

**POST EMPLOYMENT HEALTH REIMBURSEMENT PLAN
ADOPTION AGREEMENT**

The Employer designated below hereby adopts a Post Employment Health Reimbursement Plan ("Plan") that will operate in conjunction with the Trust ("Trust") adopted by the Employer by the inclusion of additional bargaining units described on separate signature pages from time to time, with the funding and benefit options set forth (t)herein

The terms of the Plan are set forth in this Adoption Agreement and the applicable provisions of the Plan, as amended or supplemented from time to time, which are hereby adopted by the Employer and incorporated into this Adoption Agreement by reference

The Employer must complete this Adoption Agreement carefully Neither Hartford Life Insurance Company, nor its agents or employees provide tax, legal, financial or accounting advice. The Employer should consult with legal counsel or qualified tax and benefits advisers for more information concerning the development of the Plan.

CAUTION

**Failure to properly complete this Adoption Agreement
may result in serious adverse tax consequences.**

I. Basic Provisions

- (a) The name of the Plan is the County of San Mateo, California Post Employment Health Reimbursement Plan.
- (b) The Effective Date of the Plan is April 1, 2008, while the effective date of this amendment is _____.
- (c) The Employer is the County of San Mateo, California

II. Eligible Groups and Participant Eligibility Requirements

Note: Self-insured medical reimbursement plans that are not collectively bargained are subject to the non-discrimination rules of section 105(h) of the Internal Revenue Code of 1986, as amended These rules may impose taxation on the benefits received by highly compensated employees if the Plan discriminates in favor of highly compensated employees in terms of eligibility or benefits The Employer should discuss these rules with its tax or legal advisor

- (a) Eligible Groups Employees who are eligible to participate in the Plan in accordance with Article II are as follows [*select one or more*]
- All Employees
 - All Full-Time Employees (for this purpose, "Full-Time" means an Employee who works _____ or more hours per week)
 - Salaried Employees
 - Full-Time Salaried Employees (for this purpose, "Full-Time" means an Employee who works _____ or more hours per week)
 - Non-Union Employees
 - Full-Time Non-Union Employees (for this purpose, "Full-Time" means an Employee who works _____ or more hours per week)
 - Management Employees who are hired from outside of the County on or after April 1, 2008 (for this purpose, "Management Employees" means unrepresented full or part time employees working at least 20 hours a week who are Management, Elected County Officials, Attorneys, and Confidential Employees).**
 - Full-Time Management Employees (for this purpose, "Management Employees" means _____ and "Full-Time" means an Employee who works _____ or more hours per week)
 - Public Safety Employees – Police
 - Full-Time Public Safety Employees – Police (for this purpose, "Full-Time" means an Employee who works _____ or more hours per week)
 - Public Safety Employees – Firefighters
 - Full-Time Public Safety Employees – Firefighters (for this purpose, "Full-Time" means an Employee who works _____ or more hours per week)
 - Collectively-Bargained Employees (*specify unit*) _____
 - Full-Time Collectively-Bargained Employees (for this purpose, "Full-Time" means an Employee who works _____ or more hours per week) (*specify unit*) _____
 - Other (*specify below or in an Appendix*)

(b) Participation Eligibility Criteria Each Employee who is a member of an eligible Employee group specified in Section II(a), above, will participate in the Plan, except for the following [*select none, one, or both*]

An Employee who has not attained a minimum age of _____ (*check and insert age only if a minimum age is required for employee to contribute to a Participant's Account*)

Other. _____

III. Funding - Contribution Sources and Amounts

(a) Mandatory Employer Contributions Indicate the type of automatic and mandatory employer contributions, if any, that will be contributed to the Plan and specify formulas for such contributions. Under no circumstances may the Employee (or spouse or dependent) receive any of these contributions in cash or other benefits, in lieu of a contribution to the Plan. These contributions are fully (100%) vested upon contribution to the plan. [*Select none, one or more*]

Contributions of accrued sick leave, as follows [*specify formula*]:

Contributions of accrued vacation, as follows [*specify formula*]

All or a portion of the Participant's pay increases or bonuses shall be contributed as follows, and the Participant shall not have the right to discontinue or vary these amounts [*specify formula*]

(b) Direct Employer Contributions. Indicate whether direct employer contributions may be made to the Plan, and specify formula for such contributions. These contributions may be subject to a vesting schedule, as specified by the Employer in Section IV [Select only if Employer will make direct employer contributions.]

Employer Contributions on behalf of each Participant [specify formula].

\$100.00 per month for all eligible employees.

IV. Vesting

Specify the vesting schedule according to years of service and whole percentages that shall apply to any direct employer contributions. **If no selections are made in Section IV(b) below, the Account shall be 100% vested at all times.**

(a) The vesting period shall begin [select one]

upon the Participant's first day of employment

upon the Participant's commencement of participation in the Plan

(b) Specify years of service and whole percentages vested each year. Maximum vesting period of 7 years.

