision applies in addition to any other right to revoke and reelect benefits under the plan. Upon return from FMLA Leave, a Participant may be reinstated to all pre-leave elections.

In addition to the FMLA rights described above, this Plan will comply with the Emergency Family and Medical Leave Expansion Act (EFMLA) by providing paid EFMLA leave for a 'qualifying need related to a public health emergency', with respect to leave, means the employee is unable to work (or telework) due to a need for leave to care for the son or daughter under 18 years of age if the school or place of care has been closed, or the child care provider is unavailable, due to a public health emergency. This EFMLA leave is mandated for all employers who employ fewer than 500 employees for any employee who has worked at least 30 calendar days with the employer with respect to whom leave is requested. This will apply to EFMLA taken for dates starting April 1, 2020 and ending December 31, 2020. In no event shall such paid leave exceed \$200 per day and \$10,000 in the aggregate. Contact your Company or its FMLA Service Provider for details on required documentation to take EFMLA leave, the payment options available for your elected Benefit Plans while you are on EFMLA leave, and whether you have rights to be reinstated in your elected Benefit Plans when you return. **NOTE:** Under the EFMLA law, small employers with fewer than 50 employees and health care providers can be exempt from EFMLA leave. If an employer is exempt, then the additional rights described above for EFMLA will not be provided.

## Article V: Election of Available Benefits

**5.01 Available Benefits.** This HRA will provide benefits for Eligible Medical Expenses incurred during the Plan Year for a Participant, and a Participant's Spouse or Dependents, if any. The Summary Plan Description will provide the Reimbursement Limits per Plan Year, as well as a detailed description of all limitations and exclusions. The benefits are not provided for any Eligible Medical Expense that has been submitted to and paid by any other source, unless laws related to the coordination of benefits require the reimbursement.

**5.02 Carryover.** If there is carryover of any unused benefit from one Plan Year to another, it will be indicated on the first page of the SPD, including the maximum amount that can be carried over. No cash outs are allowed. If an Employee's participation in the Plan ends, the period of coverage ends on the day of the terminating event. Any expenses incurred after that date are ineligible for reimbursement. If the Employee has not incurred Qualified Expenses equal to the amounts allocated on their behalf under this Plan before that date, the unused amount is forfeited to the Employer. All forfeited amounts become the property of the Employer. The Employer can use forfeited amounts for the payment of administrative expenses under this Plan, or to assign to future allocations that are not dependent on a Participants prior

reimbursement experience.

**5.03 Forfeitures.** Any expenses incurred after the date a Participant terminates coverage under this HRA will not be reimbursed unless COBRA continuation coverage is elected and the COBRA premium is paid. Any claim not submitted by the end of the Run Out Period will not be covered. Any remaining amount in a Participant's account will be forfeited.

**5.04 Services Not Covered.** The following examples would usually not qualify as expenses eligible for reimbursement even though recommended by a doctor: Insurance premium for long term care plans that are not considered "qualified" by the IRS; fixed indemnity plan, fixed indemnity cancer policies, hospital indemnity insurance premium; expenses for cosmetic procedures or cosmetic items; items that are for the general wellbeing of a Participant; items that would have been purchased by a Participant even if the Participant did not have a medical condition such as a toothbrush; vacation and travel expenses even if for rehabilitation or prescribed by a doctor; and, long term care expenses that are not for actual medical care.

## Article VI: Claims

**6.01 When to File.** Claims should be filed as soon as reasonably possible after an Eligible Medical Expense is incurred, and no later than the Run Out End Date.

**6.02 How to File.** All claim filed with the Plan must provide verification from a third party of the date of service, the amount of the service, and a description of the service that provides enough detail to determine whether the service is an Eligible Medical Expense. A claim can be submitted by methods allowed by the Plan including the use of a debit card meeting IRS requirements, a signed reimbursement form or online.

**6.03 Participant Certification.** The Plan requires Participants to certify that each expense submitted for reimbursement has actually been incurred and has not previously been reimbursed (i.e., there is no "double-dipping"), and reimbursement will not be sought from any other source, such as another health plan for medical tax advantaged account services and the card will only be used for legitimate eligible expenses, limited to persons eligible for reimbursement.

**6.04 Claim Review.** If a claim is denied in whole or in part, the Plan will send a written notice within 30 days after the date the claim was received. This time period may be extended for an additional 15 days for matters beyond the Plan's control, including in cases where a claim is incomplete. The Plan will provide written notice of any extension, including the reasons for the extension and the date by which a decision is expected. When a claim is incomplete, the extension notice will also specifically describe the required information needed. You will have 45 days from receipt of the notice in which to provide the specified information. The time for a decision on your claim will be suspended until the specified information is provided.

