
ROCKBRIDGE COUNTY SCHOOLS CAFETERIA PLAN

SUMMARY PLAN DESCRIPTION

Plan Summary
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Article I

INTRODUCTION TO YOUR PLAN

ROCKBRIDGE COUNTY SCHOOLS offers a "Cafeteria Plan" as part of your employee benefits program. This Plan was most recently amended on June 1st, 2008 and was instituted on October 1st, 1992. This Plan is intended to qualify under Section 125 of the Internal Revenue Code (IRC). Under IRC Section 125, you can take advantage of the tax-free benefits offered under the Plan, as described in this summary.

Your Plan is a "Salary (or wage) Reduction" plan. This means that you pay your share of the cost of your benefits by electing to have your compensation reduced. But, both you and the Employer contribute to pay for these benefits. Your Employer can temporarily reduce or increase your portion of the cost. The Employer pays its portion out of its general assets. To pay your share, you must file a Benefits Enrollment Form which contains a "Salary (or wage) Reduction Agreement" with the Plan Administrator. This form lists both the benefits selected plus the amount you have agreed to contribute to pay for those benefits. Then, the Employer will deduct from your paycheck, an amount sufficient to pay for your portion of your benefits.

Any money you contribute to pay for your benefits is not subject to Federal income, Social Security or Unemployment taxation. Therefore, your benefit costs are quite low, and in some cases, can even result in a net increase in spendable income to you, after paying for your benefits. This can be illustrated by the following example:

	With Your Plan	Without Your Plan
	-----	-----
Gross Taxable Wages	\$25,000.	\$25,000.
Pre-tax Contribution	\$1,800.	N/A
	-----	-----
Taxable Wages	\$23,200.	\$25,000.
Estimated Taxes*	\$3,480.	\$3,750.
After-tax Contribution	N/A	\$1,800.
	-----	-----
Take-home Pay	\$19,720.	\$19,450.

* Joint Return, 15% marginal tax rate

By paying for benefits before taxes are calculated, estimated taxes are reduced by \$270, which is \$22.50 per month more in take-home pay for our example person. In other words, paying for benefits without a Cafeteria Plan costs this person \$22.50 more per month. Please consult your tax advisor for a more accurate estimate for your situation.

This Plan Summary is a brief description of the Plan and your rights, benefits and obligations under the Plan which was amended on June 1st, 2008. This Plan Summary is not meant to interpret, extend or change any provision contained in the main Plan Document. The provisions of ROCKBRIDGE COUNTY SCHOOLS CAFETERIA PLAN can only be accurately understood by reading the Plan Document. This Document is on file with the Employer and may be read by you or your dependents or your legal representative by contacting the Benefits Coordinator. The Benefits Coordinator's office will make the Document available to you at any reasonable time. You may request a copy of the Plan from the Plan Administrator, who may charge you a fee for copying the Plan for you.

Article II

GENERAL INFORMATION

You may need the following information if you have any questions about your Plan.

1. GENERAL PLAN INFORMATION

The name of this Plan is ROCKBRIDGE COUNTY SCHOOLS CAFETERIA PLAN.

Your Employer has assigned Plan Number 501 to this Plan.

The provisions of your amended Plan became effective on June 1st, 2008.

This Plan's records are maintained on a 12-month period known as the Plan Year. The Plan Year for your Plan is June 1st through May 31st.

Your Plan shall be governed by the Laws of the Commonwealth of VIRGINIA.

2. EMPLOYER INFORMATION

The name, address and tax identification number of the Employer are:

ROCKBRIDGE COUNTY SCHOOLS
1972 BIG SPRINGS DRIVE
LEXINGTON, VA 24450
540-463-7386
54-6001580

3. PLAN ADMINISTRATOR INFORMATION

The name, address and telephone number of your Plan Administrator are:

ROCKBRIDGE COUNTY SCHOOLS
1972 BIG SPRINGS DR.
LEXINGTON, VA 24450
540-463-7386

Your Plan Administrator is responsible for the administration of your Plan. Should you need to see any records or have any questions regarding the Plan, contact the Plan Administrator.

4. BENEFITS COORDINATOR

BENEFITS ADMINISTRATOR has been named as the Plan's Benefits Coordinator. If you need additional information about

the plan or the benefits offered, the Benefits Coordinator will be able to assist you.

5. LEGAL REPRESENTATIVE

The following person has been named your Plan's agent for service of legal process:

ROCKBRIDGE COUNTY SCHOOLS
1972 BIG SPRINGS DRIVE
LEXINGTON, VA 24450

Service of process can also be made upon the Plan Administrator.

Article III

PARTICIPATION IN YOUR PLAN

All employees who meet the participation requirements are eligible to participate in this Plan.

