

When Can I Change Elections Under the Flexible Benefits Plan During the Plan Year?

(Please note: It is possible that all benefits referred to in this document will not apply to your particular situation – be sure to understand which benefits your employer's Flexible Benefits Plan offers. Refer to your Summary Plan Description for information.)

Participants can change their elections under the Flexible Benefits Plan during a Plan Year if an event occurs that is a Change in Election Event and certain other conditions are met, as described below. For details, see the various Change in Election Events headings below for the specific type of Change in Election Event: Leaves of absence, including FMLA leave; Changes in Status; Special Enrollment Rights; Certain Judgments, Decrees, and Orders; Medicare or Medicaid; Changes in Cost; Changes in Coverage; and Changes in HSA Elections. Note that the Change in Election Events does not apply for all Benefits—applicable exclusions are described under the relevant headings. In addition, the Plan Administrator can change certain elections on its own initiative. Note also that no changes can be made with respect to Health Insurance and Dental Insurance Benefits if they are not permitted under the Health Insurance and Dental Insurance Plans, as applicable.

If any Change in Election Event occurs, you must inform the Plan Administrator and complete a new Election Form/Salary Reduction Agreement within 30 days after the occurrence (or within 60 days after the occurrence in the case of a special enrollment right due to loss of eligibility for Medicaid or state children's health insurance program coverage or eligibility for a state premium assistance subsidy from a Medicaid plan or through a state children's health insurance program with respect to coverage under the Medical Insurance Plan). If the change involves a loss of your Spouse's or Dependent's eligibility for Health Insurance or Dental Insurance Benefits, then the change will be deemed effective as of the date that eligibility is lost due to the occurrence of the Change in Election Event, even if you do not request it within 30 days.

1. Leaves of Absence *(Applies to Health Insurance and Dental Insurance Benefits, Health FSA, and DCAP Benefits).* You may change an election under the Flexible Benefits Plan upon FMLA and non-FMLA leave only as described in the Summary Plan Description for your Flexible Benefits Plan.

2. Change in Status Due to Reduction in Hours of Services Without Loss of Eligibility. *(Applies to Health Insurance and Dental Insurance Benefits, but not to Health FSA Benefits and not to DCAP Benefits.)* You may revoke an election for Health Insurance and Dental Insurance Benefits under the Flexible Benefits Plan, provided that both the revocation and new election are on account of and correspond with the Change in Status described in this paragraph, if:

- a) you have been in an employment status under which you were reasonably expected to average at least thirty (30) hours of service per week and there is a change in your status so that you will reasonably be expected to average less than thirty (30) hours of service per week after the change, even if that reduction does not result in you ceasing to be eligible under the group health plan; and
- b) revocation of coverage under the Health Insurance and Dental Insurance Benefits corresponds to your intended enrollment and enrollment of any related individuals who cease coverage due to the revocation, in another plan that provides minimum essential coverage with the new coverage no later than the first day of the second month following the month that includes the date the original coverage is revoked.

3. Change in Status. *(Applies to Health Insurance and Dental Insurance Benefits, to Health FSA Benefits (as limited below), and to DCAP Benefits.)* If one or more of the following Changes in Status occur, you may revoke your old election and make a new election, provided that both the revocation and new election are on account of and correspond with the Change in Status (as described in item 3 below). Those occurrences that qualify as a Change in Status include the events described below, as well as any other events that the Plan Administrator, in its sole discretion and on a uniform and consistent basis, determines are permitted under IRS regulations:

- a change in your legal marital status (such as marriage, death of a Spouse, divorce, legal separation, or annulment);
- a change in the number of your Dependents (such as the birth of a child, adoption or placement for adoption of a Dependent, or death of a Dependent);
- any of the following events that change the employment status of you, your Spouse, or your Dependent and that affect benefits eligibility under a cafeteria plan (including this Flexible Benefits Plan) or other employee benefit plan of you, your Spouse, or your Dependents. Such events include any of the following changes in employment status: termination or commencement of employment; a strike or lockout; a commencement of or return from an unpaid leave of absence; a change in worksite; switching from salaried to hourly-paid, union to non-union, or full-time to part-time (or vice versa); incurring a reduction or increase in hours of employment; or any other similar change that makes the individual become (or cease to be) eligible for a particular employee benefit;

- an event that causes your Dependent to satisfy or cease to satisfy an eligibility requirement for a particular benefit (such as attaining a specific age, ceasing to be a student, or a similar circumstance); or
- a change in your, your Spouse's, or your Dependent's place of residence.

