

CENTRAL COMMUNITY UNIT SCHOOL DISTRICT #3
HEALTH REIMBURSEMENT ARRANGEMENT

FIRST AMENDMENT

This First Amendment to the Central Community Unit School District #3 Health Reimbursement Arrangement ("HRA") is made in duplicate at Camp Point, Illinois, on the date noted below, by Central Community Unit School District #3 ("Employer").

WHEREAS, the HRA grants the Employer the right to amend the provisions of the HRA, and

WHEREAS, the Employer desires to make such amendments;

NOW, THEREFORE, the HRA is hereby amended as follows effective January 1, 2014, except where specifically indicated to the contrary:

1. The following Section 3.12 is hereby deleted:

3.12. "Marriage" means either (a) a legal union between one man and one woman as husband and wife, or (b) a legal relationship between 2 persons, of either the same or opposite sex, established or recognized as such by the Illinois Religious Freedom Protection and Civil Union Act.

The following is substituted therefore:

3.12. "Marriage" means either (a) a legal marriage between 2 persons, or (b) a legal relationship between 2 persons, of either the same or opposite sex, established or recognized as such by the Illinois Religious Freedom Protection and Civil Union Act.

2. Effective August 1, 2013, the following Section 4.01 is hereby deleted:

4.01. General requirements

Each Employee is eligible to participate in the HRA on or after the Effective Date and during the time period the Employee is employed by the Employer and covered by the Health Plan. An Employee is automatically enrolled for coverage on the date he is eligible to participate in the HRA. An Employee may decline to participate in the HRA or may later terminate such participation by providing the Plan Administrator written notice of such election. An Employee's election to decline to participate in the HRA shall be effective on the Employee's initial eligibility date, provided such election is received by the Plan Administrator within 30 days of such date.

The following is substituted therefore:

4.01. General requirements

Each Employee is eligible to participate in the HRA on or after the Effective Date and during the time period the Employee is employed by the Employer and covered by the Health Plan. An Employee is automatically enrolled for coverage on the date he is eligible to participate in the HRA. An Employee may decline to participate in the HRA or may later terminate such participation by providing the Plan Administrator written notice of such election. An Employee's election to decline to participate in the HRA shall be effective on the Employee's initial eligibility date, provided such election is received by the Plan Administrator within 30 days of such date.

An Employee will also have the opportunity to enroll or disenroll in the HRA during the annual open enrollment period from August 15 – September 15 of each year with coverage to be effective as of the next following October 1. An Employee who commences enrollment during the open enrollment period may select a benefit under either Section 5.02 or 5.03, but no current Participants may change their benefit selection during the open enrollment period. Notwithstanding the preceding sentence, current Participants can change their benefit selection during the August 15, 2013 – September 15, 2013 open enrollment period with such change effective as of October 1, 2013.

3. The following Sections 5.01 and 5.04 are hereby deleted:

5.01. Annual benefits provided by the \$750 HRA option

Each Participant shall be entitled to reimbursement for his documented, Eligible Medical Expenses Incurred during the Plan Year in an annual amount not to exceed, in the aggregate \$7,250 if the Participant maintains single and \$14,500 if the participant maintains employee plus dependent coverage under the Health Plan.

The table below indicates per person or family the payment schedule for the HRA.

<u>Participant Expenses</u>	<u>Employee Pays</u>	<u>HRA Pays</u>
First \$750 deductible	\$750	\$0
Next \$4,250 deductible	\$0	\$4,250
\$5,000 Co-insurance	Applicable Individual Coinsurance under Health Plan up to 1 st \$2,000	Applicable Individual Coinsurance under Health Plan up to \$3,000

5.04. Annual benefits provided by the \$3,000 HRA option

Each Participant shall be entitled to reimbursement for his documented, Eligible Medical Expenses Incurred during the Plan Year in an annual amount not to exceed, in the aggregate \$2,500 if the Participant maintains single and \$5,000 if the participant maintains employee plus dependent coverage under the Health Plan.

The table below indicates per person or family the payment schedule for the HRA.

