



The  
EBC HRA<sup>SM</sup>

## Summary Plan Description

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## YOUR EBC HRA

The EBC HRA (also called the “plan” in this document) is a health reimbursement arrangement that is governed by the Internal Revenue Code Sections 105 and 106) and provides you with an opportunity to receive certain health benefits from your employer free of income and payroll taxes. The regulations require that an HRA is paid for entirely by an employer for the benefit of its employees.

### About Employee Benefits Corporation

We work with your employer to offer you the EBC HRA. **We are not your insurance carrier.** We manage your employer’s EBC HRA and process your claims associated with the eligible expenses you incur. Our website offers secure access to your account information at [www.ebcflex.com](http://www.ebcflex.com).

If you have any questions about your plan, visit us on our website, or contact us via email at [participantservices@ebcflex.com](mailto:participantservices@ebcflex.com) or phone at (800) 346-2126.

## ABOUT THIS DOCUMENT

This document covers the basic aspects of your EBC HRA and the associated administration. The *My Company Plan* accompanies this document, and together they provide a Summary Plan Description for your EBC HRA, to help you understand the specific benefits offered as part of your employer’s plan. You will receive a copy of *My Company Plan* from your employer, or you can access it by logging in to your account at [www.ebcflex.com](http://www.ebcflex.com).

A complete *Plan Document* is available from your employer upon request.

*My Company Plan* contains:

- The plan’s effective date
- Your plan year
- Eligibility definitions
- Eligible expenses covered by your plan
- Benefit availability
- How much and when your plan pays for each eligible expense type, by coverage level
- How you can accumulate funds, and, if applicable, when you can use those funds to reduce the amount you must pay
- How you can use additional HRA dollars deposited by your employer to reduce the amount you must pay
- How to access your HRA dollars
- Claim submission deadlines
- Contact information for the plan
- Legal information about the plan

## HOW THE EBC HRA AFFECTS OTHER BENEFITS, TAXES AND INSURANCE

### Insurance Payments or Benefits

Your employer offers this plan alongside a major medical group health plan (referred to in this document as the medical plan), and you are required to participate in the the medical plan (or in some cases, a similar group health plan offered by another employer) in order to participate in the EBC HRA. This means that your plan is an *integrated HRA*, because it is integrated with the medical plan. Any changes you make to your coverage under the medical plan may require similar changes to your integrated HRA. Any payments or benefits that you are entitled to receive from an insurance company, HMO, or other provider of benefits are governed by the provider of those benefits and not by this plan.

### Coordination with Public Benefits

At the beginning of each plan year, your employer may ask you for additional information or to complete an *Enrollment Form*. This additional data is necessary to comply with a reporting requirement with the Centers for Medicare and Medicaid Services (CMS), because your plan may be required to coordinate benefits with Medicare and Medicaid.

If you have any changes that affect you, your spouse or dependent's eligibility for Medicare or Medicaid entitlement, please report those changes to your employer as soon as possible. This could include you, your spouse or your dependent's entitlement to Medicare or Medicaid, loss of Medicare or Medicaid or if anyone received a kidney transplant or receives kidney dialysis.

## ABOUT YOUR EBC HRA

Your employer offers the EBC HRA to help you reduce your out-of-pocket health care expenses. When you participate in the EBC HRA, your employer sets up an HRA account for you to use for your eligible health care expenses. Because all of the money in the EBC HRA is your employer's money, your employer determines:

- How much money they contribute
- Which types of expenses are reimbursed
- When and how much of your HRA benefit can carry over to a future year
- If and when any additional deposits can be made during the year

Refer to *My Company Plan* at [www.ebcflex.com](http://www.ebcflex.com) for specific details about the EBC HRA.

### Making Changes to Your EBC HRA Coverage

Once you are enrolled in the EBC HRA plan, you cannot cancel participation in the plan or change the level of coverage you are enrolled in during the plan year unless you cancel your participation or experience a change to your medical plan coverage.

Contact your employer with any questions about when you may make changes to your coverage.

## You May Decline EBC HRA Coverage

You are able to waive participation in the EBC HRA if you give written notice to your employer that you do not want to participate. If you waive participation, your waiver becomes effective as of the next calendar month, and you are not able to receive reimbursements or re-enter the plan for the rest of the plan year. You will also lose any balance you may have accumulated from a prior year.

