

BENEFITS GUIDE

CHEROKEE COUNTY BOARD OF COMMISSIONERS

This Benefits Guide explains the health and welfare benefits provided to you by your Employer, the Cherokee County Board of Commissioners. In addition to this Benefits Guide, each of the different benefits, or "benefit options," is described in a summary plan description, or "SPD." The Benefit Guide and the SPDs together make up the Employer's health and welfare benefits plan.

Benefit Options.

The Employer offers you the opportunity to enroll in the following benefit options:

BlueChoice Healthcare Plan (HMO). This option offers health care for you and your eligible family members through a network of participating health care providers.

BlueChoiceOption. This option also offers health care for you and your eligible family members through a network of participating health care providers. In addition, you may choose health care providers who are not in the network, although plan benefits are reduced.

Dental Benefit Option. This option offers dental care for you and your eligible family members through a network of participating dental care providers. You may also choose dental care providers who are not in the network, but benefits are reduced.

Group Short Term Disability Plan. This benefit option provides income replacement benefits during periods of disability of up to 26 weeks. The Employer provides the first 8 weeks of coverage at no cost to you. You may elect coverage for weeks 9 through 26 by paying the premiums for this coverage on an after-tax basis. The benefits available under this benefit option differ slightly depending upon whether you were employed with

the Employer before September 1, 2000. If you choose this benefit option, you will be automatically enrolled in the appropriate policy according to your employment date.

Group Long Term Disability Plan. This benefit option provides income replacement benefits if you are determined to be totally and permanently disabled. The Employer pays the cost of basic coverage, and you may purchase supplemental coverage on an after-tax basis.

Life Insurance. The Employer provides basic life insurance of one times annual earnings (up to a maximum of \$200,000) at no cost to you. You may purchase additional coverage for yourself and your eligible dependents on a pre-tax basis.

Individual Policies. You may also choose from a number of individual policies for hospitalization, cancer, accident and/or catastrophic or critical care coverage. You pay for the cost of these policies on a pre-tax or after-tax basis, at your election.

Refer to the separate summary plan description, or SPD, for each of these options for more information on the covered benefits and the terms and conditions of coverage.

Eligibility.

Employees. You are an eligible employee if you are classified by the Employer as a full-time employee. Generally, this means you must normally be scheduled to work for the Employer at least 33 hours per week. You will be eligible for coverage on the first of the month after you complete 28 consecutive days of work as an eligible employee. Employees classified by the Employer as temporary employees, part-time employees (generally working fewer than 33 hours per week), independent contractors, or leased employees are not eligible, even if this classification is in error.

Retirees. You are an eligible retiree if you are classified as a retiree by the Employer at the time of your termination of service, or if you retire from the Employer with a total of at least 70 years of age and service with the Employer, as determined under the Cherokee County Defined Benefit Plan. A retiree is eligible to continue any benefit coverage in place on the date of retirement, including dependent coverage. If coverage is dropped, however, it cannot be reinstated.

Dependents. If you are an eligible employee or retiree, you may also enroll your eligible dependents in any of the benefit options that offer dependent coverage (health, dental, life insurance). The eligibility requirements for dependents are shown in each SPD.

Enrollment.

Initial Enrollment. You must enroll yourself and your eligible dependents in order to be covered under a benefit option. When you enroll, you agree that the Employer will deduct your portion of any required premiums or contributions toward coverage from your paycheck. These deductions will be made on a pre-tax or after-tax basis, depending upon the type of coverage and your election. If you do not enroll in a benefit option at your initial enrollment meeting, you must wait until Open Enrollment or a Change in Status.

Open Enrollment. Each year, you will have the opportunity to re-enroll in the benefit options or to change your elections and enroll in other benefit options. The Employer will announce the dates for the Open Enrollment period each year, and you must submit your enrollment before the end of that period. Your new benefit elections will become effective on the first day of the following October.

Change in Status. As a general rule, your elections each year cannot be changed until the beginning of the next year. However, you may be able to make changes mid-year if you meet the federal requirements for a change in your status or a change under one of the benefit options. The changes to your elections are permitted only if you request the change on account of the change in circumstances and they are consistent with your

reason for requesting the change. Your new elections will be effective at the time designated by the Administrator but not earlier than the date of the event that triggers the new election. A new election cannot be made effective retroactively unless required pursuant to a special enrollment right under HIPAA. These rules are described below.