Participant Expenses	Employee Pays	HRA Pays
First \$3,000 deductible	\$3,000	\$0
Next \$2,000 deductible	\$0	\$2,000
\$5,000 Co-insurance	Applicable Individual Coinsurance under Health Plan up to 1 st \$4,500	Applicable Individual Coinsurance under Health Plan up to \$500

4. Sections 5.05 and 5.05 are hereby deleted:

5.05. Exclusive benefits

A Participant can only receive HRA benefits under one of the three preceding Sections during a Plan Year. A participant who has received an HRA benefit under either Section 5.01, 5.02, 5.03 or 5.04 is prohibited from any reimbursement from the other Section with respect to the same Plan Year.

5.05. Cost of coverage

The Employer shall bear the entire expense of providing the benefits set out in Section 5.01, 5.02, 5.03 and 5.04.

The following is substituted therefore:

5.05. Exclusive benefits

A Participant can only receive HRA benefits under one of the two preceding Sections during a Plan Year. A participant who has received an HRA benefit under either Section 5.02 or 5.03 is prohibited from any reimbursement from the other Section with respect to the same Plan Year. A Participant may only make a change to a current election to receive HRA benefits under one of the two preceding Sections during the month of December each year with such change effective as of the next following January 1.

5.06. Cost of coverage

The Employer shall bear the entire expense of providing the benefits set out in Section 5.02 and 5.03.

5. The following Section 11.04 is hereby deleted:

11.04. Right to Receive and Release Information

The Plan Administrator, pursuant to the reasonable exercise of its discretion or incident thereto, may release to, or obtain from any other company, organization or person, without consent of or notice to any person, any information regarding any person which the Plan Administrator deems necessary to carry out the provisions of the HRA, or to determine how, or if, they apply. To the extent that this information is protected health information as described in 45 C.F.R. 164.500, *et seq.*, or other applicable law, the Plan Administrator may only use or disclose such information for treatment, payment or health care operations as allowed by such applicable law. Any Claimant under the HRA shall furnish to the Plan Administrator such information as may be necessary to carry out this provision.

The only employees or other persons under the direct control of the Plan Sponsor who are allowed access to the protected health information of other individuals are those employees or persons with direct responsibility for the control and operation of the HRA and only to the extent necessary to perform the duties as Plan Administrator as determined pursuant to the reasonable exercise of discretion of the Plan Administrator.

In addition, the Plan Sponsor hereby certifies and agrees that it will:

(a) Not use or further disclose the information other than as permitted or required by the HRA or as required by law;

(b) Ensure that any agents, including a subcontractor, to whom it provides protected health information received from the HRA agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such information;

(c) Not use or disclose the information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor;

(d) Report to the appropriate representative of the Plan Administrator any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which it becomes aware;

(e) Make available protected health information in accordance with 45 C.F.R. 164.524;

(f) Make available health information for amendment and incorporate any amendments to protected health information in accordance with 45 C.F.R. 164.526;

(g) Make available the information required to provide an accounting of disclosures in accordance with 45 C.F.R. 164.528;

(h) Make its internal practices, books and records relating to the use and disclosure of protected health information received from the HRA available to the Secretary of Health and Human Services for purposes of determining compliance by the HRA with the privacy requirements of 45 C.F.R. 164.500, *et seq.*;

(i) If feasible, return or destroy all protected health information received from the HRA that the Plan Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible;

(j) Ensure that the adequate separation between the HRA and the Plan Sponsor is established and maintained pursuant to 45 C.F.R. 164.504(f)(2)(iii);

(k) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of the HRA;

(l) Ensure that the adequate separation required by §164.504(f)(2)(iii) is supported by reasonable and appropriate security measures; and

(m) Ensure that any agent, including a subcontractor, to whom it provides this information agrees to implement reasonable and appropriate security measures to protect the information.

The use of protected health information by the HRA shall be in accordance with the privacy rules established by 45 C.F.R. 164.500, *et*

seq. Any issues of noncompliance with the provisions of this Section shall be resolved by the privacy officer of the Plan Administrator.

The following is substituted therefore:

11.04. Right to Receive and Release Information

The Plan Administrator, pursuant to the reasonable exercise of its discretion or incident thereto, may release to, or obtain from any other company, organization or person, without consent of or notice to any person, any information regarding any person which the Plan Administrator deems necessary to carry out the provisions of the HRA, or to determine how, or if, they apply. To the extent that this information is protected health information as described in 45 C.F.R. 164.500, *et seq.*, or other applicable law, the Plan Administrator may only use or disclose such information for treatment, payment or health care operations as allowed by such applicable law. Any Claimant under the HRA shall furnish to the Plan Administrator such information as may be necessary to carry out this provision.