## WHO CAN BE COVERED

Federal law determines who can be provided tax-favored coverage through the EBC HRA. Usually, coverage includes any person, including a spouse, child, or other dependent, for whom you can claim a deduction on your personal tax return. The definition of “dependent” is explained below. Because your plan is an integrated HRA, the individual must also be covered under the medical plan to be covered under the EBC HRA.

### General Dependent Definitions

An individual is eligible for nontaxable HRA coverage if they are both covered under the medical plan and meet one of the following dependent definitions:

- A legally married **spouse**
- A **child**, meaning someone who, for any taxable year:
  - Is a child (including an eligible foster child or legally adopted child) – that is, your son, daughter, stepson or stepdaughter
  - Is not yet 27 by the end of that calendar year
- A **qualifying child**, meaning someone who, for any taxable year:
  - Is a child, brother, sister, stepbrother or stepsister of the taxpayer, or a descendent of any such child or relative
  - Is not yet 19 (or is a student\* who is not yet 24) by the end of that calendar year, or is any age but permanently and totally disabled at any time during the year;  
\* A “student” for this purpose is defined as a full-time student for at least five calendar months during the year
  - Has not provided more than half of their own support in that year; and
  - Has the same principal place of residence as the taxpayer for more than half of that year
  - For the purposes of this definition:
    - A child supported by a parent who lives with another relative (such as an aunt), is no longer a dependent of the taxpayer but could be a dependent of the relative
    - Temporary absences due to illness, education, military service, and similar factors do not result in loss of residency with the taxpayer
    - A child attending college away from home could have the same principal residence as the taxpayer in certain instances



- A **qualifying relative**, meaning someone who, for any taxable year:
  - Has a relationship to the taxpayer, either as:
    - A child (or a descendent of a child), brother, sister, stepbrother, stepsister, father, mother (or other ancestor), stepmother, stepfather, niece, nephew, aunt, uncle, or in-law (father-in-law, mother-in-law, sister-in-law, brother-in-law, son-in-law, or daughter-in-law), or
    - Another individual who has the same principal place of residence as the taxpayer and is a member of the taxpayer's household (unless the relationship violates local law);
  - Receives over half of their support in the year from the taxpayer; and
  - Is not a **qualifying child** of any taxpayer in the year

### Citizens or Nationals of Other Countries

An individual can be a dependent only if the individual is a U.S. citizen, a U.S. national, a U.S. resident or a resident of a country contiguous with the U.S. This rule does not apply to an adopted child of a U.S. citizen or U.S. national, if the child has the same principal place of residence as the taxpayer and is a member of the taxpayer's household.

### Dependents in Cases of Divorce or Unmarried Parents

Special rules apply to determine if a parent has a dependent child in the case of divorce, legal separation, or the parents living apart. Either the custodial parent (defined as the parent with whom the child resides for the longest period of time or the greatest number of nights during the year) or non-custodial parent may claim reimbursement for the expenses of a child if the four requirements below are met:

- The parents are divorced, legally separated under a decree of divorce or separate maintenance, legally separated under a written agreement or have lived apart at all times during the last six months of the calendar year
- Over half the child's support during the calendar year comes from one or both parents
- The child is in the custody of one or both parents for over half of the calendar year
- The child is a **qualifying child** or **qualifying relative** of one of the parents

## EBC HRA DETAILS

Your employer offers the EBC HRA to help you reduce your out-of-pocket health care expenses. Because all of the money in the HRA is your employer's money, your employer has flexibility to determine when and how funds are available for reimbursement from the plan. Information about the amounts contributed and eligible expenses covered can be found by referring to the *My Company Plan*. This document is available to you at anytime at [www.ebcflex.com](http://www.ebcflex.com), and it provides detailed information you need to understand your plan.

### Expenses Eligible for Reimbursement or Payment

Your employer has determined which medical expenses are eligible for payment or reimbursement from your HRA. Different eligible expense types may be reimbursed or paid for in different amounts. Refer to *My Company Plan* for information about the eligible expense types covered under your plan.

Your HRA can only reimburse expenses that the Internal Revenue Service classifies as eligible medical expenses, including menstrual care products purchased on or after January 1, 2020, as well as expenses considered “medical care” under Internal Revenue Code section 213(d). Section 213(d) defines expenses for “medical care” as amounts paid for “the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.”

As long as the expense is for medical care, was legally obtained, and is eligible to be covered by your plan, the EBC HRA reimburses you in accordance with IRS regulations, which sometimes specify that additional information is needed to verify an expense is eligible.