To qualify as a participant under this plan you must be eligible to participate under a Health Insurance Program offered by the employer.

Employees who fall into the following groups are excluded from participating in the Plan:

- Employees who are non-resident aliens and receive no earned income from the employer which constitutes income from sources within the United States.
- Employees covered by a collective bargaining plan.

If you become eligible under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) for coverage by an Accident or Health Benefit available under the Plan you shall be allowed to participate in the Plan, so long as you comply with the provisions set out in HIPAA. See your Plan Administrator for details.

Your Plan Entry Date, the date you may actually join the Plan, is on the date you meet all of the above eligibility requirements.

BENEFITS ENROLLMENT FORM

You will be required to file a Benefits Enrollment Form before either one of two dates. If your plan has different eligibility requirements, you will have different benefit entry dates for each benefit. If your plan has one set of eligibility requirements, the benefit entry dates will be the same as the plan entry dates. The benefits enrollment form needs to be filed before any applicable benefit or plan entry dates. The Benefits Enrollment Form is an agreement between you and your Employer, where your Employer lists the benefits offered for the Plan Year. It will also specify the amount you have agreed to contribute towards the cost of these benefits, in the Salary (or Wage) Reduction Agreement part of the form. This is an agreement between you and your Employer, which states that you agree to have your compensation reduced by the amount necessary to pay for the benefits. Any money you contribute to this Plan will not be subject to Federal income taxation.

If you do not file a new Benefits Enrollment Form with the Plan Administrator before the start of the new Plan Year, it will be assumed that you selected the same benefits as in the previous Plan Year, and your compensation will be reduced accordingly by the Employer. If you do not want to participate in your Plan for the new Plan Year, you must inform the Plan Administrator in writing of your wish. For purposes of the Plan's first Plan Year only, if you do not file a Benefits Enrollment Form with the Plan Administrator before the Plan's Effective Date, you will not be able to participate in the Plan during that first Plan Year.

The results of a failure to file an enrollment form for the Medical Reimbursement plan are different than those described above. See section VI for specific requirements.

The results of a failure to file an enrollment form for the Dependent Care Reimbursement plan are different than those described above. See section VI for specific requirements.

LIMITATIONS ON CONTRIBUTIONS

The Maximum Contribution you can make to this Plan is an amount equal to the total cost of purchasing the most expensive

premium-type benefit available from each Benefit Category plus the amount you defer to reimbursement-type programs under this Plan. "Benefit Category" refers to each category of benefits such as health insurance, group term life insurance, or disability insurance. These are examples only, the actual benefits offered under this Plan are detailed in Section VI.

CHANGE IN ELECTIONS/CHANGE IN STATUS

The laws governing Cafeteria Plans generally do not allow you to change the terms of your Benefits Enrollment Form during a Plan Year. There are, however, a few exceptions to this rule. You may change your benefit elections if there is a change in your status. If you are enrolled in the ROCKBRIDGE COUNTY SCHOOLS MEDICAL REIMBURSEMENT ACCOUNT, these changes are limited to: the marriage or divorce of the Participant; the adoption, birth, or death of a child or other Dependent of the Participant or the Participant's Spouse; the emancipation or coming of age of a child of the Participant so that the child is no longer eligible as a Dependent under the Plan; the employment of the Participant or Participant's Spouse; change in the Participant's residence; the Participant beginning or ending adoption proceedings, or; Medicare or Medicaid entitlement. If you are enrolled in the other benefits provided by the Plan, your changes would be limited to: the marriage or divorce of the Participant; the adoption, birth, or death of a child or other Dependent of the Participant or the Participant's Spouse; the emancipation or coming of age of a child of the Participant so that the child is no longer eligible as a Dependent under the Plan; the employment of the Participant or Participant's Spouse; change in the Participant's residence; the Participant beginning or ending adoption proceedings; automatic changes upon cost increases or decreases; significant cost increases; significant curtailment of coverage; addition or elimination of similar benefit package option allowing (prohibiting) employees that previously opted out of other benefits to make an election change; change in coverage under employer plan of spouse or dependent; FMLA leaves; changes in 401(k) contributions; HIPAA special enrollment rights; a COBRA qualifying event; a judgment, decree or order, or; Medicare or Medicaid entitlement.

You do need to submit any changes to your election within 30 days of any applicable event.

Also, you (or your estate) will not be required to make further contributions to the Plan once you have died, retired, terminated employment, or have a change in job status so that you are no longer eligible to participate under this Plan.

Note that the new benefit elections can start only after your change in status has taken place and the new form has been filed. For example, assume that you have a change in status from the list above. You could request a change in your benefits ahead of time to be effective on the date of the event. However, making other unrelated changes or changes that are effective before the date of the event would not be approved.

