



SAN JOAQUIN
— COUNTY —
Greatness grows here.

**SAN JOAQUIN COUNTY
SECTION 125
FLEXIBLE BENEFIT PLAN
DOCUMENT**

Restated Effective July 1, 2021

Drafted in consultation with the County's Benefits Consultant, Segal

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SECTION 125 FLEXIBLE BENEFIT PLAN

SECTION I

PURPOSE

San Joaquin County is establishing this Flexible Benefit Plan document in order to make a broad range of benefits available to its Employees and their Beneficiaries. This Plan allows Employees to choose among different types of benefits and select the combination best suited to their individual goals, desires, and needs. These choices include an option to receive certain benefits in lieu of taxable compensation.

It is the intent of the County of San Joaquin to establish this Plan in conformity with Section 125 of the Internal Revenue Code of 1986, as amended, and in compliance with applicable rules and regulations issued by the Internal Revenue Service. This Plan allows the County of San Joaquin to offer benefits to eligible Employees on a pre-tax basis.

SECTION II

DEFINITIONS

The following words and phrases appear in this Plan document and will be defined below unless a different meaning is plainly required by the context:

- 2.1 **Administrator**
The County of San Joaquin.
- 2.2 **Beneficiary**
Any person or persons designated by a participating Employee to receive any benefit payable under the Plan on account of the Employee's death.
- 2.2 **Carryover**
The amount equal to the lesser of (a) any unused amounts from the immediately preceding Plan Year or (b) 20% of the maximum salary reduction to a Health Flexible Spending Account permitted that year, except that in no event may the Carryover be less than five dollars (\$5).
- 2.3 **Code or IRC**
Internal Revenue Code of 1986, as amended.
- 2.4 **Dependent**
Any of the following:
- A. Tax Dependent: A Dependent includes an Employee's spouse and any other person who is a Employee's dependent within the meaning of IRC Section 152, provided that, with respect to any plan that provides benefits that are excluded from an Employee's income under IRC Section 105, an Employee's dependent (i) is any person within the meaning of IRC Section 152, determined without regard to Subsections (b)(1), (b)(2), and (d)(1)(B) thereof, and (ii) includes any child of the Employee to whom IRC Section 152(e) applies (such child will be treated as a dependent of both divorced parents).
 - B. Adult Children: With respect to any plan that provides benefits that are excluded from an Employee's income under IRC Section 105, a Dependent includes a child of an Employee who as of the end of the calendar year has not attained age 27. A 'child' for purpose of this Section 2.04(c) means an individual who is a son, daughter, stepson, or stepdaughter of the Employee, a legally adopted individual of the Employee, an individual who is lawfully placed with the Employee for legal adoption by the Employee, or an eligible foster child who is placed with the Employee by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.
 - C. Dependent for purposes of the Dependent Care Reimbursement Plan is defined in Section 8.04(a).
- 2.5 **Effective Date**
The original effective date of the Plan is July 1, 1993; restated effective July 1, 2021.
- 2.6 **Elective Contribution**
The amount the Participant authorizes the Employer to reduce compensation for the purchase of benefits elected.

2.7 Eligible Employee

An elected official or contract, regular, exempt, civil service, job-share, or designated part-time employee of the County of San Joaquin, San Joaquin County Employees' Retirement Association, or other special districts with access to County benefits as approved by the Board of Supervisors.

2.8 Employee

Any person employed by the County of San Joaquin, San Joaquin County Employees' Retirement Association, or other special districts on or after the Effective Date.

2.9 Employer

Employer's Name: SAN JOAQUIN COUNTY
Employer's Address: 44 NORTH SAN JOAQUIN ST STE 330
STOCKTON, CA 95202

Employer Identification No: 94-6000531
Nature of Business: COUNTY GOVERNMENT

2.10 Employer Contributions

Amounts that have not been actually received by the Employee and are available to the Employee for the purpose of selecting benefits under the Plan. This term includes Non- Elective Contributions and Elective Contributions through salary reduction.

2.11 Entry Date

The date that an Employee is eligible to participate in the Plan.

2.12 Experience Gain

The excess of Health Flexible Spending Account or Dependent Care Reimbursement Plan contributions paid and income of the Health Flexible Spending Account or Dependent Care Reimbursement Plan over the total claim reimbursements and reasonable administrative costs for the Plan Year.

2.13 Fiduciary

The named fiduciary shall mean the Employer, the Administrator and other parties designated as such, but only with respect to any specific duties of each for the Plan as may be set forth in a written agreement.

2.14 Group Medical Benefit

A separate written plan which provides health care or reimbursement for health care including medical, hospital, dental, vision, and any other "Qualified Benefits" permitted by Applicable Law. Such Group Medical Benefits are listed in Appendix A, which may be amended without necessity for other amendment

of this Plan. The terms of the plan documents of such Group Medical Benefits shall govern the operation of the Group Medical Benefits, and in case of any conflict between the terms of the terms of the Group Medical Benefits and this Plan, the terms of the Group Medical Benefits' plan documents shall govern.

2.15 Health Savings Account (HSA)

A "health savings account" (HSA), as defined in Section 223(d) of the Internal Revenue Code of 1986, as amended, established by the Employee with the HSA Trustee.

2.16 HSA Trustee

The entity designated by San Joaquin County to perform recordkeeping and other ministerial duties with respect to the HSA. The Plan's HSA Trustee is identified in Appendix C, which may be updated from time to time.

2.17 Highly Compensated

Any Employee who, at any time during the Plan Year, is a "highly compensated employee" as defined in Section 414(q) of the Internal Revenue Code (IRC).

2.18 High Deductible Health Plan (HDHP)

A health plan that meets the statutory requirements for annual deductibles and out-of-pocket expenses set forth in IRC section 223(c)(2).

2.19 HIPAA

The Health Insurance Portability and Accountability Act of 1996, as amended.

2.20 Insurer

Any insurance company that has issued a policy pursuant to the terms of this Plan.

2.21 Key Employee

Any Participant who is a "key employee" as defined in Section 416(i) of the IRC. Generally, governmental plans do not have key employees.

2.22 Non-Elective Contribution

A contribution amount made available by the Employer for the purchase of benefits elected by the Employee.

2.23 Participant

An Employee who has qualified for Plan participation in the Plan. Terms may be used interchangeably throughout this document.

2.24 Period of Coverage

The twelve month period during which Qualifying Medical Expenses incurred by an Employee are eligible for coverage under the Plan. The Period of Coverage under this Plan shall be the twelve month period beginning with the start of the pay period occurring closes to July 1, except the Period of Coverage for an Employee who becomes eligible after July 1 shall begin on the first day of the first pay period following the date the employees first becomes an Employee and enrollment is completed. The Period of Coverage for an Employee shall end prior to the end of the twelve-month period if the Employee fails, at any time, to pay required contributions.

The Period of Coverage for Participants and/or Dependents who are newly eligible as a result of a change in family status shall begin on the first day of the pay period following the change in family status once

enrollment has been completed.

2.25 Plan

The San Joaquin County Flexible Benefit Plan, as may be amended from time to time.

2.26 Plan Year

The plan year beginning on July 1 and ending on June 30.

2.27 Policy

An insurance policy issued as part of this Plan.

2.28 Preventative Care

Medical expenses which meet the safe harbor definition of “preventative care” set forth in IRS Notice 2004-23 and subsequent guidance, which includes, but is not limited to, the following: (i) periodic health evaluations, such as annual physicals (and the tests and diagnostic procedures ordered in conjunction with such evaluations); (ii) well-baby and/or well-child care; (iii) immunizations for adults and children; (iv) tobacco cessation and obesity weight-loss programs; and (v) screening devices. However, preventative care does not generally include any service or benefit intended to treat an existing illness, injury or condition.

2.27 Recordkeeper

The entity designated by San Joaquin County to perform recordkeeping and other ministerial duties with respect to the Health Flexible Spending Account, the Dependent Care Reimbursement Plan, or the Health Savings Account. The Plan’s Recordkeeper(s) are identified in Appendix C, which may be updated from time to time.

2.28 Related Employer

Any employer that is a member of a related group of organizations with the Employer, and as specified under IRC Section 414(b), (c) or (m).

SECTION III

ELIGIBILITY, ENROLLMENT, AND PARTICIPATION

3.1 Eligibility

Each Employee of San Joaquin County who has met the eligibility requirements to become an Eligible Employee will be eligible to participate in the Plan on the Entry Date specified or the Effective Date of the Plan, whichever is later. Dependent eligibility to receive benefits under any of the plans listed in Appendix A will be described in the documents governing those benefit plans. To the extent a Dependent is eligible to receive benefits under a plan listed in Appendix A, an Eligible Employee may elect coverage under this Plan with respect to such Dependent. Notwithstanding the foregoing, life insurance coverage on the life of a Dependent may not be elected under this Plan.

