

EMPLOYEE MEDICAL & PRESCRIPTION DRUG PLAN

HEALTH WAIVER CREDIT PROVISIONS AS AMENDED AUGUST 1, 2007

As provided in Article III.3.3. of the Plan Document, a Health Waiver Credit totaling \$600 annually will be provided to each eligible, full-time employee who declines coverage (see Declination form) due to having alternate health insurance available and secured through another private* insurance carrier.

As of August 1, 2007, the schedule for payment of Health Waiver Credit is changed from a quarterly payment basis of \$150 to a biweekly payment basis. For the purposes of this plan:

- ❖ The \$600 annual credit is divided by the normal 26 payroll periods in each fiscal or calendar year, which equates to a health waiver credit (HWC) payment of \$23.08♣ paid biweekly.
- ❖ Each eligible employee shall receive a HWC payment of \$23.08 biweekly commencing with either the first pay or the first full pay period following the first day of the month in which the employee would have been eligible for the Plan but who declines coverage.
- ❖ A terminating employee will not be eligible for a HWC payment unless the last day of active employment coincides with the last day of a biweekly payroll

♣Note: Effective August 1, 2007, eligible full-time employees with two years of service may elect to direct HWC payments to a Flexible Spending Account. This option may only be elected during the open enrollment period of July each calendar for an August 1 effective date.

* Notices:

1. If you are a recipient of Medical Assistance benefits, the agency will not provide the Health Waiver Credit and you must elect at least "employee only" coverage. We encourage you to consult with your local Pennsylvania Department of Public Assistance representative about the state HIPP program to offset the cost of your 20% portion of the health insurance premium in effect and any deductibles.
2. Under the Medicare as Secondary Payer Statute, Hope is prohibited from offering any financial or other incentive Not to Enroll in a group health plan (GHP). This applies if you or your spouse is age 65 or over, under 65 and disabled, or otherwise eligible for Medicare. The employee or spouse of an employee may refuse the Hope-sponsored medical insurance plan, in which case Medicare will be the primary payer. It is unlawful, however, for Hope to offer any financial incentive for a Medicare beneficiary not to enroll, or to terminate enrollment, in a GHP that would be primary to Medicare if the individual enrolled. This is the case even if the incentive is offered universally to all individuals who are eligible for coverage.