Also, you may be required to increase your contribution if the Plan's cost for a particular benefit should increase during the Plan Year. If, for example, premiums for health insurance offered under the Plan are raised during the year, you will have the option of either paying your share of the increased premiums or selecting another health insurance option offered under the Plan.

ENDING PLAN PARTICIPATION AND LEAVES OF ABSENCE

Because you contribute to this plan on a pre-tax basis, you must be receiving pay from your employer in order to make those contributions. Usually, your participation in the plan will end when you stop making pre-tax contributions. The rest of this section explain the rules regarding suspending or ending your participation in the plan.

Ending Plan Participation

A Participant whose employment terminates and who is subsequently re-employed with less than 30 days separation of service will immediately rejoin the Plan with the same Benefit elections. Should the Participant return to service during the following Plan Year, the Participant would not be allowed to elect new Benefits prior to returning to service, unless the Employee should incur an applicable Change in Status.

A Participant whose employment terminates and who is subsequently re-employed with more than 29 days separation of service will need to re-satisfy Plan eligibility requirements to rejoin the Plan. Any unused reimbursement Benefits Accounts balance prior to the initial separation of service date will be forfeited.

Continuing Plan Participation Under COBRA and FMLA

Special rules, called COBRA provisions, apply to certain health or medical plans. If you terminate employment or have another "qualifying event" that affects your health plan, your Benefits Coordinator will give you an explanation of COBRA and your rights to continued coverage, if COBRA applies to your plan.

The Family and Medical Leave Act ('the FMLA') requires employers with 50 or more employees to provide unpaid leave for eligible employees at the time of the birth or adoption of a child or at the time of a serious health condition affecting the employee or a family member.

If you are on an unpaid leave under the FMLA rules, you may continue to participate in the plan, by making contributions under one of the options elected by your employer.

The payment options for coverage while on unpaid Family Medical Leave Act leave for group health plans are:

i) Pre-pay. Under this option, you will pay your share of premium payments that will be due during your leave, before your FMLA leave begins. The payments may be either pre-tax or after-tax, according to the terms of your Salary Reduction Agreement.

ii) Pay-as-you-go. Under this option, you will pay your share of premium payments on the same schedule as if you were not on leave, or under another schedule according to Department of Labor regulations. If you fail to make payments under this Pay-as-you-go option, your Employer is not required to continue coverage. However, if your Employer chooses to continue coverage, your employer is entitled to collect these amounts from you after you return from the FMLA leave.

(iii) Catch-up-option. Under this payment option your Employer will pay your share of group health premiums while you are on FMLA leave. When you return from FMLA leave, you will reimburse your employer for the amount of these premiums.

Ending your participation in a reimbursement benefit affects the way the Plan Administrator will handle your requests for reimbursement, too. These rules for reimbursement benefits are explained in Article VI.

Article IV

PAYING FOR BENEFITS UNDER YOUR PLAN

INTRODUCTION

There are two basic types of benefits offered under your plan: Premium benefits and Reimbursement benefits.

Premium benefits are insurance benefits, such as health, life and disability insurance.

Reimbursement benefits are benefits where you designate a portion of your salary (or wage) reduction contributions to be placed in an account for you. You can later have the Plan reimburse you when you have expenses to pay that are considered "Qualified Expenses" under the Plan. Your Plan offers reimbursement for certain medical and dependent care expenses, as authorized under the Internal Revenue Code.

PAYMENT OF PLAN EXPENSES

The cost of the plan includes administrative expenses and the amount paid to provide benefits such as premium payments to insurance companies and reimbursement benefits. The amount needed to provide your benefits depends on the selections you made on the Benefits Enrollment Form. You and your Employer share in the cost of your benefits under your Plan. The Employer pays its portion from the general corporate assets and you pay your portion through salary (or wage) reductions.

Article V

ADMINISTRATION OF YOUR PLAN

The Plan Administrator is responsible for the administration of your Cafeteria Plan. The duties of the Plan Administrator include determining who is eligible to participate, interpreting laws and regulations and how they apply to your Plan and whether or not certain expenses should be allowed under the Plan.

When you are ready to enter the Plan, you must file a Benefits Enrollment Form and Salary (or Wage) Reduction Agreement with the Plan Administrator. After becoming a participant in the Plan, file all change requests and requests for reimbursement with the Plan Administrator. The Plan Administrator will determine, in accordance with the various laws that apply to Cafeteria Plans, whether or not to grant your requests.