Certain Changes in Status. If you experience one of the events below, and the event causes a change in eligibility under a benefit option for you or your dependents, you may change your election for the remainder of the Plan Year:

- A change in marital status, including marriage, death of spouse, legal separation or annulment;
- A change in the number of dependents, including birth, adoption, placement for adoption, or the death of a dependent;
- A change in employment status for you, your spouse or dependent, including termination or commencement of employment, switch between part-time and full-time employment, a strike or lockout, commencement of or return from an unpaid leave of absence, change in the worksite, or change in job classification;
- Your dependent satisfies or ceases to satisfy the requirements for dependent status because of age, marriage, student status or similar circumstance; or
- A change in residence for you, your spouse or your dependent.

Changes Permitted under Health Plans. The following events may permit you to modify your elections with respect to health benefit options. These events are described in more detail in the SPD for the applicable benefit options:

- A special enrollment event as required by HIPAA. Special enrollment events include: marriage, birth or adoption of a child; loss of coverage under another group health plan due to loss of eligibility or termination of an employer's contributions toward coverage; loss of eligibility for Medicaid or a state

children's health insurance program; and being found eligible for state assistance to pay your premiums toward coverage under this plan. More information about these events is included in the SPD for your health plan option. You may change your election to the extent necessary to allow you to exercise your special enrollment rights under HIPAA. These provisions do not apply to the dental, life or disability benefit options.

- Entitlement to (or loss of) Medicare or Medicaid. You may change your election to add or drop coverage for yourself or your dependents consistent with a change in eligibility for Medicare or Medicaid. These provisions do not apply to the dental, life or disability benefit options.
- Receipt of a qualified medical child support order or other court order which affects a dependent child's health coverage. You (or the Administrator) may change your election to provide coverage for a dependent child in accordance with the order, and you may drop coverage for the dependent child if the order requires another individual to provide coverage for the child and that coverage is provided.
- Family and Medical Leave. If you are on a leave of absence under the Family and Medical Leave Act of 1993 (FMLA), you may change your election for the remainder of the Plan Year as may be provided under the FMLA and applicable regulations.

Cost Changes. If during a Plan Year the Administrator determines there is a significant increase (or decrease) in the cost of a benefit option, the Administrator may permit you to (a) increase (or decrease) your contribution in an amount sufficient to fund the increased (or decreased) cost, or (b) in the case of a cost increase, revoke your election for that benefit option and elect to receive coverage under another similar coverage, or (c) in the case of a cost decrease, revoke your election for a similar benefit and elect to receive the benefit option with the decreased cost. If you do not elect to adjust your contribution amount or change your benefit option, then the Administrator may, on a reasonable and

consistent basis, automatically increase (or decrease) your election by the amount necessary to continue coverage under the benefit option.

If the Administrator determines that a mid-year cost change to a benefit option is not significant, the Administrator may direct that the amount of each affected Participant's contributions be automatically increased or decreased to correspond to the change in the required salary reduction amount.

Changes in Your Coverage. If your coverage under one of the benefit options is significantly curtailed or ceases during a Plan Year, the Administrator may permit you to revoke your election and elect to receive coverage under another benefit option offering similar coverage. The Administrator will determine whether a significant curtailment of coverage occurs in accordance with federal regulations.

If a benefit option is added or significantly improved during any Plan Year, the Administrator may permit you to change your election to choose the new or improved benefit option. If a benefit option is eliminated during any Plan Year, the Administrator may permit you to elect another benefit option providing similar coverage.

Changes in Spouse or Dependent's Coverage. You may also change your election during a Plan Year on account of and corresponding with a change made under the plan of your spouse or dependent's (or former spouse or dependent's) employer (the "other plan") if: (A) the other plan permits participants to make an election change that would be permitted under this plan and/or (B) the other plan has a different period of coverage than this plan and the spouse or dependent (or former spouse or dependent) makes an election change during the other plan's open enrollment period.