3.2 Enrollment

An Eligible Employee may enroll (or re-enroll) in the Plan by submitting to the County of San Joaquin, during an enrollment period, an Election Form which specifies his or her benefit elections for the Plan Year and which meets such standards for completeness and accuracy as the County of San Joaquin may establish. An Employee's Election Form shall be completed prior to the beginning of the Plan Year, and shall not be effective prior to the date such form is submitted to the County of San Joaquin. Any Election Form submitted by an Employee in accordance with this Section shall remain in effect until the earlier of the following dates: the date the Employee terminates participation in the Plan; or, the effective date of a subsequently filed Election Form.

An Employee's right to elect certain benefit coverage shall be limited hereunder to the extent such rights are limited in the Policy. Furthermore, an Employee will not be entitled to revoke an election after a period of coverage has commenced and to make a new election with respect to the remainder of the period of coverage unless both the revocation and the new election are on account of and consistent with a change in status, or other allowable events, as determined by Section 125 of the Internal Revenue Code and the regulations thereunder.

3.3 Termination of Participation

An Employee shall continue to participate in the Plan until the earlier of the following dates:

- A. The date the Employee terminates employment by death, disability, retirement or other separation from service; or
- B. The date the Employee ceases to work for the County of San Joaquin as an eligible Employee; or
- C. The date of termination of the Plan; or
- D. For the Health Flexible Spending Account, Dependent Care Reimbursement Program, or Health Savings Account, the end of the Period of Coverage, unless a new Enrollment is made for the subsequent Period of Coverage; or
- E. The first date an an Employee fails to pay required contributions while on a leave of absence.

3.4 Separation from Service

The existing elections of an Employee who separates from the employment service of the County of San Joaquin shall be deemed to be automatically terminated and the Employee will not receive benefits for the remaining portion of the Plan Year, unless such separation is for less than one month.

3.5 **Qualifying Protected Leave**

Notwithstanding any provision to the contrary in this Plan, if an Employee goes on a qualifying protected leave under such programs as the Family and Medical Leave Act of 1993 (FMLA), California Family Rights Act, and/or Pregnancy Disability Leave, to the extent required by the protected leave, the County of San Joaquin will continue to maintain the Employee's existing coverage and Employer contribution of premiums under the Plan with respect to benefits under Section V and Section VIII of the Plan on the same terms and conditions as though he/she were still actively working. If the Employee opts to continue his/her coverage, the Employee may pay his/her Elective Contribution while on leave. If the Employee has a paycheck with enough funds to cover premiums, the employee's portion will be taken through the payroll process. If the Employee is in an unpaid status or does not have enough funds through payroll, he/she can make arrangements with Human Resources to pay for the employee portion of premiums "over-the-counter".

If the Employee does not pay for his/her portion of premiums while out on protected leave, upon return from such leave, the Employee will reenter into the Plan on the same basis the Employee was participating in the Plan prior to his/her leave, or as otherwise required by the FMLA. This provision will continue to apply even if the Employee qualifies for wage replacement benefits under California's Paid Family Leave program.

SECTION IV
CONTRIBUTIONS

4.1 Employer Contributions

The County of San Joaquin may pay the costs of the benefits elected under the Plan with funds from Non-Elective Contributions and/or Elective Contributions authorized by each Participant on a salary reduction basis.

- A. Non-Elective Contributions. The County of San Joaquin may, at its sole discretion, provide a non-elective contribution to provide benefits for each Participant under the Plan. This amount will be set by the County of San Joaquin each Plan Year in a uniform and non-discriminatory manner. If this non-elective contribution amount exceeds the cost of benefits elected by the Employee, excess amounts will not be paid to the Employee as taxable cash. If an Employee becomes an Employee after the first day of the Plan Year, the County of San Joaquin shall credit a prorated amount to the Employee.
- B. Elective Contributions (Employee Salary Reduction)

For the Premium Conversion Plan. The maximum amount available to each Participant for the purchase of elected benefits through salary reduction will be 100% of compensation per entire plan year. Each Participant may authorize the County of San Joaquin to reduce his or her compensation by the amount needed for the purchase of benefits elected, less the amount of non-elective contributions. An election for salary reduction will be made on the benefit election form.

1. For the Health Flexible Spending Account. The maximum limit is the maximum amount as indicated by the IRS in accordance with the law, less any Non-Elective Contribution from the County of San Joaquin. This limit will be automatically indexed each year. As elections are made in the spring for the July 1 plan year, the calendar year IRS limit of the year in which elections are made will apply for that Plan Year running from July 1 to June 30. Each Participant may authorize the County of San Joaquin to reduce his or her compensation by the amount needed for the purchase of benefits elected, less the amount of non-elective contributions. An election for salary reduction will be made on the benefit election form.
2. For the Health Savings Account. The maximum limit as indicated by the IRS in accordance with the law, less any Non-Elective Contribution from the County of San Joaquin. This limit will be automatically indexed each year. As elections are made in the spring for the Plan Year as defined in Section 2.26, the calendar year IRS limit of the year in which elections are made will apply for that Plan Year. Each Participant may authorize the County of San Joaquin to reduce his or her compensation by the amount needed for the purchase of benefits elected, less the amount of non-elective contributions. An election for salary reduction will be made on the benefit election form.
3. For the Dependent Care Reimbursement Plan. The maximum contribution permitted to the Plan is \$5,000 per Plan Year.

4.2 Irrevocability of Elections

An Employee may file a written election form with the County of San Joaquin before the end of the current Plan Year revising the rate of his/her contributions or discontinuing such contributions effective as of the first day of the next following Plan Year. The Employee's Elective Contributions will automatically terminate as of the date his/her employment terminates. Except as provided in this Section 4.2 and Section 4.3, an Employee's election under the Plan is irrevocable for the duration of the plan year to which it relates. The exceptions to the irrevocability requirement which would permit a mid-year election change in benefits and the salary reduction amount elected are set out in the Treasury regulations promulgated under IRC Section 125, which include the following:

A. Change in Status.

An Employee may change or revoke his/her election under the Plan upon the occurrence of a valid change in status, but only if such change or termination is made on account of, and is consistent with, the change in status in accordance with the Treasury regulations promulgated under Section 125. The County of San Joaquin, in its sole discretion as Administrator, shall determine whether a requested change is on account of and consistent with a change in status, as follows:

1. Change in Employee's legal marital status, including marriage, divorce, death of spouse, legal separation, and annulment;
2. Change in number of Dependents, including birth, adoption, placement for adoption, and death;
3. Change in employment status, including any employment status change affecting benefit eligibility of the Employee, spouse or Dependent, such as termination or commencement of employment, change in hours, strike or lockout, a commencement or return from an unpaid leave of absence, and a change in work site. If the eligibility for either the cafeteria Plan or any underlying benefit plans of the Employer of the Employee, spouse or Dependent relies on the employment status of that individual, and there is a change in that individual's employment status resulting in gaining or losing eligibility under the Plan, this constitutes a valid change in status. This category only applies if benefit eligibility is lost or gained as a result of the event. If an Employee terminates and is rehired within 30 days, the Employee is required to step back into his/her previous election. If the Employee terminates and is rehired after 30 days, the Employee may either step back into the previous election or make a new election;
4. Dependent satisfies, or ceases to satisfy, Dependent eligibility requirements due to attainment of age, gain or loss of student status, marriage or any similar circumstances; and
5. Residence change of Employee, spouse or Dependent, affecting the Employee's eligibility for coverage.

- B. Special Enrollment Rights. If an Employee or his or her Spouse or Dependent is entitled to special enrollment rights under a group health plan (other than an excepted benefit), as required by HIPAA under IRC Section 9801(f), then an Employee may revoke a prior election for group health plan coverage and make a new election, provided that the election change corresponds with such HIPAA special enrollment right. As required by HIPAA, a special enrollment right will arise in the following circumstances: (i) an Employee or his or her spouse or Dependent declined to enroll in group health plan coverage because he or she had coverage, and eligibility for such coverage is subsequently lost because the coverage was provided under COBRA and the COBRA coverage was exhausted, or the coverage was non-COBRA coverage and the coverage terminated due to loss of eligibility for coverage or the employer contributions for the coverage were terminated; (ii) a new Dependent is acquired as a result of marriage, birth, adoption, or placement for adoption; (iii) the Employee's or his or her spouse's or Dependent's coverage under a Medicaid plan or under a children's health insurance program (CHIP) is terminated as a result of loss of eligibility for such coverage and the Employee requests coverage under the group health plan not later than 60 days after the date of

termination of such coverage; or (iv) the Employee, his or her spouse or Dependent becomes eligible for a state premium assistance subsidy from a Medicaid plan or through a state children's insurance program with respect to coverage under the group health plan and the Employee requests coverage under the group health plan not later than 60 days after the date the Employee, his or her spouse or Dependent is determined to be eligible for such assistance. An election change under (iii) or (iv) of this provision must be requested within 60 days after the termination of Medicaid or state health plan coverage or the determination of eligibility for a state premium assistance subsidy, as applicable. Special enrollment rights under the health insurance plan will be determined by the terms of the health insurance plan.

