

**PREMIUM REIMBURSEMENT PLAN
OF THE
CENTRAL VALLEY RETIREE MEDICAL TRUST**

PREAMBLE

WHEREAS, the County of Stanislaus (the "County") and the Deputy Sheriffs' Association of Stanislaus County (the "DSASC") entered into a Memorandum of Understanding ("MOU"), effective December 1, 2000, wherein the County and the DSASC agreed that contributions would be made to a benefit trust for the purpose of funding, in whole or in part, reimbursement of retiree health coverage.

WHEREAS, the Deputy Sheriffs' Association of Stanislaus County established such a Trust as of January 1, 2002, granting administration of the Trust to a Board of Trustees pursuant to the "Trust Agreement Governing the Central Valley Retiree Benefit Trust," effective January 1, 2002;

NOW, THEREFORE, the Board of Trustees does hereby adopt the Premium Reimbursement Plan, effective April 20, 2002, as set forth in the following pages.

**ARTICLE I
DEFINITIONS**

Where the following words and phrases appear in this Plan, they shall have the meaning set forth in this Article, unless the context clearly indicates otherwise. Other words and phrases with special meanings are defined where they first appear unless their meaning is apparent from the context.

1.1 "Account Balance" means the amount in an Employee Account.

1.2 "Association" means the Deputy Sheriffs' Association of Stanislaus County or other association that represents public sector employees that is a party to a Memorandum of Understanding with a participating employer; and which has been accepted for participation by the Board of Trustees.

1.3 "Beneficiary" means an Eligible Retiree and his or her Surviving Spouse, Dependents, and Qualified Relatives as set forth in Article III. It may also include the domestic partner of an Employee, if the Participating Employer of the Employee has included and covered domestic partners in the Employer's benefit plans. Domestic partner will be defined as defined by the Employer.

1.4 "Board of Trustees" or "Trustees" means the duly selected board, which administers the Plan and Trust, pursuant to the Trust Agreement.

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1.5 "Code" means the Internal Revenue Code, as amended.

1.6 "Dependent" means the unmarried natural child or lawfully adopted child of the Employee or Eligible Retiree, or child placed in the Employee's or Retiree's home for adoption, who, at the time of an Employee's or Retiree's death, meets one of the following requirements:

- (a) Is a legal dependent under the age of 18;
- (b) Is a legal dependent under the age of 23 and is a full-time student; or
- (c) Is a child of any age who is legally dependent upon the Employee or Retiree for support and maintenance and is unable to care for himself by reason of mental retardation or physical handicap.

1.7 "County" means the County of Stanislaus.

1.8 "Effective Date" for an Employee means the date that the Employee, or his or her Participating Employer, was obligated to commence making contributions to this Plan for that Employee, pursuant to an MOU.

1.9 "Eligible Retiree" means an Employee who is entitled to benefits under Section 2.1 of the Plan.

1.10 "Employee" means an individual employed by a Participating Employer on or after that employee's Effective Date, who is a member of a bargaining unit represented by an Association and those management personnel who are sworn peace officers and who are subject to a MOU or special agreement as defined by the Trust Agreement.

1.11 "Employee Account" means the bookkeeping account maintained by the Trust in the name of an Employee, which reflects all contributions made to the Trust in the name of the Employee, investment earnings and losses, administrative expenses, and distributions.

1.12 "Memorandum of Understanding" or "MOU" means a written agreement between an Association and a Participating Employer, which requires contributions to this Trust and subsequent amendments or successor agreements; or a Special Agreement as defined in the Trust Agreement.

1.13 "Participating Employer" means any state, county, or municipality; or any other public agency, public corporation, or governmental unit that is party to a Memorandum of Understanding that provides for contributions to this Plan.

1.14 "Plan" means this separate written document, together with any amendments duly adopted by the Trustees.

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1.15 "Premium" means a premium or contribution payment for a Beneficiary to a health plan that provides coverage for the type of medical expenses excludible from gross income under Code Section 105(b), for coverage in effect while the Beneficiary is eligible for benefits under this Plan.

1.16 "Qualified relative" means any of the persons listed below who are legally dependent under Code Section 152 on an Eligible Retiree or the Retiree's Surviving Spouse in the tax year in which the Retiree or Surviving Spouse dies:

- (a) parent;
- (b) grandparent;
- (c) stepchild;
- (d) niece and nephew;
- (e) aunt and uncle;
- (f) step-parent; and
- (g) in-law (son or daughter, father or mother, brother or sister, in that order).

