



**Amendment 1: Health Care Reform**  
**Grandfathered Status**

**Effective Date:** January 1, 2011

Effective **January 1, 2011**, County of Mendocino hereby amends the Plan Document for Active Employees (Restated January 1, 2010) in compliance with Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010. **Note:** *The 2010 Plan Document will be updated and restated as of January 1, 2011, to reflect all amendments described herein.*

**Grandfathered Health Plan:** County of Mendocino believes this plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the Benefits Office of County of Mendocino at 579 Low Gap Road, Ukiah, CA 95482, 1-707-463-4261, with TDD 1-800-735-2929. You may also contact the U.S. Department of Health and Human Services at [www.healthreform.gov](http://www.healthreform.gov).

Issue Section Header 2010 SPD Page #	Changes to the 2010 Plan Document Yellow highlights indicate information that was <b>deleted</b> from the SPD. Green highlights indicate information that was <b>added</b> to the SPD.	Rationale for Change In Benefits
<b>Dependent Age</b> <b>Who Is Eligible</b> Page 8	<ul style="list-style-type: none"> <li>▪ An <del>unmarried</del> child <del>up to age 26, under age 19.</del> For these purposes a "child" will include:               <ul style="list-style-type: none"> <li>○ natural children,</li> <li>○ stepchildren,</li> <li>○ legally adopted children (including a child for whom legal adoption proceedings have been started),</li> <li>○ <del>a child who is related to you by blood or marriage, who is mainly dependent on you for care and support, and living with you in a parent-child relationship,</del> and</li> <li>○ any other child for whom you are required to provide health plan coverage under a Qualified Medical Child Support Order.</li> </ul> </li> <li>▪ <del>A grandchild, up to age 19 who is mainly dependent on you for care and support, and living with you in a parent-child relationship.</del></li> <li>▪ <del>An unmarried student age 19 or older but less than 25, if such child meets the dependent child eligibility requirements except for age, and he/she is:</del> <ul style="list-style-type: none"> <li>○ <del>At an accredited school:</del> <ul style="list-style-type: none"> <li>▪ <del>a school that is accredited (evaluated and passed) by an agency recognized by the United States Department of Education (USDE), including:</del> <ul style="list-style-type: none"> <li>— <del>high schools,</del></li> <li>— <del>junior colleges or other two year colleges granting two year degrees,</del></li> <li>— <del>universities or colleges granting four year degrees or post graduate degrees,</del></li> <li>— <del>proprietary schools such as business colleges, professional schools, and</del></li> <li>— <del>trade and technical schools (established as other than evening schools exclusively).</del></li> </ul> </li> </ul> </li> <li>○ <del>Enrolled for full time school attendance: at least 12 units/credits per semester or full time equivalent. There is no coverage during any period of the school year in which a student is enrolled at less than the full time requirements except:</del> <ul style="list-style-type: none"> <li>▪ <del>if cessation is due to a school vacation and attendance resumes on the date the school reconvenes, or</del></li> <li>▪ <del>when a leave of absence is medically necessary; in this case, coverage will extend for up to one year.</del></li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Coverage for children up to age 26</li> <li>▪ Eliminate student status requirements</li> <li>▪ Eliminate “unmarried” dependent status requirement</li> <li>▪ Eliminate financial dependency guidelines</li> </ul> <p>Under IRC §152(f)(1), children are defined as: sons, daughters, stepchildren, adopted children (including children placed for adoption) and foster children. <b>IF</b> the plan covers any of these individuals, the plan must comply with the dependent coverage requirements.</p> <p><b>IF</b> the plan elects to cover any other dependents (ie, grandchildren), then a plan can condition health coverage on support, residency, age, student status or other dependency requirements.</p>



