Summary Plan Description

Prepared For Employees of:
East Daviess County Water, Inc.
EMPLOYEE WELFARE BENEFIT PLAN
SUMMARY PLAN DESCRIPTION (SPD)

Effective Date: January 01, 2021

EAST DAVIESS COUNTY WATER ASSOCIATION, INC.

MEDICAL EXPENSE REIMBURSEMENT PLAN (MERP)
Summary Plan Description (SPD)

The East Daviess County Water Association, Inc. hereinafter referred to as the "Association" has established by appropriate resolution of its Board of Directors, A Medical Expense Reimbursement Plan, hereinafter referred to as the "Plan."

WHEREAS, the Association is concerned with the health and physical and mental well-being of its Employees, and

WHEREAS, the Association deems it to be in the best interest to provide additional incentives to Employees, and Sections of the Internal Revenue Code and the related regulations offer a method of providing these incentives with favorable results;

BE IT RESOLVED: That the Association hereby adopts the following Medical Expense Reimbursement Plan.

EMPLOYEE MEDICAL AND HOSPITAL REIMBURSEMENT BENEFITS

Employees shall receive reimbursement from the Association for eligible prescription, medical and hospital expenses, including amounts paid for diagnosis, cure, mitigation, treatment, and prevention of disease incurred by themselves or their dependents from January 1st to December 31st in any calendar year, but not to exceed $ 6,000.00 for single Employee or $12,000.00 for family plan per calendar year.

The Association's reimbursement expressly exclude those insurable and eligible medical and hospital expenses available to the Employee under the Association's provided group insured health plan or any other health plan. The Association shall reimburse those expenses remaining after the Association's health plan or any other health plan has paid all claims. This plan excludes Employee Dental/Vision expenses and expenses for non-prescription drugs.

All Employees and Dependents are covered under this MERP unless the Employee (or former Employee) chooses to permanently opt out of and waive future reimbursements from the MERP. A covered Employee shall remain eligible for benefits under this MERP as long as he/she remains eligible for and enrolled in the Association's provided group health insurance plan Exemption from the service requirement may be granted a covered Employee at the sole discretion of the Board of Directors for reasons of accident, sickness, or leave of absence provided the Employee remains enrolled in the Association's provided group health insurance plan.

ELIGIBILITY FOR THE MERP

You are eligible to participate in this MERP if you are an Employee of the Association and you also elect to participate in the Association's provided health plan.

If you become a participant, you may also be reimbursed for eligible medical expenses incurred by your dependents. A dependent for purposes of this MERP is any individual who meets the following condition:

1) The individual is a legal "spouse" (as determined in accordance with state law to the extent consistent with federal law) or a dependent as defined in the Internal Revenue Code Section 105(b).

Compliance with requirements under the Affordable Care Act (ACA) and the Internal Revenue Service (IRS)

MERP Plans are sanctioned under Section 105 of the Internal Revenue Code (IRC). A MERP is a type of Health Reimbursement Arrangement (HRA) that enables employers to fund portions of their Employees' health plan deductibles, coinsurance, or copayments, as well as, cover the cost of other qualified medical expenses on a tax-free basis. This plan has been designed to comply with the requirements of the ACA and Section 105 of the IRC. This Medical Expense Reimbursement Plan shall be construed to comply with Sections of the Internal Revenue Code as so amended, and all rules, Rulings, and Regulations pertaining to such Codes and Acts.

The MERP plan is available only to Employees who are covered by the primary group health plan coverage that is provided by the Employer and where such coverage does not impose annual or lifetime limits on benefits.

Requirements under the ACA or as established by the IRS shall prevail should any conflict exist between this plan document and any such current or future requirements.

ADMINISTRATION

The Board of Directors of the Association shall administer this plan in accordance with the requirements of the ACA and IRS and shall have full responsibility and authority for the administration of this Plan, and as such, is the Plan Administrator. The decision of the Board of Directors of the Association on any matter concerning the administration of this Plan as applied to any specific case shall be final. The Board of Directors shall have full and complete authority to interpret and apply this plan at any time.

NAMED PLAN FIDUCIARY

The Manager of the Association, as representative of the Board of Directors, shall have the obligation and duty for administration, operation, and management of the Plan and its assets. In so doing, the Manager shall act in the capacity of Named Plan Fiduciary ("Fiduciary"). The Association shall indemnify the Fiduciary and any other Employee acting in the fiduciary capacity from any and all claims and liabilities arising out of the performance of his/her fiduciary

duties, to the maximum extent permitted by law. The Association, at its discretion, may apply and maintain a liability insurance policy for this purpose.

FUNDING POLICY

The Fiduciary shall be responsible for determining the Plan's short and long run financial needs from time to time and on the basis thereof, establish a funding policy and method which will carry out the Plan's objectives and these needs. At the discretion of the Fiduciary, this Plan may be funded by the general assets and income of the Association.