1.17 "Qualified retirement plan" means a retirement plan to which a Participating employer contributes on behalf of Employees in the Plan.

1.18 "Surviving Spouse" means the lawful spouse of an Eligible Retiree to whom the Retiree was married for at least 12 months on the date of the Eligible Retiree's death.

1.19 "Surviving Domestic Partner" means the lawful domestic partner of an Eligible Retiree with whom the Retiree cohabited for at least 12 months on the date of the Eligible Retiree's death.

1.20 "Trust" or "Trust Fund" means the Central Valley Retiree Benefit Trust created by the Trust Agreement and all property and money held by such entity, including all contract rights and records.

1.21 "Trust Agreement" or "Agreement" means the Trust Agreement Governing the Central Valley Retiree Benefit Trust, effective January 1, 2002 and any amendments thereto.

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**ARTICLE II
EMPLOYEE ACCOUNTS**

2.1 Employee Accounts. The Trust shall maintain an Employee Account on each Employee, for contributions made on that Employee pursuant to a Memorandum of Understanding.

2.2 No Rebate or Refund. An Employee shall not be eligible for rebates or refunds of any contributions made other than in benefits under Article III.

2.3 Contribution after Termination or Reduction of Employment. An Employee whose employment is terminated or reduced to less than full-time (except for gross misconduct), may continue to contribute for a maximum of eighteen months, by periodic self-payment of contributions, pursuant to rules set by the Trustees. Self-payment rules for this purpose may be obtained from the Trust office.

2.4 Spouse or Dependent Contribution After Divorce, Death of Employee. A Spouse or Dependent of an Employee may also be entitled to self-pay contributions after divorce from or death of an Employee, for a maximum of thirty-six months, pursuant to rules set by the Trustees. Self-payment rules for this purpose may be obtained from the Trust office.

**ARTICLE III
BENEFITS**

3.1 General. A Beneficiary is entitled to the reimbursement of Premiums paid by the Beneficiary for coverage in effect on or after the related Employee's Effective Date, subject to proper and timely submission, after becoming eligible for benefits under this Article III. The monthly benefit level is limited to the amount spent monthly on Premiums, subject to Section 3.4.

3.2 Eligibility. An Employee shall become an Eligible Retiree, eligible to receive benefits from the Trust on the first day of the month after termination of employment, or upon retirement if so designated by the Employee's Association.

3.3 Surviving Spouse. A Surviving Spouse shall be eligible to receive benefits on the first day of the month following the death of the Eligible Retiree.

3.4 Domestic Partners. The benefit level and payment disbursement schedule of a Surviving Domestic Partner will be limited by current limits under law for domestic partner benefits, but not to exceed the benefit levels of a Surviving Spouse.

3.5 Dependents. A Dependent shall be eligible to receive benefits on the first day of the month following the death of the Eligible Retiree, and the Surviving Spouse or Domestic Partner (if covered per Section 1.3 hereof).

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3.6 Designation of Qualified Relatives as Beneficiaries. An Employee or Eligible Retiree may elect to designate the order of Beneficiaries after death of the Surviving Spouse, Domestic Partner (if covered per Section 1.3 hereof), and Dependents, from among the list of Qualified Relatives in Section 1.16. Such designation must be in writing, in a form approved by the Trustees. If no such designation is made, the Plan will follow the order set forth in Section 1.16. If there are no Qualified Relatives, the balance of the Employee Account upon death of the Employee and Surviving Beneficiaries (if any) will be forfeited to the Plan.

3.7 Qualified Relatives. A Qualified relative who has been designated as a Beneficiary by an Eligible Retiree shall be eligible to receive benefits the first day of the month following the death of the Retiree and Surviving Beneficiaries.

3.8 Termination of Benefits.

(a) Retirees. An Eligible Retiree's benefits under the Plan shall terminate on the first to occur of the following:

- (1) The date the Retiree's Account Balance reaches zero;
- (2) The date of the Retiree's death; or
- (3) The date the Plan is terminated.

(b) Surviving Spouse, Surviving Domestic Partner, Dependents &, Qualified Relatives. A Surviving Spouse, Surviving Domestic Partner, Dependent, or Qualified Relative's benefits under the Plan shall terminate on the first to occur of the following:

- (1) The date the Retiree's Account Balance reaches zero;
- (2) The date of the Spouse's or Domestic Partner's or last Dependent's or Qualified Relative's death;
- (3) The date a Dependent or Qualified Relative would have lost dependent status had the Eligible Retiree lived; or
- (4) The date the Plan is terminated.