4. Change in Status—Other Requirements. (*Applies to Health Insurance and Dental Insurance Benefits, Health FSA Benefits (as limited below), and DCAP Benefits.*) If you wish to change your election based on a Change in Status, you must establish that the revocation is on account of and corresponds with the Change in Status. The Plan Administrator, in its sole discretion and on a uniform and consistent basis, shall determine whether a requested change is on account of and corresponds with a Change in Status. As a general rule, a desired election change will be found to be consistent with a Change in Status event if the event affects coverage eligibility (for DCAP Benefits, the event may also affect eligibility of Dependent Care Expenses for the dependent care tax exclusion).

Election changes may not be made to reduce Health FSA coverage during a Plan Year; however, election changes may be made to cancel Health FSA coverage completely due to the occurrence of any of the following events: death of your Spouse, divorce, legal separation, or annulment; death of your Dependent; change in employment status such that you become ineligible for Health FSA coverage; or your Dependent's ceasing to satisfy eligibility requirements for Health FSA coverage (e.g., on account of attaining a specific age). But if you cancel coverage, it cannot result in your contributions for the year being less than the amount for which you have already been reimbursed. For example, assume that you elected to contribute \$100 per month to the Health FSA and in February you were reimbursed for expenses in the amount of \$700. If a Change in Status Event occurs in March that allows you to cancel coverage, your cancellation will not take effect until you have contributed a total of \$700 for the year.

In addition, you must satisfy the following specific requirements in order to alter your election based on that Change in Status:

- **Loss of Spouse or Dependent Eligibility; Special COBRA Rules.** For accident and health benefits (here, the Health Insurance and Dental Insurance Plans and the Health FSA Benefits), a special rule governs which type of election changes are consistent with the Change in Status. For a Change in Status involving your divorce, annulment, or legal separation from your Spouse, the death of your Spouse or your Dependent, or your Dependent's ceasing to satisfy the eligibility requirements for coverage, you may elect only to cancel the accident or health benefits for the affected Spouse or Dependent. A change in election for any individual other than your Spouse involved in the divorce, annulment, or legal separation, your deceased Spouse or Dependent, or your Dependent that ceased to satisfy the eligibility requirements would fail to correspond with that Change in Status. However, if you, your Spouse, or your Dependent elects COBRA continuation coverage under the Employer's plan because you ceased to be eligible because of a reduction of hours or because your Dependent ceases to satisfy eligibility requirements for coverage, and if you remain a Participant under the terms of this Flexible Benefits Plan, then you may in certain circumstances be able to increase your contributions to pay for such coverage.
Example: Employee Mike is married to Sharon, and they have one child. The employer offers a calendar-year cafeteria plan that allows employees to elect any of the following: no medical coverage, employee-only coverage, employee-plus-one-dependent coverage, or family coverage. Before the plan year, Mike elects family coverage for himself, his wife Sharon, and their child. Mike and Sharon subsequently divorce during the plan year; Sharon loses eligibility for coverage under the plan, while the child is still eligible for coverage under the plan. Mike now wishes to revoke his previous election and elect no medical coverage. The divorce between Mike and Sharon constitutes a Change in Status. An election to cancel medical coverage for Sharon is consistent with this Change in Status. However, an election to cancel coverage for Mike and/or the child is not consistent with this Change in Status. In contrast, an election to change to employee-plus-one-dependent coverage would be consistent with this Change in Status.
- **Gain of Coverage Eligibility Under Another Employer's Plan.** For a Change in Status in which you, your Spouse, or your Dependent gains eligibility for coverage under another employer's cafeteria plan (or qualified benefit plan) as a result of a change in your marital status or a change in your, your Spouse's, or your Dependent's employment status, your election to cease or decrease coverage for that individual under the Flexible Benefits Plan would correspond with that Change in Status only if coverage for that individual becomes effective or is increased under the other employer's plan.
- **DCAP Benefits.** With respect to the DCAP Benefits, you may change or terminate your election with respect to a Change in Status event only if:
 - a) such change or termination is made on account of and conforms with a Change in Status that affects eligibility for coverage under the DCAP; or
 - b) your election change is on account of and conforms with a Change in Status that affects the eligibility of Dependent Care Expenses for the available tax exclusion.