**6.05 Denial and Appeal Procedure.** A Participant or his/ her authorized representative can appeal a decision made to deny a claim by sending a written request for an appeal to the Plan within 60 days of the decision to deny the claim. The appeal will be performed in a manner that does not afford deference to the initial determination and will be conducted by the Employer or designee. A Participant can request, free of charge, reasonable access to, and copies of, all documents and records relevant to the decision. Benefit appeals for denied claims are addressed in the Qualified Benefits Plan descriptions provided by the Employer.

## Article VII: Plan Termination

**7.01 Plan Termination.** The Plan or any portion of the Plan shall be subject to termination at any time by the Employer. Unclaimed funds shall become payable as the Plan Administrator may direct. Such direction may include, but is not limited to:

- (a) a continuation of the Plan in order to pay balances for valid claims submitted, or
- (b) a distribution of the Participant balances subject to the Plan.

**7.02 Employer Right to Terminate.** The employer may terminate the Plan at any time. In the event of a dissolution, merger consolidation, or re-organization of the employer, the Plan shall terminate unless the Plan is continued by a successor employer.

## Article VIII – Excepted Benefit HRA (EBHRA)

**8.01** **Purpose.** The Summary Plan Description (SPD) indicates whether this HRA is an EBHRA. All the terms and conditions stated in this Plan Document are applicable to this EBHRA unless specifically changed by this Article X. If indicated as an EBHRA on the SPD, the Employer intends this Plan to comply with Treasury Regulation Health Reimbursement Arrangements and Other Account-Based Group Health Plans (Fed Reg 28888). An EBHRA is not subject to health care reform's PHSA mandates or HIPAA's portability and nondiscrimination rules. An EBHRA is subject to HIPAA's administrative simplification requirements including the HIPAA privacy and security rules.

**8.02** **Participant.** An eligible Employee shall automatically become a Participant in an EBHRA upon successful completion of the Waiting Period indicated on the first page of this SPD (not to exceed 90 days). An Eligible Employee must be eligible for other nonexcepted, non-account-based group health plan coverage sponsored by the Employer for the plan year. However, the Eligible Employee does not need to enroll in such coverage. The following persons are excluded from participating in this Plan and are not Eligible Employees:

- (a)** Employees not eligible for other employer sponsored nonexcepted, non-account-based group health plan coverage for the plan year.
- (b)** Employees offered and/or enrolled in an Individual Coverage Health Reimbursement Arrangement.

#### **Article IX – Individual Coverage HRA (ICHRA)**

**9.01** **Purpose.** The Summary Plan Description (SPD) indicates whether this HRA is an ICHRA. If indicated as an ICHRA on the SPD, the Employer intends this Plan to be an ICHRA under the Treasury Regulation regarding Health Reimbursement Arrangements and Other Account-Based Group Health Plans (Fed Reg 28888), in compliance with Sections 105 and 106 of the Internal Revenue Code of 1986 (the "Code") and shall be interpreted to accomplish that objective. In accordance with the forgoing, the cost of benefits provided pursuant to this Plan are intended to be eligible for deduction by the Employer and exclusion from the Participant's gross income. This Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA), and is a Group Health Plan as defined in ERISA. This Plan is subject to continuation rights, i.e. COBRA Continuation. This Plan is subject to the Public Health Service Act mandates included in the Affordable Care Act.

**9.02** **Participant.** A Participant will automatically cease to be a Participant on the date on which the Participant no longer maintains ICHRA-compatible individual health insurance. Employees with group health coverage, including a spouse's group health plan, are not eligible. An Employee will be afforded a special enrollment period in which to obtain coverage when coming on to the ICHRA or changing plans on an annual basis.

**9.03** **Compatible Individual Health Insurance.** A Participant must be enrolled in Individual Coverage HRA-compatible individual health insurance (or Medicare coverage) for each month the employee (or if applicable, the employee's family member) is covered by this Individual Coverage HRA. This can be individual health insurance including coverage purchased on an Exchange. This insurance cannot be coverage consisting solely of vision, dental, or similar "excepted benefits. An Employee may not enroll in the Individual Coverage HRA and only TRICARE without enrolling in an individual health insurance policy (or Medicare). The ICHRA compatible individual health insurance plan is not an employer sponsored group health plan, it is not subject to ERISA, and no continuation of coverage after termination is required under federal or state law.

**9.04** **Written Acknowledgement.** A Participant must furnish a written acknowledgement to the Employer or its Service Provider that the employee is covered under a compatible individual health insurance plan in a format provided by the Employer. The Plan becomes effective for a Participant on the day the first claim for premium is filed. A Participant must certify ongoing enrollment at the time of each premium payment requested from this Plan.