(c) Claims for premiums for coverage prior to death, which are properly and timely submitted, will be paid.

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3.9 Benefit Claim Procedure.

(a) To make a claim for Plan benefits, Beneficiaries must present proof of payment of Premiums, on a form approved by the Trustees, to:

Board of Trustees of the Central Valley Retiree Medical Trust
c/o Deputy Sheriffs' Association of Stanislaus County
538 McHenry Ave., Suite B
Modesto, CA 95354

Prior to issuing payment, the Trust Office shall review such proof and determine whether to grant or deny coverage under the Plan.

(b) If the Trust Office grants coverage, payment will be made to the Beneficiary. If the Trust Office denies coverage, the Beneficiary may appeal the denial of coverage or any other adverse benefit determination of the Trustees under Section 4.3 hereof.

(c) Proof shall include, but not be limited to, canceled checks drawn to the name of the medical insurance provider, or receipt for payment from the medical insurance provider, subject to verification as determined by the Trustees in their sole discretion.

(d) Claims for Plan benefits must be submitted no later than 90 days from the date on which the Beneficiary made the payment of Premiums to the insurance provider.

(e) Subject to Subsection (f), below, unless specifically provided by law, the Trustees shall not make any payments on behalf of or distributions to any person entitled to any benefits except to a Beneficiary personally, or pursuant to a Qualified Medical Child Support Order under federal law.

(f) If a Beneficiary is deemed to be incompetent by a lawful judicial or quasi-judicial forum, or reasonably deemed to be incompetent by the Trustees, then any payment due may be paid to such person and in such manner as the Trustees, in their sole discretion, consider to be in the best interest of the Beneficiary (unless the judicial forum has appointed a party as the Beneficiary's representative, in which case the Trustees will make payment to that party). The Trustees shall not be under any duty to oversee the application of funds so paid, provided due care was exercised in the selection of the person to whom funds were paid, and the receipt of the person to whom funds were paid shall be full acquittance to the Trustees. The Trustees shall not be liable to any person for a determination made in good faith that a Beneficiary is incompetent.

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**ARTICLE IV
CLAIM APPEAL PROCEDURES**

4.1 Beneficiary's Duty to Notify Trustees of Claim. The Beneficiary is required to notify the Trust Office of his or her claim for benefits pursuant to Section 3.9 hereof, before he or she is entitled to either receive benefits under this Plan, or appeal the Trust Office's decision denying a request for benefits

4.2 Acceptance or Denial of Claim by Trustees.

(a) Standard Claim Decision - Timing. The Trust Office shall consider each claim for Plan benefits and determine whether to grant or deny coverage under the Plan. Subject to Sections 4.2(b) and 4.2(c) below, the Trust Office shall send written notification of its decision to the Beneficiary not later than thirty (30) days after receipt of the Beneficiary's claim. If coverage is granted, the Beneficiary shall receive payment as stated in Section 3.9(b). If the claim is denied, the Beneficiary has the right to appeal the claim, pursuant to Section 4.3 hereof and the Plan's "Appeal Procedures," if any, available from the Trust Office.

The denial notification shall include the following information:

- (i) The specific reason(s) for such denial;
- (ii) Specific reference to the Plan provisions upon which the denial is based;
- (iii) A statement that the Beneficiary is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Beneficiary's claim for benefits; and
- (iv) An explanation of the Plan's "Appeal Procedures," if any, with respect to the denial of benefits and a statement of the Beneficiary's right to bring an action under ERISA Section 502(a), after exhausting the Plan's appeal procedures.

(b) Extension of Time - Special Circumstances. If the Trustees determine that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Beneficiary prior to the termination of the initial thirty (30) day period. The extension notice shall indicate the special circumstances requiring the extension of time and the date by which the Trustees expect to render a benefit determination. In no event shall such extension exceed a period of fifteen (15) days from the end of the initial period (45 days total).

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(c) Extension of Time – Failure to Submit Information. The period of time for the Trustees to make a benefit determination may be extended if the Beneficiary fails to submit all necessary information to allow the Trustees to decide the claim. In such case, the period for deciding the claim is tolled from the date on which the request for additional information is sent to the Beneficiary until the date the Beneficiary provides to the Trust Office the requested information. The Beneficiary shall be allowed at least forty-five (45) days from receipt of the request for additional information within which to provide the information.

4.3 Appeal Procedures. The Trustees, Beneficiaries and any person who claims to be entitled to benefits under this Plan shall follow the provisions in this Article IV.