Example: Employee Mike is married to Sharon, and they have a 12-year-old daughter. The employer's plan offers a DCAP as part of its cafeteria plan. Mike elects to reduce his salary by \$2,000 during a plan year to fund dependent care coverage for his daughter. In the middle of the plan year when the daughter turns 13 years old, however, she is no longer eligible to participate in the DCAP. This event constitutes a Change in Status. Mike's election to cancel coverage under the DCAP would be consistent with this Change in Status.

5. Special Enrollment Rights. *(Applies to Health Insurance and Dental Insurance Benefits, but Not to Health FSA or DCAP Benefits.)* In certain circumstances, enrollment for Health Insurance Benefits may occur outside the Open Enrollment Period, as explained in materials provided to you separately describing the Health Insurance Benefits. (The Employer's Special Enrollment Notice also contains important information about the special enrollment rights that you may have, a copy of which was previously furnished to you. Contact the Human Resources Department if you need another copy.) When a special enrollment right explained in those separate documents applies to your Health Insurance and Dental Insurance Benefits, you may change your election under the Flexible Benefits Plan to correspond with the special enrollment right.

Additionally, you may revoke an election for Health Insurance and Dental Insurance Benefits under the Flexible Benefits Plan, provided you:

- a) become eligible for a Special Enrollment Period to enroll in a Qualified Health Plan through a Marketplace (pursuant to guidance issued by the Department of Health and Human Services and any other applicable guidance) or you seek to enroll in a Qualified Health Plan through a Marketplace during the Marketplace's annual open enrollment period; and
- b) the revocation of coverage under the group health plan corresponds to your (and any related individuals who cease coverage due to the revocation) intended enrollment in a Qualified Health Plan through a Marketplace for new coverage this is effective beginning no later than the day immediately following the last day of the original coverage that is revoked.

6. Certain Judgments, Decrees, and Orders. *(Applies to Health Insurance and Dental Insurance Benefits and Health FSA Benefits, but Not to DCAP Benefits.)* If a judgment, decree, or order from a divorce, separation, annulment, or custody change requires your child (including a foster child who is your Dependent) to be covered under the Health Insurance or Dental Insurance Benefits or Health FSA Benefits, you may change your election to provide coverage for the child. If the order requires that another individual (such as your former Spouse) cover the child, then you may change your election to revoke coverage for the child, provided that such coverage is, in fact, provided for the child.

7. Medicare or Medicaid. *(Applies to Health Insurance and Dental Insurance Benefits, to Health FSA Benefits (as limited below), but Not to DCAP Benefits.)* If you, your Spouse, or your Dependent becomes entitled to (i.e., becomes enrolled in) Medicare or Medicaid, then you may reduce or cancel that person's accident or health coverage under the Health Insurance or Dental Insurance Plans, and/or your Health FSA coverage may be canceled completely but not reduced. Similarly, if you, your Spouse, or your Dependent who has been entitled to Medicare or Medicaid loses eligibility for such coverage, then you may elect to commence or increase that person's accident or health coverage (here, Health Insurance and Dental Insurance Benefits and/or Health FSA Benefits, as applicable).

8. Change in Cost. *(Applies to Health Insurance and Dental Insurance Benefits, and to DCAP Benefits as Limited Below, but Not to Health FSA Benefits.)* If the cost charged to you for your Health Insurance or Dental Insurance Benefits or DCAP Benefits significantly increases during the Plan Year, then you may choose to do any of the following:

- a) make a corresponding increase in your contributions;
- b) revoke your election and receive coverage under another benefit package option (if any) that provides similar coverage, or elect similar coverage under the plan of your Spouse's employer; or
- c) drop your coverage, but only if no other benefit package option provides similar coverage.

(For these purposes, the Health FSA is not similar coverage with respect to the Health Insurance or Dental Insurance Benefits, an HMO and a PPO are considered to be similar coverage, and coverage under another employer plan, such as the plan of a Spouse's or Dependent's employer, may be treated as similar coverage if it otherwise meets the requirements of similar coverage.) If the cost of Health Insurance or Dental Insurance or DCAP Benefits significantly decreases during the Plan Year, then the Plan Administrator may permit the following election changes:

- a) if you are enrolled in the benefit package option that has decreased in cost, you may make a corresponding decrease in your contributions;
- b) if you are enrolled in another benefit package option (such as an HMO option under the Health Insurance Plan), you may change your election on a prospective basis to elect the benefit package option that has decreased in cost (such as the PPO option under the Health Insurance Plan); or

- c) if you are otherwise eligible, you may elect the benefit package option that has decreased in cost on a prospective basis, subject to the terms and limitations of the benefit package option.

