

Instruction Sheet for **PriorityHRA**SM Plan Document

Thank you for choosing **PriorityHRA**! Here are some instructions as to what to do with each **PriorityHRA** document.

Required Documents:

HRA Application – contains all of the information needed to set the group up with **PriorityHRA** in our system. The form can be found in the Agent Center at *priorityhealth.com*. It should be filled out by the employer group with the assistance of the agent. The completed document is to be returned to the Priority Health sales representative.

Plan Document & Summary Plan Description (PD/SPD) – the official plan document outlining the **PriorityHRA**. It can be found on our Agent Center at *priorityhealth.com*. This document, once completed, should be passed out to each employee on the HRA product. The employer should also keep a copy for their files. The portions that need to be filled out are the **General Plan Information** and the **HRA Reimbursement Schedule** (the last two sections of the document).

General Plan Information – the group specific portion of the PD/SPD. This section is to be filled out by the employer.

HRA Reimbursement Schedule -- the document that outlines how the HRA is to be set up, and how much it will pay out to each employee. This must be filled out and sent in to the Priority Health sales representative along with the HRA Application.

Steps:

1. Agent downloads the **HRA Application** from the Agent Center and assists the employer group in completing the form.
2. Agent downloads the **PD/SPD** from the Agent Center and assists the employer group in filling out the **General Plan Information** and **HRA Reimbursement Schedule** in the back of the PD/SPD. Remember, a new **HRA Reimbursement Schedule** will need to be completed for every HRA plan design (applicable for employers with multiple options).
3. Agent/Employer group submits the completed **HRA Application** (including additional materials as requested in the HRA Application), and the HRA Reimbursement Schedule/signature portion of the **PD/SPD** to the Priority Health Sales Representative.
4. Once the HRA is finalized, the employer group should keep a copy of all completed materials including the full **PD/SPD** for their records. The employer group is to distribute the completed copy of the **PD/SPD** to all employees who participate in the HRA plan.



HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN

PLAN DOCUMENT & SUMMARY PLAN DESCRIPTION

Priority Health Managed Benefits, Inc.
1231 East Beltline, NE
Grand Rapids, Michigan 49525-1954

TABLE OF CONTENTS

PAGE

SECTION 1. Plan Operation..... 4

SECTION 2. Definitions and Cross-References 4

SECTION 3. Eligibility and Plan Entry 4

SECTION 4. Establishment of HRA Account 4

SECTION 5. Benefits 4

SECTION 6. Eligible Medical Expenses..... 5

SECTION 7. Company Contributions Only..... 5

SECTION 8. Coordination of Benefits..... 5

SECTION 9. Claims Payment Procedure 5

SECTION 10. Inquiries and Appeals 7

SECTION 11. Leaves of Absence 9

SECTION 12. Termination of Participation..... 9

SECTION 13. COBRA Continuation Coverage..... 9

SECTION 14. HIPAA Privacy Provisions 11

SECTION 15. Plan Administrator 14

SECTION 16. Nondiscrimination..... 14

SECTION 17. Other Laws..... 14

SECTION 18. Amendment and Termination..... 14

SECTION 19. No Guarantee of Tax Consequences 14

SECTION 20. Participants’ Rights..... 15

GENERAL PLAN INFORMATION..... 17

HRA REIMBURSEMENT SCHEDULE 18

HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN

SECTION 1. Plan Operation

Your Employer hereby establishes this Health Reimbursement Arrangement ("**HRA**"). This HRA is integrated with and is part of your Company's health plan. Your Company's health plan consists of the health plan benefits described in your Priority Health Certificate of Coverage and the benefits described in this plan document. Your HRA helps you pay for those out-of-pocket medical expenses listed on the attached HRA Reimbursement Schedule ("**Eligible Medical Expenses**") that are incurred by you, your spouse and your dependents.