Your plan reimburses certain premiums that you've paid on an after-tax basis for individual insurance coverage under a dental, vision, cancer or critical illness (other than an indemnity policy) or long-term care insurance policy (up to applicable annual limits). However, unless the EBC HRA is offered only to former employees, you can not be reimbursed by the plan for an individual medical insurance policy, including prescription drug, Medicare, or Medicare supplemental policies.

You can be reimbursed by the plan for group insurance premiums you've paid for on an after-tax basis, such as COBRA coverage or coverage offered by your spouse's employer. In order to be reimbursed for group coverage, you must provide proof that you paid the premiums after tax. If your spouse's employer deducts premiums from your spouse's paycheck on a pre-tax basis, you cannot seek reimbursement of those expenses from the EBC HRA.

### Incurring Eligible Expenses

In general, an expense is incurred when the service takes place, not when the expense is billed or paid. Expenses incurred before your plan's effective date are not eligible for reimbursement or payment. Similarly, you can only request reimbursement for expenses incurred within the same plan year and must make your request before the end of the runout period for that plan year.

If orthodontia expenses are eligible under your plan, special rules are in place. If you have entered into a payment plan arrangement with your provider, submit your payment plan to Employee Benefits Corporation and you will be reimbursed based on the schedule of the payment plan. Payments made before starting orthodontic treatment (down payments) can be reimbursed up to your available election limit as of the payment date, as long as you include proof of payment along with your claim.

Other than for orthodontia treatment as explained above, if you pay for eligible expenses in advance and submit a claim for reimbursement, you will not be reimbursed until after the service has been provided.

### Accumulating Unused Funds

Your employer allows you to accumulate unused HRA dollars at the end of your plan year for future use. Refer to *My Company Plan* for details about how your HRA accumulates funds and limits that may apply.

You may be able to use accumulated HRA funds to pay for eligible expenses. *My Company Plan* details payment tiers, if any, for which you may use accumulated funds. If accumulated funds are not able to be used for eligible expenses in any payment tier, your employer may be accumulating HRA dollars for your use in retirement; see your employer for more information. Even though you may accumulate funds for



future use, your runout period is still in effect. You must submit claims to be reimbursed for expenses incurred during the plan year by the end of the plan year's runout period.

Any unused amounts not eligible to be accumulated for future use remain with your employer.

## ACCESSING YOUR FUNDS

### Paying with the Benefits Card

Your plan includes a Benefits Card. The Benefits Card is a prepaid debit card you can use to pay for eligible expenses with funds directly from your HRA, instead of tying up your cash and waiting for reimbursement.

The Benefits Card debits your HRA when you use the card at approved service providers and retailers to pay for eligible expenses. The Benefits Card is the most convenient way for you to access your HRA funds.

You elect the card by enrolling in the plan or, in some cases, by completing a special form.

### Receiving Your Card

When you first enroll in the plan, the Benefits Card is mailed directly to your home. The envelope includes your Benefits Card, information about using your card, and a cardholder agreement.

Your HRA funds are automatically available on your card at the beginning of each new plan year; you will not receive a new card each year. A new Benefits Card will be mailed to you 30 days prior to your card expiration date.

### Using Your Card

The amount you have available in your HRA is loaded onto your card and may be used for any expense eligible for reimbursement from the plan. The Benefits Card can be used to pay for an expense if:

- The expense has not been and is not going to be paid by other coverage
- The expense does not exceed your available balance
- You use your Benefits Card at approved service providers and retailers
- You do not use your Benefits Card for ineligible expenses

### Using the Benefits Card with Other Insurance Coverage

Before you pay a bill or other expense with your Benefits Card, make sure no other plan covers that expense. You cannot use your Benefits Card to pay for an expense that is going to be paid by other coverage such as health insurance, dental insurance, or vision insurance. You can use your Benefits Card to pay for the portion of an eligible expense that isn't covered by other coverage.

### When Your Expense Exceeds Your Available Balance

If your total eligible expense exceeds your available balance, you can use your Benefits Card to pay for the amount remaining in your account, and pay for the rest of the expense with some other payment method.

To check your available balance, access your account at [www.ebcflex.com](http://www.ebcflex.com) or contact us.

**When You Can Use Your Benefits Card**

You can only use your Benefits Card in the same plan year the expense is incurred, not for prior plan year expenses. To be reimbursed during your runout period for prior plan year expenses, submit those expenses online, through the mobile app, or as paper claims for reimbursement. Refer to the section on Submitting Claims for Reimbursement for details.