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<b>Dependent Age</b> <i>Who Is Eligible</i> Page 9	<b>Proof of Dependent Student Status</b> Proof of dependent student status is: <ul style="list-style-type: none"> <li>- required by the County, and</li> <li>- must be provided to the Contract Administrator by the appropriate source (i.e., the educational institution for student status) within 30 31* days of enrollment of the dependent.</li> </ul> If notice is <b>not provided within 30 31* days</b> of enrollment of the dependent, coverage will automatically be dropped.	Eliminate student status requirements  * Correction to eliminate inconsistency in 2010 Plan Document.
<b>Dependent Age</b> <i>Who Is Eligible</i> Page 9	<b>Non-Eligible Dependents</b> An eligible dependent does not include: <ul style="list-style-type: none"> <li>▪ a child who is eligible to enroll in an employer-sponsored health plan (other than that of their parent);</li> <li>▪ a spouse following final decree of dissolution or divorce, or</li> <li>▪ any person who is on active duty in a military service, to the extent permitted by law.</li> </ul>	As a result of its Grandfathered Status, the Plan can exclude this class of dependents from coverage.
<b>Dependent Age</b> <i>Who Is Eligible</i> Page 9	<b>Change in Dependent Eligibility</b> It is the employee's responsibility to notify the County Benefits Office within 31 days or sooner of a dependent's change in status that would make the dependent eligible or ineligible for benefit coverage. Some examples of a change in dependent status are birth, death, adoption, full time student status or divorce.	Eliminate student status requirements
<b>Dependent Age</b> <i>Changing Coverage During the Year</i> Page 12	<b>5<sup>th</sup> Bullet:</b> * Your dependent satisfies or no longer meets the eligibility requirements for unmarried dependents, as described under <i>Who Is Eligible</i> , including age, student status or other similar circumstances.	<ul style="list-style-type: none"> <li>▪ Eliminate student status requirements</li> <li>▪ Eliminate "unmarried" dependent status requirement</li> </ul>
<b>Dependent Age</b> <i>Extension of Coverage</i> Page 14	<b>Students on Medically Necessary Leave</b> To comply with California SB 1168, coverage for a dependent child who is attending a postsecondary educational institution (including an institution of higher education as defined in section 102 of the Higher Education Act of 1965) will be extended for up to one (1) year if the child takes a medically necessary leave of absence. For these purposes, a medically necessary leave of absence means any change in enrollment of such child at the educational institution that: <ul style="list-style-type: none"> <li>▪ commences while the child is suffering from a serious illness or injury;</li> <li>▪ is medically necessary; and</li> <li>▪ causes such child to lose student status for purposes of continued eligibility (see student eligibility requirements in the <i>Eligibility and Effective Dates</i> section).</li> </ul> A Physician's written certification by the dependent child's treating Physician must be provided. Such statement must certify that the child is suffering from a serious illness or injury and that the leave of absence (or other change of enrollment) is medically necessary.  The period of extended coverage begins on the first day of the medically necessary leave of absence and ends on the date that is one (1) year later or on the date coverage would otherwise terminate under the terms of this Summary Plan Description, whichever comes first.  A dependent child whose coverage is continued under the terms of this provision shall be entitled to the same benefits as if the child continued to be a student at the institution of higher education and was not on a medically necessary leave of absence.	Eliminate student status requirements