Status Change Form. You must contact the Administrator within 30 days from the date of the triggering event if you want to change any existing benefit elections on account of such change. There is one exception to this rule – you have 60 days to notify the Administrator if you lose coverage under Medicaid or a state children's

health insurance program, or if you become eligible for state assistance to pay your premiums for health coverage under the plan.

Approval of Change. The Administrator has sole discretion and authority to determine if a change in election is permissible, and must approve any such change. The Administrator may require any documents it considers necessary to substantiate a change in status or other event giving rise to the election change. Such documents may include a marriage certificate, divorce decree, birth certificate, confirming letter from spouse's former employer, or any other relevant document. All documents must be provided at your expense.

Termination of Coverage.

In General. Your coverage and the coverage of your dependents will end on the earlier of the following dates:

- the date you terminate employment with the Employer. (However, if you retire, your coverage may continue. If your employment ends due to your death, your survivors may be eligible to continue coverage. See below.)
- the date your status changes from full-time regular to an ineligible class. (However, if you are not working due to an authorized leave of absence, special rules apply. See below.)
- the date the Employer terminates the benefit option or amends it in a way that makes you ineligible.
- the date you stop making required contributions toward coverage.

Coverage for your dependents will also end on the date your dependent no longer meets the eligibility criteria as set out in the SPD for each benefit option.

Authorized Leave of Absence. If you are on an authorized leave of absence, you may continue your coverage under the benefit options. The maximum period of coverage that will apply is described in the SPD for each benefit option. Your required contributions will be withheld from any paid leave days, including leave days that accrue during your leave of absence. If these accruals are not enough to cover your required contributions,

you must reimburse the Employer when you return to work for any contributions made by the Employer on your behalf.

Retirement. If you are an eligible retiree, you may continue coverage that is in place on the date of your retirement. Retirees generally must pay the full cost of coverage, but certain retirees may be eligible for partial payment by the Employer. Check with the Administrator to see if these rates apply to you. All retiree coverage (including dependent coverage) ends when you reach age 65. Dependent coverage will also end when the dependent no longer meets the eligibility requirements.

Survivors. Your dependents will be eligible to continue any coverage in place at the time of your death if you are eligible to retire at that time, or if you are killed in the line of duty. Coverage for your dependents will be subject to the same rules as for retirees, and coverage will end on the date you would have reached age 65 or, if earlier, when the dependent no longer meets the dependent eligibility requirements.

Continuation of Coverage Coverage under a benefit option can be continued under some circumstances following your loss of eligibility for coverage. For example, the health and dental plan options can be continued under a federal law known as COBRA, and the disability options can be converted at the time of termination under some circumstances. These special circumstances are described in the SPD for each benefit option.

Plan Administration.

The Administrator administers and operates the plan. It has the authority to make and enforce rules and regulations for the operation and administration of the plan; to decide all questions concerning the plan, interpret plan provisions, determine eligibility, make findings of fact, correct errors and omissions, and resolve inconsistencies or ambiguities in the plan language and to decide all claims and appeals arising under the self-funded benefit options. It also has the right to appoint others as necessary to assist in administering the plan and to delegate any of its responsibilities under the plan to other persons. For example, the

Administrator may designate other organizations or persons to be responsible for administering and managing a benefit option, including claims processing and payment.

Subject to applicable law, any decisions about or interpretation of the provisions of the plan and the benefit options made by the Administrator in good faith is binding on all persons. The Administrator shall not be liable in any manner for any determination of fact made in good faith.

Funding.

The cost of benefits is generally shared by the Employer and the participating employees. However, the Employer pays the entire cost of some benefit options such as basic life and long term disability, and employees pay the entire cost of other benefit options such as supplemental long term disability, and accident, cancer and hospitalization policies. The Employer will determine the employee's share each year and communicate the amount prior to open enrollment. The amount charged to employees may include the reasonable expenses of the administration and operation of the plan or the benefit option. The maximum amount any employee may contribute to the plan each year is the total of the employee's share of premiums for each benefit option that he elects. If there are any dividends, or retroactive rate or other refunds which become payable under a benefit option, these amounts shall, to the extent permitted by law, be the property of the Employer.