- C. Certain Judgments, Decrees or Orders. If a judgment, decree or order resulting from a divorce, legal separation, annulment or change in legal custody (including a qualified medical child support order [QMCSO]) requires accident or health coverage for an Employee's child or for a foster child who is a dependent of the Employee, the Employee may have a mid-year election change to add or drop coverage consistent with the Order.
- D. Entitlement to Medicare or Medicaid. If an Employee, Participant's spouse or Participant's Dependent who is enrolled in an accident or health plan of the County of San Joaquin becomes entitled to Medicare or Medicaid (other than coverage consisting solely of benefits under Section 1928 of the Social Security Act providing for pediatric vaccines), the Employee may cancel or reduce health coverage under the County of San Joaquin's Plan. Loss of Medicare or Medicaid entitlement would allow the Employee to add health coverage under the County of San Joaquin's Plan.
- E. Leave of Absence (Paid or Unpaid, Including Family Medical Leave Act, California Family Rights Act, and California Paid Family Leave). If an Employee is taking leave, the Employee may revoke previous elections at the start of leave and then reinstate previously elected benefits upon return to work.
- F. COBRA Qualifying Event. If an Employee has a COBRA qualifying event (a reduction in hours of the Employee, or a Dependent ceases eligibility), the Employee may increase his/her pre-tax contributions for coverage under the County of San Joaquin's Plan if a COBRA event occurs with respect to the Employee, the Employee's spouse or Dependent. The COBRA rule does not apply to COBRA coverage under another employer's Plan.
- G. Changes in Eligibility for Adult Children. To the extent the County of San Joaquin amends a plan listed in Appendix A that provides benefits that are excluded from an Employee's income under IRC Section 105 to provide that Adult Children (as defined in Section 2.4(c)) are eligible to receive benefits under the plan, an Eligible Employee may make or change an election under this Plan to add coverage for the Adult Child and to make any corresponding change to the Eligible Employee's coverage that is consistent with adding coverage for the Adult Child.
- H. Cancellation due to reduction in hours of service. An Employee may cancel group health plan (as that term is defined in IRC Section 9832(a)) coverage, except Health Flexible Spending Account coverage, under the County of San Joaquin's Plan if both of the following conditions are met:
 - 1. The Employee has been in an employment status under which the Employee was reasonably expected to average at least 30 hours of service per week and there is a change in that Participant's status so that the Employee will reasonably be expected to average less than 30 hours of service per week after the change, even if that reduction does not result in the Employee ceasing to be eligible under the group health plan; and

2. The cancellation of the election of coverage under the County of San Joaquin’s group health plan coverage corresponds to the intended enrollment of the Employee, and any related individuals who cease coverage due to the cancellation, in another plan that provides minimum essential coverage with the new coverage effective no later than the first day of the second month following the month that includes the date the original coverage is cancelled.
- I. Cancellation due to enrollment in a Qualified Health Plan. An Employee may cancel group health plan (as that term is defined in IRC Section 9832(a)) coverage, except Health Flexible Spending Account coverage, under the County of San Joaquin’s Plan if both of the following conditions are met:
 1. The Employee is eligible for a Special Enrollment Period (as defined in IRC Section 9801(f)) to enroll in a Qualified Health Plan(as described in section 1311 of the Patient Protection and Affordable Care Act (PPACA)) through a competitive marketplace established under section 1311(c) of PPACA (Marketplace), pursuant to guidance issued by the Department of Health and Human Services and any other applicable guidance, or the Employee seeks to enroll in a Qualified Health Plan through a Marketplace during the Marketplace’s annual open enrollment period; and
 2. The cancellation of the election of coverage under the County of San Joaquin’s group health plan coverage corresponds to the intended enrollment of the Employee and any related individuals who cease coverage due to the cancellation in a Qualified Health Plan through a Marketplace for new coverage that is effective beginning no later than the day immediately following the last day of the original coverage that is cancelled.

Notwithstanding anything to the contrary in this Section 4.2, the change in election rules in this Section 4.2 do not apply to the Health Flexible Spending Account, or may not be modified with respect to the Health Flexible Spending Account if the Plan is being administered by a Recordkeeper other than the County of San Joaquin, unless the County of San Joaquin and the Recordkeeper otherwise agree in writing.

4.3 **Other Exceptions to Irrevocability of Elections**

Other exceptions to the irrevocability of election requirement permit mid-year election changes and apply to all qualified benefits except for Health Flexible Spending Accounts, as follows:

- A. Change in Cost. If the cost of a benefit package option under the Plan significantly increases during the plan year, Participants may (i) make a corresponding increase in their salary reduction amount, revoke their elections and make a prospective election under another benefit option offering similar coverage, or (iii) revoke election completely if no similar coverage is available, including in spouse or dependent’s plan. If the cost significantly decreases, employees may elect coverage even if they had not previously participated and may drop their previous election for a similar coverage option in order to elect the benefit package option that has decreased in cost during the year. If the increased or decreased cost of a benefit package option under the Plan is insignificant, the Employee’s salary reduction amount shall be automatically adjusted.
- B. Significant curtailment of coverage.
 1. With no loss of coverage. If the coverage under a benefit package option is significantly curtailed or ceases during the Plan Year, affected Participants may revoke their elections for the curtailed coverage and make a new prospective election for coverage under another benefit package option providing similar coverage.
 2. With loss of coverage. If there is a significant curtailment of coverage with loss of coverage,

affected Participants may revoke election for curtailed coverage and make a new prospective election for coverage under another benefit package option providing similar coverage, or drop coverage if no similar benefit package option is available.

- C. Addition or Significant Improvement of Benefit Package Option. If during the Plan Year a new benefit package option is added or significantly improved, eligible employees, whether currently participating or not, may revoke their existing election and elect the newly added or newly improved option.
- D. Change in Coverage of a Spouse or Dependent Under Another Employer's Plan. If there is a change in coverage of a spouse, former spouse, or Dependent under another employer's plan, an Employee may make a prospective election change that is on account of and corresponds with a change made under the plan of the spouse or Dependent. This rule applies if (1) mandatory changes in coverage are initiated by either the insurer of spouse's plan or by the spouse's employer, or (2) optional changes are initiated by the spouse's employer or by the spouse through open enrollment.
- E. Loss of coverage under other group health coverage. If during the Plan Year coverage is lost under any group health coverage sponsored by a governmental or educational institution, an Employee may prospectively change his or her election to add group health coverage for the affected Participant or his or her spouse or dependent.
 - 1. Change Permitted in 2020 only due to COVID-19 Pandemic. For Participants who have elected to participate in the Health Flexible Spending Account or DCAP: Participants will be permitted to revoke an election, make a new election, decrease an existing election, or increase an existing election on a prospective basis only during the Calendar year 2020:

4.4 **Cash Benefit**

Available amounts not used for the purchase of benefits under this Plan, up to the maximum determined by the County of San Joaquin, may be considered a cash benefit under the Plan payable to the Employee as taxable income if the Employee provides proof of other coverage for him/herself and the Employee's entire tax family in one of the following plans and such plan is considered Minimum Essential Coverage under the Affordable Care Act: an employer group-sponsored health plan, Medicaid, Tricare, or a Veteran's Administration plan.

It is the intention of this Plan that the cash benefit is merely incidental to the Flexible Benefit Plan as a whole, that the Flexible Benefit Plan is a bona fide plan, and that the cash benefit is excludable from regular rate of pay for purposes of the Fair Labor Standards Act ("FLSA"), 29 U.S.C. § 207(e)(4).

4.5 **Payment from Employer's General Assets**

Payment of benefits under this Plan shall be made by the County of San Joaquin from Elective Contributions which shall be held as a part of its general assets. If the Plan has an experience gain with respect to a Period of Coverage, such experience gain shall be returned to the general assets of the County of San Joaquin.

4.6 **Employer May Hold Elective Contributions**

Pending payment of benefits in accordance with the terms of this Plan, Elective Contributions may be retained by the County of San Joaquin in a separate account or, if elected by the County of San Joaquin and as permitted or required by regulations of the Internal Revenue Service, Department of Labor or other governmental agency, such amounts of Elective Contributions may be held in a trust pending payment.

4.7 Maximum Employer Contributions

With respect to each Participant, the maximum amount made available to pay benefits for any Plan Year shall not exceed the Employer's Contribution amount as determined by the County of San Joaquin.

SECTION V

GROUP MEDICAL INSURANCE BENEFIT PLAN

5.1 Purpose

These benefits provide the group medical insurance benefits to Participants.