Years of Service Completed	Percentage Vested
1 hour	100%
	%
	%
	%
	%

(c) Notwithstanding the foregoing, direct employer contributions in a Participant's Account shall be 100% vested upon the occurrence of the following event(s) [select one or more].

- Participant's death
- Participant's permanent and total disability
- Participant's attaining benefit eligibility, as specified in Section VI
- Participant's reaching retirement age, which is _____
[specify normal retirement age].

V. Forfeiture of Non-Vested Accounts Balances

Forfeited account balances and payments to lost distributees will be applied as follows [select one, Employer must select an option, even if Account is not subject to vesting in Section IV]

- Remain in the Trust to be used to offset future employer contributions
- Remain in the Trust to be reallocated pro rata based on account contributions during the prior calendar year

VI. Eligibility Requirements to Receive Medical Benefit Payments from the Plan

Participants will become eligible for expense reimbursements from the Plan [select only one]

- At retirement only (for this purpose, "Retirement" means _____)
- After terminating employment with the Employer and reaching age _____
[specify age]
- Upon reaching retirement **and** after terminating employment and reaching age _____
[specify age] (for this purpose, "Retirement" means _____)
- At retirement **or** after terminating employment and reaching age _____ [specify age]
(for this purpose, "Retirement" means _____)
- Upon becoming totally and permanently disabled under the Employer's long-term disability program
- Other (specify) **At retirement or after terminating employment (providing they are eligible for reimbursement under the minimum accumulation rules)**

VII. Eligible Expenses

Identify the types of expenses that are eligible for reimbursement [check (a) or (b)]

- (a) _____ All Medical Expenses under Code section 213(d). OR
- (b) XX The following medical expenses [*check only those expenses that will be reimbursable from Participants' Accounts*]

Insurance Premiums:

- Medical Insurance Premiums
- Medicare Part B Insurance Premiums
- Medicare Supplement Insurance Premiums
- COBRA Premiums
- Dental Insurance Premiums
- Long Term Care Insurance Premiums
- Vision Insurance Premiums

Qualifying Expenses:

- Medical Out-of-Pocket Expenses
- Dental Out-of-Pocket Expenses

VIII. De Minimis Accounts

Indicate the account balance threshold, if any, that would result in the account being closed, upon Participant's termination of employment or death

An Account that is valued at **\$1,200.00** or less on the date of the Participant's termination of employment or upon the death of a Participant will be forfeited.

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IX. Acknowledgement and Signature

The Employer acknowledges and understands that it is solely responsible to accurately complete this Adoption Agreement, and that failure to accurately complete this Adoption Agreement may result in serious adverse tax consequences.

The undersigned official has been delegated, under resolutions adopted by the Employer, to execute this Adoption Agreement on behalf of the Employer.

COUNTY OF SAN MATEO, CALIFORNIA

By:  _____

Print Name **Donna Vaillancourt**
Title **HR Director**
Address: **455 County Center**
Redwood City, CA 94063-1663
Phone **650-363-4330**
Fax **650-599-1573**

Date: 6/27/08 _____

**RETIREE MEDICAL EXPENSE AND INSURANCE PREMIUM
REIMBURSEMENT PLAN**

**RETIREE MEDICAL EXPENSE AND INSURANCE PREMIUM
REIMBURSEMENT PLAN**

The Employer named in the Adoption Agreement hereby adopts this Retiree Medical Expense and Insurance Premium Reimbursement Plan as of the Effective Date specified in the Adoption Agreement, to provide reimbursement to Retired Participants and their Beneficiaries for such qualifying insurance premiums and/or medical expenses as specified in the Adoption Agreement and as further provided herein

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ARTICLE I
DEFINITIONS

The following terms, when used in the Plan, have the meaning set forth in this Article unless the context clearly indicates another meaning

1.1 Account. The term "Account" shall mean the separate bookkeeping account(s) established by the Administrator in respect of each Participant, and following the death of the Participant, for the Beneficiary.

1.2 Administrator. The term "Administrator" shall mean the Employer or such other person or persons or entity acting on behalf of the Employer to whom the Employer has delegated the authority to administer any aspect of the Plan pursuant to Article 4.