For insignificant increases or decreases in the cost of benefits, however, the Plan Administrator will automatically adjust your election contributions to reflect the minor change in cost. (The Plan Administrator generally will notify you of increases or decreases in the cost of Health Insurance and Dental Insurance benefits; you generally will have to notify the Plan Administrator of increases or decreases in the cost of DCAP benefits.) The change in cost provision applies to DCAP Benefits only if the cost change is imposed by a dependent care provider who is not your relative.

9. Change in Coverage. (*Applies to Health Insurance and Dental Insurance Benefits and DCAP Benefits, but Not to Health FSA Benefits.*) You may also change your election if one of the following events occurs:

- **Significant Curtailment of Coverage.** If your Health Insurance or Dental Insurance Benefits or DCAP Benefits coverage is significantly curtailed without a loss of coverage (for example, when there is an increase in the deductible under the Health Insurance Benefit), then you may revoke your election for that coverage and elect coverage under another benefit package option that provides similar coverage. (Coverage under a plan is significantly curtailed only if there is an overall reduction of coverage under the plan generally—loss of one particular physician in a network does not constitute significant curtailment.) If your Health Insurance or Dental Insurance Benefits or DCAP Benefits coverage is significantly curtailed with a loss of coverage (for example, if you lose all coverage under the option by reason of an overall lifetime or annual limitation), then you may either revoke your election and elect coverage under another benefit package option that provides similar coverage, elect similar coverage under the plan of your Spouse's employer, or drop coverage, but only if there is no option available under the plan that provides similar coverage. (The Plan Administrator generally will notify you of significant curtailments in Health Insurance or Dental Insurance Benefits coverage; you generally will have to notify the Plan Administrator of significant curtailments in DCAP Benefits coverage.)
- **Addition or Significant Improvement of Flexible Benefits Plan Option.** If the Flexible Benefits Plan adds a new option or significantly improves an existing option, then the Plan Administrator may permit Participants who are enrolled in an option other than the new or improved option to elect the new or improved option. Also, the Plan Administrator may permit eligible Employees to elect the new or improved option on a prospective basis, subject to limitations imposed by the applicable option.
- **Loss of Other Group Health Coverage.** You may change your election to add group health coverage for you, your Spouse, or your Dependent, if any of you loses coverage under any group health coverage sponsored by a governmental or educational institution (for example, a state children's health insurance program or certain Indian tribal programs).
- **Change in Election Under Another Employer Plan.** You may make an election change that is on account of and corresponds with a change made under another employer plan (including a plan of the Employer or a plan of your Spouse's or Dependent's employer), so long as
 - a) the other cafeteria plan or qualified benefits plan permits its participants to make an election change permitted under the IRS regulations; or
 - b) the Flexible Benefits Plan permits you to make an election for a period of coverage (for example, the Plan Year) that is different from the period of coverage under the other cafeteria plan or qualified benefits plan.

For example, if an election to drop coverage is made by your Spouse during his or her employer's open enrollment, you may add coverage under the Flexible Benefits Plan to replace the dropped coverage.

- **DCAP Coverage Changes.** You may make a prospective election change that is on account of and corresponds with a change by your dependent care service provider. For example:
 - a) if you terminate one dependent care service provider and hire a new dependent care service provider, then you may change coverage to reflect the cost of the new service provider; and
 - b) if you terminate a dependent care service provider because a relative becomes available to take care of the child at no charge, then you may cancel coverage.

10. Change in HSA Elections. If you have enrolled in the Plan during Open Enrollment and have elected HSA Benefits, then you may increase, decrease, or revoke your HSA Benefits election on a prospective basis at any time during the Plan Year, in accordance with the Plan's administrative procedures for processing election changes. No other benefit package option election changes can be made as a result of a change in your HSA Benefits election unless permitted as a result of events otherwise described in this document. For example, generally you would not be able to terminate an election under the Health FSA in order to be eligible for the HSA, unless one of the exceptions described above for Health FSA Benefits otherwise applied (such as a change in status).