COMMUNITY ACTION TEAM INC

Premium Only Plan
Plan Document

Effective: 5/1/2016

IRC Section 125 requires that your Plan Document be kept on file.
This document explains in detail the operation and rules that govern your Plan.

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ARTICLE I - Purpose of Plan and Legal Status

COMMUNITY ACTION TEAM INC (the ”Employer”) hereby adopts this Premium Only Plan (the ”Plan”), effective as of the date specified in Section II of the Summary Plan Description.

1.01 Purpose The purpose of this Plan is designed to permit eligible Participants to pay for their share of Group Sponsored Insurance Plan premiums and/or Health Savings Account (HSA) with pre-tax dollars. Using this Plan, an Employee may pay any required premium that is in excess of the amount the Employer will pay by agreeing to a pre-tax salary reduction in an amount equal to the excess premium.

1.02 Cafeteria Plan Legal Status This Plan is intended to qualify as a Premium Only Cafeteria Plan under Section 125 of the Internal Revenue Code of 1986, as amended, and is to be interpreted in a manner consistent with the requirements of that Section, as amended.

ARTICLE II - Definitions

2.01 "**ACA**" means the Affordable Care Act.

2.02 "**Benefits**" means cash, flex credits and the various qualified benefits under Section 125(f) of the Code sponsored by the Employer and made available by the Employer through the Plan, including, but not limited to, Group Sponsored Insurance Plan premiums as described in Article 4.01.

2.03 "**Benefit Package Option**" means a qualified benefit under Code Section 125(f) that is offered under a Cafeteria Plan or an option for coverage under an underlying accident or health plan.

2.04 "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

2.05 "**Code**" means the Internal Revenue Code of 1986, as amended from time to time. Reference to any Section or Subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such Section or Subsection.

2.06 "**Compensation**" means the earned income, salary, wages and other earnings paid by the Employer to a Participant during a plan year, including any amounts contributed by the Employer pursuant to a salary reduction agreement which are not includable in gross income under Sections 125, 132(f)(4), 401(k), 403(b), 408(k), or 457(b) of the Code, and otherwise determined under Section 415(c)(3) of the Code.

2.07 "**Dependents**" means for purposes of accident or health coverage, to the extent funded under the Group Sponsored Insurance Plan, (1) a dependent as defined as in Code Section 152, determined without regard to Subsections (b)(1), (b)(2), and (d)(1)(B) thereof, (2) any child (as defined in Code Section 152(f)(1)) of the Participant who as of the end of the taxable year has not attained age 26, and (3) any child of the Participant to whom IRS Rev. Proc. 2008-48 applies (regarding certain children of divorced or separated parents who receive more than half of their support for the calendar year from one or both parents and are in the custody of one or both parents for more than half of the calendar year).

2.08 "**Effective Date**" of this Plan is the date specified in Section II of the Summary Plan Description.

2.09 "**Evergreen Form**" means the agreement by an Employee authorizing the Employer to automatically enroll a Participant Plan Year to Plan Year for purposes of obtaining Benefits under the Plan.

2.10 "**Eligible Employee**" means Employees eligible in this Plan as provided in Article III.

2.01 "**Employee**" means a person who is currently or hereafter employed by the Employer and any Affiliate Employers that have adopted the Plan.

2.11 "**Employee Premium**" means the cost of the Group Sponsored Insurance Plan and coverage that an Employee elects that is in excess of the Employer Premium.

2.12 "**Employment Commencement Date**" means the first regularly-scheduled working day on which the Employee first performs an hour of service for the Employer for Compensation.

2.13 "**Entry Date**" means the date that an Eligible Employee actually becomes a Participant in the Plan. Eligibility requirements are defined in Article III and the specific Entry Dates for the Plan are listed in Article III.

2.14 "**FMLA**" means the Family and Medical Leave Act of 1993, as amended.

2.15 "**GINA**" means the Genetic Information Nondiscrimination Act of 2008.

2.16 "**Group Sponsored Insurance Plan**" means the plan(s) that the Employer maintains for its Employees (and for their spouses and dependents that may be eligible under the terms of such plan), providing major medical type benefits through a group insurance policy or policies, dental care, vision care, etc. The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits, terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

2.17 "**Health FSA**" means a "Health Flexible Spending Account" which is offered as part of a cafeteria plan sponsored by the Employer.

2.18 "**HIPAA**" means the Health Insurance Portability and Accountability Act of 1996, as amended.

2.19 "**HITECH**" means the Health Information Technology for Economic and Clinical Health Act which was enacted as part of the American Recovery and Reinvestment Act of 2009.

2.20 "**HMO**" means a Health Maintenance Organization.

2.21 "**Insurance Premium**" means the amount that the Employer will pay on behalf of an Employee toward the total cost of the Group Sponsored Insurance Plan and coverage selected by the Employee. An Employee may not elect to receive the insurance premium in cash. The insurance premium may be zero.

2.22 "**Key Employee**" means any Employee who is a Key Employee as defined in Section 416(i)(1) of the Code at any time during the preceding plan year.

2.23 "**MHPA**" means the Federal Mental Health Parity Act.

2.24 "**MHPAEA**" means the Federal Mental Health Parity Addiction Equity Act.