The Plan Administrator can demand any documents or evidence deemed necessary to properly administer your Plan. If the Plan Administrator feels that you have submitted insufficient data to make a determination, or that the request made is not allowed under the Plan, the Plan Administrator can deny your request. After the request has been denied, you will be allowed an opportunity to appeal. The Plan Administrator must furnish you in writing the reasons for the denial of your claim for benefits. The written denial must be provided to you within 30 days of the date the claim for benefits was received by the Plan Administrator. The written denial must refer to the Plan provision, or section of the Internal Revenue Code upon which the Plan Administrator relied in making such denial. The denial may include a request for any additional data or material needed to properly complete the claim and explain why such data or material is necessary, and explain the Plan's claim review procedures. If requested in writing, and within 180 days of the claim denial, the Plan Administrator is required to give you a full and fair review of the Plan Administrator's decision, and within 60 days of the request for review of the denied claim, the Plan Administrator shall notify you in writing of his final decision on the reviewed claim.

With respect to the denial of any claim for benefits from an insurance company or other third-party benefit provider, paid for as a premium-type Benefit under the Plan, the review procedures of the insurance company or other third-party benefit provider shall apply.

If your request was denied because the Plan Administrator felt your request is not covered under the Plan, you will be given the chance to show why it should have been allowed under the Plan. If the Plan Administrator rejects your reasons, you will not be able to appeal again.

In addition to interpreting the plan and making sure that benefits are properly paid, the Plan Administrator also keeps all the records of the Plan. Should you need a copy of anything filed with the Plan Administrator, contact the Plan Administrator directly.

Article VI

BENEFITS UNDER YOUR PLAN

INTRODUCTION

Your Cafeteria Plan offers several benefit options. It is very important that you make benefit choices that fit your benefit needs. You should not, for example, choose a benefit just because it is the least expensive if that benefit will not fit your needs. When making your decision as to what benefits are best for you, you should consider factors such as whether you have benefits from another source (such as coverage under a similar plan by your spouse's employer), the number of dependents you are covering and the amount you can afford to spend. Your Benefits Coordinator will be glad to assist you in making the best benefit choices for your particular situation.

HEALTH INSURANCE BENEFITS

There are multiple basic insurance health benefits offered under your Cafeteria Plan. You can choose benefits for your dependents, as well, at an additional charge.

The basic health insurance program has a deductible and co-payments. A "deductible" is the amount you must pay out of your own pocket before the health insurance company will begin paying its portion of the benefits.

Remember, you can have your deductibles and co-payments paid out of the Medical Reimbursement Program. For specific coverages and deductibles and co-payments, consult the Summary Booklet of the basic health insurance policy, available from the Benefits Coordinator.

The PPO offered under this plan may have different restrictions, coverages and charges from the basic health insurance. You may be encouraged (or required) to select your doctor from a list of participating physicians. Also, deductibles, co-payments and other fees will vary among health care alternatives. Consult each health alternative's enrollment materials or Summary Plan Description for a description of the benefits, limitations and costs. This information can be obtained from your Benefits Coordinator.

DENTAL BENEFITS

You may select dental benefits as part of your medical benefits program. Various coverages are available.

This insurance will assist in paying for cleanings, fillings, oral surgery, etc. A copy of the Summary Plan Description for the dental plan is available from the Benefits Coordinator. It describes the specific coverages and limitations available.

AFLAC INDEMNITY PRODUCTS

AFLAC provides various indemnity products. These products are described in detail in a separate packet of information provided by AFLAC. Premiums may be deducted on a pre-tax basis upon recommendation from the AFLAC agent.

REIMBURSEMENT PROGRAMS

INTRODUCTION

Your Cafeteria Plan allows you to direct some of your salary (or wage) reductions so that this money can later be returned to you, tax free, to pay for certain allowed expenses, called qualified expenses.

Assume that your enrollment is effective as of March 1. If you saw the doctor on February 28, that expense would not be eligible for reimbursement, even if you received an invoice dated after March 1.

If your participation in the reimbursement program ends, perhaps because you terminate employment, your period of coverage ends on the day you terminate employment. Any expenses incurred after that date are ineligible for reimbursement. If you have not incurred expenses equal to the amounts deposited to your account BEFORE that date, you forfeit the unused amount.