SECTION 2. Definitions and Cross-References

All capitalized terms in this document have the meaning set forth in the Definitions Section of your Priority Health Certificate of Coverage, unless otherwise defined in this plan document. You should also reference your Certificate of Coverage when its terms and conditions are cross-referenced in this plan document.

SECTION 3. Eligibility and Plan Entry

To be a participant in the HRA ("**Participant**"), you must be an employee enrolled in your Employer's health plan option that relates to this HRA. The following individuals are not considered employees and, therefore, are not eligible to participate in the HRA: self-employed individuals, partners in a partnership, and more-than-2% shareholders in a Subchapter S corporation.

You will be automatically enrolled in the HRA on the date you enroll in your Employer's health plan that relates to this HRA.

SECTION 4. Establishment of HRA Account

When you become a Participant in the HRA, an HRA account will be established in your name. Your Employer will credit your HRA account at the beginning of each plan year with the amount set forth in the attached HRA Reimbursement Schedule ("**HRA Credit**"). Your HRA account is a recordkeeping account that tracks your available HRA Credits. There is no separate fund or trust from which benefits are paid, and benefits under the HRA are not insured. They are paid from the general assets of your Employer. Your Employer may increase or decrease the annual HRA Credit amount from time to time and will notify you of any such changes. Contact your Employer with any questions you have regarding the HRA Credit amount.

SECTION 5. Benefits

You may use your HRA Credit to pay for or reimburse Eligible Medical Expenses incurred by you, your spouse and your dependents up to the available unused balance in your HRA

account. The amount of your annual HRA Credit and the rules for use of available credit are described in the HRA Reimbursement Schedule.

SECTION 6. Eligible Medical Expenses

“Eligible Medical Expenses” are expenses incurred for services that are Covered Services but not paid for by your Employer’s health plan for example, because of deductible or co-insurance requirements under the health plan. See your Priority Health Certificate of Coverage for a description of Covered Services. Eligible Medical Expenses do not include any expenses incurred prior to the date you became a Participant in the HRA or after the date you cease to be a Participant.

HRA Credits may be used only to pay Eligible Medical Expenses for which claims are received by the Claims Administrator no later than one year from the date the expense was incurred. Expenses are incurred when a service is provided, not when it is billed or paid.

SECTION 7. Company Contributions Only

Benefits from the HRA are paid by your Employer from its general assets; employee contributions are not required nor permitted. Under no circumstances will pre-tax salary reduction contributions be permitted nor will the HRA be funded, directly or indirectly, under a cafeteria plan. You cannot receive your HRA account balance in the form of cash or any other benefit. It may be used only to pay or reimburse Eligible Medical Expenses.

SECTION 8. Coordination of Benefits

The HRA may only pay Eligible Medical Expenses not previously reimbursed or for which you will not seek reimbursement from any other accident or health plan, cafeteria plan, or health insurance. If an Eligible Medical Expense is payable or reimbursable from another source, that other source must pay or reimburse prior to payment or reimbursement from the HRA. If only a portion of an Eligible Medical Expense is reimbursable by another health plan (e.g., because of copayment or deductible requirements), the HRA can reimburse the remaining portion of the expense if it otherwise meets the requirements of the HRA. However, if Eligible Medical Expenses are covered by both HRA and by a health flexible spending account (health FSA), the HRA will pay first, exhausting all available HRA Credits, before the health FSA may provide reimbursement.

SECTION 9. Claims Payment Procedure

Priority Health Managed Benefits, Inc. is the Benefit Administrator for your HRA and will automatically pay any Eligible Medical Expenses directly to your medical provider from your HRA account. You will not be required to submit any claim forms to trigger payment. An exception would be if you are covered by more than one health insurance policy or health plan. In such a case, you may be required to submit a claim form to Priority Health

that requests reimbursement from your HRA after benefits have been coordinated with your other insurance carriers and it has been determined whether you have any outstanding unpaid Eligible Medical Expenses.