2.25 "**Michelle's Law**" means the Federal law that requires group health plans to allow seriously ill or injured college students who are covered dependents to continue coverage for up to one year while on medically necessary leaves of absence.

2.26 "**NMHPA**" means the Newborns' and Mothers' Health Protection Act of 1996, as

amended.

2.27 "**Open Enrollment Period**" means with respect to a plan year the month preceding the plan year, or such other period as may be prescribed by the Employer.

2.28 "**Participant**" means a person who is an eligible Employee and who enters the Plan after meeting the eligibility requirements of Article III. Participants include those who elect any benefit(s) offered under the Plan including those covered through COBRA and their respective beneficiaries.

2.29 "**Period of Coverage**" means the plan year, with the following exceptions: (a) for Employees who first become eligible to participate, it shall mean the portion of the plan year following the date on which participation commences, as described in Article III; and (b) for Employees who terminate participation, it shall mean the portion of the plan year prior to the date on which participation terminates as set forth in Article III

2.30 "**Plan**" means this Premium Only Plan as set forth herein and as amended from time to time.

2.31 "**Plan Administrator**" means COMMUNITY ACTION TEAM INC. The contact person is the Human Resources Manager for COMMUNITY ACTION TEAM INC, who has the full authority to act on behalf of the Administrator, except with respect to appeals, for which the Committee or other designated person(s) have the authority to act on behalf of the Administrator, as described in Article 5.01.

2.32 "**Plan Year**" means the period of time specified in Section II of the Summary Plan Description.

2.33 "**PPO**" means a Preferred Provider Organization.

2.34 "**Privacy Official**" has the meaning described in 45 CFR § 164.530(a).

2.35 "**QMCSO**" means a qualified medical child support order, as defined in ERISA Section 609(a).

2.36 "**Salary Reduction**" means the amount by which the Participant's Compensation is reduced and applied by the Employer under this Plan to pay for one or more of the Benefits, as permitted for the applicable Plan, before any applicable state and/or federal taxes have been deducted from the Participant's Compensation (i.e., on a pre-tax basis).

2.37 "**SCHIP**" means State Children's Health Insurance Program.

2.38 **"Spouse"** means an individual of same-sex or opposite sex who is legally married to a Participant as determined under applicable federal and/or state law (and who is treated as a spouse under the Code).

2.39 "**Timely Submitted**" means, unless the Employer has specific and special cause to alter the definition of this phrase, within 30 calendar days of event that has triggered the change in status as described in Article 4.07.

2.40 "**USERRA**" means the Uniformed Services Employment and Reemployment Rights Act

of 1994, as amended.

2.41 "**WHCRA**" means the Federal Women's Health and Cancer Rights Act.

ARTICLE III - Eligibility and Participation

3.01 General Each Employee who meets the eligibility requirements of the Employer's Group Sponsored Insurance Plan will be eligible to participate in the Plan. An Employee may become a Participant when they have met the eligibility requirements of the Group Sponsored Insurance Plan. The provisions of this Plan are not intended to override any exclusions, eligibility requirements, or waiting periods specified by the insurance benefits provider(s).

A Participant shall cease to be a Participant in the Plan as of the earliest of:

- The date on which the Plan terminates;
- The date on which the Participant ceases to meet eligibility requirements; or
- The date on which the Participant terminates employment and has either chosen not to extend his coverage under COBRA or has exhausted such COBRA rights if entitled to them.

If the Participant terminates employment with the Employer, is terminated or ceases to meet eligibility requirements during the Plan Year, the Participant will no longer be able to make contributions to the Plan. If a former Participant is reinstated as a Participant they must meet eligibility requirements of the Group Sponsored Insurance Plan.

ARTICLE IV - Benefits

4.01 Benefits When first eligible or during the Open Enrollment Period as described under Article 4.01, Participants will be given the opportunity to elect specific benefits offered under this Plan as described in Article VI. Eligible Employees can elect to participate in this Plan and pay for their share of their premiums under the Group Sponsored Insurance Plan on a pre-tax basis or instead, elect to receive their full salary in cash and pay for their share of their premiums under the Group Sponsored Insurance Plan with after-tax dollars outside of this Plan.

Eligible Group Sponsored Insurance Plans include the premiums paid for medical and hospitalization insurance, major medical insurance, dental insurance, and/or vision insurance made available by the Employer. The insurance may cover you, your spouse, and/or any eligible dependent children. You may not enroll for this benefit if you can be reimbursed for the premium cost by any other source.

Notwithstanding any other provision in this Plan, the Group Sponsored Insurance Plan benefits are subject to the terms and conditions of the respective insurance policy. No changes can be made with respect to such Group Sponsored Insurance Plan benefits under this Plan (such as mid-year changes in election) if such changes are not permitted under the Group Sponsored Insurance Plan. Unless an exception applies, as described in Article 4.09, such election is irrevocable for the duration of the period of coverage to which it relates.

In no event shall Benefits under the Plan be provided in the form of deferred compensation.