ONCE YOU HAVE ELECTED TO DEFER MONEY TO ONE OF THE PROGRAMS BELOW, YOU CANNOT CHANGE THAT ELECTION, SUBJECT TO THE EXCEPTION REGARDING A CHANGE IN STATUS. ANY MONEY LEFT OVER AT THE END OF THE PLAN YEAR IN THESE PROGRAMS BECOMES THE PROPERTY OF THE EMPLOYER. THE PLAN ADMINISTRATOR WILL FINISH THE ACCOUNTING FOR THE PLAN YEAR 60 DAYS AFTER THE LAST DAY OF THE PLAN YEAR. YOU MUST SUBMIT ANY REMAINING CLAIMS FOR REIMBURSEMENT BEFORE THAT DATE. SHOULD YOU FAIL TO SPEND ALL THE MONEY YOU DEFER TO A REIMBURSEMENT PROGRAM BEFORE THE END OF A PLAN YEAR, YOU CANNOT CARRY THAT MONEY OVER TO THE NEXT PLAN YEAR. IT IS, THEREFORE, VERY IMPORTANT THAT YOU DETERMINE AS ACCURATELY AS POSSIBLE HOW MUCH YOU WISH TO DEFER TO A REIMBURSEMENT PROGRAM. THE BENEFITS COORDINATOR WILL BE GLAD TO ASSIST YOU IN MAKING AN ACCURATE ASSESSMENT OF YOUR NEEDS UNDER THESE PROGRAMS.

ROCKBRIDGE COUNTY SCHOOLS MEDICAL REIMBURSEMENT ACCOUNT

Money directed into the Medical Reimbursement Program will be returned to you, tax free, to pay for any qualified medical expenses that are not covered by medical insurance. The maximum amount you may defer to this program is \$3000 per Plan Year.

If you do not file a new Benefits Enrollment Form with the Plan Administrator before the start of the new Plan Year, it will be assumed that you do not wish to participate in the Medical Reimbursement Plan for the new Plan Year, and the Employer will stop taking contributions from your compensation when the new Plan Year begins. For purposes of the Plan's first Plan Year only, if you do not file a Benefits Enrollment Form with the Plan Administrator before the Plan's Effective Date, you will not be able to participate in the Medical Reimbursement Plan during that first Plan Year.

Qualified expenses under the Medical Reimbursement Program might include medical expenses that are not covered under your medical insurance program. Thus, co-payments, deductibles, certain excluded coverages, expenses for prescriptions or medical supplies that are not paid for by insurance could be considered expenses that can be reimbursed under your Medical Reimbursement Program.

Examples of expenses eligible for reimbursement under this Program would include: hospitalization and clinical care; prescription and over-the-counter drugs; transportation expenses (such as an ambulance) incurred to get medical services; home improvement costs that are recommended by a doctor and necessary for treatment or rehabilitation, to the extent such improvement does not increase the value of your home.

The following examples would usually not qualify as expenses eligible for reimbursement, even though recommended by a doctor: expenses for cosmetic surgery or cosmetic items, maternity items or wigs (unless ordered by a doctor as essential to health); vacation or travel expenses, even if for rehabilitation or prescribed by a doctor; meals and lodgings (unless included as part of a hospital bill or while traveling between distant hospitals) at a location away from home, even if prescribed by a doctor or received as an outpatient.

The Plan is required to pay you any benefits you incur, up to the maximum you elected, at any time. For example, assume that you have elected to establish a Medical Reimbursement account of \$600 for the Plan Year, \$50 each month. During the first month when there is only \$50 in your account, you have qualified medical expenses of \$300. The Plan must reimburse you the full \$300 and take the risk that you might terminate employment before the full \$300 has been contributed.

ROCKBRIDGE COUNTY SCHOOLS DEPENDENT CARE ASSISTANCE PLAN

Qualified expenses under the Dependent Care Assistance Program include any expenses that you could take as a credit against tax on your income tax form for the care of a dependent. A dependent eligible for these expenses includes a child or any other

relative for whom you take a tax deduction on your tax form. A person is a dependent of yours if you provide them with at least 50% of their living expenses over the course of the year.

If you do not file a new Benefits Enrollment Form with the Plan Administrator before the start of the new Plan Year, it will be assumed that you do not wish to participate in the Dependent Care Reimbursement Plan for the new Plan Year, and the Employer will stop taking contributions from your compensation when the new Plan Year begins. For purposes of the Plan's first Plan Year only, if you do not file a Benefits Enrollment Form with the Plan Administrator before the Plan's Effective Date, you will not be able to participate in the Dependent Care Reimbursement Plan during that first Plan Year.

Dependents eligible under this program include children under the age of 13, and physically or mentally incapacitated individuals who are in need of supervised care.

Before deciding to participate in the Dependent Care Assistance Program, you should know that there is a provision in the Federal Income Tax Code that allows you to take a credit against taxes for Dependent Care Assistance Expenses. Section 21 of the Internal Revenue Code allows taxpayers to take a credit against tax of up to \$3,000 per qualified dependent, up to a maximum of \$6,000, per year for dependent care assistance expenses. These amounts are for 2003 and may vary from year to year. This allowable tax credit may be more advantageous for lower-paid Participants in this Plan. Consult your tax advisor to determine if participating in this Program or taking the tax credit under Internal Revenue Code Section 21 would be better for you.