A. Claims Decision

All claims from medical providers must be submitted within one year after the expense is incurred. Requests will be approved or denied within 30 days. If matters beyond the HRA's control require more than 30 days, the Benefit Administrator will notify you in writing of the need for an extension and will have an additional 15 days to complete its review. If the Benefit Administrator needs additional information in order to decide your claim, you will be notified and the Benefit Administrator will give you a reasonable amount of time (but not less than 45 days) to provide the specified information. The Benefit Administrator will notify you if your claim has been denied no later than 30 days after receipt of your initial claim, not including days that were necessary to receive additional information, unless you agree to further extend the decision-making period.

If a mistake is made, if you engage in fraud or misrepresentation, or if you fail to provide material information, you must repay any amount that should not have been reimbursed by the HRA.

B. Adverse Benefit Determinations

If the Benefit Administrator denies your claim for benefits ("adverse benefit determination"), it will send you written notice that will include:

- The reason for the adverse determination.
- The specific plan provision on which the determination was based.
- A description of any additional information necessary to make the claim payable and an explanation of why this information is necessary.
- A description of the HRA's claim review procedures and time limits for review. This will include a statement of your right to bring a lawsuit under ERISA challenging an adverse benefit determination on review.
- A statement that you are entitled to receive, upon request and without charge, copies of any internal rule, guideline, protocol, or other similar internal criterion that was relied upon in making an adverse benefit determination, if applicable to your claim.
- A statement that you are entitled to receive, upon request and without charge, an explanation of the scientific or clinical judgment for the determination, applying the terms of the HRA to your medical circumstances, if the adverse benefit determination was based on a medical necessity or experimental treatment or similar exclusion or limit.

If you are not satisfied with a benefit determination, you may appeal in accordance with the following Section.

SECTION 10. Inquiries and Appeals

A. Informal Inquiries

If you have any questions or concerns regarding your HRA coverage or benefits you may contact your Employer or the Priority Health Customer Service Department at **888-389-6646**. The Benefit Administrator recognizes that not all of your questions or concerns involve benefit denials. The Customer Service Department will make every effort to resolve your inquiry at the time of your call, or as soon as reasonably possible, and may require additional information to resolve your inquiry.

If you have an inquiry, complaint or problem that the Customer Service Department cannot resolve informally or you are unhappy with the resolution, you may choose to go immediately to the appeal process (detailed below) if your inquiry is related to a denial of benefits.

B. Appeal Procedure

If you receive an adverse benefit determination you may appeal the decision. There are two levels of appeal. Priority Health Managed Benefits, Inc., as Benefit Administrator, will conduct the first level of appeal and your Company, as Plan Administrator, will conduct the second level. Your initial appeal request must be in writing and submitted to the Benefit Administrator within 180 days after you receive your initial adverse benefit determination. If the Benefit Administrator upholds the initial adverse determination on the first level of appeal, you have 60 days to submit a written request for the second level of appeal.

For both levels of appeal, you may submit written comments, documents, records and other information relating to your claim. These should be submitted to the Benefit Administrator. You may request access to and copies of all documents, records, and other information relevant to the claim, at no cost to you. You may also request the identity of any experts whose advice was obtained in connection with your adverse benefit determination.

The Benefit Administrator or Plan Administrator will take into account all comments, documents, records, or other information you submit relating to your appeal, whether or not the information was submitted or considered in any previous benefit determinations. They will not rely on any decision made in a previous adverse benefit determination, but will review the full record of the claim and make an independent determination. The individuals conducting your appeal will not be the same individuals who made any prior adverse determinations on your claim nor their subordinates.

If your appeal is based in whole or in part on medical judgment, including whether a particular treatment, drug, or other item is experimental, investigational or not medically necessary or appropriate, the Benefit Administrator or Plan Administrator will consult with a health professional. The health professional will have the appropriate training

and experience in the field of medicine involved in the medical judgment. Any health professional engaged for these purposes will not be the same individual who was consulted for any prior adverse benefit determinations on your claim, nor a subordinate of that individual.