1.3 Adoption Agreement. The term "Adoption Agreement" shall mean the document executed by the Employer adopting this Plan, which contains all of the options that may be selected and that incorporates the terms and conditions of the Plan by reference

1.4 Beneficiary. The term "Beneficiary" shall mean, following the Participant's death, the Participant's surviving Spouse or a person who was a Dependent of the Participant on the date of the Participant's death

1.5 Code. The term "Code" shall mean the Internal Revenue Code of 1986, as amended

1.6 Dependent. The term "Dependent" shall mean, with respect to a Participant, an individual who is described in Code Section 152(a) as modified by Code section 105(b) for purposes of benefits governed by Code section 105

1.7 Effective Date. The term "Effective Date" shall mean the effective date of this Plan, as specified by the Employer in the Adoption Agreement

1.8 Eligible Expense. The term "Eligible Expense" shall mean any expense incurred by a Participant, Spouse or Dependent, or by a Beneficiary after the death of a Participant, for reimbursement of expenses for medical care, as defined in Code Section 213(d), to the extent any such expense is identified as an Eligible Expense by the Employer in the Adoption Agreement and such expense is incurred after an individual became a Retired Employee or terminated employment as an eligible participant, provided, however, that this term shall not include expenses for which the Participant or other person incurring the expense is reimbursed by any other party including, but not limited to, any other accident or health plan or insurance. If only a portion of the Eligible Expense is reimbursed through another program, this Plan can reimburse the remaining portion of such Eligible Expense. An Eligible Expense is, for purposes of the Plan, incurred at the time the medical care or service giving rise to the expense is

furnished and not when the Participant is formally billed for, is charged for, or pays for the medical care

1.9 Employee. The term “Employee” shall mean any person who is a non-temporary employee of the Employer (as characterized under the employment policies of the Employer in effect from time to time), who is classified by the Employer as being eligible to participate in the Plan under the eligibility requirements specified in the Adoption Agreement, but excluding such persons who are not on the payroll of the Employer, including leased employees, independent contractors and persons paid by a temporary staffing or similar agency

1.10 Employer. The term “Employer” shall mean a state or territory of the United States, or any political subdivision, municipality or agency thereof, or agency of such political subdivision or municipality (including any corporation owned or controlled by any state or territory of the United States or by any political subdivision, municipality, or agency) that adopts this Plan by executing the Adoption Agreement or any successor thereof.

1.11 HIPAA Privacy Notice. The term “HIPAA Privacy Notice” shall mean the privacy notice required under the HIPAA Privacy Rule, at 45 C F R § 164 520.

1.12 HIPAA Privacy Rule. The term “HIPAA Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information, 45 C F R parts 160, 162 and 164, enacted under the Health Insurance Portability and Accountability Act of 1996, as amended. A reference in this Agreement to the HIPAA Privacy Rule shall mean the section as in effect or as amended, and for which compliance is required

1.13 Participant. The term “Participant” shall mean an Employee who has met the eligibility and participation requirements set forth in Article II and the Adoption Agreement

1.14 PHI. The term “PHI” shall mean “protected health information,” as defined in the HIPAA Privacy Rule at 45 C F R § 164 501

1.15 Plan. The term “Plan” shall mean this Retiree Medical Expense and Insurance Premium Reimbursement Plan established by the Employer in the form of this document and the Adoption Agreement executed by the Employer

1.16 Privacy Official. The term “Privacy Official” shall mean the Privacy Official required by the HIPAA Privacy Rule with respect to the Plan, as required by 45 C F R § 164 530(a)(1)(i)

1.17 Retired Participant. The term “Retired Participant” shall mean a Participant who becomes eligible to receive reimbursement of Eligible Expenses under the Plan because of termination of the Participant’s Employment with the Employer and the occurrence of such event(s) as specified in the Adoption Agreement

1.18 Spouse. The term "Spouse" shall mean the Participant's lawful spouse as determined under the laws of the state in which the Participant has his primary place of residence "Spouse" shall include a Participant's domestic partner (i.e., one of two adults who is in a registered domestic partnership pursuant to section 297 of the California Family Code)

1.19 Trust. The term "Trust" shall mean the Integral Part Trust that the Employer establishes in conjunction with the Plan

1.20 Trustee. The term "Trustee" shall mean the person or persons appointed by the Employer to serve as trustee of the Trust.

ARTICLE II **PARTICIPATION**

2.1 Eligibility and Participation. Each Employee shall become a Participant upon his satisfaction of the eligibility requirements designated by the Employer in the Adoption Agreement

2.2 Establishment of Account. The Administrator will establish and maintain an Account with respect to each Participant A Participant's Account will be credited periodically during a period of coverage with amounts as determined by the Employer under the Adoption Agreement

2.3 Participant Direction of Account Investment. Each Participant shall have the right to direct the Trustee with respect to the investment and reinvestment of the assets credited to the Account among the investment options made available by the Employer under the Plan Any such investment directions shall be subject to the terms and conditions as may be prescribed from time to time by the Administrator and Trustee Neither the Trustee, nor the Employer, nor the Administrator shall be liable for any loss resulting from a Participant's direction, or failure to give directions, over the investment of the assets credited to the Account