5.2 Eligibility

Each Eligible Employee may elect to participate by submitting annually an election form to the County of San Joaquin which designates the amount of the required Contribution for the elected Group Medical Benefits. The election form shall designate the amount of Elective Contributions and/or Non-Elective Contributions allocated to Premium Conversion for the Eligible Employee.

5.3 Description of Benefits

The Pre-tax Premium Conversion Plan, also called the salary reduction plan, permits an employee to pay for his or her share of premium contributions for health care benefits (such as medical, dental and/or vision benefits) with pre-tax dollars on a salary reduction basis. An employee's election to pay for benefits on a pre-tax basis is made by entering into an agreement (an Election Form/Salary Reduction Agreement) with the County. Coverage for the pre-tax Premium Conversion Plan begins on the same day your coverage becomes effective for the group medical, dental, and/or vision benefits. In accordance with IRS rules, if you elect any of the Group Medical Benefits described in Appendix A, the County automatically pre-taxes these benefits (post-tax election is not permitted).

5.4 Term, Conditions, and Limitations

The terms, conditions and limitations of the benefits offered shall be as specifically described in the Policy identified in Appendix A.

5.5 COBRA

To the extent required by Section 4980B of the IRC and Sections 601 through 607 of ERISA, Participants and Dependents shall be entitled to continued participation in this Group Medical Insurance Benefit Plan by contributing monthly (from their personal assets previously subject to taxation) 102% of the amount of the premium for the desired benefit during the period that such individual is entitled to elect continuation coverage, provided, however, in the event the continuation period is extended to 29 months due to disability, the premium to be paid for continuation coverage for the 11 month extension period shall be 150% of the applicable premium.

5.6 Section 105 and 106 Plan

It is the intention of the County of San Joaquin that these benefits shall be eligible for exclusion from the gross income of the Employees covered by this benefit plan, as provided in IRC Sections 105 and 106, and all provisions of this benefit plan shall be construed in a manner consistent with that intention. It is also the intention of the County of San Joaquin to comply with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 as outlined in the policies identified in Appendix A.

5.7 Contributions

Contributions for these benefits will be provided by the County of San Joaquin on behalf of an Employee as provided for in Section IV.

5.8 Uniformed Services Employment and Re-employment Rights Act

Notwithstanding anything to the contrary herein, the Group Medical Insurance Benefit Plan shall comply

with the applicable provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353).

SECTION VI

LIFE INSURANCE PLAN

6.1. **Purpose**

This benefit provides group life insurance benefits to Participants as provided for in Appendix B, which may be updated from time to time.

6.2. **Eligibility**

Each Eligible Employee may elect to participate by submitting an election form to the County of San Joaquin which designates the amount of the required Contribution for the elected life insurance benefits. The election form shall designate the amount of Elective Contributions and/or Non-Elective Contributions allocated to the life insurance benefits for the Eligible Employee.

6.3. **Description of Benefits**

The benefits available under this Plan will be Group Term Life insurance under Section 79 of the IRC. The terms, conditions, and limitations for the Group Life Insurance will be as set forth in the insurance policy document of the issuer described in Appendix B.

6.4. **Terms, Conditions, and Limitations**

The terms, conditions, and limitations of the group life insurance are specifically described in the Policy.

6.5. **Section 79 Plan**

It is the intention of the County of San Joaquin that the premiums paid for the benefits described in Section 6.3 above shall be eligible for exclusion from the gross income of the Employees covered by this benefit plan to the extent provided in IRC Section 79, and all provisions of this benefit plan shall be construed in a manner consistent with that intention.

6.6. **Contributions**

Contributions for this benefit will be provided by the County of San Joaquin on behalf of an Employee as provided for in Section IV. Any individual policies purchased by the County of San Joaquin for the Employee will be owned by the Employee while employed.

SECTION VII

HEALTH FLEXIBLE SPENDING ACCOUNT

7.1. Purpose

The Health Flexible Spending Account is designed to provide for reimbursement of Eligible Medical Expenses (as defined in Section 7.4) that are not reimbursed under an insurance plan, through damages, or from any other source. It is the intention of the County of San Joaquin that amounts allocated for this benefit shall be eligible for exclusion from gross income, as provided in IRC Sections 105 and 106, for Participants who elect this benefit and all provisions of this Section VII shall be construed in a manner consistent with that intention.

7.2. Eligibility

Each Eligible Employee may elect to participate by submitting annually an election form to the County of San Joaquin which designates the amount of the required Contribution for the Health Flexible Spending Account. The election form shall designate the amount of Elective Contributions and/or Non-Elective Contributions (if applicable) allocated to the Health Flexible Spending Account for the Eligible Employee.

7.3. Election

An Eligible Employee may elect to participate in the Health Flexible Spending Account by submitting annually an election form to the County of San Joaquin which designates the amount of the Health Flexible Spending Account contribution to be allocated to the Plan.

7.4. Terms, Conditions, and Limitations

- A. Accounts. The Reimbursement Recordkeeper shall establish a recordkeeping account for each Participant. The Reimbursement Recordkeeper shall maintain a record of each account on an on-going basis, increasing the balances as contributions are credited during the year and decreasing the balances as Eligible Medical Expenses are reimbursed. No interest shall be payable on amounts recorded in any Participant's account.
- B. Maximum benefit. The maximum amount of reimbursement for each Participant shall be limited to the amount of the Employee's Elective Contribution allocated to the program during the Plan Year, not to exceed the maximum limit as indicated by the IRS in accordance with the law. This limit will be automatically indexed each year. As elections are made in the spring for the July 1 plan year, the calendar year IRS limit of the year in which elections are made will apply for that Plan Year running from July 1 to June 30.
- C. Proration of Maximum Benefit. The Maximum benefit amount specified in subsection b., above, shall be pro-rated with respect to (i) an Employee who becomes a Participant and enters the Plan during the Plan Year, and (ii) short plan years initiated by the County of San Joaquin. Such Maximum Coverage amount will be pro-rated by dividing the annual Maximum Coverage amount by 24, and multiplying the quotient by the number of remaining pay period in the Plan Year for the new Participant or the number of pay periods in the short Plan Year, as applicable.
- D. Claim Procedure. In order to be reimbursed for any medical expenses incurred during the Plan Year, the Employee shall complete the form(s) provided for such purpose by the Reimbursement Recordkeeper. The Employee shall submit the completed form to the Reimbursement Recordkeeper

with an original bill or other proof of the expense acceptable to the Reimbursement Recordkeeper. No reimbursement shall be made on the basis of an incomplete form or inadequate evidence of expense as determined by the Reimbursement Recordkeeper. Forms for reimbursement of Eligible Medical Expenses must be submitted no later than the last day of the third month following the last day of the Plan Year during which the Eligible Medical Expenses were incurred. Reimbursement payments shall only be made to the Employee, or the Employee's legal representative in the event of incapacity or death of the Employee. Forms for reimbursement shall be reviewed in accordance with the claims procedure set forth in Section XII.

- E. Funding. The funding of the Medical Reimbursement Plan shall be through contributions by the County of San Joaquin from its general assets to the extent of Elective Contributions directed by Participants. Such contributions shall be made by the County of San Joaquin when benefit payments and account administrative expenses become due and payable under this Health Flexible Spending Account.
- F. Forfeiture. Subject to Section 7.6 and 7.7, any amounts remaining to the credit of the Employee at the end of the Plan Year and not used for Eligible Medical Expenses incurred during the Employee's participation during the Plan Year shall be forfeited and shall remain assets of the County of San Joaquin. With respect to a Participant who terminates employment with the County of San Joaquin and who has not elected to continue coverage under this Plan pursuant to COBRA rights referenced under Section 7.3(f) herein, such Participant shall not be entitled to reimbursement for Eligible Medical Expenses incurred after his/her termination date regardless if such Participant has any amounts of Employer Contributions remaining to his/her credit. Upon the death of any Participant who has any amounts of Employer Contributions remaining to his/her credit, a dependent of the Employee may elect to continue to claim reimbursement for Eligible Medical Expenses in the same manner as the Employee could have for the balance of the Plan Year.
- G. COBRA. To the extent required by Section 4980B of the IRC and Sections 601 through 607 of ERISA ("COBRA"), a Participant and a Participant's Dependents shall be entitled to elect continued participation in this Health Flexible Spending Account only through the end of the plan year in which the qualifying event occurs, by contributing monthly (from their personal assets previously subject to taxation) to the County of San Joaquin/Administrator, 102% of the amount of desired reimbursement through the end of the Plan Year in which the qualifying event occurs. Specifically, such individuals will be eligible for COBRA continuation coverage only if they have a positive Medical Expense Reimbursement Account balance on the date of the qualifying event. Participants who have a deficit balance in their Medical Expense Reimbursement Account on the date of their qualifying event shall not be entitled to elect COBRA coverage. In lieu of COBRA, Participants may continue their coverage through the end of the current Plan Year by paying those premiums out of their last paycheck on a pre-tax basis.
- H. Nondiscrimination. Benefits provided under this Health Flexible Spending Account shall not be provided in a manner that discriminates in favor of Employees or Dependents who are highly compensated individuals, as provided under Section 105(h) of the IRC and regulations promulgated thereunder.
- I. Uniform Coverage Rule. Notwithstanding that an Employee has not had withheld and credited to the Employee's account all of the Employee's contributions elected with respect to a particular Plan Year, the entire aggregate annual amount elected with respect to this Health Flexible Spending Account (increased by any Carryover to the Plan Year), shall be available at all times during such Plan Year to reimburse the Employee for Eligible Medical Expenses with respect to this Health

Flexible Spending Account. To the extent contributions with respect to this Health Flexible Spending Account are insufficient to pay such Eligible Medical Expenses, it shall be the County of San Joaquin's obligation to provide adequate funds to cover any short fall for such Eligible Medical Expenses for an Employee; provided subsequent contributions with respect to this Health Flexible Spending Account by the Employee shall be available to reimburse the County of San Joaquin for funds advanced to cover a previous short fall.