C. First-Level Appeal

The Benefit Administrator will notify you of its decision on appeal (whether adverse or not) within a reasonable period of time, but not later than 30 days after it receives your appeal request, unless you agree to further extend the decision-making period.

D. Second-Level Appeal

The Plan Administrator will notify you of its decision on appeal (whether adverse or not) within a reasonable period of time, but not later than 30 days after it receives your second-level appeal request, unless you agree to further extend the decision-making period.

The Plan Administrator's decision will be final and binding.

E. Adverse Determination on Appeal

If a decision on appeal is adverse, the written notice will include:

- The specific reasons for the adverse determination.
- The specific HRA provisions on which the determination was based.
- A description of any additional information necessary to perfect the claim and an explanation of why this information is necessary.
- A statement that you are entitled to receive, upon request and without charge, reasonable access to and copies of all documents, records and other relevant information.
- A statement of your right to bring a civil action under ERISA.
- A statement that you are entitled to receive, upon request and without charge, copies of any internal rule, guideline, protocol, or other similar criterion ("internal criteria") that was relied upon in making an adverse benefit determination, if applicable to your appeal.
- A statement that you are entitled to receive, upon request and without charge, an explanation of the scientific or clinical judgment for the determination, applying the terms of the plan to your medical circumstances, if applicable to your appeal.

The procedures outlined above will be the only procedures used to resolve adverse benefit determinations and will only apply to matters over which the Plan Administrator has control, such as administrative or reimbursement issues.

F. Legal Actions

No legal or equitable actions may be brought on account of a claim denial before you have exhausted the appeal procedures described above. In addition, all legal or equitable actions must be brought within one year from the date of the final claim denial.

SECTION 11. Leaves of Absence

If you take a leave of absence under the Family and Medical Leave Act (FMLA) or any other Employer-approved leave of absence, your participation in the HRA will continue during the leave period to the extent coverage under your Employer's health plan that relates to this HRA continues.

If you take a leave of absence for military service, USERRA allows you to continue to participate in the HRA and receive Company contributions for up to 24 months after your military leave begins, or for the period of your military leave, whichever is shorter. You are required to pay a premium (102% of the premium amount for the HRA Credit or such other amount as is required by law) for this continuation coverage if your military leave is 31 days or longer. If you elect continuation coverage, your Employer will credit your HRA account while you are on military leave on the same basis as for actively-employed HRA participants. If you do not elect continuation coverage or your continuation coverage terminates while you are on military leave, your coverage under the HRA will resume when your coverage under your Employer's health plan that relates to this HRA resumes on your first day of active employment following your military leave.

SECTION 12. Termination of Participation

Generally, your participation in the HRA will end on the date your participation in the health plan that accompanies this HRA terminates, whether through plan election change, termination of employment or otherwise. Your HRA will continue to pay Eligible Medical Expenses incurred before your participation terminated and received within one year from the date in which the medical expense was incurred. Expenses incurred after your participation in the HRA terminates will not be reimbursed unless COBRA is elected as provided in Section 13 (COBRA Continuation Coverage).

If you die while a Participant in the HRA, your spouse and dependents may obtain reimbursement of Eligible Medical Expenses they incurred prior to your death from your remaining HRA account balance, provided claims are submitted within the one year period described above. If you do not have a surviving spouse or dependents, your HRA account balance (not used for your pre-death Eligible Medical Expenses) will be forfeited upon your death.

SECTION 13. COBRA Continuation Coverage

During any year following a calendar year in which your Company had 20 or more employees, federal law (COBRA) requires your Employer to provide you with the right to continue coverage under the HRA, after the occurrence of certain events (qualifying

events) that would otherwise end your HRA coverage. Individuals entitled to COBRA continuation coverage are referred to as “qualified beneficiaries.” Each qualified beneficiary has an independent right to elect COBRA coverage under the HRA.