2.4 Direction of Account Investment After Participant's Death. Upon the Participant's death, the surviving Spouse shall have the right to direct the Trustee with respect to the investment and reinvestment of the assets credited to the Account among the investment options made available by the Employer under the Plan If there is no surviving Spouse upon the Participant's death, then upon the Participant's death, the oldest Beneficiary as of the date of the Participant's death, or a Beneficiary other than the oldest Beneficiary as of the date of the Participant's death that is designated in writing by the Participant or Spouse, shall have the right to direct the Trustee with respect to the investment and reinvestment of the assets credited to such the Account among the investment options made available by the Employer under the Plan If any such Beneficiary is under the age of majority in his or her state of residence at the time he or she is to assume the responsibility of providing investment instructions with respect to the

Account, the guardian or legal representative of such Beneficiary shall have the authority to direct the Trustee with respect to the investment and reinvestment of the assets credited to such Account among the investment options made available by the Employer under the Plan. Any such investment directions shall be subject to the terms and conditions as may be prescribed from time to time by the Administrator and Trustee. Neither the Trustee, nor the Employer, nor the Administrator shall be liable for any loss resulting from a Beneficiary's direction, or failure to give directions, over the investment of the assets credited to the Account.

ARTICLE III
BENEFITS OFFERED AND METHOD OF FUNDING

3.1 Benefits. Each Retired Participant or Beneficiary may be reimbursed for the Eligible Expenses he incurs by following the claim reimbursement procedure prescribed by the Administrator.

3.2 Debiting of Account. An Account will be debited for any reimbursement of any Eligible Expenses incurred by the Retired Participant, his Spouse or Dependent, or for the Beneficiary after the Participant's death, for which such person makes a claim in accordance with the terms of this Plan and such procedures as established by the Administrator. The amount available for reimbursement of Eligible Expenses of a Retired Participant, his Spouse and Dependents, or for the Beneficiary after the Participant's death, is limited to the amount credited to the Account at any particular point in time. An Account may not have a negative balance at any time. Reimbursement of claims for Eligible Expenses from the Account shall be made in the order in which such claims are received by the Administrator or, as provided by the Administrator, any third-party claims paying agent.

3.3 Method of Funding. All of the amounts payable under this Plan shall be paid from the Trust established by the Employer for the payment of benefits hereunder. While the Administrator has complete responsibility for the payment of benefits under the Trust, it may hire an unrelated third party paying agent to make claim determinations and reimburse claims for Eligible Expenses on its behalf.

3.4 Termination of Coverage. Coverage of Eligible Expenses for a Retired Participant or Beneficiary shall terminate when the balance in such person's Account is zero. Notwithstanding the foregoing, a Retired Participant or Beneficiary may be excluded from receiving reimbursements under the Plan if the Administrator determines that such individual has engaged in any act of fraud with regard to the Plan.

3.5 Death of Participant.

- (a) Any reimbursement of Eligible Expenses payable to a Retired Participant following the date of death of such Retired Participant, on account of claims that were filed before the death of the Retired Participant, shall be

paid to the Retired Participant's estate. A representative of the Retired Participant's estate may file claims for reimbursement that could have been filed before the death of the Retired Participant but that were not timely filed before the Participant's death, by filing such claims in accordance with the terms of this Plan and such procedures as established by the Administrator.

- (b) Upon the death of a Participant, all amounts credited to the Account shall be made available to pay the Eligible Expenses of his Beneficiaries. If the Participant dies with no surviving Beneficiaries, the Participant's Account will be forfeited and applied as specified in the Adoption Agreement.

3.6 Forfeiture of Non-Vested Account Balances. Notwithstanding any other provision of the Plan, if the Employer elects a vesting schedule in its Adoption Agreement, and a Participant does not meet the conditions specified in the Adoption Agreement to become vested in the contributions subject to such vesting schedule, then such contributions shall be forfeited and applied as specified in the Adoption Agreement.

3.7 Forfeiture of Account. Notwithstanding any other provision of the Plan, if elected by the Employer in the Adoption Agreement, an Account that is valued at an amount equal to or less than an amount specified by the Employer in the Adoption Agreement will be considered *de minimis* and forfeited to the Employer.

ARTICLE IV **ADMINISTRATION OF THE PLAN**

4.1 Administrator. The Administrator shall have the sole responsibility for the administration of the Plan. The Administrator may delegate to any person or entity, including any officer or employee of the Employer, any powers or duties of the Administrator under the Plan. To the extent of any such delegation, the delegate shall be responsible for administration of the Plan and references to the Administrator shall apply instead to the delegate. Any action by the Employer assigning any of its responsibilities as Administrator to specific persons who are also officers or employees of the Employer shall not constitute delegation of the Administrator's responsibilities but rather shall be treated as the manner in which the Employer has determined internally to discharge such responsibility.