(a) Sole Procedures. The procedures specified in this Section shall be the sole and exclusive procedures available to a person dissatisfied with an eligibility determination or benefit award, or who is otherwise adversely affected by any action of the Trustees.

(b) Request for Hearing. Any person whose claim has been denied may appeal to the Trustees to conduct a hearing in the matter, provided that he or she requests the hearing in writing within one hundred eighty one (181) calendar days after receipt of notification of the denial of benefits or other adverse determination. The letter requesting a hearing should also indicate the reasons why the Beneficiary believes that the grounds for denial of benefits are inapplicable. The Beneficiary may request and examine documents pertinent to the denial and may submit written comments, documents, records and other information relating to the claim for benefits to the Trustees. The Beneficiary shall also be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Beneficiary's claim for benefits.

(c) Hearing Procedure The Trustees shall conduct a hearing at the next regularly scheduled meeting of the Board of Trustees, unless the request for review is received by the Trust Office within thirty (30) days preceding the date of such meeting. In such case, the hearing will be conducted no later than the date of the second meeting following the Trust Office's receipt of the request for review. If special circumstances (such as the need to hold a hearing, if the plan's procedures provide for a hearing) require a further extension of the time for processing, a benefit determination shall be rendered not later than the third meeting of the committee or board following the Plan's receipt of request for review. If such an extension of time for review is required because of special circumstances, the Trustees shall notify the claimant in writing of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Trustees will review all comments, documents, records and other information submitted by the Beneficiary related to the claim, regardless of whether such information was submitted or considered in the initial benefit determination. The Beneficiary shall be entitled to

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present his or her position and any evidence in support thereof at the hearing. The Beneficiary may be represented by an attorney or any other representative of his or her choosing at the Beneficiary's expense.

(d) Decision After Appeal Hearing. No later than five (5) days after the benefit determination related to the hearing is made, the Trustees shall notify the claimant of the determination on review by issuing a written decision, affirming, modifying or setting aside the former decision. Any notification of a denial of benefits shall include the following information:

- (i) The specific reason(s) for such denial;
- (ii) Specific reference to the Plan provisions upon which the denial is based;
- (iii) A statement that the Beneficiary is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the Beneficiary's claim for benefits; and
- (iv) An explanation of the Beneficiary's right to bring an action in federal court under ERISA Section 502(a).

(e) Right to Federal Court Review. Upon exhaustion of these procedures in this Article IV, the Beneficiary who is dissatisfied with an eligibility determination or benefit award, or who is otherwise adversely affected by any action of the Trustees, may then bring an action in federal court pursuant to ERISA Section 502(a).

**ARTICLE V
MISCELLANEOUS**

5.1 Limitation of Rights. Neither the establishment of the Plan and the Trust, nor any modifications thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving any Beneficiary or other person any legal or equitable right of action, or any recourse against the Association or its employees, the Benefit Trust or its employees, or the Trustees, except as provided in this Plan and the Trust Agreement.

5.2 Applicable Laws and Regulations. Reference in this Plan to any particular sections of any local, state or federal statute shall include any regulation pertinent to such sections and any subsequent amendments to such sections or regulations. This Plan and the Fund shall be guided by ERISA.

5.3 Confidentiality. It is agreed and understood that each Beneficiary who applies for benefits under this Plan is entitled to the same rights and consideration, including the right

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of confidentiality, and the Trustees shall not be required to nor shall they reveal to any other persons, including the Stanislaus County Deputy Sheriffs' Association, its officers, agents or employees, any matters revealed to them in confidence by such Beneficiary in the course of his or her application for benefits, except to the extent required by law.

5.4 Trustee Authority. The Trustees shall have the authority and discretion to determine eligibility for benefits, to interpret and apply the provisions of this Trust and Plan, or of the benefit plans, or of their own motions, resolutions and administrative rules and regulations, or of any contract, instruments, or writings they may have entered into or adopted. The Trustees' decision shall be binding and conclusive.

**ARTICLE VI
AMENDMENTS AND TERMINATION**

6.1 In order that the Board of Trustees may carry out its obligation to maintain, within the limits of its resources, a program dedicated to providing the maximum possible benefits for all Beneficiaries, the Trustees expressly reserve the right, in their sole discretion, at any time and from time to time, but upon a non-discriminatory basis to amend or rescind any provision of this Plan or to terminate the Plan.

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6.2 Amendments shall be made by action of the Board of Trustees, according to procedures in the Trust Agreement for Trustee action.

**ADOPTED: BOARD OF TRUSTEES
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April 20, 2002

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(1/02 Ed.)

Seattle 1/02

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