You will be required to pay a premium (102% of the premium amount for the Employer HRA Credit or such other amount required by law) for this continuation coverage. If you elect COBRA continuation coverage, you will maintain your HRA account during the continuation period and your Employer will contribute the HRA Credit to your account on the same basis as for similarly situated HRA Participants who have not experienced a qualifying event. See the Continuation of Coverage section of your Certificate of Coverage, which is incorporated herein by reference, for details regarding COBRA continuation coverage.

If more than one qualified beneficiary in a family elects COBRA or a qualified beneficiary elects COBRA while others in the family remain covered by the HRA, the HRA account balance will be partitioned on a prorata basis, unless the parties agree otherwise or as otherwise required by law, and any future HRA Credits will be allocated among the covered family members on the same prorata basis.

If your employment is terminated (for reasons other than gross misconduct) or your hours are reduced so that you no longer meet the HRA’s eligibility requirements, you may elect to continue coverage for up to 18 months from the date the qualifying event occurred. Your spouse and/or dependents may elect to continue HRA coverage for up to 36 months if (i) you die, (ii) you become divorced or legally separated, (iii) you become eligible for Medicare benefits, or (iv) your children cease to be dependents.

Except in the case of your death or the termination or reduction in your hours of employment, in order to elect COBRA continuation coverage you (or your spouse or dependents) must notify the Plan Administrator in writing within 60 days of an event described in (ii) or (iv) above. The Plan Administrator will provide you (and your spouse and/or dependents) with written notification of your right to COBRA continuation coverage. You (or your spouse and/or dependents) have 60 days to return a signed election to the Plan Administrator indicating the choice to continue coverage.

COBRA continuation coverage will automatically end if (i) your COBRA premium is not paid on a timely basis, (ii) after your COBRA election you (or your spouse and/or dependents) become covered by another group health plan that does not contain a limitation or exclusion with respect to any pre-existing condition you or they may have, (iii) your Employer terminates all health coverage for all employees, or (iv) you (or your spouse and/or dependents) become entitled to Medicare after your COBRA election. For further information on COBRA continuation coverage, consult the Plan Administrator or the COBRA notice provided to you by your Employer (if applicable).

Under the American Recovery and Reinvestment Act of 2009, you may be eligible for a 65% subsidy of your COBRA premium for up to nine months if you lose your coverage

under the Plan because of an involuntary termination of employment between September 1, 2008, and December 31, 2009.

Starting with COBRA coverage periods beginning after February 17, 2009, if you are eligible for the subsidy, you will be required to pay only 35% of the COBRA premium for your coverage. The remaining 65% of the COBRA premium is subsidized and will not be charged to you. This COBRA subsidy will be available for up to nine months, but will expire if your COBRA coverage terminates or if you become eligible for medical coverage under another group health plan or Medicare.

If you would have been eligible for the subsidy as of February 17, 2009, but are not enrolled in COBRA coverage, you may qualify for a special COBRA election period, as described in a notice you will receive.

These rights are temporary but may be extended or modified by Congress. If you would like additional information about the COBRA subsidy, please contact the Plan Administrator.

SECTION 14. HIPAA Privacy Provisions

This section is intended to comply with the HIPAA privacy rules found at 45 CFR Parts 160 and 164 (Privacy Rules). All definitions in the Privacy Rules are incorporated by reference and if a term is not defined in the Privacy Rules, the term will have its generally accepted meaning.

A. Protected Health Information (PHI)

Your Employer will have access to protected health information (PHI) only as permitted in this section. PHI means information created or received by the HRA that relates to:

- The past, present, and future physical or mental health or condition of an individual;
- The provision of health care to an individual; or
- The past, present, or future payment for the provision of health care to an individual;

and that identifies the individual or for which there is a reasonable basis to believe the information can be used to identify the individual.

B. Permitted Uses and Disclosures

The HRA may disclose PHI to your Employer only if the Privacy Rules specifically permit or require the use or disclosure, or if the individual in writing authorizes the HRA to use or disclose PHI to your Employer.