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<b>Coverage Limits</b> <b>Pre-Existing Conditions</b> Page 14	<b>Exceptions to Pre-Existing Conditions</b> The following conditions are <b>not</b> considered pre-existing conditions if the patient has a <i>Certificate of Prior Creditable Group Coverage</i> (i.e., they are covered on the effective date of coverage): <ul style="list-style-type: none"> <li>adopted employees or children under the age of 19 that enroll within the appropriate timeframe as described under <i>When You Can Enroll and Effective Date of Coverage</i>, within 31 days after the adoption or placement for adoption. Under this Plan, an adopted child is any person under the age of 18, as of the date of adoption or placement for adoption. Placement for adoption means the assumption and retention by the employee of the legal obligation for the total or partial support of a child to be adopted; placement ends whenever the legal support obligation ends.</li> </ul>	No Pre-existing conditions limitations for any individuals (employees or children) under age 19
<b>Clarification</b> <b>Wellness Benefits</b> Page 36	<b>Adult Well Visits</b> <ul style="list-style-type: none"> <li>Exam and Counseling</li> <li>Recommended Immunizations (e.g., Flu, Hepatitis A / B and Shingles)</li> </ul>	Requested by County of Mendocino
<b>Lifetime Maximum</b> <b>Summary of Deductibles, Out-of-Pocket and Lifetime Maximums</b> Page 26	<b>Lifetime Maximum</b> <ul style="list-style-type: none"> <li>Plan 1:               <ul style="list-style-type: none"> <li>Essential Benefits*: None</li> <li>Non-Essential Benefits*: \$2,000,000</li> </ul> </li> <li>Plan 2:               <ul style="list-style-type: none"> <li>Essential: None</li> <li>Non-Essential: \$2,000,000</li> </ul> </li> </ul> <p>* Awaiting regulatory guidance for the definition of these terms as provided by the Patient Protection and Affordable Care Act (PPACA). Plan participants will be notified immediately upon receipt of this information.</p>	There can be no Lifetime Maximum for essential health benefits.
<b>Lifetime Maximum</b> <b>Eligible Medical Expenses</b> Page 31	<b>Genetic Testing:</b> Diagnostic testing of genetic information, up to \$5,000/lifetime, for high risk pregnancies or PKU screenings for newborns. <i>Note: This information was moved as is now included under the definition of Pregnancy.</i>	
<b>Lifetime Maximum</b> <b>Changing Coverage During the Year</b> Page 12	<b>Footnote beneath chart</b> * Loss of coverage means: <ul style="list-style-type: none"> <li>3<sup>rd</sup> Bullet: <del>loss of coverage due to attaining a plan's lifetime maximum for all benefits.</del></li> </ul>	
<b>Lifetime Maximum</b> <b>Pre-Existing Conditions</b> Page 15	<b>Proof of Creditable Coverage</b> <b>2<sup>nd</sup> Paragraph:</b> If this Plan coverage or COBRA continuation coverage terminates, including termination due to exhaustion of all lifetime benefits under the Plan, the Contract Administrator will automatically provide a certificate of creditable coverage at no charge; it will be mailed to the person at the most current address on file.	
<b>Annual Maximum</b> <b>Dental Plan</b> Page 43	<b>Summary of Dental Deductibles and Benefit Maximums</b> <b>Calendar Year Maximum for Medically Necessary Dental Care*</b> *As a result Patient Protection and Affordable Care Act (PPACA), medically necessary pediatric dental care is not subject to a calendar year maximum, through age 18. <i>Note: Pending further regulatory guidance, County of Mendocino believes, in good faith, that pediatric care covers children through 18.</i>	The following <b>restricted annual limit is</b> for essential benefits (combined) per individual:

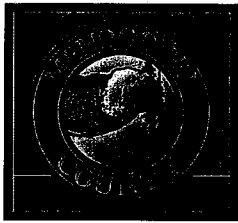
<p>Annual Maximum Vision Plan Page 46</p>	<p><b>Summary of Vision Benefits</b>  <b>Asterisked the word "Frequency" and all frequency limits in the chart</b>  <b>*As a result Patient Protection and Affordable Care Act (PPACA), pediatric vision care is available more frequently than outlined in the chart above if required out of medical necessity, through age 18.</b></p> <p><i>Note: Pending further regulatory guidance, County of Mendocino believes, in good faith, that pediatric care covers children through 18.</i></p>	<ul style="list-style-type: none"> <li>▪ \$750,000 for plan years beginning on or after 9/23/2010 but before 9/23/2011</li> </ul>
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<b>Rescission</b> <b>Administrative Information</b> Page 79	<b>Amendment or Termination of the Plan</b> Since future conditions affecting the Plan Sponsor or County cannot be anticipated or foreseen, the Plan Sponsor must necessarily and does hereby reserve the right to, without the consent of any participant or beneficiary: <ul style="list-style-type: none"> <li>▪ <b>5<sup>th</sup> bullet:</b> terminate, suspend, withdraw, amend or modify the Plan in whole or in part at any time <b>and on a retroactive basis, if necessary,</b> provided, however, that no modification or amendment shall divest an employee of a right to those benefits to which he has become entitled under the Plan. In addition, <b>Employees will be provided with advance notice of the change(s), as required by federal law</b></li> </ul>	No recession of coverage unless a 30-day prior notice has been provided to participants (except in the case of fraud of misrepresentation).  <i>Note: Termination of benefits due to non-payment of premiums is not considered to be rescission.</i>
<b>Health Care Reform</b> <b>Appendix</b> Page 82	<b>Appendix: Health care reform Information as of January 1, 2010</b> This Appendix is designed to provide you with the most up-to date regulatory guidance about the Patient Protection and Affordable Care Act (PPACA). This section will be updated when the County of Mendocino receives information and/or clarifications that may affect the plan (e.g., definition of essential and non-essential benefits). <b>IMPORTANT:</b> Check with the County Benefits office to ensure that you have the most up to date information.  <b>Definition of Essential Benefits</b> A plan is not required to cover any, or all, of the essential benefits to its participants. However, if the plan does cover an essential benefit, then the plan must comply with the following: <ul style="list-style-type: none"> <li>▪ no lifetime maximums, and</li> <li>▪ only restricted annual limits.</li> </ul> Definition of essential benefits, as defined in Section 1302(b) of the Affordable Care Act: <ul style="list-style-type: none"> <li>▪ ambulatory care,</li> <li>▪ emergency care,</li> <li>▪ hospitalization,</li> <li>▪ maternity/newborn care,</li> <li>▪ mental health and substance abuse use disorder services,</li> <li>▪ prescription drugs,</li> <li>▪ rehabilitation services,</li> <li>▪ lab services,</li> <li>▪ preventive/wellness care,</li> <li>▪ chronic disease management, and</li> <li>▪ pediatric care, including oral/vision care.</li> </ul> <b>IMPORTANT:</b> We are awaiting regulatory guidance as to the exact benefits included in each of these categories. For example, what is included in rehabilitation services, what constitutes oral/vision care and through what age pediatric care is required.  Clarifications of the regulations under section 1302(b) of the Affordable Care Act have not yet been issued. For purposes of enforcement, the Internal Revenue Service (IRS), Department of Labor (DOL) and Health and Human Services (HHS) will take into account good faith efforts to comply with a reasonable interpretation of the term "essential health benefits." For this purpose, a plan or issuer must apply the definition of essential health benefits consistently.  <b>Definition of Non-Essential Benefits</b> Any other benefits not considered to be essential.	



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It is understood and agreed by **County of Mendocino** that the above stated amendment and the provisions contained in the 2010 Plan Document as amended herein are acceptable and will be the basis for the administration of the plan beginning January 1, 2011.

In witness whereof, this Agreement has been executed this 14<sup>th</sup> day of DECEMBER, 2010.

TERESIA A. HAASE  
Name (printed)

HR DIRECTOR  
Title

*Teresa A. Haase*  
Signature


12/14/2010  
Date

**Name of Plan:** County of Mendocino Employee Welfare Plan

**Plan Sponsor:** County of Mendocino

I hereby certify that I am duly authorized to act on behalf of the Plan Sponsor identified above and that I have reviewed the Plan Document prepared by Delta Health Systems at the request of the Plan Sponsor, County of Mendocino. Delta Health Systems has provided County of Mendocino an opportunity for comment and has incorporated our comments as appropriate. I hereby accept and ratify the Plan Document on behalf of the Plan Sponsor as a correct statement of terms and conditions of the County of Mendocino Employee Welfare Benefit Plan as of January 1, 2011.

**Client:** County of Mendocino **Date:** 12/14/2010

**Name:** TERESIA HAASE **Signature:** 

**Title:** HR DIRECTOR

**Company:** Delta Health Systems, Inc. **Date:**

**Name:** **Signature:**

**Title:**