4.2 Powers and Duties of Administrator. Except for the functions reserved under the Plan to the Employer, the administration of the Plan shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the Plan is carried out in accordance with its terms, for the exclusive purpose of providing benefits to persons entitled to participate in the Plan and defraying the reasonable expenses of administering the Plan. The Administrator shall have the sole discretionary authority to interpret the terms and intent of the

Plan and to decide all matters arising thereunder, including matters relating to eligibility for benefits. The Administrator's powers shall include, but not be limited to, the following

- (a) To make and enforce such rules and regulations as the Administrator deems necessary or proper for the efficient administration of the Plan,
- (b) To construe and interpret the terms and intent of the Plan, decide questions of eligibility of any person to participate in the Plan and determine the amount, manner and time of payments of any benefits payable under the Plan, such interpretation to be final and conclusive on all persons claiming benefits under the Plan,
- (c) To prepare and file such reports as may be required by the Code or otherwise as required by law from time to time,
- (d) To allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, including legal, administrative, accounting and actuarial counsel, any such allocation, delegation or designation to be in writing,
- (e) To establish the method of accounting for the Plan and to maintain the Accounts,
- (f) To prescribe any forms as it deems necessary or desirable for the efficient administration of the Plan, and
- (g) To take such actions (with the consent and at the direction of the Employer) as it considers necessary or appropriate to satisfy any nondiscrimination requirements of the Code that are applicable to the Plan

4.3 Reliance on Tables, etc. In administering the Plan, the Administrator shall be entitled to the extent permitted by law to rely exclusively on all tables, valuations, certificates, opinions and reports which are furnished by accountants, counsel or other experts employed or engaged by the Employer or Administrator

4.4 Compensation of Administrator. All usual and reasonable expenses of the Administrator shall, unless paid by the Employer, be paid from the Trust. In the event the Employer is serving as the Administrator, the Employer shall serve without compensation for services rendered in such capacity. No employee of an Employer shall receive any compensation with respect to services performed for the Administrator hereunder except as such person may be entitled to benefits under the Plan

4.5 ■ Unless required by federal or state law, the Administrator shall not be required to give any bond or other security in any jurisdiction in connection with the administration of the Plan

4.6 **Payment of Administrative Expenses.** All reasonable expenses incurred in administering the Plan shall, unless paid by the Employer, be paid from the Trust

4.7 **Claims Procedure.** A written request for a Plan benefit made by a Retired Participant or Beneficiary is a claim. The person making such claim is a claimant

- (a) **Initial Claim** Within 30 days after receipt by the Administrator of a reimbursement claim for Eligible Expenses, the Administrator will either approve the claim or notify the claimant that claim has been denied. This time period may be extended by an additional 15 days for matters beyond the control of the Administrator, including in cases where a claim for reimbursement of Eligible Expenses is incomplete. The Administrator will provide notice of any extension, including the reason for any extension, and will allow the claimant 45 days in which to complete an incomplete reimbursement claim

- (b) **Claims Substantiation** A claimant may apply for reimbursement of Eligible Expenses by submitting an application in writing to the Administrator in such form as the Administrator may prescribe. A claim for reimbursement must be submitted by no later than April 15 following the close of the calendar year in which the Eligible Expenses was incurred. The claim for reimbursement must set forth
 - (i) the person on whose behalf the Eligible Expenses were incurred, and the relationship of such person to the Retired Participant or Beneficiary.
 - (ii) the nature and date of the Eligible Expenses so incurred, together with bills, invoices or other statements from an independent third party showing the Eligible Expenses that were incurred and the amounts of such expenses.
 - (iii) the amount of the requested reimbursement, and
 - (iv) a statement by the claimant that the Eligible Expenses have not otherwise been reimbursed, and will not otherwise be reimbursed, from any other source

- (c) **Denial of Initial Claim** If the Administrator does not notify the claimant of the denial of the claim within the time period specified above, then the claim shall be deemed denied. If the Administrator denies a claim, either wholly or partially, the Administrator shall furnish to the claimant, at the time of the denial, a written notice setting forth in a manner calculated to be understood by the claimant
- (i) the reason(s) for the denial,
 - (ii) a description of any additional material or information necessary for the claimant to perfect the claim, and an explanation of why such material or information is necessary, and
 - (iv) an explanation of the Plan's review procedures
- (d) **Appeal of Denied Claim** When a claimant receives notice of denial of a claim or does not receive notification of acceptance or denial within 90 days after submitting a claim, the claimant, either in person or by duly authorized representative, may
- (i) request, in writing, a review of the claim by the Administrator,
 - (ii) review pertinent documents relating to the denial,
 - (iii) submit issues and comments in writing, and
 - (iv) request, in writing, a hearing with the Administrator,

provided that the claimant takes appropriate action within 60 days after (1) receiving notice of denial, or (2) if the claimant does not receive notice of acceptance or denial of his or her claim, the expiration of the 90-day period beginning on the date on which the claimant submitted the claim