Once your Employer receives PHI from the HRA, it may use or disclose PHI only for plan administration functions. “Plan administration functions” are administrative tasks performed by your Employer on behalf of the HRA and not employment-related functions or functions performed by your Employer in connection with any other benefit or benefit plan of your Employer. Plan administration functions include, but are not limited to:

- Enrollment and disenrollment activities;
- Verification of participation in the HRA;
- Determining eligibility for benefits;
- Activities to coordinate benefits with other plans and coverages;
- Final adjudication of appeals of claim denials;
- Assisting participants in eligibility, benefit claims matters, inquiries, and appeals;
- Evaluation of health plan design;
- Legal services and auditing functions (including fraud and abuse detection);
- Business planning, management and general administration;
- Activities in connection with the transfer, merger or consolidation of the HRA, including due diligence.

C. Company’s Privacy Obligations

With respect to any PHI created by or received from the HRA, your Employer will:

- (a) not use or further disclose the PHI other than as permitted or required by this document or as required by law;
- (b) ensure that any agents, including subcontractors, to whom it provides PHI received from the HRA agree to the same restrictions and conditions that apply to your Employer with respect to the PHI;
- (c) not use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of your Employer unless authorized by an individual;
- (d) report to the HRA any PHI use or disclosure of which it becomes aware that is inconsistent with the Privacy Rules;
- (e) make PHI available to an individual in accordance with the access requirements of the Privacy Rules;
- (f) make PHI available for amendment and incorporate any amendments to PHI in accordance with the Privacy Rules;
- (g) make available the information required to provide an accounting of disclosures;

- (h) make its internal practices, books and records relating to the use and disclosure of PHI received from the HRA available to the HHS Secretary to determine compliance with the Privacy Rules;
- (i) if feasible, return or destroy all PHI received from the HRA that your 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);
- (j) ensure adequate separation between the HRA and your Employer as required by the Privacy Rules and that the requirements listed in the next section (“Adequate Separation Between Plan and Company”) are followed; and
- (k) With respect to electronic forms of PHI, your Employer must do the following in accordance with the applicable provisions of the Security Rules:
 - (i) reasonably and appropriately safeguard electronic PHI created, received, maintained or transmitted to or by the Plan (except for disclosures of summary health information or enrollment/disenrollment information permitted by the Privacy Rules or disclosures under a valid authorization), as required by the HIPAA Security Rules;
 - (ii) implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic PHI created, received, maintained or transmitted on behalf of the Plan;
 - (iii) ensure that separation between electronic PHI used for health plan administration functions and records used for employment related actions and decisions or in connection with any other benefit or benefit plan is supported by reasonable and appropriate security measures;
 - (iv) ensure that any agents, including subcontractors, with access to electronic PHI agree to implement reasonable and appropriate security measures to protect the electronic PHI; and
 - (v) report to the Plan any significant security incident involving electronic PHI of which it becomes aware.

D. Adequate Separation Between Plan and Company

Adequate separation between the HRA and your Employer will be maintained. Only the employees or classes of employees identified in Company’s privacy policies and procedures (“authorized employees”) will have access to PHI. The section of your Employer’s privacy policies and procedures that lists these employees is incorporated

by reference herein. The access to and use of PHI by these authorized employees is restricted to the plan administration functions that your Employer performs for the HRA.

If an authorized employee uses or discloses PHI in ways other than those permitted by the HRA or the Privacy Rules, he or she will be subject to the disciplinary procedures contained in your Employer's employee handbook or policy manual. Your Employer may impose, at its discretion, reasonable sanctions necessary to ensure that no further non-compliance with the HRA or the Privacy Rules occurs.

SECTION 15. Plan Administrator

The Plan Administrator is your Employer (unless shown otherwise under General Plan Information). The Plan Administrator is responsible for the administration of the HRA and has the discretionary authority to interpret and administer the HRA, to decide all questions of eligibility and benefit payments, to determine all issues of fact, to supply any omission and to interpret any ambiguous provision of the HRA. The Plan Administrator has a duty to exercise this authority in a uniform and consistent manner.

