2024-1 AMENDMENT
TO THE
KENT COUNTY
FLEXIBLE BENEFITS PLAN
(Restated effective as of January 1, 2021)

This 2024-1 Amendment to the KENT COUNTY FLEXIBLE BENEFITS PLAN ("Plan") is adopted by KENT COUNTY ("Plan Sponsor"). The amendment is effective as of January 1, 2024.

Pursuant to Section 10.1 of the Plan, Plan Sponsor amends the Plan as follows:

A.

Section 2.19 is amended as follows:

2.19 Grace Period

"Grace Period" means the period ending on the 15th day of the third month following the end of a Plan Year. Before the 2024 Plan Year, the Plan allowed a Grace Period with respect to the Medical Spending Plan. Effective beginning with the 2024 Plan Year, the Grace Period feature is eliminated and the Medical Spending Plan will provide a carryover feature. If a Participant had amounts available in the Grace Period from the 2023 Plan Year, and the Participant is enrolled in the County's Qualified High Deductible Health Plan during the 2024 Plan Year, then effective January 1, 2024, the amounts available in the Participant's Medical Spending Account during the Grace Period will be limited to reimbursing dental, vision, and preventive care as explained in Section 5.3(d) of the Plan.

B.

Section 2.36 is added as follows:

2.36 Maximum Carryover Amount

"Maximum Carryover Amount" means 20 percent of the Dollar Limit for the Plan Year from which the unused amount is carried over.

C.

Section 3.1 is amended as follows:

3.1. Eligibility

Each active regular full-time Employee of the County who is regularly scheduled to work at least 80 hours per pay period and each active regular part-time Employee of the County

who is regularly scheduled to work at least 40 hours per pay period shall be eligible to participate in the Plan. County Commissioners will be eligible for the Plan.

All Participants in the Plan must be current or former Employees. An Employee who is eligible under this Section shall be considered to work in Covered Employment and shall become a Participant on the date specified in Section 3.2.

Only Employees who are eligible for group medical coverage under the Welfare Benefits Plan are eligible to participate in the Medical Spending Account portion of the Plan.

Only eligible Employees who are also Eligible Individuals enrolled in the County's Qualified High Deductible Health Plan are eligible to participate in the Health Savings Account portion of the Plan.

Despite any other provision of the Plan, for the 2024 Plan Year only, if an Employee is an Eligible Individual enrolled in the County's Qualified High Deductible Health Plan, the Employee is not eligible to participate in the Medical Spending Account. Beginning in the 2025 Plan Year, eligible employees who are Eligible Individuals enrolled in the County's Qualified High Deductible Health Plan are only eligible to participate in a limited purpose Medical Spending Account under the Plan.

D.

Section 3.3(a)(4) is amended as follows:

> **(4)** The first day of the first Plan Year in which the individual elects not to participate. This termination of participation rule may apply to the individual's entire participation in the Plan or only a portion of the individual's participation in the Plan (e.g., the Medical Spending Account portion). Further, if the individual terminates participation in the Dependent Care Spending Account as of the end of a Plan Year, it will not preclude the individual from participating in the Dependent Care Spending Account during the Grace Period after the end of that Plan Year.

E.

Section 3.4 is amended as follows:

3.4. Continuation Coverage

An individual whose participation in the Plan terminates under Section 3.3 has the option of continuing to participate in the individual's Medical Spending Account to the extent required by the continuation coverage provisions of COBRA. Under COBRA, if the amount contributed to the individual's Medical Spending Account for the Plan Year exceeds the claims the Participant has submitted for the Plan Year, the Participant will generally be eligible to continue to participate for the remaining portion of the Plan Year during which the individual's participation terminated. Continuation coverage is generally not available for a subsequent Plan Year.

If an individual is eligible to elect COBRA with respect to the individual's Medical Spending Account, the individual will be provided with a notice describing that right within the time period required by COBRA. If the individual elects COBRA, the individual may continue participation by making contributions on a monthly basis in an amount equal to 102% of the Compensation Reductions that were allocated to the individual's Medical Spending Account each month before the date participation terminated. Contributions will generally be after-tax, but may be by Compensation Reductions to the extent the Participant receives additional Compensation from the County (for example, the last paycheck paid to a terminated Participant or any ongoing paychecks to a Participant who transfers to an ineligible job classification). Contributions for a month must be paid by the first day of that month. However, there is a 30-day grace period for timely payment. Participation will be terminated if contributions are not made on a timely basis.

If an individual does not elect to continue to participate in the individual's Medical Spending Account under this Section or the individual's participation is terminated for failing to timely make after-tax contributions, any amounts remaining in the individual's Medical Spending Account after paying claims incurred while a Participant will be forfeited.

If an individual participating in the Medical Spending Account goes on a military leave of absence, the County shall comply with the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 with respect to the Plan. However, these requirements will only apply to the extent they provide the Employee with more favorable coverage than under COBRA (i.e., coverage for a longer period of time or less costly coverage).

F.

Section 5.3 is amended as follows:

5.3. <u>Covered Expenses</u>

Amounts credited to a Participant's Medical Spending Account are used to reimburse the Participant for Qualifying Medical Expenses. There are two types of Medical Spending Accounts – "general purpose" and "limited purpose." This Section (other than subsection (d)) describes the general purpose Medical Spending Account and subsection (d) describes the limited purpose Medical Spending Account. All Participants enrolled in the Medical Spending Plan will be enrolled in the general purpose Medical Spending Account unless subsection (d) applies in which case the Participant will be enrolled in the limited purpose Medical Spending Account.