- (e) **Decision on Appeal** The Administrator shall make its decision with respect to a claim review promptly, but not later than 60 days after receipt of the request. The final decision of the Administrator shall be in writing, give specific reasons for the decision, and make specific references to the pertinent Plan provisions on which the decision is based

4.8 Erroneous Payments. In the event that the Administrator inadvertently authorizes any payment to or on behalf of any person who is not within the scope of the Plan, the Administrator may request the return thereof and such individual shall reimburse the Plan for

such erroneous payment, and/or the Administrator may reduce or offset any future payments otherwise due to the individual in question as necessary to recoup the overpayment

4.9 Information to be Furnished. Participants and Beneficiaries shall provide the Employer and Administrator with such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the purpose of administration of the Plan, and the Administrator shall be entitled, to the extent permitted by law, to rely on all such information. All communications in connection with the Plan made by any individual shall become effective only when duly executed in writing and filed with and accepted by the Administrator.

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

ARTICLE V

AMENDMENT AND TERMINATION

5.1 Amendment of Plan. The Employer reserves the right at any time or times to amend the provisions of the Plan to any extent and in any manner that it may deem advisable, by a written instrument signed by an officer of or other authorized person with respect to the Employer, provided, however, that no such modification shall divest a Retired Participant of benefits under the Plan to which he or she has become entitled as a consequence of filing a claim for reimbursement of Eligible Expenses, in the manner prescribed by the Administrator, prior to the effective date of the amendment. The Employer may delegate to any person or entity, including any officer or employee of the Employer, the power to amend the Plan

5.2 Termination of Plan. The Employer has established the Plan with the bona fide intention and expectation that it will be continued indefinitely, but the Employer has no obligation whatsoever to maintain the Plan in whole or in part for any given length of time and may terminate the Plan in whole or in part by a written instrument signed by an officer of or other authorized person with respect to the Employer at any time without liability, provided, however, that such termination shall not divest a Retired Participant or Beneficiary of benefits under the Plan to which he or she has become entitled by reason of filing a claim for reimbursement of Eligible Expenses, in the manner prescribed by the Administrator, prior to the effective date of the termination of the Plan

5.3 Effective Date of Amendment or Termination. Any amendment or termination of the Plan shall be effective as of the date determined by the Employer or, with respect to amendment of the Plan, shall be effective as of the date determined by any person or entity to whom the Employer has delegated authority to amend the Plan

ARTICLE VI
HIPAA PROVISIONS

6.1 Effective Date. This Article shall be interpreted in a manner that permits the Plan to comply with the HIPAA Privacy Rule and other federal and state laws regarding protection of PHI

6.2 Use of PHI. The Plan will use and disclose PHI to the extent of and in accordance with the uses and disclosures permitted by the HIPAA Privacy Rule. Specifically, the Plan will use and disclose PHI for purposes related to health care treatment, payment for health care and health care operations as defined in the Plan's HIPAA Privacy Notice distributed to Participants, Spouses, Dependents, and Beneficiaries. In addition, the Plan will:

- (a) make PHI available to an individual in accordance with the HIPAA Privacy Rule's access requirements,
- (b) make PHI available for amendment and incorporate any amendments to PHI in accordance with the HIPAA Privacy Rule,
- (c) make available the information required to provide an accounting of disclosures, in accordance with the HIPAA Privacy Rule
- (d) make internal practices, books and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for the purposes of determining the Plan's compliance with the HIPAA Privacy Rule, and
- (e) not use or disclose PHI other than as permitted or required by the Plan or as required by law

6.3 Employer's Obligations with Respect to PHI. With respect to PHI, the Employer agrees to certain conditions. The Employer agrees to

- (a) not use or disclose PHI other than as permitted or required by the Plan or as required by law,
- (b) ensure that any agents (including a subcontractor) to whom the Employer provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Employer with respect to such PHI,
- (c) not use or disclose PHI for employment-related actions and decisions unless authorized by an individual;

- (d) not use or disclose PHI in connection with any other benefit or employee benefit plan of the Employer unless authorized by an individual,
- (e) report to the Plan any impermissible use or disclosure of PHI of which it becomes aware, and
- (f) if feasible, return or destroy all PHI received from the Plan that the Employer still maintains in any form and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made (or if return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction infeasible)

6.4 Access to PHI Within Employer. Adequate separation will be maintained between the Plan and the Employer. Only the individuals or classes of employees identified in the Plan's HIPAA Privacy Notice shall have access to PHI, and such persons may use and disclose PHI only for Plan administration functions that the Employer performs for the Plan. If the persons described herein or any other employees do not comply with these Plan provisions governing privacy, the Employer shall provide a mechanism for resolving issues of noncompliance, including disciplinary sanctions. The Employer shall cooperate with the Plan to correct and mitigate any such noncompliance.