4.02 Group Sponsored Insurance Plan If a Participant selects this option, their salary will be reduced by the amount chosen by such Participant. This amount will be credited to a Group Sponsored Insurance Account established by the Employer and used to pay that Participant's Employee insurance premium for coverage under the Group Sponsored Insurance Plan offered by the Employer. While an eligible Employee may select an optional benefit by making an election under this Plan, any optional benefit that a Participant chooses will be provided not by this Plan but by the Group Sponsored Insurance Plan. The types and amount of benefits available under the Group Sponsored Insurance Plan are as set forth from time to time in those plans. The benefit descriptions in the Group Sponsored Insurance Plan and contracts, as in effect from time to time, are hereby incorporated by reference into this Plan.

4.03 Contributions If a Participant elects the pre-tax option, the Participant’s share (as determined by the Employer) of the premium for the Group Sponsored Insurance Plan benefits Participant has elected will be financed by Salary Reductions. Salary Reductions are applied by the Employer to pay for the Participants share for the premium, and, for the purposes of this Plan, are considered to be Employer contributions. The Employer will pay under this Plan its share of the premium for Participants who elect to participate in the pre-tax feature of this Plan. For those who elect the after-tax option, both the Employee and Employer portions of the premium will be outside of this Plan.

4.04 Funding This Plan All of the amounts payable under this Plan may be paid from the general assets of the Employer, but Group Sponsored Insurance benefits are paid as provided in the applicable insurance policy. Nothing herein will be construed to require the Employer to

maintain any fund or to segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in any fund, account, or asset of the Employer from which any payment under this Plan may be made. There is no trust or other fund from which Benefits are paid. While the Employer has complete responsibility for the payment of Benefits out of its general assets (except for Premium Payment Benefits paid as provided in the applicable insurance policy), it may hire an unrelated third-party paying agent to make Benefit payments on its behalf.

4.05 Benefits Provided Under the Group Sponsored Insurance Plan Insurance benefits will be provided by the insurance provider(s), not this Plan. The types and amounts of insurance benefits, the requirements for participating in each Group Sponsored Insurance Plan, and the other terms and conditions of coverage and benefits of the Group Sponsored Insurance Plan are set forth by the insurance provider. All claims to receive benefits under the Group Sponsored Insurance Plan shall be subject to and governed by the terms and conditions of the Group Sponsored Insurance plan and the rules, regulations, policies, and procedures adopted in accordance therewith, as may be amended from time to time.

4.06 Elections When First Eligible Once an Employee has met the Plan eligibility requirements, the Employee may enter the Plan on the date the eligibility requirements have been met. Eligibility for Group Sponsored Insurance Plan benefits shall be subject to the additional requirements, if any, as specified by the insurance benefits provider(s). The provisions of this Plan are not intended to override any exclusions, eligibility requirements, or waiting periods specified by the insurance benefits provider(s).

4.07 Election Procedure – New Participants The Employer shall notify the Employee in writing of their eligibility to participate in the Plan and the process for enrollment using one of two methods:

- Negative election method: If the negative election method is used the Employee will be notified in writing that they will be automatically enrolled in the Plan. If they chose not to enroll in the Plan they must inform the Employer in writing that they do not wish to have their insurance premiums deducted on a pre-tax basis.

- Evergreen election method: If the Evergreen election method is used the Employee will be provided with an Evergreen Election Form that must be completed and returned to the Employer specifying they agree to pay their insurance premium on a pretax basis through the Plan on or before such date as the Employer shall specify, but in no event more that 31 days after the Employee becomes eligible to participate in the Plan. If an Employee fails to file an Evergreen Election Form, then the Employee will be deemed to have elected not to participate in the Plan (insurance premium will be paid on an after-tax basis) and will not be eligible to enroll until the next Open Enrollment Period.

4.08 Annual Election Procedure – Existing Participants Once an Employee has elected to participate in the Plan, they will be deemed to have made the same election as was in effect immediately prior to the end of the preceding plan year, unless the employee affirmatively elects otherwise.

4.09 Irrevocability of Election by the Participant, During the Plan Year Generally a Participant cannot change their elections in the Plan or vary the pre-tax insurance premiums made under the Plan during the plan year; however, there are several important exceptions to this general rule

(a) Open Enrollment Period A Participant may change an election during the Open Enrollment Period which is the period prior to each Plan Year as designated by the Employer as the ”Open Enrollment Period”.

(b) Termination of Employment A Participant's election will terminate under the Plan upon termination of employment in accordance with Article III, as applicable.

(c) Legal Marital Status A change in a Participant's legal marital status, including marriage, death of a spouse, divorce, legal separation, or annulment;

(d) Number of Dependents Events that change a Participant's number of dependents, including birth, death, adoption, and placement for adoption;

(e) Employment Status Any of the following events that change the employment status of the Participant or his or her spouse or dependents: (1) a termination or commencement of employment; (2) a strike or lockout; (3) a commencement of or return from an unpaid leave of absence; (4) a change in worksite; and (5) if the eligibility conditions of this Plan or the Group Sponsored Insurance Plan of the Participant or his or her spouse or dependents depend on the employment status of that individual and there is a change in that individual's status with the consequence that the individual becomes (or ceases to be) eligible under this Plan or the Group Sponsored Insurance Plan, such as if a plan only applies to salaried Employees and an Employee switches from salaried to hourly-paid, union to non-union, full-time to part-time (or vice versa), or a reduction or increase in hours of employment with the consequence that the Employee ceases to be eligible for the Plan;

(f) Dependent Eligibility Requirements An event that causes a dependent to satisfy or cease to satisfy the dependent eligibility requirements for a particular benefit, such as attaining a specified age, or any similar circumstance; and

(g) Change in Residence A change in the place of residence of the Participant or his or her spouse or dependents that causes the gain or loss of eligibility for coverage option.