For purposes of this Article, "Qualifying Medical Expenses" means expenses for medical care, as defined in Section 213(d) of the Code, incurred by a Participant, Spouse or Dependent that is not reimbursed through insurance or any other source. To be eligible as Qualifying Medical Expenses for a Plan Year, the expenses must also be incurred during that Plan Year.

The following special rules also apply in determining Qualifying Medical Expenses:

(a) A Qualifying Medical Expense includes menstrual care products, as defined under Section 223(d)(2)(D) of the Code.

(b) The cost of health coverage under any group plan or individual policy, including the Welfare Benefits Plan, does not constitute a Qualifying Medical Expense for purposes of the Medical Spending Account.

(c) The cost of qualified long-term care insurance or services, as defined in Section 7702B of the Code, does not constitute a Qualifying Medical Expense for purposes of the Medical Spending Account.

(d) Beginning with the 2025 Plan Year, if the Participant is an Eligible Individual enrolled in the County's Qualified High Deductible Health Plan and the Participant contributes to a Health Savings Account established by the County or the County contributes to a Health Savings Account on behalf of the Participant as of the first day of the Plan Year as of which the Participant is covered by this Article, the term "Qualifying Medical Expenses" for each such Eligible Individual is defined in the same manner as described above, except that it is limited to expenses incurred for dental or vision care, and preventive care (as defined in IRS Notice 2004-23). This is known as a limited purpose Medical Spending Account. (During the 2024 Plan Year, an Eligible Individual enrolled in the County's Qualified High Deductible Health Plan is not eligible to participate in the Medical Spending Plan.)

G.

Section 5.4 is amended as follows:

5.4. Reimbursement of Qualifying Medical Expenses

Benefits from a Participant's Medical Spending Account for each Plan Year will be paid only for Qualifying Medical Expenses incurred during that Plan Year and during the time period in which the individual was a Participant.

For purposes of this Section, a Qualifying Medical Expense is incurred on the date the service or supply is provided. However, despite this general rule, orthodontia services may be reimbursed before the services are provided but only to the extent that the Participant has actually made payment in advance of the orthodontia services in order to receive the services. Such orthodontia services are deemed to be incurred when the Participant makes the advance payment. All claims for reimbursement must be filed no later than 90 days after the end of the Plan Year.

Participants are entitled to uniform coverage under their Medical Spending Account throughout the Plan Year. A Participant is entitled to reimbursement for claims incurred at any time throughout the Plan Year, regardless of the balance in the Participant's Medical Spending Account. However, claims will not be reimbursed to the extent they exceed the amounts a Participant has allocated under Section 5.2 to his Medical Spending Account for the Plan Year.

Claims will be paid as soon as administratively feasible after the claim is received by the Plan Administrator (or the Benefit Administrator, if one is appointed), but in no event less frequently than monthly. The Plan Administrator may specify a minimum claim amount. At the end of a Plan Year, upon termination of an individual's participation, or upon termination of the Plan, all claims incurred as of the applicable date will be paid to the extent of the balance in the Participant's Medical Spending Account.

H.

Section 5.6 is amended as follows:

5.6. Forfeiture of Medical Spending Account

Beginning with the 2024 Plan Year, despite any other provision of the Plan, if a Participant has an unused balance in the Participant's Medical Spending Account for a Plan Year, the balance, up to the Maximum Carryover Amount, may be carried over to the subsequent Plan Year for reimbursement of Qualifying Medical Expenses incurred during the subsequent Plan Year.

The Plan will treat reimbursement of all claims for Qualifying Medical Expenses incurred during the current Plan Year as reimbursed first from unused amounts credited to the Participant's Medical Spending Account for the current Plan Year and only after exhausting the current Plan Year amounts, as then reimbursed from unused amounts carried over from the previous Plan Year. Any unused amounts from the previous Plan Year that are used to reimburse Qualifying Medical Expenses incurred during the current Plan Year will reduce the amounts available to pay Qualifying Medical Expenses incurred during the previous Plan Year and submitted for reimbursement during the claims submission period described in Section 5.4 (i.e., 90 days after the end of the Plan Year), must be counted against the permitted carryover, and cannot exceed the Maximum Carryover Amount.

The carryover may be used to reimburse any Qualifying Medical Expense as described in Section 5.3, without the restriction described in Section 5.3(d). However, if as of the first day of a Plan Year to which the carryover applies, the Participant is enrolled in the County's Qualified High Deductible Health Plan, the restriction in Section 5.3(d) will apply.

Except for the Maximum Carryover Amount, if any balance remains in a Participant's Medical Spending Account for a Plan Year, after all eligible reimbursements have been made, the balance must be forfeited by the Participant. The balance will not be carried over to reimburse the Participant for Qualifying Medical Expenses incurred during a subsequent Plan Year, except as provided in Section 5.3.

I.

In all other respects, the Plan is unchanged.

Plan Sponsor has signed this 2024-1 Amendment to the Kent County Flexible Benefits Plan on the date stated below.

KENT COUNTY

Dated: May 7, 2024

Signature

Alan G. Vanderberg

Printed Name and Title

County Administrator/Controller