6.5 Privacy Official. The Employer shall appoint one or more individuals to act as a HIPAA Privacy Official for the Plan. The Privacy Official shall be responsible for compliance with the Employer's and the Plan's obligations under this Article and the HIPAA Privacy Rule.

- (a) Appointment, Resignation and Removal of Privacy Official. The individual appointed as Privacy Official may resign by giving 30 days notice in writing to the Employer. The Employer shall have the power to remove that individual for any or no reason.
- (b) Policies and Procedures. The Privacy Official shall from time to time formulate and issue to Participants and the Employer such policies and procedures as he or she deems necessary for compliance with this Article and the HIPAA Privacy Rule. No policy or procedure, however, shall amend any substantive provision of the Plan. Additionally, such policies and procedures must be accepted by the Administrator.
- (c) Privacy Notice. The Privacy Official shall be responsible for arranging with the Employer, the Administrator and any third-party administrator for the issuance of, and any changes to, the Plan's HIPAA Privacy Notice.

- (d) **Complaint Contact Person** The Privacy Official shall be the contact person to receive any complaints of possible violations of the provisions of this Article and the HIPAA Privacy Rule. The Privacy Official shall document any complaints received, and their disposition, if any. The Privacy Official shall also be the contact to provide further information about matters contained in the Plan's HIPAA Privacy Notice.

ARTICLE VII MISCELLANEOUS

7.1 **Limitation of Rights.** Neither the establishment of the Plan nor any amendment thereof will be construed as giving to any Participant or other person any legal or equitable rights against the Administrator or the Employer, except as expressly provided herein and by applicable law.

7.2 **Non-Alienation of Benefits.** Except as otherwise provided under the Plan, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void. No benefit under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person. If any person entitled to benefits under the Plan becomes attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under the Plan, or if any attempt is made to subject any such benefit to the debts, contracts, liabilities, engagements or torts of the person entitled to any such benefit, except as specifically provided in the Plan, then such benefit shall cease and terminate in the discretion of the Administrator, and the Administrator may, in its discretion, hold or apply the same or any part thereof to the benefit of any Spouse or Dependent of such Participant, in such manner and proportions as he or she may deem proper.

7.3 **Plan Not a Contract of Employment.** The maintenance of this Plan shall not constitute a contract of employment and does not assure the continued employment of any Employee for any period of time.

7.4 **Withholding.** The Employer or Administrator reserves the right to withhold taxes and any other amounts that the Employer, in its discretion, or Administrator, in its discretion, determine are required to be withheld from a distribution to a Retired Participant or Beneficiary.

7.5 **Addresses, Notice, Waiver of Notice.** Each Participant, Retired Participant and Beneficiary must file with the Administrator, in writing, his or her post office address and any change of post office address. Any communication, statement or notice addressed to such Participant, Retired Participant and Beneficiary at his or her last post office address filed with the Administrator will be binding upon such person for all purposes of the Plan, and neither the

Administrator nor the Employer shall be obliged to search for or ascertain the whereabouts of any such person

7.6 **Severability.** The provisions of the Plan are severable. If any provision of the Plan is deemed legally or factually invalid or unenforceable to any extent or in any application, then the remainder of the provision and the Plan, except to such extent or in such application, shall not be affected, and each and every provision of the Plan shall be valid and enforceable to the fullest extent and in the broadest application permitted by law

7.7 **Headings.** The headings of the Plan are inserted for convenience of reference only and shall have no effect upon the meaning of the provisions hereof

7.8 **Proof of Claim.** As a condition of receiving reimbursement of Eligible Expenses under the Plan, a Retired Participant or Beneficiary shall be required to submit whatever proof the Administrator may require

7.9 **Gender and Number.** Masculine pronouns include the feminine as well as the neuter gender, and the singular shall include the plural, unless indicated otherwise by the context

7.10 **Payment for Benefit of Incompetent.** Whenever, in the Administrator's opinion, a person entitled to receive any benefit payments hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage the person's financial affairs, the Administrator may direct the Employer to make payments to such person or to the person's legal representative or to a relative or friend of such person for such person's benefit. Any payment of a benefit in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan

7.11 **No Guarantee of Tax Consequences.** Neither the Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Retired Participant or Beneficiary under this Plan will be excludable from the Participant's gross income for federal, state or local income tax purposes. It shall be the obligation of each Retired Participant or Beneficiary to determine whether each payment under this Plan is excludable from such individual's gross income for federal, state and local income tax purposes, and to so notify the Administrator if the individual has any reason to believe that such payment is not so excludable