(h) Leaves of Absence A Participant may change an election under the Plan upon FMLA leave in accordance with Article 7.09 and upon non-FMLA leave in accordance with Article 7.10.

Assuming that the general consistency requirement is satisfied, a requested election change must also satisfy the following specific consistency requirements in order for a Participant to be able to alter his or her election based on the specified change in status:

(h1) Loss of Spouse or Dependent Eligibility: Special COBRA Rules For a change in status involving a Participant's divorce, annulment or legal separation from a spouse, the death of a spouse or dependents, or a dependent's ceasing to satisfy the eligibility requirements for coverage, a Participant may only elect to cancel accident or health insurance coverage for (a) the spouse involved in the divorce, annulment, or legal separation; (b) the deceased spouse or dependent; or (c) the dependent that ceased to satisfy the eligibility requirements. Canceling

coverage for any other individual under these circumstances would fail to correspond with that change in status.

(h2) Gain of Coverage Eligibility Under Another Employer's Plan For a change in status in which a Participant or his or her spouse or dependent gains eligibility for coverage under a Cafeteria Plan or qualified benefit plan of the Employer of the Participant's spouse or dependent as a result of a change in marital status or a change in employment status, a Participant may elect to cease or decrease coverage for that individual only if coverage for that individual becomes effective or is increased under the spouse's or dependent's Employer's plan. The Employer may rely on a Participant's certification that the Participant has obtained or will obtain coverage under the spouse's or dependent's Employer's plan, unless the Employer has reason to believe that the Participant's certification is incorrect.

(i) HIPAA Special Enrollment Rights If a Participant or his or her spouse or dependent is entitled to special enrollment rights under a Group Sponsored Insurance Plan (other than an excepted benefit), as required by HIPAA under Code Section 9801(f), then a Participant may revoke a prior election for their Group Sponsored Insurance Plan coverage and make a new election provided that the election change corresponds with such HIPAA special enrollment right. As required by HIPAA, a special enrollment right will arise in the following circumstances:

(i1) A Participant or his or her spouse or dependent declined to enroll in the Group Sponsored Insurance Plan coverage because he or she had coverage, and eligibility for such coverage is subsequently lost because: (1) the coverage was provided under COBRA and the COBRA coverage was exhausted; or (2) the coverage was non-COBRA coverage and the coverage terminated due to loss of eligibility for coverage or the Employer contributions for the coverage were terminated; or

(i2) A new dependent is acquired as a result of marriage, birth, adoption, or placement for adoption.

An election to add previously eligible dependents as a result of the acquisition of a new spouse or dependent child shall be considered to be consistent with the special enrollment right. An election change on account of a HIPAA special enrollment attributable to the birth, adoption, or placement for adoption of a new dependent child may, subject to the provisions of the underlying the Group Sponsored Insurance Plan, be effective retroactively (up to 30 days).

An election change on account of a HIPAA special enrollment attributable to an Employee or dependent becoming eligible for a state premium assistance subsidy under the plan from Medicaid or SCHIP may, subject to the provisions of the underlying Group Sponsored Insurance Plan be effective retroactively (up to 60 days).

(j) Certain Judgments, Decrees and Orders If a judgment, decree, or order (collectively, an "Order") resulting from a divorce, legal separation, annulment, or change in legal custody (including a QMCSO) requires accident or health coverage for a Participant's child (including a foster child who is a dependent of the

Participant), then a Participant may (1) change his or her election to provide coverage for the child (provided that the Order requires the Participant to provide coverage); or (2) change his or her election to revoke coverage for the child if the Order requires that another individual (including the Participant's spouse or former spouse) provide coverage under that individual's Group Sponsored Insurance Plan and such coverage is actually provided.

(k) Medicare and Medicaid If a Participant or his or her spouse or dependent who is enrolled in a health or accident plan under this plan becomes entitled to (i.e., becomes enrolled in) Medicare or Medicaid (other than coverage consisting solely of benefits under Section 1928 of the Social Security Act providing for pediatric vaccines), then the Participant may prospectively reduce or cancel the health or accident coverage of the person becoming entitled to Medicare or Medicaid.

(l) Change of Cost A Participant may change an insurance premium payment election for Qualified Benefits other than coverage under the Plan, in the event of a significant cost change. Affected Participants may either make a corresponding prospective increase in the elected reduction in his or her Salary or Wages or may revoke his or her election and in lieu thereof receive on a prospective basis similar coverage offered under this Plan. For purposes of this section, ”similar coverage" means coverage for the same category of benefits for the same individuals (e.g., family to family or single to single). For example, two plans that provide major medical coverage are considered to be similar coverage. For purposes of this definition, (1) a Health FSA is not similar coverage with respect to an accident or health plan that is not a Health FSA; (2) an HMO and a PPO are considered to be similar coverage; and (3) coverage by another Employer, such as a spouse's or dependent's Employer, may be treated as similar coverage if it otherwise meets the requirements of similar coverage.