**Where You Can Use Your Benefits Card**

Your Benefits Card will only be accepted at providers who have a Merchant Category Code (MCC) or Service Category Code (SCC) that aligns with the eligible expense types covered by your plan, or at retailers that automatically substantiate the transaction (verify your expense is eligible) at the point of sale using an inventory information approval system (IIAS). The IIAS uses bar coding to match a transaction against an approved database of HRA eligible expenses. If the expense matches the approved list, the system will allow the item to be paid for with the Benefits Card. Your receipt from these retailers and pharmacies often indicate if an expense is eligible.

You may use your Benefits Card to pay for eligible OTC items, such as medications, bandages, contact lens solution, heating pads, ice packs, etc.

If your card transaction is declined but you know your expense is eligible for reimbursement under the plan, you may submit the expense as a claim for reimbursement. Refer to the section on Submitting Claims for Reimbursement for details.

Benefits Card transactions may require that you submit expense documentation to verify your expenses are eligible for payment from your HRA. Refer to the Benefits Card Documentation Requests section for details.

**Benefits Card Documentation Requests**

Even though your Benefits Card is accepted, the information transmitted electronically may not be able to automatically substantiate, or prove, that the transaction was made for an eligible expense. If the expense cannot be automatically substantiated, you will be sent a Documentation Request that requires you to provide documentation to verify that the expense is eligible for reimbursement from your HRA. The plan is required to verify the entire expense is eligible each and every time the card is used. This is a requirement under federal law, and the IRS provides no exceptions to this rule. For this reason, you should save your expense documentation whenever you use your Benefits Card to pay for eligible expenses.

Documentation Requests are sent via email whenever possible to ensure you are notified quickly about the need for additional information. If we are not able to send a Documentation Request via email, we send it to you via US Mail, which may cause a delay in communicating about and processing your expense documentation. You may review any outstanding Documentation Requests and update your notification preferences by logging into your account at [www.ebcflex.com](http://www.ebcflex.com). You may also contact us at any time to help you identify outstanding Documentation Requests for your Benefits Card transactions.

When you receive a Documentation Request, upload your documentation from your online account at [www.ebcflex.com](http://www.ebcflex.com) or via our mobile app. Or, you may print the tear-off portion of the Documentation Request, include the required expense documentation, and send it to us via email, fax, or US Mail. Your Benefits Card transaction documentation must include all of the following:

- Date(s) of Service
- Description of expense (services received or items purchased)

- Amount of the expense incurred
- Name of Service Provider

**Note:** Cancelled checks, credit card statements or previous balance statements cannot be used as expense documentation.

Please, do not:

- Submit Benefits Card expense documentation attached to a Claim Form
- Send expense documentation to us when you have not received a Documentation Request

If you do not have the proper documentation to satisfy the Documentation Request, you must either:

- Repay the plan the amount of the card transaction, or
- Contact us to submit documentation of a different eligible expense that can offset the card transaction.

Contact Employee Benefits Corporation for more information about how to repay the plan or submit a claim offset.

### **Declined Benefits Card Transactions**

In some cases, a Benefits Card transaction may be declined even though it is used for an eligible expense. This may be because the provider or retailer does not have an MCC or SCC that is aligned with the Eligible Expense types covered by your plan. If you believe the purchase is eligible for reimbursement from your HRA, you can pay for the expense with another payment method and submit a claim for reimbursement. Refer to the Submitting Claims for Reimbursement section for details.

### **Benefits Card Suspensions**

Your Benefits Card may be deactivated according to the terms of your cardholder agreement. Typically, deactivation occurs because a card transaction has not been appropriately verified as an expense eligible for reimbursement from your HRA, or the plan has not been repaid, after multiple Documentation Requests have been sent. You will be notified of the deactivation via US Mail, even if you have chosen email communications for most notifications.

Your Benefits Card will only be reactivated when valid documentation or repayment, or a valid claim offset, is submitted to the plan, or your employer otherwise recoups the ineligible amount in accordance with federal regulations.

### **Keeping Your Card Active When Your Address or Name Changes**

It is important that our records include your valid email address, mailing address, phone number, and name. If any of these change mid-year, please update your information in your online account at [www.ebcflex.com](http://www.ebcflex.com) or contact us.

### **Losing Eligibility and the Benefits Card**

If you become ineligible to participate in the plan for any reason, such as a termination of employment or a reduction in hours, your Benefits Card is closed and you can no longer incur expenses for reimbursement from your HRA. During your runout period, you must submit a claim for reimbursement if you want to use your account to pay for expenses you incurred while you were eligible. Refer to the section on Losing Eligibility Mid-Year for more information.