7.12 **Governing Law.** This Plan and its validity, construction and effect shall be governed by the laws of the state in which the Employer is domiciled

7.13 **Plan Provisions Controlling.** In the event that the terms or provisions of any summary or description of this Plan, or of any other instrument, are in any construction interpreted as being in conflict with the provisions of this Plan as set forth in this document, the provisions of this Plan shall be controlling

Direction for TPA to Request Claim Payments

Pursuant to my elections below, I direct the participant claims for reimbursement against the Plan so listed to be deducted automatically from the Plan and paid in accordance with the instructions of the participant at the end of **each calendar month** or upon the occurrence of the designated event. Amounts deducted will be recorded against each participant's account on a pro-rata basis from all investments. I understand and agree that this automatic deduction service is only available if Hartford Life has sufficient authorization from the Third Party Administration Firm to make payments via electronic funds transfer.


Type of Fee	Flat Fee Amount
Payment of Claims made by Participants	AS CLAIMED BY THE PARTICIPANTS AND APPROVED BY THE THIRD PARTY ADMINISTRATION FIRM

I direct Hartford Life to pay the above-referenced Claim Amounts at the time requested by the Third Party Administration Firm.

As an authorized Plan fiduciary, I direct Hartford Life Insurance Company to automatically deduct from the Plan's assets those amounts listed above, and to pay such amount directly to the Participants, or as requested by Third Party Administration Firm.

I hereby represent that the form and method of deducting these payments (as indicated above) are authorized under the terms of the Plan. I certify that the requested payments/withdrawals are made solely to pay Plan claims for reimbursement under the terms of the Plan. I have determined in my fiduciary capacity that the service requested is necessary and provided at a reasonable expense to the Plan. I understand that it is the Plan Administrator's responsibility to report all fees for services on applicable government reporting forms.

I understand that the Plan shall have sole responsibility to timely notify Hartford Life in writing of any revocation or modification of this direction and authorization.

Fiduciary Name and Signature		Date/Address	
Signature		Date	6/24/08
Name and Title (printed)	Donna Vaillancourt HR Director	Address, City State and Zip	San Mateo County 455 County Center Redwood City, CA 94063-1663 Phone: 650-363-4393 Fax: 650-599-1573

Third Party Administrator Name		Address	
Name	EBSC	Street Address	940 Industrial Drive South
Address, City State and Zip	Sauk Rapids, MN 56379	Phone	320-251-0034
Fax	320-251-0340	E-Mail Address	Claims@EBSC-online.org



SERVICE AGREEMENT
FEE PAYMENT AUTHORIZATION FORM

Plan **SAN MATEO COUNTY, CA**
Post Employment Health Reimbursement Plan

Company **SAN MATEO COUNTY, CA**

Pursuant to the attached "Fringe Benefit Plan Administration Services" Agreement, Employee Benefits of St. Cloud, Inc (EBSC) has been engaged by the "Plan" to provide Fringe Benefit Plan administration and compliance services. The specific services are outlined in the "Fringe Benefit Plan Administration Services" Agreement. The purpose of this agreement is for the Plan and Company to acknowledge the fees associated with the compliance services provided by EBSC and to authorize EBSC to deduct fees for these services directly from participant accounts (either by design, or in the event of non-payment by the Company)

1. **Fees** - For the performance of these services, EBSC will charge the following fees
- **Plan Implementation Fee (Document and Set-up)** **\$250****
 - **Administrative Fees – Per Participant** **\$10 Annually****
 - **Claims Adjudication** **.10% of assets*****
- **To be paid by The Hartford
***Waived by EBSC for 2 years

2. **Payment of Fees** - Fees will be paid as follows (please choose how you would like us to invoice your fees **N/A**)


<input type="checkbox"/> Bill Client	<input type="checkbox"/> Take Directly from Participants' Accounts (divided equally among all eligible Participants)
<input type="checkbox"/> All Participants	<input type="checkbox"/> All Participants
<input type="checkbox"/> Active Participants Only	<input type="checkbox"/> Active Participants Only

The amounts taken from the participant's accounts will be done with the accounts set up with The Hartford. If for any reason our fees cannot be deducted from participant accounts, the undersigned acknowledges that the "Plan" and the "Company" are still liable for payment.

3 EFT/ACH Authorization for Contributions and Reimbursements

Unless otherwise negotiated, I will authorize EBSC to receive information via an electronic transaction from The Hartford for either required contributions to the plan and/or reimbursement to participants from the plan.

4. **Additional Services** – see the attached schedule – initial items that are applicable. These will be fees that will be billable to the County should it elect to have EBSC provide these services.

By  6/24/08 Date

Print Name **Donna Vaillancourt**
 Title **HR Director**
 Address **455 County Center**
Redwood City, CA 94063-1663
 Phone **650-363-4330**
 Fax **650-599-1573**