Also, the tax laws further limit how much you can contribute to this Program. Under the law and the terms of the Plan, you can defer no more than the lesser of your actual (or, if you are married and if less, your spouse's) income for the year or \$5000 per year to this Program.

Generally, you can't receive reimbursements under this Program if you are married and your spouse doesn't work. However, if your spouse is a full-time student or unable to work, then your spouse is deemed to have a monthly income of \$250, if you have one dependent, \$500 if you have two or more dependents.

You can apply for reimbursement for household service expenses, including payments to baby-sitters, maids, nurses and cooks who work in your house, at least to the extent their services are for the care of a qualified individual. Household service expenses would not include payments to a gardener or chauffeur.

Out-of-home expenses would include payments for well-being and protection of qualified individuals. This would include nursery school, day-care centers, and certain summer camp expenses. This does not include expenses for educational expenses for children in kindergarten or beyond, or food, clothing and transportation expenses.

In order to qualify as a day care center, the center must care for at least six individuals who do not live on the premises, and comply with all applicable state and local laws.

Out-of-home care expenses for your spouse or dependents over the age of 12 who are unable to care for themselves qualify under this Program only if those individuals regularly spend at least eight hours each day in your home. Therefore, nursing home expenses do not qualify under this Program. However, in-house expenses for these individuals would.

You cannot receive reimbursement for dependent care services provided BY your child under the age of 19, even if that child is providing you with otherwise-qualified dependent care assistance.

The law requires that you give the name, address and taxpayer identification number for any person or organization that you use for dependent care assistance on your tax return. If you fail to get this information from any party who provided dependent care assistance to you, you will have to include any amounts you paid through reimbursement under the Dependent Care Assistance Program (or had paid directly by the Dependent Assistance Program) to that party in your gross income for the year. Thus, it is very important that you get this information as soon as possible from those parties providing dependent care assistance to you or your family. It is your responsibility to get this information. The Plan Administrator will not be liable for any additional taxable income to you that might have been avoided if the proper information had been furnished.

BENEFITS DUE TO A MEDICAL CHILD SUPPORT ORDER

ROCKBRIDGE COUNTY SCHOOLS established ROCKBRIDGE COUNTY SCHOOLS CAFETERIA PLAN for your benefit as an employee who participates in the plan. Under certain circumstances, your child might be treated as a Participant, also, even if you do not have custody of your child or the child is not your dependent. Those circumstances must be established through a Qualified Medical Child Support Order (QMCSO).

A QMCSO is a decree or order issued by a court that obligates you to provide health benefits for your child. If you incur this type of obligation as a result of a court ordered medical child support order, you must inform the Plan Administrator. The Plan Administrator can provide you with a copy of the Qualified Medical Child Support Order Procedure. This procedure explains the rules that the Plan Administrator must follow to properly handle a QMCSO.

The Plan Administrator will determine if a medical child support order is a Qualified Medical Child Support Order in accordance with the provisions of the Procedure, the Plan Document and Section 609(a)(3) of ERISA. If a medical child support order is found to be a QMCSO, the Plan may be obligated to provide coverage or benefits to the child under any medical benefit offered to you under the Plan.

CONTINUATION COVERAGE RIGHTS UNDER COBRA

Introduction

You are receiving this notice because you have recently become covered under ROCKBRIDGE COUNTY SCHOOLS CAFETERIA PLAN. This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.**

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the Plan and under federal law, you should either review the Plan's Summary Plan Description or contact the Plan Administrator.

What is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because either one of the following qualifying events happens:

- (1) Your hours of employment are reduced, or
- (2) Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because any of the following qualifying events happens:

- (1) Your spouse dies;
- (2) Your spouse's hours of employment are reduced;
- (3) Your spouse's employment ends for any reason other than his or her gross misconduct;
- (4) Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- (5) You become divorced.

Your dependent children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events happens:

- (1) The parent-employee dies;
- (2) The parent-employee's hours of employment are reduced;
- (3) The parent-employee's employment ends for any reason other than his or her gross misconduct;
- (4) The parent-employee becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- (5) The child stops being eligible for coverage under the plan as a "dependent child".

When is COBRA Coverage Available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator within 60 days after the qualifying event occurs. This notice must be provided, in writing, to the Plan Administrator at the address listed at the end of this document.

How is COBRA Coverage Provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months.

When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage.

You must make sure that the Plan Administrator is notified, in writing, of the Social Security Administration's determination within 60 days of the date of determination and before the end of the 18-month period of COBRA continuation coverage. This notice should be sent to the Plan Administrator at the address listed at the end of this document.

Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to an additional 18 months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

In all of these cases, you must make sure that the Plan Administrator is notified, in writing, of the second qualifying event

within 60 days of the second qualifying event. This notice must be sent to the Plan Administrator at the address listed at the end of this document.

If You Have Questions

Questions concerning your Plan or your COBRA continuation rights should be addressed to the contact identified below. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

Keep your Plan Informed of Address Changes

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

Plan Contact Information

ROCKBRIDGE COUNTY SCHOOLS
1972 BIG SPRINGS DR.
LEXINGTON, VA 24450
540-463-7386

ROCKBRIDGE COUNTY SCHOOLS CAFETERIA PLAN

NOTICE OF PRIVACY PRACTICES

Pursuant to the Health Insurance Portability and Accountability Act ("HIPAA") Originally Effective April 14th, 2004, Revised January 1st, 2008.

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY. THE PRIVACY OF YOUR PERSONAL AND HEALTH INFORMATION IS IMPORTANT.

ROCKBRIDGE COUNTY SCHOOLS is committed to protecting the privacy of health information maintained by the health plans it sponsors. This Notice is provided to you as required by the Health Insurance Portability and Accountability Act and the HIPAA Privacy Regulations (collectively, "HIPAA"). It applies to employees and covered dependents enrolled in the Medical Reimbursement Benefit under the ROCKBRIDGE COUNTY SCHOOLS CAFETERIA PLAN, hereinafter "the Plan".

This Notice describes how the Plan may use health information about you and your covered dependents and when such information may be used and disclosed. This notice also describes how you may have access to this information.

WHAT HEALTH INFORMATION IS COLLECTED?

The Plan considers personal health information to be confidential. The Plan will protect the privacy of that information in accordance with federal and state privacy laws, as well as the Plans' privacy policies. "Health Information" is used to mean information that identifies you and relates to your medical history, such as the health care you receive and or the amounts paid for that care.

Health information subject to the provisions explained in this Notice is information maintained by the Plan. The provisions do not extend to similar information which may be on file with ROCKBRIDGE COUNTY SCHOOLS as an Employer in its normal course of doing business. The type of health information typically received and maintained by the Plan which is subject to this Notice includes enrollment and claims information, benefit determinations, appeals information, eligibility, and case management information.

SUMMARY OF PERMISSIBLE USES AND DISCLOSURES AND YOUR RIGHTS REGARDING YOUR HEALTH INFORMATION WHICH DO NOT REQUIRE YOUR AUTHORIZATION

In order to provide and administer your benefits, the Plans may use your and disclose your health information in various ways without your express authorization. These include:

- **Payment:** The Plan may use and disclose your health information for purposes of paying for your health care services or to obtain premiums/contributions from you. The Plan may also use and disclose your health information to make determinations about your eligibility for benefit plan coverage, for coordination of benefits with other benefit plans, to perform claims management and collection activities, to review the medical necessity or the appropriateness of the care you received, and to conduct utilization reviews such as pre-authorizations, or reviews, of services.
- **Health Care Operations:** The Plan may use and disclose your health information as necessary to operate and manage their business operations. For example, ROCKBRIDGE COUNTY SCHOOLS, on behalf of the Plan, has contracts with an outside firm called a "third party administrator" (TPA) to provide administrative services to the Plan. The Plan may use your health information to evaluate the performance of the TPA in managing and providing you with health care benefits. The Plan might use and disclose your health information to contract for reinsurance or to investigate the validity of benefits claims. In addition, the Plan may share your health information with another company that performs certain services, such as billing or compiling information to help the Plan determine how the Plan is doing relative to other plans. Whenever the Plan has such an arrangement, they will have a written confidentiality agreement to ensure that the

company that performs these services will protect the privacy of your health information, maintain its confidentiality and limit the uses or further disclosures to the purpose for which the information was disclosed or as required by law.