## Submitting Claims for Reimbursement

You can submit claims for reimbursement online ([www.ebcflex.com](http://www.ebcflex.com) or mobile app) or by completing a claim form and sending it by email, fax, or mail. You can access the Claim Form at [www.ebcflex.com](http://www.ebcflex.com) → Quick Forms. Include purchase documentation to prove the expense is eligible for reimbursement from your plan.

Your documentation must include all of the following:

- Provider or point-of-sale merchant name
- Description of expense (services received or items purchased)
- Date service was received or purchase was made
- Amount of the expense

**Note:** The IRS does not recognize previous balance statements, personal checks, or credit card statements as valid proof of an expense.

## Direct Deposit

When you use Direct Deposit we deposit your reimbursements directly into your financial institution checking or savings account. Set up Direct Deposit during your enrollment process or fill out the Direct Deposit Authorization form at [www.ebcflex.com](http://www.ebcflex.com) → Quick Forms.

If you are signed up for Direct Deposit and submit an eligible claim, we'll send you an email notification when funds are deposited in your account.

## Plan Year Runout Period

Your plan provides you with a specific number of days after your plan year ends to request reimbursement for eligible expenses you incurred prior to the end of the plan year. This period of time is called the runout period.

Refer to *My Company Plan* for details regarding the length of the runout period for your plan.

## Losing Eligibility Mid-Year

If you become ineligible to participate in the plan for any reason, such as a loss of medical plan coverage, termination of employment or a reduction in hours, you can no longer incur expenses for reimbursement from the plan, unless you are eligible for and elect continuation coverage under COBRA, as explained in the Article titled Your Rights Under the EBC HRA.

You may have additional time after your loss of eligibility date during which you may submit previously incurred claims. Refer to *My Company Plan* for more information about your runout period if you lose eligibility mid-plan year.

If you are rehired within the same plan year, you will be eligible to re-enroll in the EBC HRA immediately upon rehire. Your enrollment in the EBC HRA will be effective on the same date as your medical plan effective date.

## All Funds are Employer Funds

Distinct from other health plans that may be paid for by an insurance company or through payroll deductions, HRA benefits are 100% paid for by your employer. Your employer does not set aside funds in an account for you; all benefits are paid out of the employer's general assets and remain with the employer unless and until they are used to reimburse an eligible expense.

## YOUR RIGHTS UNDER THE PLAN

### Your ERISA Rights

If your employer is covered by the Employee Retirement Income Security Act of 1974 (ERISA), then as a participant in the EBC HRA, you have certain rights and protections under ERISA. See *My Company Plan* to determine your employer's ERISA status.

#### Statement of ERISA Rights

Under ERISA, all participants are entitled to:

- Examine, without charge, all documents governing the EBC HRA, and a copy of the latest annual report (Form 5500), if any, filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain copies of all documents governing the operations of the EBC HRA, including the latest annual report (Form 5500) and an updated summary plan description, upon written request; there may be a reasonable charge for copies.
- Receive a summary of the EBC HRA's annual Form 5500 report, if one is required to be filed, in which case the summary will be provided to each participant as required by law.

In addition to creating certain rights for participants, ERISA imposes duties upon those responsible for the operation of the EBC HRA. The people who operate your plan, called "plan fiduciaries", have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit under the EBC HRA is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have your employer review and reconsider your claim.

#### Enforcing Your ERISA Rights

If your claim for a EBC HRA benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps that you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report (Form 5500), if any, and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$152 per day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored in whole or in part, and if you have exhausted the claims procedures available to you under the plan, you may file suit in a state or federal court.

If a plan fiduciary misuses the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about the EBC HRA, contact your plan administrator (in most cases, your employer; see *My Company Plan* to confirm this) or Employee Benefits Corporation. If you have any questions about this *Summary Plan Description* or about your rights under ERISA, you should contact the

nearest office of the Employee Benefits Security Administration, U.S. Department of Labor (listed in your telephone directory) or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

If your plan is not subject to ERISA, this statement of ERISA Rights is not applicable.

### Leaves of Absence

Your employer may offer paid or unpaid leave programs, including leaves of absence governed by state or federal law. If you take a paid leave and do not lose eligibility for your plan benefits, your HRA coverage will continue throughout the paid leave. For any unpaid personal leave (that is, a leave of absence not mandated by state or federal law), your employer's policies will apply with respect to the affect taking leave will have on your HRA benefits. Often, such a leave constitutes a change in employment status which, if it affects benefit eligibility, may cause you to lose your coverage.