- J. Uniformed Services Employment and Reemployment Rights Act. Notwithstanding anything to the contrary herein, this Health Flexible Spending Account shall comply with the applicable provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353).

7.5. Eligible Medical Expenses

- A. Eligible Medical Expense in General. The phrase 'Eligible Medical Expense' means any expense incurred by an Employee or any of his/her Dependents (subject to the restrictions in Sections 7.04(b) and (c)) during a Plan Year that (i) qualifies as an expense incurred by the Employee or Dependents for medical care as defined in IRC Section 213(d) and meets the requirements outlined in IRC Section 125, (ii) is excluded from gross income of the Employee under IRC Section 105(b), and (iii) has not been and will not be paid or reimbursed by any other insurance plan, through damages, or from any other source. Notwithstanding the above, capital expenditures are not Eligible Medical Expenses under this Plan.
- B. Expenses Incurred After Commencement of Participation. Only medical care expenses incurred by an Employee or the Employee's Dependent(s) on or after the date such Participant commenced participation in the Health Flexible Spending Account shall constitute an Eligible Medical Expense.
- C. Eligible Expenses Incurred by Dependents. For purposes of this Section, Eligible Medical Expenses incurred by Dependents defined in Section 2.4(c) are eligible for reimbursement (subject to the restrictions of Section 7.4(b)).

7.6. Use of Debit Card

In the event that the County of San Joaquin elects to allow the use of debit cards ("Debit Cards") for reimbursement of Eligible Medical Expenses under the Health Flexible Spending Account, the provisions described in this Section shall apply.

- A. **Substantiation.** The following procedures shall be applied for purposes of substantiating claimed Eligible Medical Expenses after the use of a Debit Card to pay the claimed Eligible Medical Expense:
If the merchant, service provider, or other independent third-party (e.g., pharmacy benefit manager), at the time and point of sale, provides information to verify to the Recordkeeper (including electronically by e-mail, the internet, intranet, or telephone) that the charge is for a medical expense, the charge is fully substantiated without the need for submission of a receipt or further review.
- B. **Status of Charges.** All charges to a Debit Card are treated as conditional pending confirmation of the charge, and additional third-party information, such as merchant or service provider receipts, describing the service or product, the date of the service or sale, and the amount, must be submitted for review and substantiation.
- C. **Correction Procedures for Improper Payments.** In the event that a claim has been reimbursed and is subsequently identified as not qualifying for reimbursement, one or all of the following

procedures shall apply:

1. First, upon the Recordkeeper's identification of the improper payment, the Eligible Employee will be required to pay back to the Plan an amount equal to the improper payment.
 2. Second, where the Eligible Employee does not pay back to the Plan the amount of the improper payment, the County of San Joaquin will have the amount of the improper payment withheld from the Eligible Employee's wages or other compensation to the extent consistent with applicable law.
 3. Third, if the improper payment still remains outstanding, the Plan may utilize a claim substitution or offset approach to resolve improper claims payments.
 4. If the above correction efforts prove unsuccessful, or are otherwise unavailable, the Eligible Employee will remain indebted to the County of San Joaquin for the amount of the improper payment. In that event and consistent with its business practices, the County of San Joaquin may treat the payment as it would any other business indebtedness.
 5. In addition to the above, the County of San Joaquin and the Plan may take other actions they may deem necessary, in their sole discretion, to ensure that further violations of the terms of the Debit Card do not occur, including, but not limited to, denial of access to the Debit Card until the indebtedness is repaid by the Eligible Employee.
- D. **Intent to Comply with Rev. Rul. 2003-43.** It is the County of San Joaquin's intent that any use of Debit Cards to pay Eligible Medical Expenses shall comply with the guidelines for use of such cards set forth in Rev. Rul. 2003-43, and this Section 7.6 shall be construed and interpreted in a manner necessary to comply with such guidelines.

7.7. **Carryover**

Notwithstanding anything to the contrary herein and in accordance with Internal Revenue Service Notice 2013-71, the Carryover for an Employee who has an amount remaining unused as of the end of the run-off period for the Plan Year, may be used to pay or reimburse Eligible Medical Expenses during the following entire Plan Year. Participants may Carryover a maximum of 20% of the annual maximum salary reduction to a Health Flexible Spending Account allowed for that year. The Carryover does not count against or otherwise affect the Maximum benefit set forth in Section 7.03(b). Eligible Medical Expenses incurred during a Plan Year shall be reimbursed first from unused contributions for the current Plan Year, and then from any Carryover carried over from the preceding Plan Year. Any unused amounts from the prior Plan Year that are used to reimburse a current Plan Year expense (a) reduce the amounts available to pay prior Plan Year expenses during the run-off period, (b) must be counted against any Carryover amount from the prior Plan Year, and (c) cannot exceed the maximum Carryover from the prior Plan Year.

7.8. **Qualified Reservists Distributions**

Notwithstanding anything in the Plan to the contrary, an individual who, by reason of being a member of a reserve component (as defined in 37 U.S.C. § 101), is ordered or called to active duty for a period in excess of 179 days or for an indefinite period may elect to receive a distribution of all or a portion of the unused Elective Contributions in his or her Account relating to the Health Flexible Spending Account if the distribution is made during the period beginning on the date of such order or call and ending on the last date that reimbursements could otherwise be made under the Plan for the Plan Year that includes the date of such order or call. If the distribution is for the entire amount of unused Elective Contributions available in the Health

Flexible Spending Account, then no additional reimbursement requests will be processed for the remainder of the Plan Year.

SECTION VIII

DEPENDENT CARE REIMBURSEMENT PLAN

81. PURPOSE: The Dependent Care Reimbursement Plan is designed to provide for reimbursement of certain employment-related dependent care expenses of the Employee. It is the intention of the County of San Joaquin that amounts allocated for this benefit shall be eligible for exclusion from gross income, as provided in IRC Section 129, for Participants who elect this benefit, and all provisions of this Section VIII shall be construed in a manner consistent with that intention.
82. ELIGIBILITY: Each Eligible Employee may elect to participate by submitting annually an election form to the County of San Joaquin which designates the amount of the required Contribution for the Dependent Care Reimbursement Plan. The election form shall designate the amount of Elective Contributions allocated to the Dependent Care Reimbursement Plan for the Eligible Employee.
83. ELECTION: An Eligible Employee may elect to participate in the Dependent Care Reimbursement Plan by submitting annually an election form to the County of San Joaquin which designates the amount of the Dependent Care Reimbursement Plan contribution to be allocated to the Plan.
84. TERMS, CONDITIONS, AND LIMITATIONS:

- A. Accounts. The Reimbursement Recordkeeper shall establish a recordkeeping account for each Participant. The Reimbursement Recordkeeper shall maintain a record of each account on an ongoing basis, increasing the balances as contributions are credited during the year and decreasing the balances as Eligible Dependent Care Expenses are reimbursed. No interest shall be payable on amounts recorded in any Participant's account.
- B. Maximum Benefit. The maximum amount of reimbursement for each Participant shall be limited to the amount of the Employee's allocation to the program during the Plan Year not to exceed \$5,000 per Plan Year.

For purpose of this Section VIII, the phrase "earned income" shall mean wages, salaries, tips and other employee compensation, but only if such amounts are includible in gross income for the taxable year. An Employee's spouse who is physically or mentally incapable of self-care as described in Section 8.4(a)(ii) or a spouse who is a full-time student within the meaning of IRC Section 21(e)(7) shall be deemed to have earned income for each month in which such spouse is so disabled (or a full-time student). The amount of such deemed earned income shall be \$250 per month in the case of one Dependent and \$500 per month in the case of two or more Dependents.