6. The HRA is revised to add Exhibit 1 attached hereto as Exhibit 1 of the HRA.

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EXHIBIT 1

PROTECTED HEALTH INFORMATION

1.01 Permitted Disclosure of Enrollment/Disenrollment Information

The HRA may disclose to the Plan Sponsor information on whether the individual is participating in the HRA, or is enrolled in or has disenrolled.

1.02 Permitted Uses and Disclosure of Summary Health Information

The HRA may disclose Summary Health Information to the Plan Sponsor, provided the Plan Sponsor requests the Summary Health Information for the purpose of (a) obtaining premium bids from health plans for providing health insurance coverage under the HRA; or (b) modifying, amending, or terminating the HRA.

“Summary Health Information” means information that (a) summarizes the claims history, claims expenses or type of claims experienced by individuals for whom the Plan Sponsor had provided health benefits under the HRA; and (b) from which the information described at 42 CFR § 164.514(b)(2)(i) has been deleted, except that the geographic information described in 42 CFR § 164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit zip code.

1.03 Permitted and Required Uses and Disclosure of Protected Health Information for HRA Administrative Purposes

Unless otherwise permitted by law, and subject to the conditions of disclosure described in Section 1.04 and obtaining written certification pursuant to Section 1.06, the HRA (or an Insurer on behalf of the HRA) may disclose PHI to the Plan Sponsor, provided the Plan Sponsor uses or discloses such PHI only for HRA administration purposes. “HRA administration purposes” means administration functions performed by the Plan Sponsor on behalf of the HRA, such as quality assurance, claims processing, auditing, and monitoring. HRA administration functions do not include functions performed by the Plan Sponsor in connection with any other benefit or benefit plan of the Plan Sponsor, and they do not include any employment related functions.

Notwithstanding the provisions of this HRA to the contrary, in no event shall the Plan Sponsor be permitted to use or disclose PHI in a manner that is inconsistent with 45 CFR § 164.504(f).

1.04 Conditions of Disclosure for HRA Administration Purposes

The Plan Sponsor agrees that with respect to any PHI (other than Enrollment/Disenrollment information and Summary Health Information, which are not subject to these restrictions) disclosed to it by the HRA (or an Insurer on behalf of the HRA) the Plan Sponsor shall:

- A. Not use or further disclose the PHI other than as permitted or required by the HRA or as required by law.
- B. Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of the HRA.
- C. Ensure that any agent, including a subcontractor, to whom it provides PHI received from the HRA agrees to and complies with the same restrictions and conditions that apply to the Plan Sponsor with respect to PHI.
- D. Not use or disclose the PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor.
- E. Report to the HRA any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which it becomes aware.
- F. Make available PHI to comply with HIPAA's right to access in accordance with 45 CFR § 164.524.
- G. Make available PHI for amendment and incorporate any amendments to PHI in accordance with 45 CFR § 164.526.
- H. Make available the information required to provide an accounting of disclosures in accordance with 45 CFR § 164.528.
- I. Make its internal practices, books, and records relating to the use and disclosure of PHI received from the HRA available to the Secretary of Health and Human Services for purposes of determining compliance by the HRA with HIPAA's privacy requirements.
- J. If feasible, return or destroy all PHI received from the HRA that the Plan Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

- K. Ensure that the adequate separation between the HRA and the Plan Sponsor (i.e., the “firewall”), required in 45 CFR § 504(f)(2)(iii), is satisfied.

1.05 Adequate Separation Between HRA and the Plan Sponsor

The Plan Sponsor shall allow those classes of Plan Sponsor employees or other persons in the Plan Sponsor's control designated by the Plan Sponsor to be given access to PHI. No other persons shall have access to PHI except HRA business associates. These specified employees (or classes of employees) shall only have access to and use PHI to the extent necessary to perform the HRA administration functions that the Plan Sponsor performs for the HRA. In the event that any of these specified employees do not comply with the provisions of this Section, that employee shall be subject to disciplinary action by the Plan Sponsor for non-compliance pursuant to the Plan Sponsor's employee discipline and termination procedures.