#### **Article X – Qualified Small Employer HRA (QSEHRA)**

**10.01** **Purpose.** The Summary Plan Description (SPD) indicates whether this HRA is a QSEHRA. If indicated as an QSEHRA on the SPD, the Employer intends this Plan to be a QSEHRA under The Cures Act of 2016

and in compliance with Sections 105 and 106 of the Internal Revenue Code of 1986 (the "Code") and shall be interpreted to accomplish that objective. In accordance with the forgoing, the cost of benefits provided pursuant to this Plan are intended to be eligible for deduction by the Employer and exclusion from the Participant's gross income. This Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA), however it is not a Group Health Plan as defined in ERISA. This Plan is not subject to any continuation rights such as COBRA Continuation. This Plan is not subject to the Public Health Service Act mandates included in the Affordable Care Act.

**10.02 Participant.** An Eligible Employee shall automatically become a Participant in this Plan upon successful completion of the Waiting Period indicated on the first page of the SPD (not to exceed 90 days). A Participant will automatically cease to be a Participant on the earliest of the following dates the date on which this Plan is terminated by the Employer The date on which the Participant's employment with Plan Sponsor is terminated, whether termination is initiated by the Participant or the Plan Sponsor.

## **Article XI Administration**

**11.01 Employer's Duties.** In addition to any rights, duties or powers specified in this Plan Document, the Employer will have the following rights, duties, and powers:

- (a) to interpret the plan, to determine the amount, manner and time for payment of any benefits under the plan, and to construe or remedy any ambiguities, inconsistencies or omissions under the plan;
- (b) to adopt and apply any rules or procedures to ensure the orderly and efficient administration of the plan, and from time to time, amend or supplement such rules and regulations;
- (c) to determine the rights of any participant, Spouse, or Dependent to benefits under the Qualified Benefit Plans;
- (d) to develop appellate and review procedures for any Participant, Spouse, or Dependent denied benefits under the plan;
- (e) to maintain records, it may require in connection with the proper administration of the plan;
- (f) to employ any agents, attorneys, accountants or other parties (who may also be employed by the Employer) and to allocate or delegate to them such powers or duties as is necessary to assist in the proper and efficient administration of the plan, provided that such allocation or delegation and the acceptance thereof is in writing;
- (g) to correct any defect, supply any omission, or reconcile any inconsistency in the plan in such a manner and to such extent as it shall be deemed expedient to administer the plan;
- (h) to amend or terminate this plan.

**11.02 Information to be Provided to Employer.** The Employer, or any of its agents, will collect employment records of Participants under the plan. These records will include any information the Employer may need for the proper administration of the plan. A Participant will furnish the Employer the data the Employer reasonably requests to ensure the proper and efficient administration of the plan.

**11.03 Misstatements.** Any misstatement or other mistake of fact will be corrected as soon as reasonably possible upon notification to the Employer and any adjustment or correction attributable to such misstatement or mistake of fact will be made by the Employer as he considers equitable and practicable.

**11.04 Medical Child Support Orders.** The Employer will adhere to the terms of any judgment, decree, or court order (including a court's approval of a domestic relations settlement agreement) which complies with federal or applicable state law, including 29 USC Sec. 1169 relating to Qualified Medical Child Support Orders (QMCOS), including any federal regulations or state laws relating to the same. On the date coverage is provided as directed by a QMCOSO the Employee-parent will become eligible to participate in this plan in order to pay his/her share of the cost of the coverage on a pre-tax basis.

**11.05 The Privacy Rule.** Protected Health Information ("PHI") is defined as information that is created or received by the Employer which relates to the past, present, or future physical or mental health or condition of a Participant; or, the provision of healthcare to a Participant; or the past, present, or future payment for the provision of healthcare to a Participant; and that identifies the Participant. The test is whether there is a reasonable basis to believe the information can be used to identify the Participant. PHI includes information of persons living or deceased.

- (a) **Access to PHI:** The Employer's access to PHI is restricted to the minimum information necessary to administer the Healthcare FSA. This includes obtaining Participant elections and reimbursements for payroll administration. The Employer has access to PHI submitted for claims reimbursement when that claim is on an appeal from an adverse decision. Only the Benefits Coordinator and Employees trained in the federal privacy rule will have access to the PHI.
- (b) **Permitted and Required Uses and Disclosures of PHI by the Employer:** The Employer may use and disclose PHI for plan administration functions only as permitted and required by this Plan Document, or as required by law. The Employer will not use or disclose PHI for employment-related actions or in connection with any other Employee benefits plan. When necessary, the Benefits Coordinator will disclose the PHI to consultants and experts as required by the Department of Labor for a full and fair review or to perform plan non-discrimination testing as required by law.
- (c) **Complaints:** If a Participant has any complaints regarding the way in which the Employer has handled PHI said Participant may complain to the Benefits Coordinator. No response from the Benefits Coordinator is required. A copy of this complaint procedure shall be provided to the Participant upon request. The Benefits Coordinator will keep a copy of the complaint, applicable documentation, and disposition if any, for a period of 6 years from the end of the Plan Year in which the act occurred.
- (d) **No Retaliation:** No Employee will intimidate, threaten, coerce, discriminate against, or take other retaliatory action against Participants for exercising their rights, filing a complaint, participating in an investigation, or opposing any improper practice under the federal Privacy Rule.
- (e) **Firewall:** The Employer will implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the PHI that it creates, receives, maintains, or transmits on behalf of the group health plan; and ensure that any agent, including a subcontractor, to whom it provides this information agrees to implement reasonable and appropriate security measures to protect the information.  
Employer will do the following:
  - 1) Ensure that any subcontractors or agents to receive PHI agree to the same restrictions described above,
  - 2) report to the health plan any use or disclosure that is inconsistent with this Plan Document or the federal Privacy Rule,
  - 3) make the PHI information accessible to the Participants,
  - 4) allow Participants to amend their PHI,
  - 5) provide an accounting of its disclosures of PHI as required by the Privacy Rule,
  - 6) make its practices available to the Secretary of Health and Human Services for determining compliance, and
  - 7) return and destroy all PHI when no longer needed, if feasible.