SECTION 16. Nondiscrimination

The HRA will not discriminate in terms of eligibility or benefits in favor of highly compensated individuals. Reimbursement to highly compensated individuals may be limited or treated as taxable compensation to the extent necessary to comply with Code Section 105(h).

SECTION 17. Other Laws

Benefits from the HRA will be provided in compliance with ERISA, COBRA, HIPAA, FMLA, USERRA and other laws that apply to group health plans, to the extent required by such laws.

SECTION 18. Amendment and Termination

Although your Employer intends to continue this HRA indefinitely, it may amend or terminate the HRA at any time. You will be notified of such an action.

SECTION 19. No Guarantee of Tax Consequences

Although it is intended that amounts received under the HRA will not be subject to income tax, your Employer cannot guarantee that any amounts paid under the HRA will be excludable from your gross income for federal, state or local income tax purposes, or that any other federal, state or local tax treatment will apply to or be available to you.

SECTION 20. Participants' Rights

As a participant in this Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA).

A. Receive Information About Your Plan and Benefits

ERISA provides that all plan participants will be entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the HRA, including insurance contracts, and a copy of the latest annual report (Form 5500 Series) filed by your Employer with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the HRA, including insurance contracts, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

B. Prudent Actions by Plan Fiduciaries

In addition to creating rights for HRA participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate this HRA, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other participants and beneficiaries. No one, including your Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

C. Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of HRA documents or the latest annual report from the HRA and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the HRA's decision or lack

thereof concerning the qualified status of medical child support order, you may file suit in Federal court. If it should happen that HRA fiduciaries misuse the HRA's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

D. Assistance with Your Questions

If you have any questions about your HRA benefits, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

GENERAL PLAN INFORMATION

Sponsoring Employer and Plan Administrator

Name _____

Address _____

Telephone Number _____

Employer Identification Number (EIN) _____

If there are other Related Employers adopting this Plan, each must complete Attachment A to this Adoption Agreement. A Related Employer must be a member of the same controlled group or affiliated service group (under IRS rules) as the Sponsoring Employer.

Plan Name

_____ Health Reimbursement Arrangement Plan

Effective Date

The Effective Date of this Plan is _____

Plan Year

The Plan Year is the 12-consecutive month period beginning each _____.

Agent for Service of Legal Process

Service of legal process may also be made on the Plan Administrator.

Plan Number

5____

Benefit Administrator

Priority Health Managed Benefits, Inc.
1231 East Beltline, NE
Grand Rapids, Michigan 49525-4501
(616) 956-1954 or (800) 956-1954

HRA REIMBURSEMENT SCHEDULE

Effective for Plan Year Beginning _____, 2____

On the first day of each Plan Year, your Employer will provide to your HRA the annual HRA Credit Amount shown below. The Benefit Administrator will automatically deduct funds from your HRA to pay for your Eligible Medical Expenses. You may have further liability after all HRA Credits have been exhausted.

1. What Eligible Medical Expenses Will Your HRA Pay?

Medical Deductible Expenses Yes No

Medical Coinsurance Expenses Yes No

2. Annual HRA Credit

Single: \$ _____

Double and Family: \$ _____

3. What Are Your HRA Payment Rules? (See Boxes Checked Below – choose one of option A-D below)

A. HRA Pays First Dollar

Employee-Only Coverage

- Your HRA is available to pay the first \$ _____ of your Eligible Medical Expenses

Family Coverage - Employee-Plus-One or More (select one of the two options below)

No Embedded Limit

- Your HRA is available to pay the first \$ _____ of your family's Eligible Medical Expenses

Embedded Limit

- Your HRA is available to pay the first \$ _____ of Eligible Medical Expenses for each covered individual (up to a maximum of \$ _____ per family)

B. Employee Pays First Dollar

Employee-Only Coverage

- You must pay the first \$_____ of your Eligible Medical Expenses
- Your HRA is then available to pay the next \$_____ of your Eligible Medical Expenses