- C. Claim Procedure. In order to be reimbursed for any dependent care expenses incurred during the Plan Year, the Employee shall complete the form(s) provided for such purpose by the Reimbursement Recordkeeper. The Employee shall submit the completed form to the Reimbursement Recordkeeper with an original bill or other proof of the expense from an independent third party acceptable to the Reimbursement Recordkeeper. No reimbursement shall be made on the basis of an incomplete form or inadequate evidence of the expense as determined by the Reimbursement Recordkeeper. Claims for reimbursement of Eligible Dependent Care Expenses must be submitted no later than the last day of the third month following the last day of the Plan Year

during which the Eligible Dependent Care Expenses were incurred. Reimbursement payments shall only be made to the Employee, or the Employee's legal representative in the event of the incapacity or death of the Employee. Forms for reimbursement shall be reviewed in accordance with the claims procedure set forth in Section XI.

- D. Funding. The funding of the Dependent Care Reimbursement Plan shall be through contributions by the County of San Joaquin from its general assets to the extent of Elective Contributions directed by Participants. Such contributions shall be made by the County of San Joaquin when benefit payments and account administration expenses become due and payable under this Dependent Care Expense Reimbursement Plan.
- E. Forfeiture. Any amounts remaining to the credit of the Employee at the end of the Plan Year and not used for Eligible Dependent Care Expenses incurred during the Plan Year shall be forfeited and remain assets of the County of San Joaquin.
- F. Nondiscrimination. Benefits provided under this Dependent Care Reimbursement Plan shall not be provided in a manner that discriminates in favor of Highly Compensated Employees (as defined in IRC Section 414(q)) or their dependents, as provided in IRC Section 129.

85. DEFINITIONS:

- A. "Dependent" (for purposes of this Section VIII) means any individual who is:
 - 1. an Employee's qualifying child (as defined in IRC Section 152 (c)) who has not attained the age of 13; or
 - 2. a dependent (qualifying child or qualifying relative, as defined in IRC Section 152 (c) and (d), respectively) or the spouse of an Employee who is physically or mentally incapable of self-care, and who has the same principal place of abode as the taxpayer for more than half of the taxable year. For purposes of this Dependent Care Reimbursement Plan, an individual shall be considered physically or mentally incapable of self-care if, as
 - 3. a result of a physical or mental defect, the individual is incapable of caring for his or her hygienic or nutritional needs, or requires full-time attention of another person for his or her own safety or the safety of others.
- B. "Dependent Care Center" (for purposes of this Section VIII) shall be a facility which:
 - 1. provides care for more than six individuals (other than individuals who reside at the facility);
 - 2. receives a fee, payment, or grant for providing services for any of the individuals (regardless of whether such facility is operated for profit); and
 - 3. satisfies all applicable laws and regulations of a state or unit of local government.
- C. "Eligible Dependent Care Expenses" (for purposes of this Section VIII) shall mean expenses incurred by an Employee which are:
 - 1. incurred for the care of a Dependent of the Employee or for related household services;
 - 2. paid or payable to a Dependent Care Service Provider; and
 - 3. incurred to enable the Employee to be gainfully employed for any period for which there are one or more Dependents with respect to the Employee.

"Eligible Dependent Care Expenses" shall not include expenses incurred for services outside the

Employee's household for the care of a Dependent unless such Dependent is (i) a qualifying child (as defined in IRC Section 152 (c)) under the age of 13 (or, for the 2020-2021 plan year only, age of 14), or (ii) a dependent (qualifying child or qualifying relative, as defined in IRC Section 152 (c) and (d), respectively)), who is physically or mentally incapable of self-care, and who has the same principal place of abode as the Employee for more than half of the taxable year, or (iii) the spouse of an Employee who is physically or mentally incapable of self-care, and who has the same principal place of abode as the Employee for more than half of the taxable year. Eligible Dependent Care Expenses shall be deemed to be incurred at the time the services to which the expenses relate are rendered.

D. "Dependent Care Service Provider" (for purposes of this Section VIII) means:

1. a Dependent Care Center, or
2. a person who provides care or other services described in Section 8.04(b) and who is not a related individual described in Section 129(c) of the IRC.

SECTION IX

HEALTH SAVINGS ACCOUNTS

9.1. Purpose

The Plan will permit pre-tax contributions to the Health Savings Account, and the provisions of this Article X shall apply.

9.2. Benefits

An Employee can elect benefits under the Health Savings Accounts portion of this Plan by electing to pay his or her Health Savings Account contributions on a pre-tax salary reduction basis. In addition, the County of San Joaquin may make contributions to the Health Savings Account for the benefit of the Employee, in the amounts provided in Appendix C.

9.3. Health Savings Account (HSA) Trustee

The Plan's Trustee is listed in Appendix C.

9.4. Eligibility

Eligibility requirements for participation in the Health Savings Account:

- A. An Employee must complete a Certification of Health Savings Account Eligibility which confirms that the Employee is an eligible individual who is entitled to establish a Health Savings Account in accordance with IRC Section 223(c)(1).
- B. Eligibility for the Health Savings Account shall begin on the first day of the month coinciding with or next following the Employee's commencement of coverage under the High Deductible Health Plan.
- C. An Employee's eligibility for the Health Savings Account shall be determined monthly. It is the responsibility of the Employee to ensure eligibility under the IRS rules to receive contributions to a Health Savings Account.

9.5. Eligible Medical Expenses

For an Employee who is eligible for and elects to contribute to a Health Savings Accounts, Eligible Medical Expenses means any expense incurred by an Employee or, if enrolled in HSA qualifying family High Deductible Health Plan coverage, any of his/her eligible Dependents (subject to the restrictions in Sections 7.4(b) and (c)) during a Plan Year that (i) qualifies as an expense incurred by the Employee or Dependents for medical care as defined in IRC Section 213(d) and meets the requirements outlined in IRC Section 125, (ii) is excluded from gross income of the Employee under IRC Section 105(b), and (iii) has not been and will not be paid or reimbursed by any other insurance plan, through damages, or from any other source. Notwithstanding the above, capital expenditures are not Eligible Medical Expenses under this Plan.

9.6. Terms, Conditions, and Limitations

- A. Maximum Benefit. The maximum annual contributions that may be made to an Employee's Health Savings Account under this Plan shall be limited to the maximum limit as indicated by the IRS in accordance with the law. This limit will be automatically indexed each year. As elections are made in the spring for the July 1 plan year, the calendar year IRS limit of the year in which elections are made will apply for that Plan Year running from July 1 to June 30.

B. Mid-Year Election Changes. Notwithstanding any to the contrary herein, an Employee election with respect to contributions for the Health Savings Account shall be revocable during the duration of the Plan Year to which the election relates. Consequently, an Employee may change his or her election with respect to contributions for the Health Savings Account at any time.

9.7. **No Establishment of ERA Plan**

As the County of San Joaquin is a governmental entity, the Health Savings Accounts established hereunder are not subject to ERISA, Additionally, it is the intent of the County of San Joaquin that the establishment of Health Savings Accounts are completely voluntary on the part of Participants, and that, in accordance with Department of Labor Field Assistance Bulletin 2004-1, the Health Savings Accounts are not “employee welfare benefit plans” for purposes of Title I of ERISA.

SECTION X

AMENDMENT AND TERMINATION

101. AMENDMENT: The County of San Joaquin shall have the right at any time, and from time to time, to amend, in whole or in part, any or all of the provisions of this Plan, provided that no such amendment shall change the terms and conditions of payment of any benefits to which Participants and covered dependents otherwise have become entitled to under the provisions of the Plan, unless such amendment is made to comply with federal or local laws or regulations. The County of San Joaquin also shall have the right to make any amendment retroactively which is necessary to bring the Plan into conformity with the IRC. In addition, the County of San Joaquin may amend any provisions or any supplements to the Plan and may merge or combine supplements or add additional supplements to the Plan, or separate existing supplements into an additional number of supplements.
102. TERMINATION: The County of San Joaquin shall have the right at any time to terminate this Plan, provided that such termination shall not eliminate any obligations of the County of San Joaquin which therefore have arisen under the Plan.

SECTION XI

ADMINISTRATION

11.1. **Named Fiduciaries**

The Administrator shall be the fiduciary of the Plan, which is the County of San Joaquin.

11.2. **Appointment of Recordkeeper**

The County of San Joaquin may appoint a Reimbursement Recordkeeper which shall have the power and responsibility of performing recordkeeping and other ministerial duties arising under the Health Flexible Spending Account and the Dependent Care Reimbursement Plan provisions of this Plan. The Reimbursement Recordkeeper shall serve at the pleasure of, and may be removed by, the County of San Joaquin without cause. The Recordkeeper shall receive reasonable compensation for its services as shall be agreed upon from time to time between the County of San Joaquin and the Recordkeeper.