ALLOCATION OF RESPONSIBILITIES

The Fiduciary may act in one or more Fiduciary capacities with respect to the Plan and may allocate to others certain aspects of the management and operation responsibilities of the Plan including the delegation of any ministerial duties or functions to qualified individuals.

AMENDMENT AND TERMINATION

This Plan may be amended or terminated at any time by, and only by, the Board of Directors in accordance with governing Federal and State laws.

CLAIMS PROCEDURES

In the event the Employee has individually paid the above defined expenses, he/she must submit these bills monthly to the Fiduciary or other designated person for purposes of reimbursement. These expenses shall only be in the form of the Prescription Receipt or the Explanation of Benefits ("EOB"). The Employee shall deliver the Prescription Receipt or the EOB within three (3) working days of the close of the month to obtain reimbursement for that particular month. Any Prescription Receipt or EOB turned in late will be reviewed and, if approved, paid at the check writing the following month. If a request for reimbursement is denied, the Fiduciary will provide the Employee a written notice stating the reasons for denial and an explanation of the procedure by which such denial may be reviewed. Any major reimbursement exceeding the maximum amount shall be reviewed and decided upon collectively by the Board of Commissioners.

ERISA RIGHTS

This MERP plan is an Employee welfare benefit plan subject to ERISA. ERISA provides that you, as a Plan Participant, will be entitled to:

Receive Information about Your Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and if applicable any collective bargaining agreements.

Prudent Actions by Plan Fiduciaries

- In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of the Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit from the Plan, or from exercising your rights under ERISA.

Enforcement of Your Rights

- If your claim for a welfare benefit under an ERISA-covered plan is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan's decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (e.g., if it finds your claim is frivolous).

Rights to continuation of coverage are provided by Kentucky law

The following is a summary of your continuation rights under Kentucky law. You should reach out to your Plan Administrator or Human Resources Representative with any questions or need for clarification you may have.

- As a safeguard for Kentucky residents whose fully insured health insurance plans do not fall under COBRA protection, the state enacted legislation that provides a similar opportunity for continuation of group coverage.

- If you qualify for state continuation, you and your dependents can extend your group health insurance for 18 months after the date on which the coverage would have ended because you were no longer a group member. When the 18-month period for continuation ends, you have a right to convert to individual coverage that provides benefits substantially similar to your group plan.

- You and any dependents who are insured under your group policy have the right to continuation of coverage if you meet certain conditions;
  - The first condition is that you, the group member, must have been covered by the group policy or any group policy it replaced for at least three months.
  - Second, you must notify the insurer and pay the premium at the group rate within 31 days after you receive a notice of your right to continue coverage.

- Notification to the insurance carrier
  - The employer usually lets the insurance company know you are leaving the group, but you should make certain that your employer has properly reported your status change. The insurer then is required to give you written notice of your right to elect continuation of coverage.
  - The insurance company is considered to have given the required notification when a notice is mailed or delivered to your last known address. It is your responsibility to be sure that the insurance company has your correct address, and you must notify the insurer in writing that you are choosing continuation benefits. An insurance company is not required to provide continuation benefits if you do not elect coverage and pay the required premium within 90 days after termination of your group coverage. If you do not receive your notification, be sure to contact the insurance company well before the 90-day period has expired.

- Payment for continuation coverage
  - Premium payments will be made directly to the insurance company. If you fail to make timely premium payments, your coverage terminates at the end of the last period for which the premium was paid.

Assistance with Your Questions

- If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance obtaining documents from the Plan Administrator, you should contact the nearest office of the U.S. Department of Labor, Employee Benefits Security Administration listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Ave., N.W., Washington, D.C., 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

COMMUNICATION

This Plan shall be communicated to each covered Employee by personal letter, outlining their individual coverage along with a copy of this resolution. The letter and such copy shall constitute a Summary Plan Description.

GENERAL PLAN INFORMATION

1. Employer Federal Employer Identification Number (FEIN): **61-0739440**

2. Location address and phone number of the Employer
   East Daviess County Water Association
   9210 State Route 144
   Knottsville, Ky. 42366
   (270)281-5187

3. Location address and phone number of the Plan Administrator
   East Daviess County Water Association
   9210 State Route 144
   Knottsville, Ky. 42366
   (270)281-5187

4. Location address and phone number of the Agent for Service of Legal Process*
   East Daviess County Water Association
   9210 State Route 144
   Knottsville, Ky. 42366
   (270)281-5187
   * Service of legal process may also be made upon the Plan Administrator.

5. Plan Year: **January 1st – December 31st**

6. Funding source of the MERP: **General assets of the employer**

7. Health Insurance Company: **Anthem. This is a fully insured plan meaning eligible claims are paid by the carrier.**

IN WITNESS WHEREOF, the Chairmen of the Board of Directors, having been duly authorized has enacted this Plan into agreement done this 16th day of December 20 20.

BY: William E Haynes
William E. Haynes, President

BY:
Kasey Emmick, General Manager