Family Coverage - Employee-Plus-One or More (select one of the three options below)

No Embedded Deductible

- You must pay the first \$_____ of your family's Eligible Medical Expenses
- Your HRA is then available to pay the next \$_____ of your family's Eligible Medical Expenses

Embedded Deductible

- You must pay the first \$_____ of Eligible Medical Expenses for each covered individual (up to a maximum of \$_____ per family)
- Your HRA is then available to pay the next \$_____ of your family's Eligible Medical Expenses

Embedded Deductible and HRA Limit

- You must pay the first \$_____ of Eligible Medical Expenses for each covered individual (up to maximum of \$_____ per family)
- Your HRA is then available to pay the next \$_____ for each covered individual (up to maximum of \$_____ per family)

C. HRA Pays Percentage

Employee-Only Coverage

- Your HRA is available to pay _____% of your Eligible Medical Expenses up to a maximum of \$_____

Family Coverage - Employee-Plus-One or More (select one of the two options below)

No Embedded Limit

- Your HRA is available to pay ____% of your family's Eligible Medical Expenses up to a maximum of \$_____

Embedded Limit

- Your HRA is available to pay ____% of your Eligible Medical Expenses up to a maximum of \$_____ for each covered individual (up to a maximum of \$_____ per family)

D. Employee Pays First Dollar, Then HRA Pays Percentage

Employee-Only Coverage

- You must pay the first \$_____ of your Eligible Medical Expenses
- Your HRA is then available to pay ____% of your Eligible Medical Expenses up to maximum of \$_____

Family Coverage - Employee-Plus-One or More (select one of the two options below)

No Embedded Deductible

- You must pay the first \$_____ of your family's Eligible Medical Expenses
- Your HRA is then available to pay ____% of your family's Eligible Medical Expenses up to maximum of \$_____

Embedded Deductible

- You must pay the first \$_____ of Eligible Medical Expenses for each covered individual (up to a maximum of \$_____ per family)
- Your HRA is then available to pay ____% of your family's Eligible Medical Expenses up to a maximum of \$_____

Embedded Deductible and HRA Limit

- You must pay the first \$_____ of Eligible Medical Expenses for each covered individual (up to maximum of \$_____ per family)
- Your HRA is then available to pay the next ____% up to a maximum of \$_____ for each covered individual (up to maximum of \$_____ per family)

4. Will your HRA pay for Out-of-Network services?

- Yes No

5. Can Unspent HRA Credits Be Rolled Over For Use In Future Plan Years?

Yes No

If Yes, rollover will be on the following basis (select one of the three options below):

Rollover of entire remaining HRA account balance.

Rollover of remaining HRA account balance up to maximum of:
\$ _____

Rollover of lesser of: (i) entire remaining HRA account balance or (ii) maximum annual rollover amount of \$ _____ plus all prior years' unused rollover amounts. For example, assume your annual HRA Credit is \$500 and the maximum annual rollover amount is \$250. If you used no HRA Credits for the first 3 years, at the end of 3 years you may roll over \$750 (\$250 rolled over for each of the first 2 years plus \$250 for current year). This would be less than your remaining HRA account balance of \$1,000 (\$250 (year 1 rollover) + \$250 (year 2 rollover) + \$500 (unspent year 3 HRA Credit)).

Note that Priority Health will automatically pay any Eligible Medical Expenses from the HRA rollover credit first before paying from current HRA Credits.

Health Reimbursement Plan Adoption:

I accept and agree to the following:

- The Health Reimbursement Arrangement (HRA) Plan is hereby executed and adopted as outlined in this HRA Plan Document and Summary Plan Description (PD/SPD).
- The completed General Plan Information page is accepted and is made a part of this HRA PD/SPD.
- The attached HRA Reimbursement Schedule is accepted to be administered as completed and is adopted as part of the HRA Plan and part of this HRA PD/SPD.

Agent Signature: _____

Date: _____

Employer Signature: _____

Date: _____