Amendment and Termination.

The Employer reserves the right to amend or terminate the plan or a benefit option at any time or from time to time by written instrument. The terms of a benefit option may also be amended at any time by changes which will be reflected in the SPD.

Discrimination.

The Administrator reserves the right to adjust the terms and operation of the plan or a benefit option to the extent necessary to avoid, reduce or eliminate discrimination that may be prohibited under the Internal Revenue Code or other

applicable law. This action may include a modification of employee elections, with or without their consent.

Claims Procedures.

The fact that payments have been made from the plan in connection with any claim for benefits does not establish the validity of the claim; provide any right to have such benefits continue for any period of time; or prevent the plan from recovering the benefits paid to the extent that the Administrator determines that there was no right to payment of the benefits under the plan. So, if a benefit is paid and it is later determined for any reason that it should not have been paid, then the Administrator may take any action it considers reasonable to remedy the situation. For example, it may deduct the amount of an overpayment from any succeeding payments by the plan which are either made to or on behalf of an employee or his dependent under the plan. Or it may direct the Employer to deduct amounts owed from an employee's compensation, or take any other action necessary to recover the overpayment.

If the Administrator determines that an underpayment of benefits has been made, it will do whatever it considers reasonable to correct the underpayment.

Miscellaneous.

Information to be Furnished by Participants. Plan participants must furnish the Administrator with any information the Administrator considers necessary or desirable to administer the plan and the benefit options. A fraudulent or knowing misstatement or omission of fact made by an employee or dependent in an enrollment form, a claim for benefits in a similar manner may result in cancellation of coverage and/or denial of claims for benefits.

Controlling Law. Except to the extent superseded by the laws of the United States, the laws of the State of Georgia shall be controlling in all matters relating to the plan and the benefit options. The Employee Retirement Income Security Act does not apply.

Interests Not Transferable. Except as otherwise expressly permitted by a benefit option or by written consent of the Administrator, or as may be required by the tax withholding provisions of the Internal Revenue Code or any state's income tax act, benefits under the plan and the benefit options are not in any way subject to the debts or other obligations of the persons entitled thereto and may not be voluntarily or involuntarily sold, transferred, alienated, assigned or encumbered. Any attempt to do so is void. If the Administrator finds that an attempt has been made, it may elect to pay the benefits due the covered person to the covered person's spouse, parent, adult child, legal guardian of a minor child, sibling or other relative. Any such payment constitutes a complete discharge of the liability of the plan, the Administrator and all Employers with respect to these benefits. Neither the Administrator nor any Employer shall be liable for or subject to the debts, contracts, liabilities or torts of any person entitled to benefits under the plan.

Facility of Payment. When any person entitled to benefits under the plan or a benefit option is deceased, under legal disability or in the Administrator's opinion is incapacitated, the Administrator may cause the person's benefits to be paid to his legal representative for his benefit, or to be applied for his benefit in any way that the Administrator may determine. This payment is a full discharge of liability of the plan, the benefit options, the Administrator and the Employer for those benefits.

No Vested Interest. No person shall have any right or interest in contributions made under the plan and the benefit options. These contributions are made for the sole purpose of providing benefits under the benefit options in accordance with their terms. Neither the Employer or the Administrator guarantees the payment of any benefit that may be or become due to any person under the plan or the benefit options.

Employment Rights. The employment rights of an employee shall not be enlarged or diminished by reason of establishment of, or participation in, the plan or any benefit option, nor shall establishment of the plan and the benefit options confer upon any

employee any right to be retained in the service of the Employer.

Physical Examination and Autopsy. In addition to any rights and privileges granted under a benefit option, the Administrator, at its own expense, shall have the right and opportunity to have a physician, designated by the Administrator, examine any individual whose injury or sickness is the basis of a claim under the plan and the benefit options, when and as often as it may reasonably require during the pendency of a claim or any period of benefits under the plan and the benefit options and to make an autopsy in case of death, provided it is not otherwise prohibited by law.

Lawsuits Concerning Benefits. No lawsuit may be brought by any person or entity to recover benefits under the plan more than two years from the date plan benefits are denied.