11.3. **HSA Trustee**

The County of San Joaquin has selected the qualified HSA Trustee indicated in Appendix C, which has fiduciary authority over the HSA assets.

11.4. **Powers and Responsibilities of Administrator**

- A. **General.** The County of San Joaquin shall be vested with all powers and authority necessary in order to amend and administer the Plan, and is authorized to make such rules and regulations as it may deem necessary to carry out the provisions of the Plan. The County of San Joaquin shall determine any questions arising in the administration (including all questions of eligibility and determination of amount, time and manner of payments of benefits), construction, interpretation and application of the Plan, and the decision of the County of San Joaquin shall be final and binding on all persons.
- B. **Recordkeeping.** The County of San Joaquin shall keep full and complete records of the administration of the Plan. The County of San Joaquin shall prepare such reports and such information concerning the Plan and the administration thereof by the County of San Joaquin as may be required under the IRC and the regulations promulgated thereunder. The Administrator may delegate such responsibility to the Recordkeeper.
- C. **Inspection of Records.** The County of San Joaquin shall, during normal business hours, make available to each Participant for examination by the Employee at the principal office of the County of San Joaquin, Human Resources Division, a copy of the Plan and such records of the Administrator as may pertain to such Participant. No Participant shall have the right to inquire as to or inspect the accounts or records with respect to other Participants.

11.5. **Compensation and Expenses of Administrator**

The Administrator shall serve without compensation for services as such. All expenses of the Administrator shall be paid by the Employee. Such expenses shall include any expense incident to the functioning of the Plan, including, but not limited to, attorneys' fees, accounting and clerical charges, actuary fees and other costs of administering the Plan.

11.6. **Liability of Administrator**

Except as prohibited by law, the Administrator shall not be liable personally for any loss or damage or depreciation which may result in connection with the exercise of duties or of discretion hereunder or upon

any other act or omission hereunder except when due to willful misconduct. In the event the Administrator is not covered by fiduciary liability insurance or similar insurance arrangements, the County of San Joaquin shall indemnify and hold harmless the Administrator from any and all claims, losses, damages, expenses (including reasonable counsel fees approved by the Administrator) and liability (including any reasonable amounts paid in settlement with the County of San Joaquin's approval) arising from any act or omission of the Administrator, except when the same is determined to be due to the willful misconduct of the Administrator by a court of competent jurisdiction.

11.7. Delegation of Responsibility

The Administrator shall have the authority to delegate, from time to time, all or any part of its responsibilities under the Plan to such person or persons as it may deem advisable and in the same manner to revoke any such delegation of responsibilities which shall have the same force and effect for all purposes hereunder as if such action had been taken by the Administrator. The Administrator shall not be liable for any acts or omissions of any such delegate. The delegate shall report periodically to the Administrator concerning the discharge of the delegated responsibilities.

11.8. Right to Receive and Release Necessary Information

The Administrator may release or obtain any information necessary for the application, implementation and determination of this Plan or other Plans without consent or notice to any person. This information may be released to or obtained from any insurance company, organization, or person subject to applicable law. Any individual claiming benefits under this Plan shall furnish to the Administrator such information as may be necessary to implement this provision.

11.9. Claim for Benefits

To obtain payment of any benefits under the Plan, an Employee must comply with the rules and procedures of the particular benefit program elected pursuant to this Plan under which the Employee claims a benefit.

11.10. General Claims Review Procedure

This provision shall apply only to the extent that a claim for benefits is not governed by a similar provision of a benefit program available under this Plan or is not governed by Section 11.11.

- A. Initial Claim for Benefits. Each Participant may submit a claim for benefits to the Administrator as provided in Section 11.9. An Employee shall have no right to seek review of a denial of benefits, or to bring any action in any court to enforce a claim for benefits prior to his/her filing a claim for benefits and exhausting his/her rights to review under this section.

When a claim for benefits has been filed properly, such claim for benefits shall be evaluated and the claimant shall be notified of the approval or the denial within (90) days after the receipt of such claim unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial ninety (90) day period which shall specify the special circumstances requiring an extension and the date by which a final decision will be reached (which date shall not be later than one hundred and eighty (180) days after the date on which the claim was filed.) A claimant shall be given a written notice in which the claimant shall be advised as to whether the claim is granted or denied, in whole or in part. If a claim is denied, in whole or in part, the claimant shall be given written notice which shall contain the specific reasons for the denial, (b) references to pertinent plan provisions upon which the denial is based, (c) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary, and (d) the claimant's rights to seek review of the denial.

- B. **Review of Claim Denial.** If a claim is denied, in whole or in part, the claimant shall have the right to request that the Administrator review the denial, provided that the claimant files a written request for review with the Administrator within sixty (60) days after the date on which the claimant received written notification of the denial. A claimant (or his/her duly authorized representative) may review pertinent documents and submit issues and comments in writing to the Administrator. Within sixty (60) days after a request is received, the review shall be made and the claimant shall be advised in writing of the decision on review, unless special circumstances require an extension of time for processing the review, in which case the claimant shall be given a written notification within such initial sixty (60) day period specifying the reasons for the extension and when such review shall be completed (provided that such review shall be completed within one hundred and twenty (120) days after the date on which the request for review was filed.) The decision on review shall be forwarded to the claimant in writing and shall include specific reasons for the decision and references to plan provisions upon which the decision is based. A decision on review shall be final and binding on all persons.
- C. **Exhaustion of Remedies.** If a claimant fails to file a request for review in accordance with the procedures herein outlined, such claimant shall have no rights to review and shall have no right to bring action in any court and the denial of the claim shall become final and binding on all persons for all purposes.

11.11. **Special Claims Review Procedure**

The provisions of this Section 11.11 shall be applicable to claims under the Health Flexible Spending Account and the Group Medical Insurance Plan, effective on the first day of the first Plan Year beginning on or after July 1, 2002, but in no event later than January 1, 2003, but only if such plans are subject to ERISA.

- A. **Benefit Denials:** The Administrator is responsible for evaluating all claims for reimbursement under the Health Flexible Spending Account and the Group Medical Insurance Plan.

The Administrator will decide an Employee's claim within a reasonable time not longer than 30 days after it is received. This time period may be extended for an additional 15 days for matters beyond the control of the Administrator, including in cases where a claim is incomplete. The Employee will receive written notice of any extension, including the reasons for the extension and information on the date by which a decision by the Administrator is expected to be made. The Employee will be given 45 days in which to complete an incomplete claim. The Administrator may secure independent medical or other advice and require such other evidence as it deems necessary to decide the claim.

If the Administrator denies the claim, in whole or in part, the Employee will be furnished with a written notice of adverse benefit determination setting forth:

1. the specific reason or reasons for the denial;
2. reference to the specific Plan provision on which the denial is issued;
3. a description of any additional material or information necessary for the Employee to complete his/her claim and an explanation of why such material or information is necessary, and
4. appropriate information as to the steps to be taken if the Employee wishes to appeal the Administrator's determination, including the Employee's right to submit written comments and have them considered, his/her right to review (on request and at no charge) relevant documents

and other information, and his/her right to file suit under ERISA with respect to any adverse determination after appeal of his/her claim.

- B. Appealing Denied Claims: If the Employee's claim is denied in whole or in part, he may appeal to the Administrator for a review of the denied claim. The appeal must be made in writing within 180 days of the Administrator's initial notice of adverse benefit determination, or else the Employee will lose the right to appeal the denial. If the Employee does not appeal on time, he/she will also lose his/her right to file suit in court, as he/she will have failed to exhaust his/her internal administrative appeal rights, which is generally a prerequisite to bringing suit.

An Employee's written appeal should state the reasons that he/she feels his/her claim should not have been denied. It should include any additional facts and/or documents that the Employee feels support his/her claim. The Employee may also ask additional questions and make written comments, and may review (on request and at no charge) documents and other information relevant to his/her appeal. The Administrator will review all written comment the Employee submits with his/her appeal.

- C. Review of Appeal: The Administrator will review and decide the Employee's appeal within a reasonable time not longer than 60 days after it is submitted and will notify the Employee of its decision in writing. The individual who decides the appeal will not be the same individual who decided the initial claim denial and will not be that individual's subordinate. The Administrator may secure independent medical or other advice and require such other evidence as it deems necessary to decide the appeal, except that any medical expert consulted in connection with the appeal will be different from any expert consulted in connection with the initial claim. (The identity of a medical expert consulted in connection with the Employee's appeal will be provided.) If the decision on appeal affirms the initial denial of the Employee's claim, the Employee will be furnished with a notice of adverse benefit determination on review setting forth:

1. The specific reason(s) for the denial,
2. The specific Plan provision(s) on which the decision is based,
3. A statement of the Employee's right to review (on request and at no charge) relevant documents and other information, and

If the Administrator relied on an "internal rule, guideline, protocol, or other similar criterion" in making the decision, a description of the specific rule, guideline, protocol, or other similar criterion or a statement that such a rule, guideline, protocol, or other similar criterion was relied on and that a copy of such rule, guideline, protocol, or other criterion will be provided free of charge to the Employee upon request."