### Family and Medical Leave Act (FMLA) Leave

If your employer is covered by the Family and Medical Leave Act, your coverage under any group health plan must be maintained by your employer while you are on leave in the same manner coverage is maintained for an active employee. This includes your HRA. However, if you voluntarily discontinue your medical plan coverage while on an FMLA leave, you will also lose your HRA coverage because you have an integrated HRA. If your HRA coverage ends for any reason while on FMLA leave, your employer must allow you to resume coverage when you return from leave.

### Uniformed Services Employment and Reemployment Rights Act (USERRA) Leave

If you leave work for military duty in the Uniformed Services, you have certain rights under this plan. Generally, you are allowed to revoke or continue participation in the plan. Also, you have the right to be reinstated in the plan when you return from your service. If you go on military duty, please contact your Employer for more information regarding your rights under USERRA.

Please contact your employer if you have other questions about leaves of absence and your benefits.

### COBRA Continuation Coverage

If your employer normally has at least 20 employees and is not a church-controlled entity, COBRA may apply to your HRA. If COBRA applies and you, your spouse, or your dependent lose coverage due to a qualifying event, then you, your spouse, or your dependent may elect to continue coverage, subject to the limitations described in the COBRA Continuation Coverage is Temporary section.

### COBRA Qualifying Events

COBRA continuation coverage is a continuation of your HRA when you would otherwise lose coverage because of a life event known as a COBRA qualifying event. Specific COBRA qualifying events are listed later in this document. COBRA continuation coverage must be offered to each person who is a Qualified Beneficiary (QB). QBs are individuals who have the same rights as active employees on the group health plan. QBs are generally employees, employees' spouses and employees' dependents, who were covered by the group health plan on the day prior to a COBRA qualifying event. QBs are also children who are born to or adopted by the covered employee during the COBRA continuation period. These children must be added to the plan within 30 days of their birth or adoption. The newborn or adopted child may



remain on the continuation coverage only for the maximum coverage period associated with the original qualifying event.

If you are an employee who is covered by the EBC HRA on the day prior to the event, you will become a qualified beneficiary if you lose your coverage under the medical plan and the EBC HRA due to one of the following qualifying events:

- Your hours of employment are reduced, causing you to no longer be eligible for the EBC HRA or causing your premium to increase for the same plan; or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee who is covered by the medical plan and the EBC HRA on the day prior to the event, you will become a qualified beneficiary if you lose your coverage under the plan because of any of the following qualifying events:

- Your spouse dies;
- Your spouse's hours of employment are reduced, causing you to no longer be eligible for the same group health plan(s) or your premium to increase for the same group health plan(s);
- Your spouse's employment ends for any reason other than their gross misconduct;
- Your spouse becomes enrolled on Medicare Part A, Part B or both; or
- You become divorced or legally separated from your spouse.

If you are a covered employee and you drop your spouse from coverage in anticipation of divorce or other qualifying event before it actually happens, your ex-spouse must still be provided with COBRA notification. When the divorce or other qualifying event becomes final, the employer must be notified so the notification can be sent.

Your dependent children will become qualified beneficiaries if they were covered under the plan on the day prior to the event, and if they lose coverage under the plan as a result of any of the following qualifying events:

- The parent-employee dies;
- The parent-employee's hours are reduced, causing the child to no longer be eligible for the same group health plan(s) or the child's premium to increase for the same group health plan(s);
- The parent-employee's employment ends for any reason other than their gross misconduct;
- The parent-employee becomes enrolled in Medicare Part A, Part B or both;
- The parents become divorced or legally separated; or
- The child stops being eligible for the coverage under the plan as a "dependent child."

### **Duration of COBRA Continuation Coverage**

Generally, COBRA continuation rules allow you to continue your coverage for 18 or 36 months (depending on the qualifying event). You may be eligible for an extension of your coverage period if you experience a second qualifying event, or if you become disabled prior to the end of your initial coverage period. In no cases will COBRA Continuation coverage extend beyond 36 months.

**Notification of Qualifying Events and Paying for COBRA**

COBRA continuation coverage will be offered to QBs only after the plan administrator (often your employer) has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or a reduction in hours of employment, the death of the employee, or enrollment of Medicare (Part A, Part B or both), your employer must notify the plan administrator of the qualifying event within 30 days of any of these events or within 30 days following the date on which coverage ends, if later.