(m) Increase or Decrease for Insignificant Cost Changes Participants are required to increase their elective contributions (by increasing salary reductions) to reflect insignificant increases in their required contribution for their benefit package option(s), and to decrease their elective contributions to reflect insignificant decreases in their required contribution. The Employer will determine whether an increase or decrease is insignificant based upon all the surrounding facts and circumstances, including but not limited to the dollar amount or percentage of the cost change. The Employer, on a reasonable and consistent basis, will automatically effectuate this increase or decrease in affected Employees' elective contributions on a prospective basis.

(n) Significant Cost Increases If the Employer determines that the cost charged to an Employee of a Participant's benefit package option(s) significantly increases during a period of coverage, then the Participant may (a) make a corresponding prospective increase in his or her elective contributions (by increasing salary reductions); (b) revoke his or her election for that coverage, and in lieu thereof, receive on a prospective basis coverage under another benefit package option that provides similar coverage (such as an HMO, but not the Health FSA); or (c) drop coverage prospectively if there is no other benefit package option available that provides similar coverage.

(o) Significant Cost Decreases If the Employer determines that the cost of any benefit

package option significantly decreases during a period of coverage, then the Employer may permit the following election changes: (a) Participants who are enrolled in a benefit package option (such as an HMO, but not the Health FSA) other than the benefit package option that has decreased in cost may change their election on a prospective basis to elect the benefit package option that has decreased in cost (such as the PPO for the Group Sponsored Insurance Plan); and (b) Employees who are otherwise eligible under Article III may elect the benefit package option that has decreased in cost (such as the PPO) on a prospective basis, subject to the terms and limitations of the benefit package option.

(p) Change in Coverage For purposes of this section, ”similar coverage" means coverage for the same category of benefits for the same individuals (e.g., family to family or single to single). For example, two plans that provide major medical coverage are considered to be similar coverage. For purposes of this definition, (1) a Health FSA is not similar coverage with respect to an accident or health plan that is not a Health FSA; (2) an HMO and a PPO are considered to be similar coverage; and (3) coverage by another Employer, such as a spouse's or dependent's Employer, may be treated as similar coverage if it otherwise meets the requirements of similar coverage.

(q) Significant Coverage Changes Without Loss of Coverage If the Employer determines that coverage under the Group Sponsored Insurance Plan is significantly curtailed, an affected Participant may revoke his or her election under this Plan and, in lieu thereof, elect to receive on prospective basis coverage under another benefit package option providing similar coverage. Coverage under an insurance benefit is deemed ”significantly curtailed” only if there is an overall reduction in coverage so as to constitute reduced coverage to Participants generally. The Employer (in its sole discretion) will decide in accordance with prevailing IRS guidance, whether a curtailment is ”significant” and whether substituted coverage is ”similar”, based upon all the surrounding facts and circumstances.

(r) Significant Coverage Changes with Loss of Coverage If the Employer determines that coverage under the Group Sponsored Insurance Plan is significantly curtailed to the extent that it constitutes a loss of coverage, then the affected Participant may revoke his or her election under this Plan and, in lieu thereof, elect either to receive on a prospective basis coverage under another benefit package option providing similar coverage or to drop coverage if no similar benefit package option is available. For purposes of this Plan, a ”loss of coverage” means a complete loss of coverage under the benefit package option or other coverage option (including the elimination of a benefits package option, an HMO ceasing to be available in the area where the individual resides, or the individual losing all coverage under the option by reason of an overall lifetime or annual limitation). In addition, the Employer may, in its discretion, treat the following as a loss of coverage:

(r1) A substantial decrease in the medical care providers available under the option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the physicians participating in a preferred provider network or an HMO);

(r2) A reduction in the benefits of a specific type of medical condition or treatment with respect to which the Employee or the Employee's spouse or dependent is currently in a course of treatment; or

(r3) Any other similar fundamental loss of coverage.

(s) Addition or Improvement of a Benefit Package Option If during a plan year a new benefit package option or other coverage option is added, or an existing benefit package option or other coverage option is significantly improved, an affected Participant (whether or not he or she has previously made an election under this Plan or previously elected the benefit package option) may elect to revoke a prior election under this Plan and, in lieu thereof, make an election on a prospective basis for coverage under the new or improved benefit package option.

(t) Loss of Coverage Under Other Group Health Coverage A Participant may prospectively change his or her election to add a Group Sponsored Insured Plan for the Participant or his or her spouse or dependent, if such individual(s) loses coverage under any Group Sponsored Insurance Plan sponsored by a governmental or educational institution, including (but not limited to) the following: a state children's health insurance program (SCHIP) under Title XXI of the Social Security Act; a medical care program of an Indian Tribal government (as defined in Code §7701(a)(40)), the Indian Health Service, or a tribal organization; a state health benefits risk pool; or a foreign government Group Sponsored Insurance Plan, subject to the terms and limitations of the applicable benefit package option(s).