11.12. **Payment to Representative**

In the event that a guardian, conservator or other legal representative has been duly appointed for an Employee entitled to any payment under the Plan, any such payment due may be made to the legal representative making claim therefor, and such payment so made shall be in complete discharge of the liabilities of the Plan therefor and the obligations of the County of San Joaquin.

11.13. **Protected Health Information**

The provisions of this Section will apply only to those portions of the Plan that are considered a group health plan for purposes of 45 CFR Parts 160 and 164. The Plan may disclose PHI to employees of the County of San Joaquin, or to other persons, only to the extent such disclosure is required or permitted

pursuant to 45 CFR Parts 160 and 164. The Plan has implemented administrative, physical, and technical safeguards to reasonably and appropriately protect, and restrict access to and use of, electronic PHI, in accordance with Subpart C of 45 CFR Part 164. The applicable claims procedures under the Plan shall be used to resolve any issues of non-compliance by such individuals. The County of San Joaquin will:

- A. not use or disclose PHI other than as permitted or required by the plan documents and permitted or required by law;
- B. reasonably and appropriately safeguard electronic PHI created, received, maintained, or transmitted to or by the it on behalf of the Plan, in accordance with Subpart C of 45 CFR Part 164;
- C. implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains, or transmits on behalf of the Plan;
- D. ensure that any agents including a subcontractors—to whom it provides PHI received from the Plan agree to the same restrictions and conditions that apply to the County of San Joaquin with respect to such information;
- E. not use or disclose PHI for employment-related actions and decisions or in connection with any other employee benefit plan of the County of San Joaquin;
- F. report to the Plan any use or disclosure of the information that is inconsistent with the permitted uses or disclosures provided for of which it becomes aware;
- G. make available PHI in accordance with 45 CFR Section 164.524;
- H. make available PHI for amendment and incorporate any amendments to PHI in accordance with 45 CFR Section 164.526;
- I. make available the information required to provide an accounting of disclosures in accordance with 45 CFR Section 164.528;
- J. make its internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of Health and Human Services or his/her designee upon request for purposes of determining compliance with 45 CFR Section 164.504(f);
- K. if feasible, return or destroy all PHI received from the Plan that the County of San Joaquin still maintains in any form and retain no copies of such information when no longer needed for the purposes for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and,
- L. ensure that the adequate separation required in paragraph (f)(2)(iii) of 45 CFR Section 164.504 is established.

For purposes of this Section, “PHI” is “Protected Health Information” as defined in 45 CFR Section 160.103, which means individually identifiable health information, except as provided in paragraph (2) of the definition of “Protected Health Information” in 45 CFR Section 160.103, that is transmitted by electronic media; maintained in electronic media; or transmitted or maintained in any other form or medium by a covered entity, as defined in 45 CFR Section 164.104.

SECTION XII

MISCELLANEOUS PROVISIONS

13.1 **Inability to Locate Payee**

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because it cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts have been made to identify or locate such person, then such payment and all subsequent payments otherwise due to such Participant or other person shall be forfeited following a reasonable time after the date any such payment first became due.

13.2 **Forms and Proofs**

Each Participant or Participant's Beneficiary eligible to receive any benefit hereunder shall complete such forms and furnish such proofs, receipts, and releases as shall be required by the Administrator.

13.3 **No Guarantee of Tax Consequences**

The County of San Joaquin does not make any commitment or guarantee that any amounts paid to or for the benefit of an Employee or a Dependent under the Plan will be excludable from the Employee's or Dependent'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 or Dependent.

13.4 **Plan not a Contract of Employment**

The Plan will not be deemed to constitute a contract of employment between the County of San Joaquin and any Participant nor will the Plan be considered an inducement for the employment of any Participant or employee. Nothing contained in the Plan will be deemed to give any Participant or employee the right to be retained in the service of the County of San Joaquin nor to interfere with the right of the County of San Joaquin to discharge any Participant or employee at any time regardless of the effect such discharge may have upon that individual as an Employee in the Plan.

13.5 **Non-Assignability**

No benefit under the Plan shall be liable for any debt, liability, contract, engagement or tort of any Participant or his/her Beneficiary, nor be subject to charge, anticipation, sale, assignment, transfer, encumbrance, pledge, attachment, garnishment, execution or other voluntary or involuntary alienation or other legal or equitable process, nor transferability by operation of law.

13.6 **Severability**

If any provision of the Plan will be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof will continue to be fully effective.

13.7 **Construction**

Words used herein in the singular or plural shall be construed as the plural or singular, respectively, where appropriate.

13.8 **Non-Discrimination**

In accordance with IRC Section 125(b)(1), (2), and (3), this Plan is intended not to discriminate in favor of Highly Compensated Participants (as defined in IRC Section 125(e)(1)) as to contributions and benefits. If, in the judgment of the Administrator, the Plan discriminates in any other manner (or is at risk of possible discrimination), then, notwithstanding any other provision contained herein to the contrary, and, in accordance with the applicable provisions of the IRC, the County of San Joaquin shall, after written notification to affected Participants, reduce or adjust such contributions and benefits under the Plan as shall be necessary to insure that, in the judgment of the County of San Joaquin, the Plan shall not be discriminatory.

13.9 **Applicable Law**

The Plan shall be construed, enforced, and administered and the validity determined in accordance with the applicable provisions of the Internal Revenue Code of 1986 (as amended), and the laws of the State of California. Notwithstanding anything to the contrary herein, the provisions of ERISA will not apply to this Plan as the Plan is exempt from coverage under ERISA. Should any provisions be determined to be void, invalid, or unenforceable by any court of competent jurisdiction, the Plan will continue to operate, and for purposes of the jurisdiction of the court only will be deemed not to include the provision determined to be void.

13.10 **Mistake of Fact**

Any mistake of fact or misstatement of fact shall be corrected when it becomes known and proper adjustment made by reason thereof. The County of San Joaquin shall not be liable in any manner for any determination of fact made in good faith.

13.11 **Withholding for Taxes**

Notwithstanding any other provision of the Plan, the County of San Joaquin may withhold from any payment to be made under the Plan such amount or amounts as may be required for purposes of complying with the tax withholding provisions of the IRC, any state's income tax act, or any other applicable laws.

APPENDIX A

GROUP MEDICAL BENEFITS

I. Each of the following components should be considered a Group Medical Benefit that comprises this Plan:

A. Group Medical Insurance: The terms, conditions, and limitations for the Group Medical Insurance will be as set forth in the insurance policy or policies described below: (See Section V of the Plan Document)

1. Fully Insured Kaiser High Deductible Health Plan (HDHP)
2. Fully Insured Kaiser HMO
3. Fully Insured Sutter Health Plus High Deductible Health Plan (HDHP)
4. Fully Insured Sutter Health Plus HMO
5. Self-Insured Premier
6. Self-Insured Select
7. Self-Insured Select-Exclusive
8. Self-Insured Plan C

B. Dental/Vision Insurance: The terms, conditions, and limitations for the Dental/Vision Insurance will be as set forth in the insurance policy or policies described below: (See Section V of the Plan Document)

1. Delta Dental Standard Plan
2. Delta Dental Core Plan
3. Delta Dental Buy-up Plan
4. United Healthcare Dental
5. Vision Service Plan Standard Plan
6. Vision Service Plan Buy-up Plan

APPENDIX B

LIFE INSURANCE BENEFITS

Group life and accidental death and dismemberment insurance will be comprised of group term life insurance under Section 79 of the IRC. The County contracts for multiple life insurance options. Access to the different life insurance options are based on the Employees' bargaining unit/resolution.

The terms, conditions, and limitations for the group life insurance will be as set forth in the insurance policy or policies issued by:

Relia Star Life Insurance Company (AKA: Voya)

APPENDIX C

ACCOUNT BASED PLAN INFORMATION

I. **Health Flexible Spending Account and Dependent Care Plans' Information:**

Record Keeper:

American Fidelity Assurance Company
Attn: Flex Account Administration
P.O. Box 161968
Alamonte Springs, FL 32716

Customer Support: 800-662-1113
Fax: 844-319-3668

II. **Health Savings Account (HSA) Plan Information:**

Trustee:

Voya
Login to your account at voya.com/myhealthaccounts

Account Services: 833-232-4673
E-mail: VoyaSupport@healthaccountsservices.com

The Employer contribution to the HSA: The HSA benefit was introduced to County employees for the first time in July 2020. The amount of contribution is \$700 per year for individual coverage and \$1,400 per year for family coverage. These amounts are prorated throughout the year. Contributions are sent to the Trustee once a month.