**11.06 The Federal Security Rule.** This rule is intended to bring the plan into compliance with the "HIPAA Security Rule" as published on February 20, 2003 by the United States Department of Health and Human Services (HHS), and amended, including the final Security Standards under the Health Insurance Portability and Accountability Act of 1996 and the HITECH Act (Health Information Technology for Economic and Clinical Health Act) of the 2009. The Electronic Media contemplated by the HIPAA Security Rule includes the following:

- (a) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or
- (b) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. In order to send and receive Protected Health Information ("PHI" as defined in the Plan Document) necessary for plan administration by Electronic Media, the Employer will implement reasonable and appropriate safeguards for electronic PHI created, received,

maintained or transmitted to or by the Employer on behalf of the group health plan; ensure that electronic “firewalls” are in place to secure the electronic PHI; ensure that all agents and subcontractors with access to electronic PHI comply with the security requirements; Report to the group health plan any security incident of which it becomes aware.

## **Article XII: Plan Construction**

- 12.01 Taxation.** The Employer makes no commitment or guarantee that any amounts elected or paid for the benefit of a Participant will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant.
- 12.02 Uniform Exercise of Powers.** The Employer shall at all times act in good faith and in a non-discriminatory manner and shall follow a consistent policy on comparable issues. All employer actions and determinations shall be duly recorded and all such records, together with such other documents as may be necessary for the administration of this Plan shall be preserved. Employer decisions regarding any disputed questions relative to a Participant's rights hereunder and upon all matters within the scope of its authority shall be final and binding on all interested parties.
- 12.03 Plan Discrimination and Recession.** This Plan does not discriminate for determining eligibility based on health status, medical condition (including both physical and mental illnesses), claims experience, receipt of health care, medical history, genetic information, evidence of insurability (including conditions arising out of acts of domestic violence), disability, or any other health status-related factor determined appropriate by future applicable federal regulations. The does not discriminate in favor of highly compensated individuals as to eligibility, allocations and benefits, in accordance with applicable provisions of the Code. The Employer may take such actions as amending the Plan, excluding certain highly compensated Employees from participation in the Plan, if, in the Employer's judgment, such actions serve to assure that the Plan does not violate applicable nondiscrimination rules. Employee participation in this Plan will not be rescinded for any reason except for instances when a Participant commits a fraudulent act or an intentional misrepresentation to the Plan, Plan Administrator, Plan Sponsor or other entity that is assigned to administer any term of the Plan.
- 12.04 Construction.** No provision of this Plan shall be construed to conflict with any U.S. Treasury Department, Department of Labor, or Internal Revenue Service Regulation, Ruling, Release or Proposed Regulation or other order which affect, or could affect the terms of the Plan. This Plan will be in compliance with any changes related to the Internal Revenue Code, ERISA, COBRA and Department of Labor.
- 12.05 Entire Document.** This Plan Document, and the documents expressly incorporated by reference in this Plan Document, shall constitute the entire document and shall govern the rights, liabilities and obligations of the Plan, except as it may be modified in writing by the Employer.
- 12.06 Severability.** In the event any provisions of this document shall be held illegal or invalid for any reason by law or a court of competent jurisdiction, said illegality or invalidity shall not affect the remaining provisions included herein either initially, or beyond the date said provisions are first held to be illegal or invalid, provided the basic purposes thereof can be affected through the remaining valid and/or illegal provisions.
- 12.07 Non-Alienation.** No benefit payable at any time under this Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or encumbrance of any kind.
- 12.08 Rights Against the Employer.** Nothing in this Plan shall be construed as giving any Participant or third party any legal or equitable rights against the Employer, or as giving any person the right to be employed by the Employer.