(u) Change in Coverage Under Another Employer Plan A Participant may make a prospective election change that is on account of and corresponds with a change made under an Employer Plan (including a plan of the Employer or a plan of the spouse's or dependent's Employer), so long as:

(u1) the other Cafeteria Plan or qualified benefits plan permits its Participants to make an election change that would be permitted under applicable IRS regulations; or

(u2) the Plan permits Participants to make an election for a period of coverage that is different from the plan year under the other Cafeteria Plan or qualified benefits plan.

(v) Reduction of Hours (Applies Only to Group Sponsored Insurance Plan as specified in Section VI of the Summary Plan Description). A Participant who was reasonably expected to average 30 hours of service or more per week and experiences an employment status change such that he or she is reasonably expected to average less than 30 hours of service per week may prospectively revoke his or her election for Group Sponsored Insurance Plan coverage, provided that the Participant certifies that he or she and any related individuals whose coverage is being revoked have enrolled or intend to enroll in another plan providing minimum essential coverage under health care reform for coverage that is effective no later than the first day of the second month following the month that includes the date the Group Sponsored Insurance Plan coverage is revoked.

(w) Exchange Enrollment (Applies Only to Group Sponsored Insurance Plan as specified in Section VI of the Summary Plan Description). A Participant who is eligible to enroll for coverage in a government-sponsored Exchange during an Exchange special or annual open enrollment period may prospectively revoke his or her election for Group Sponsored Insurance Plan coverage, provided that the Participant certifies that he or she and any related individuals whose coverage is being revoked have enrolled or intend to enroll in new Exchange coverage that is effective no later than the day immediately following the last day of the Group Sponsored Insurance Plan coverage.

4.10 Concentration Testing IRS regulation requires that the Plan be tested on a yearly basis to ensure that the Section 125 Plan does not benefit Key Employees more than all other Employees. At renewal your Employer will be provided with a concentration testing worksheet to assist with defining who is considered a Key Employee. If you are a Key Employee as defined by IRS, the amount of your contributions and benefits may be limited so that the Plan as a whole does not unfairly favor those who are highly paid. Federal tax laws provide that a plan will be considered to unfairly favor the Key Employees if they as a group receive more than 25% of all of the nontaxable benefits provided for under the Plan.

4.11 Consistency Rules A Participant's requested revocation and new election will be consistent with the change in status if the election change is on account of and corresponds with a change in status that affects the eligibility for coverage under a plan of the Employer or under a plan maintained by the Employer of the Participant's spouse or dependent. A change in status that affects eligibility under the Employer's plan shall include a change in status that results in the increase or decrease in the number of a Participant's family members or dependents who may benefit from coverage under the plan.

4.12 Changes by Plan Administrator If the Employer determines, before or during any plan year, that the Plan may fail to satisfy for such plan year any nondiscrimination requirement imposed by the Code or any limitation on benefits provided to Key Employees, the Employer shall take such action as the Employer deems appropriate, under rules uniformly applicable to similarly situated Participants, to assure compliance with such requirement or limitation. Such action may include, without limitation, a modification of elections by Key Employees with or without the consent of such Employees.

4.13 Maximum Contributions The maximum amount of Employer contributions under this Plan for any Participant shall be the premium cost, from time to time, of the most expensive plan policy and coverage available to a Participant under the Group Sponsored Insurance Plans offered by the Employer.

ARTICLE V - Administration of the Plan

5.01 Plan Administrator (The Employer) The administration of the Plan shall be under the supervision of the Employer. It shall be a principal duty of the Employer to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of persons entitled to participate in the Plan without discrimination among them.

5.02 Powers and Duties The Plan Administrator will have full power to administer the Plan in all of its details, subject to applicable requirements of law. It shall have the exclusive right to interpret the Plan and to decide all matters and all determinations of the Employer with respect to any matter hereunder shall be conclusive and binding on all persons. Without limiting the generality of the foregoing, the Employer shall have the following discretionary authority:

a. To construe and interpret the provisions of the Plan;

b. To decide all questions of eligibility and participation, and question of benefits under this Plan;

c. To prescribe procedures to be followed and the forms to be used by Employees and Participants to make elections pursuant to this Plan;

d. To prepare and distribute information explaining this Plan and the benefits under this Plan in such manner as the Employer determines to be appropriate;

e. To request and receive from all Employees and Participants such information as the Employer shall from time to time determine to be necessary for the proper administration of this Plan;

f. To furnish each Employee and Participant with such reports with respect to the administration of this Plan as the Employer determines to be reasonable and appropriate, including appropriate statements setting forth the amounts by which a Participant's compensation has been reduced in order to provide benefits under this Plan;

g. To receive, review, and keep on file such reports and information regarding the benefits covered by this Plan as the Employer determines from time to time to be necessary and proper;

h. To employ any agents, attorneys, accountants or other parties (who may also be employed by the Employer) and to allocate or delegate to them such powers or duties as is necessary to assist in the proper and efficient administration of the Plan, provided that such allocation or delegation and the acceptance thereof is in writing;

i. To appoint and employ such individuals or entities to assist in the administration of this Plan as it determines to be necessary or advisable, including legal counsel and benefit consultants;

j. To maintain the books of accounts, records, and other data in the manner necessary for proper administration of this Plan and to meet any applicable disclosure and reporting requirements.

5.03 Reliance on Participant The Employer may rely upon the direction, information, or election of a Participant as being proper under the Plan and shall not be responsible for any act or failure to act because of a direction or lack of direction by a Participant.