Workers' Compensation Not Affected. The plan is not in lieu of, and does not affect any requirement for, coverage under workers' compensation or similar programs.

Failure to Enforce. Failure to enforce any provision of the plan shall not affect the Employer's or Administrator's right thereafter to enforce such provision, nor shall such a failure affect the Employer's or Administrator's right to enforce any other provision of the plan.

No Guarantee of Tax Consequences. Neither the Employer nor the Administrator makes any commitment or guarantee that any amounts contributed or paid to or for the benefit of a participant will be excludable from the participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any participant.

Privacy and Security Standards.

These privacy and security standards apply to the group health plan benefit options offered under the plan to the extent they are required by the Health Insurance Portability and Accountability Act. These rules are called the Privacy and Security Standards.

The plan shall not disclose Protected Health Information to any member of the Employer's workforce unless each of the conditions set out in this Section are met. "Members of the Employer's workforce" means all employees and other persons under the control of the Employer.

"Protected Health Information" has the same definition as set forth in the Privacy and Security Standards but generally shall mean individually identifiable information about the past, present or future physical or mental health or condition of an individual, including information about treatment or payment for treatment. "Electronic Protected Health Information" has the same definition as set out in the Privacy and Security Standards, but generally shall mean Protected Health Information that is transmitted by or maintained in electronic media.

Protected Health Information disclosed to members of the Employer's workforce can be used or disclosed by them only for purposes of plan administrative functions. This includes all plan treatment, payment functions and health care operations. The terms "treatment," "payment" and "health care operations" have the same definitions as set out in the Privacy and Security Standards, and the term "payment" includes activities taken to determine or fulfill plan responsibilities with respect to eligibility, coverage, provision of benefits, or reimbursement for health care.

The plan may disclose Protected Health Information only to members of the Employer's workforce who are authorized to receive it, and only to the extent and in the minimum amount necessary for that person to perform his or her duties with respect to the plan. The Employer must keep an updated list of those authorized to receive Protected Health Information.

An authorized member of the Employer's workforce who receives Protected Health Information can use or disclose the Protected Health Information only to the extent necessary to perform his duties with respect to the plan.

If a member of the Employer's workforce uses or discloses Protected Health Information other than as permitted by this Section and the Privacy and

Security Standards, the incident must be reported to the plan's privacy officer. The privacy officer must take appropriate action, including:

- investigation of the incident to determine whether the breach occurred inadvertently, through negligence or deliberately; whether there is a pattern of breaches; and the degree of harm caused by the breach;
- appropriate sanctions against the persons causing the breach which, depending upon the nature of the breach, may include oral or written reprimand, additional training, or termination of employment;
- mitigation of any harm caused by the breach, to the extent practicable; and
- documentation of the incident and all actions taken to resolve the issue and mitigate any damages.

The Employer agrees to:

Not use or further disclose the information other than as permitted or required by the plan or as required by law;

Implement reasonable and appropriate administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of Electronic Protected Health Information that the Employer creates, maintains or transmits on behalf of the plan.

Ensure that any agent or subcontractor to whom it provides Protected Health Information agrees to the same restrictions and conditions that apply to the Employer with respect to such information, and/or that any agent or subcontractor to whom it provides Electronic Protected Health Information agrees, in writing, to implement reasonable and appropriate security measures to protect the Electronic Protected Health Information.

Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;

Report to the plan any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by this section, or required by law;

Make available Protected Health Information to individual plan members as required by Section 164.524 of the Privacy and Security Standards;

Make available Protected Health Information for amendment by individual plan members and incorporate any amendments to Protected Health Information as required by Section 164.526 of the Privacy and Security Standards;

Make available the Protected Health Information required to provide an accounting of disclosures to individual plan members as required by Section 164.528 of the Privacy and Security Standards;

Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the plan available to the Department of Health and Human Services for purposes of determining compliance by the plan with the Privacy and Security Standards;

If feasible, return or destroy all Protected Health Information received from the plan that the Employer still maintains in any form, and retain no copies of such information when no longer needed for the purpose 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

Ensure the adequate separation between the plan and members of the Employer's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy and Security Standards, and to use reasonable and appropriate security measures to comply with this provision.