For all other qualifying events, **you** must notify your employer within 60 days after the qualifying event occurs. Failure to notify your employer may result in COBRA continuation coverage being unavailable.

Once the plan administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to the QBs within 14 days. For each QB who elects COBRA continuation coverage, COBRA continuation coverage will begin:

- On the date of the qualifying event; or
- On the date the group health plan coverage would otherwise have been lost.

COBRA notices will be sent to the employee's last known address. Under the regulations, you have 60 days to elect coverage from the later of:

- The date you would lose coverage due to one of the above listed qualifying events; or
- The date the COBRA election notice is provided to you by the plan administrator/employer.

QBs who are incapacitated or die may have a legal representative, estate or spouse make the election. Elections are considered received on the date that they are mailed. The postmark on the envelope will be used as verification. If you do not choose continuation coverage on a timely basis (within 60 days), you will not be able to enroll in COBRA continuation coverage.

If you choose continuation coverage, your employer is required to give you coverage that, at the time it is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. If your employer were to change the medical plan and the EBC HRA in any way, your continuation coverage would also reflect the new changes.

Each QB in a family may make a separate, independent election. A separate election simply means that each QB can decide whether to elect or not elect coverage for themselves. If only one individual elects COBRA, the EBC HRA will be single coverage. If more than one person elects COBRA, the individuals in the family unit reflected in that coverage level will receive EBC HRA continuation coverage.

Because you have an integrated HRA, your options for COBRA continuation coverage for the EBC HRA must be consistent with your medical plan election. This means, for example, that if you and your spouse are covered on the medical plan before your qualifying event, but only your spouse wishes to elect COBRA for the medical plan, your spouse's HRA coverage level will move to single coverage under COBRA, and none of your expenses will be eligible for reimbursement under the plan. You may not elect COBRA coverage for the EBC HRA only. You may, however, have the option to elect COBRA for the medical plan only and waive coverage under the EBC HRA entirely. Please contact your employer to determine if this option is available for your plan.

Under the regulations, your employer is allowed to charge you up to 102% of the monthly premium amount for your continuation coverage. The initial premium payment is due 45 days from the date of the COBRA continuation coverage election. Coverage will not be reinstated until payment has been made. Premiums are normally due on the first of the month and will be stated in your COBRA

notification. There is a grace period of at least 30 days for payment of the regularly scheduled premium. Payment is considered made on the day it was mailed. Verification will be the postmark date on the envelope.

## HIPAA and Privacy

Protecting your personal information is very important to us. As a participant in the EBC HRA, you are trusting us with your private information. Be assured that this information will be kept confidential.

### Summary of Privacy Practices

Please refer to the Notice of Privacy Practices provided by your employer for a complete description of privacy practices.

### Protected Health Information (PHI) and How We Use It

Whenever a health provider treats you, protected health information (PHI) is created. Health information may be written (medical bills), spoken (physicians discussing x-rays), or electronic (health records stored on a computer).

Our most common use of PHI is for payment of claims. Information received with your reimbursement request includes a receipt or third-party provider statement. The information on the statement is used to verify the date the service was provided, the type of service provided, the name of the provider, and the charges for the service. This information is used only for claims payment purposes.

### Questions or Concerns

Please contact your employer's privacy officer for more information about HIPAA privacy.

## Women's Health and Cancer Rights Act

Depending on the type of medical care expenses reimbursed by the EBC HRA, the plan may be required by the Women's Health and Cancer Rights Act (WHCRA) of 1998, to provide benefits for mastectomy-related services, including all stages of reconstruction and surgery to achieve symmetry between the breasts, prostheses and complications arising from a mastectomy. This may also include lymphedema. If the plan reimburses only specific expenses (including dental, vision, insurance premium, or specialized expenses), this section may not apply.

## Mental Health Parity Act

Depending on the type of medical care expenses reimbursed by the EBC HRA, the plan may be required to comply with all requirements under the Mental Health Parity Act of 1996 and the Mental Health Parity and Addiction Equity Act of 2008, to provide coverage for mental health services on the same basis that it provides coverage for other medical services. If the plan reimburses only specific expenses (including dental, vision, insurance premium, or specialized expenses), this section may not apply.

# OPERATION OF THE EBC HRA

The EBC HRA Administrator is your employer or another entity designated by your employer. The Plan Administrator has full and complete authority, responsibility, discretion, and control over the management, administration, and operation of the EBC HRA. This includes, but is not limited to:

- Formulating, adopting, issuing, and applying procedures, rules and changes
- Altering or amending such procedures and rules in accordance with the law

- Construing and applying the provisions of the plan
- Making appropriate determinations concerning eligibility for benefits

The Plan Administrator's determinations shall be final, conclusive and binding on all parties, unless otherwise determined by legal process.