- **Benefits and Services:** As a part of health care operations, the Plan may use your health information to contact you regarding benefits or services that may be of interest to you, such as benefits that are included in the Plan, your medical treatment, case management and coordination of benefits, recommendations for alternative treatments, therapies, health care providers or settings of care.
- **Employer:** The Plan may disclose certain health information to ROCKBRIDGE COUNTY SCHOOLS since it is the Employer which sponsors the Plan. Upon a request from ROCKBRIDGE COUNTY SCHOOLS, the Plan may disclose health information about enrolled employees and their covered dependents to enable the Employer to obtain premium bids from other health plans, or to modify, amend, or terminate the Plan; however, the information the Plan discloses in such situations will not include any information that explicitly identifies individuals. The Plan may disclose to the Employer information on whether you are participating in, enrolled in, or unenrolled from the Plan. The Plan also may disclose health information about you, including information that identifies you, only if it is necessary for the Employer to administer the Plan. For example, ROCKBRIDGE COUNTY SCHOOLS may need such information to process health benefits claims, to audit or monitor the business operations of the Plans, or to ensure that the Plans are operating effectively and efficiently. The Plan may also disclose information to the Employer with respect to workers' compensation and the Family and Medical Leave Act. The Plan, however, will restrict their use of your information to purposes related only to Plan administration. The Plan prohibits the Employer from using your information for uses unrelated to Plan administration. Under no circumstances will the Plan disclose your health information to the Employer for the purpose of employment-related actions or decisions. The Employer will only disclose the health information it received from the Plan to third parties, such as to consultants or advisors, if the Plan has first obtained a confidentiality agreement from the person or organization which will receive your health information.
- **Disclosures to Friends and Family Involved in Your Care and Payment for Your Care:** The Plans may share information about your health benefits to a person involved in your care such as a family member unless you object. If you have provided a friend or family member with copies of your claim and other relevant identifying information, the Plan will assume that you do not object.
- **Emergencies or Public Need:** The Plan may use or disclose your health information in an emergency or for important public needs. For example, the Plan may share your information with public health officials authorized to investigate and control the spread of diseases. The Plan may have information to prevent or lessen a serious and imminent threat to health or safety.
- **As Required By Law:** The Plan may use or disclose your health information if the Plan is required by law to do so. The Plan will notify you of these uses and disclosures if notice is required by law.
- **Business Associates:** The Plan may share information with service providers who provide administrative services for the Plans.

USES AND DISCLOSURES OF HEALTH INFORMATION WHICH REQUIRE YOUR WRITTEN AUTHORIZATION

Except as otherwise described in this Notice, the Plan, through their third party administrator, will generally obtain your written authorization before using your health information or disclosing it outside the Plan. If you provide the Plan with such a written authorization, you may revoke that authorization at any time, except to the extent that the Plans have already relied on it. To revoke an authorization, write to the Plan Administrator or Privacy Officer.

Access and Control of Your Health Information

The Plan must provide you certain rights with respect to access and control of your health information in your health claims file. You have the following rights to access and control your health information:

- You generally have the right to inspect and copy your health information which the Plan maintains.
- You have the right to request that the Plan amend your protected health information if you believe it is inaccurate or incomplete. You must submit your request in writing to the third party administrator of the Plan in which you are enrolled.
- You have the right to receive from the Plan an accounting of disclosures of protected health information. Your request must be in writing to the Privacy Officer. Many routine disclosures the Plan makes, including disclosures to your Employer for Plan administration, will not be included in the accounting; the accounting will identify only non-routine disclosures.
- You have the right to request further restrictions on the way the Plan uses your health information or shares it with others.

The Plan is not required to agree to the restriction you request, but if the Plan does, the Plan will be bound by the agreement until such agreement is revoked by the Plan and you are notified in writing of such revocation.

- You have the right to request that the Plan contact you in a way that is more confidential for you, such as at work instead of at home, if disclosure of your health information could put you in danger and you clearly state that in your request. The Plans will accommodate all reasonable requests.

To Have Someone Act on Your Behalf

You have the right to name a personal representative who may act on your behalf to control the privacy of your health information. This authorization must be in writing and delivered to the Privacy Officer for the Plan.

Special Protections for HIV, Substance Abuse, and Mental Health Information

Special privacy protections may apply to HIV-related information, substance abuse information, and mental health information. Some parts of this Notice may not apply to these types of information.

Complaints

If you believe your privacy rights have been violated, you may file a complaint with the Plan or with the Secretary of the Department of Health and Human Services. To file a complaint with the Plan, please contact the Privacy Officer listed at the end of this notice:

No one will retaliate or take action against you for filing a complaint.

Right to Revise

The Plan may change its privacy practices from time to time. If that happens, the Plan will revise this Notice so you will have an accurate summary of the Plans' practices. The revised Notice will apply to all of your health information. If you received this Notice electronically, you have the right to obtain a paper copy of the Notice. To request a paper copy of this Notice or any revised Notice, please contact the Plan's Privacy Officer. If this Notice is substantially revised, a new Notice will be mailed to you within 60 days.

The Plan is required by law to abide by the terms of the Notice currently in effect.

Contact Information

For further information, please contact the Plans' Privacy Officer:

BENEFITS ADMINISTRATOR
ROCKBRIDGE COUNTY SCHOOLS
1972 BIG SPRINGS DRIVE
LEXINGTON, VA 24450
540-463-7386