5.04 Nondiscriminatory Exercise of Authority Whenever, in the administration of the Plan, any discretionary action by the Employer is required, the Employer shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.

5.05 Examination of Records The Employer will make available to each Participant such of its records under the Plan as pertain to the Participant, for examination at reasonable times during normal business hours; provided however, that the Employer shall have no obligation to disclose any records or information which the Employer, in its sole discretion, determines to be of a privileged or confidential nature.

ARTICLE VI - Insurance

6.01 Responsibility for Implementing Plan Once an Employee is eligible to be a Participant, it shall be the Employee/Participant's responsibility to apply to any insurance carrier, in the manner and at the time as established by the Employer, for any insurance contemplated by the Plan.

6.02 Limit on Obligation to Obtain Coverage Upon the failure of either the Participant or the Employer to obtain the insurance contemplated by the Plan (whether as a result of circumstances, negligence, gross neglect, or otherwise), the Participant's benefit under this Plan shall be limited to the insurance premium, if any, unpaid for the period in question and the actual insurance proceeds, if any, received by the Participant as a result of the Participant's claim or claims.

6.03 Limit on Duty to Maintain Policies The Employer shall not be liable for any loss or obligations with respect to any insurance coverage. Such limitation shall include, but not be limited to, losses or obligations which pertain to the following:

a. The Employer's liability for the payment of premiums shall be limited to the amount of such premiums and shall not include liability for any other loss which may result from failure to pay such premiums.

b. The Employer shall not be liable for an Employees payment of any insurance premium or any loss which may result from the failure to pay an insurance premium if the Employee's benefits under this Plan, when coupled with the Employer Premium, are insufficient to pay the premium for the Group Sponsored Insurance Plan and coverage that the Employee has selected at the time it is due. The Employer shall undertake to notify a Participant that such funds are insufficient to pay the premium, but shall not be liable for any failure to make such notification.

c. Upon termination of employment by a Participant, the Employer shall have no liability to take any steps to maintain any coverage in force, except as required by law. The Employer shall not be liable for or responsible to see to the payment of any premium after termination of a Participant's employment except as required by law.

6.04 Selection of Beneficiaries In the case of any insurance policy which permits or requires the naming of a beneficiary or the assignment of benefits, it shall be the responsibility of the Participant to see that this is done. The Employer shall not be liable for any loss or cost which may result from Participant's failure in this regard. The Employer's responsibility shall be limited to joining in the execution of any documents as requested by a Participant or insurance carrier in order to carry out the purposes of this Plan.

ARTICLE VII - General Provisions

7.01 Expenses All administrative costs shall be incurred by the Employer.

7.02 Amendment or Termination of the Plan The Employer has established the Plan with the intention and expectation that it will be continued, but the Employer will have no obligation to maintain the Plan, and the Employer may terminate all or any part of this Plan at any time hereafter without liability. Upon termination of the Plan, all elections and reductions in compensation relating to the Plan shall terminate, and reimbursements shall be made as if all Employees had terminated employment. The Employer reserves the right to amend at any time any or all of the provisions of the Plan. All amendments shall be in writing and shall be approved by the Employer in accordance with its normal procedures for transacting business.

7.03 No Contract of Employment Nothing herein contained is intended to be or shall be construed as constituting a contract or other arrangement between any Employee and the Employer to the effect that he or she will be employed for any specific period of time. All Employees are considered to be employed at the will of the Employer.

7.04 Governing Law The Plan shall be construed, administered and enforced in accordance with law of the State where the Employer is headquartered, to the extent not superseded by the Code, ERISA, or any other federal law.

7.05 Code and ERISA Compliance It is intended that this Plan meet all applicable requirements of the Code and ERISA and of all regulations issued thereunder. (ERISA applies to the Group Sponsored Insurance Plan.) This Plan shall be construed, operated, and administered accordingly, and in the event of any conflict between any part, clause, or provision of this Plan and the Code and/or ERISA, the provisions of the Code and ERISA shall be deemed controlling, and any conflicting part, clause, or provision of this Plan shall be deemed superseded to the extent of the conflict.

To the extent applicable, the Plan will provide coverage and benefits in accordance with the requirements of all applicable laws, including USERRA, COBRA, HIPAA, NMHPA, WHCRA, FMLA, MHPA, MHPAEA, HITECH, Michelle's Law, GINA, and ACA.

7.06 Medical Insurance Benefits: COBRA Notwithstanding any provision to the contrary in this Plan, to the extent required by COBRA, a Participant and his or her spouse and dependents, as applicable, whose coverage terminates under the Group Sponsored Insurance Plan because of a COBRA qualifying event (and who is a qualified beneficiary as defined under COBRA), shall be given the opportunity to continue on a self-pay basis the same coverage that he or she had under the Group Sponsored Insurance Plan the day before the qualifying event for the periods prescribed by COBRA. Such continuation coverage shall be subject to all conditions and limitations under COBRA. Contributions for COBRA coverage for Group Sponsored Insurance Plan may be paid on a pre-tax basis for current Employees receiving taxable compensation (as may be permitted by the Employer on a uniform and consistent basis, but may not be prepaid from contributions in one plan year to provide coverage that extends into a subsequent plan year) where COBRA coverage arises either (a) because the Employee ceases to be eligible because of a reduction in hours; or (b) because the Employee's dependent

ceases to satisfy the eligibility requirements for coverage. For all other individuals (e.g., Employees who cease to be eligible because of retirement, termination of employment, or layoff), Contributions for COBRA coverage for Group Sponsored Insurance Plan shall be paid on an after-tax basis (unless may be otherwise permitted by the Employer on a uniform and consistent basis, but may not be prepaid from contributions in one plan year to provide coverage that extends into a subsequent plan year).