### Funding

The plan is unfunded. Reimbursement and payments are made out of the general assets of the employer.

### Claims and Appeals

Please review *My Company Plan* to verify the number of days available for you to submit claims under your company's HRA. All claims and required documentation must be submitted within this period. Initial claims will be decided no later than 30 days from receipt of the claim after the end of the plan year or your termination from employment.

If, for reasons beyond the control of Employee Benefits Corporation, the claim cannot be decided within this 30-day period, Employee Benefits Corporation has an additional 15 days to review the claim, as long as you are notified of the delay within the original 30-day window.

If your claim is denied, you will receive a written notice citing the specific reasons for the denial and the plan provisions on which it is based. You will also be provided with a description of any additional documents or material you might need to complete an incomplete claim and an explanation of why it is necessary. The notice of claim denial will also provide you with an opportunity to receive information about the specific rule, guideline, or other similar criteria that was relied upon in the denial.

Failure to properly substantiate a claim or follow reimbursement procedures for the plan, or requesting reimbursement for an ineligible expense may result in claim denial or offset against future reimbursements.

If your claim has been denied for any reason, you have 180 days to submit a written appeal to Employee Benefits Corporation, detailing why you feel your claim should have been paid. You may also provide any additional documentation you feel is relevant. Your appeal will be decided by someone other than the individual or any subordinate of the individual who made the initial determination of your claim. Employee Benefits Corporation may consult with your employer or another named plan fiduciary in making a determination on appeal.

Employee Benefits Corporation provides you with notice of any information and documents that may be relevant to the appeal of your claim. Your appeal is decided no later than 60 days from the receipt of the appeal.

If your appeal is denied, you will receive a written notification of the *adverse benefit determination on review* with the reason(s) for the denial and the plan provisions on which it is based.

If the appeal denial is based on any internal rule, guideline, protocol or other criterion, it will be provided to you, free of charge, upon your request. You may obtain from Employee Benefits Corporation any relevant information regarding your claim. You will also be informed that you and your Plan may have other voluntary alternative dispute resolution options, such as mediation, and information about contacting your local U.S. Department of Labor Office and your State insurance regulatory agency, and that you may have the right to sue in federal court under ERISA (Employee Retirement Income Security Act of 1974) if your employer is subject to ERISA.

If you would like to submit a second level appeal following the appeal denial, you must submit a written appeal to Employee Benefits Corporation within 60 days of the date of the appeal denial. Your Employer will determine the outcome of a second level appeal without deference to Employee Benefits Corporation's prior decisions.

Any determination on final appeal is binding on all parties. You must exhaust all administrative remedies before you may file a claim or lawsuit in court. The claims and appeals process will be applied in a manner that complies with all applicable laws and regulations.

### **Subrogation and Repayment**

If you are reimbursed under the EBC HRA for medical expenses incurred due to illness or injuries caused by the act or omission of a third party, you automatically assign to the EBC HRA any rights you have to recovery from the third party up to the full amount of the reimbursements. The EBC HRA may recover overpaid benefits and erroneously paid benefits as well as reimbursements or payments to you that are later paid for or reimbursed by another plan or a third party, including amounts you may recover from a court award or legal settlement.

The EBC HRA may also recover reimbursements or payments to you that have been or are later paid for or reimbursed by another plan or other third party which should have paid primary to this plan under legal or plan-based benefit coordination rules. The details regarding the plan's subrogation rights and your obligation to repay the reimbursements paid on your behalf are set forth in the EBC HRA *Plan Document*.

### **Assignment of Benefits**

You cannot assign your plan benefits to anyone else. The plan will not reimburse anyone other than you or your estate for covered expenses.

### **Keep Your Employer Informed of Changes**

In order to protect your rights, you should keep your employer or Plan Administrator informed of any changes in address, marital status, or a child's status as a dependent under the group health plan's policy. It is important for our records to reflect your current email address, mailing address, phone number, and name. If any of these change mid-year, please notify your employer, who will then contact us. Certain updates may be submitted online directly from your account at [www.ebcflex.com](http://www.ebcflex.com).

### **Termination and Amendment**

Your employer reserves the right to modify or terminate the EBC HRA at any time. You will be advised of any such change.