7.07 Information to be Furnished Participants shall provide the Employer 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.

7.08 Limitation of Rights Neither the establishment of the Plan nor any amendment, nor the payment of any benefits will be construed as giving to any Participant or other person any legal nor equitable right against the Employer, except as provided herein.

7.09 Family and Medical Leave Act Notwithstanding any provision to the contrary in this Plan, if a Participant goes on a qualifying leave under the FMLA, then to the extent required by the FMLA, the Employer will continue to maintain the Participant's Group Sponsored Insurance Plan on the same terms and conditions as if the Participant were still an active Employee. That is, if the Participant elects to continue his or her coverage while on leave, the Employer will continue to pay its share of the Group Sponsored Insurance premium. An Employer may require Participants to continue their Group Sponsored Insurance Plan while they are on paid leave, provided that Participants on non-FMLA paid leave are required to continue coverage. If so the Participant's share of the contributions shall be paid by the method normally used during any paid leave (e.g., on a pre-tax salary reduction basis). In the event of unpaid FMLA leave (or paid FMLA leave where coverage is not required to be continued), a Participant may elect to continue his or her Group Sponsored Insurance Plan during the leave. If the Participant elects to continue coverage while on FMLA leave, then the Participant may pay his or her share of the contributions in one of the following ways:

- With after-tax dollars, by sending monthly payments to the Employer by the due date established by the Employer;
- Pre-Pay with pre-tax dollars, by having such amounts withheld from the Participant's ongoing compensation, if any, including unused sick days and vacation days, or pre-paying all or a portion of the contributions for the expected duration of the leave on a pre-tax salary reduction basis out of pre-leave compensation. To pre-pay the contributions, the Participant must make a special election to that effect prior to the date that such Compensation would normally be made available (pre-tax dollars may not be used to fund coverage during the next plan year);
- Pay-as-you-go with their share of premium payments on the same schedule as payments would be made if the Employee were not on leave, or under another schedule permitted under Department of Labor regulations and in a manner approved by the Employer; or
- Under another arrangement agreed upon between the Participant and the Employer (e.g., the Employer may fund coverage during the leave and withhold “catch-up” amounts from the Participant's compensation on a pre-tax or after-tax basis) upon the Participant's return.

If the Employer requires all Participants to continue the Group Sponsored Insurance Plan during an unpaid FMLA leave, then the Participant may elect to discontinue payment of the

Participant's required contributions until the Participant returns from leave. Upon returning from leave, the Participant will be required to repay the contributions not paid by the Participant during the leave. Payment shall be withheld from the Participant's compensation either on a pre-tax or after-tax basis, as agreed to by the Employer and the Participant through a written notice to the Employer.

If a Participant's Group Sponsored Insurance Plan ceases while on FMLA leave (e.g., for non-payment of required contributions), then the Participant is permitted to re-enter the Group Sponsored Insurance Plan as applicable, upon return from such leave on the same basis as when the Participant was participating in the Plan prior to the leave, or as otherwise required by the FMLA. In addition, the Plan may require Participants whose Group Sponsored Insurance Plan coverage terminated during the leave to be reinstated in such coverage upon return from a period of unpaid leave, provided that Participants who return from a period of unpaid, non-FMLA leave are required to be reinstated in such coverage.

7.10 Non-FMLA Leaves of Absence If a Participant goes on an unpaid leave of absence that does not affect eligibility, then the Participant will continue to participate and the Contributions due for the Participant will be paid in one of the following ways:

- With after-tax dollars, by sending monthly payments to the Employer by the due date established by the Employer;
- With pre-tax dollars, by having such amounts withheld from the Participant's ongoing Compensation, if any, including unused sick days and vacation days, or pre-paying all or a portion of the Contributions for the expected duration of the leave on a pre-tax salary reduction basis out of pre-leave Compensation. To pre-pay the Contributions, the Participant must make a special election to that effect prior to the date that such Compensation would normally be made available (pre-tax dollars may not be used to fund coverage during the next plan year);
- With their share of premium payments on the same schedule as payments would be made if the Employee were not on leave, or under another schedule permitted under Department of Labor regulations; or
- Under another arrangement agreed upon between the Participant and the Employer (e.g., the Employer may fund coverage during the leave and withhold ”catch-up" amounts from the Participant's Compensation on a pre-tax or after-tax basis) upon the Participant's return.

If a Participant goes on an unpaid leave that affects eligibility, then the election change rules in Article 3.10 will apply.

IN WITNESS WHEREOF, COMMUNITY ACTION TEAM INC has caused this Plan to be executed in its name and on its behalf, effective as of 5/1/2016.