

THIRD
AMENDED AND RESTATED
COUNTY OF ORANGE
RETIREE MEDICAL PLAN

Effective August 1, 1993
Amended and Restated June 23, 2009

ARTICLE 1
INTRODUCTION

1.1 **Establishment of Plan.** The County of Orange hereby establishes the County of Orange Retiree Medical Plan, effective August 1, 1993, as amended and restated January 1, 2007, August 12, 2008, and June 23, 2009.

1.2 **Purpose.** The County of Orange is establishing this Plan in order to assist career Employees in maintaining health insurance coverage following their retirement from County service. This Plan provides eligible Retirees with a monthly Grant that will be applied toward the cost of County offered health insurance coverage. In addition, in order to assist certain Employees who terminate their employment with the County prior to meeting the eligibility requirements to receive a Grant under this Plan so that they will be able to maintain health insurance coverage during their transition from County service to subsequent employment, this Plan also provides for a Lump Sum Payment in such circumstances. This Plan is intended to qualify as an accident or health plan within the meaning of Internal Revenue Code sections 105(e) and 106 and the benefits payable under this Plan are intended to qualify for the exclusion from income provided under Internal Revenue Code sections 105(b) or 106.

1.3 **Rights.** The County, by establishing and maintaining this Plan, does not give any Employee, Retiree or any other person any legal or equitable right against the County or the Administrator, nor does it give any Employee the right to be retained in the County's service. This Plan does not create any vested right to the benefits provided hereunder on the part of any Employee, Retiree or any other person. As provided in Sections 5.4 and 5.5 hereof, this Plan may be amended or terminated at any time, in full or in part, by the County in its sole discretion.

ARTICLE 2
DEFINITIONS

When used in this Plan, the following words and phrases shall have the following respective meanings unless the context clearly provides otherwise:

2.1 **AFSCME** means The American Federation of State, County and Municipal Employees Council 36, Local 2076, AFL-CIO for the Eligibility Worker Unit.

2.2 **AOCDS** means the Association of Orange County Deputy Sheriffs for Peace Officer and Supervising Peace Officer Units.

2.3 **Adjustment Effective Date** means the date specified in Attachment A hereto applicable to the Employee Organization or the Personnel and Salary Resolution to which the Employee was subject on the date the Employee left employment with the County (whether by termination, severance, retirement or otherwise). With respect to a public entity other than the County, the Adjustment Effective Date is the date specified for such public entity on Attachment A.

2.4 Administrator means the Director of Human Resources of the County of Orange or his designee.

2.5 Average Hourly Compensation means the average hourly Compensation received by an Employee from the County during the 6,240 Qualified Hours of Service immediately preceding his respective Lump Sum Freeze Date, determined by dividing the aggregate Compensation received by such Employee from the County during such period by the number of the Employee's Qualified Hours of Service during such period. For this purpose, hours of service before the Original Effective Date do not count.

2.6 Code means the Internal Revenue Code of 1986, as amended from time to time.

2.7 Compensation means "compensation earnable" as defined in section 31461 of the County Employees' Retirement Law of 1937, as determined by the Administrator.

2.8 County means the County of Orange and any other public entity adopting this Plan with the consent of the County. Public entities adopting this Plan are listed in Attachment C.

2.9 County Health Plan means a health insurance plan offered by the County of Orange. For the purposes of this Plan, County Health Plan shall include the AOCDS Medical Insurance Trust Fund.

2.10 County Retiree Health Plan means a health insurance plan offered by the County of Orange for Retirees. For purposes of this Plan, County Retiree Health Plan shall include health plans for retirees offered through the AOCDS Medical Insurance Trust Fund, provided that Retiree premiums in said trust are at least ten percent (10%) higher than premiums for active employees or such other percentage (if any) provided in a memorandum of understanding with AOCDS.

2.11 Covered Former Employee means an Employee who meets the coverage and participation requirements set forth in Sections 3.2.1 and 3.2.2 hereof at the time of his termination of employment with the County.

2.12 Covered Retiree means a Retiree who is receiving a monthly retirement allowance from OCERS, who meets the coverage and participation requirements set forth in Sections 3.1 and 3.2 hereof and whose coverage has not been terminated under Section 3.3 hereof.

2.13 Domestic Partner means Registered Domestic Partners in accordance with California Family Code sections 297 and following, as they may be amended.

2.14 Eligible Classification means any employment classification that has been included in this Plan by action of the Board of Supervisors of the County and has been included in a MOU or the County's Personnel and Salary Resolution.

2.15 Employee means any regular or probationary, limited term, full time or part time person employed by the County who is employed in an Eligible Classification. Notwithstanding the foregoing provisions of this Section 2.15, however, Judges are not Employees and are not eligible to participate in the Plan.

2.16 Employee Organization means a "recognized employee organization" as defined in California Government Code section 3501(b).

2.17 Grant means the monthly benefit paid under this Plan to or for the benefit of a Covered Retiree, as provided in Article 4 hereof.

2.18 Law Enforcement Management means employees in the classifications included in the law enforcement management unit as defined in the applicable appendix of the County Personnel and Salary Resolution.

2.19 Lump Sum Freeze Date means the date specified in Attachment B applicable to the Employee Organization or the Personnel and Salary Resolution to which the Employee was subject on the date the Employee left employment with the County (whether by termination, severance, retirement or otherwise). With respect to a public entity other than the County, the Lump Sum Freeze date is the date specified for such public entity on Attachment B.

2.20 Lump Sum Payment means the single sum benefit paid to a Covered Former Employee upon his termination of employment with the County, as provided in Section 4.3 hereof.

2.21 OCERS means the Orange County Employees Retirement System, a public employees retirement system organized and existing pursuant to the County Employees Retirement Law of 1937, as amended, California Government Code Sections 31450 et seq.

2.22 Original Effective Date means August 1, 1993.

2.23 Participant means a Covered Retiree, a Covered Former Employee or a Surviving Dependent.

2.24 Plan means this Second Amended and Restated County of Orange Retiree Medical Plan, as it may be further amended from time to time.

2.25 Qualified Health Plan means a health insurance plan made available to Employees and/or Retirees, including a County Health Plan or a plan administered by an Employee Organization that the County of Orange has agreed shall be a Qualified Health Plan.

2.26 Qualified Hours of Service means an Employee's regular hours of service in an Eligible Classification for which she is paid by the County, exclusive of overtime.

2.27 Retiree means a former Employee who has retired from County service at or after age 50, or at any age with at least 20 years of service if she is a safety member of OCERS or with 30 years of service if she is a general member of OCERS.

2.28 Safety Classification means County employees classified as Law Enforcement Management, Executive Management for Probation and Sheriff in the County Personnel and Salary Resolution, the Sheriff, members of AOCDS, the Probation Supervisory Management Unit and members of the Probation Services Unit.

2.29 Surviving Dependent means the surviving spouse, who was legally married to an Employee or Retiree at the time of his death, Domestic Partner or a dependent child as defined by a County Health Plan or, as applicable a County Retiree Health Plan of a deceased Employee or Retiree. If at the time of his death, an Employee or Retiree has both a surviving spouse and surviving dependent child, his Surviving Dependent for purposes of this Plan shall be the surviving spouse. If there is no surviving spouse but there is more than one surviving dependent child, all surviving dependent children shall share equally as Surviving Dependents. If an Employee or Retiree is not married at the time of his death and has no surviving dependent children, there shall be no Surviving Dependent of such Employee or Retiree.

2.30 Trust means the County of Orange Retiree Medical Trust, as it may be amended from time-to-time.

2.31 Years of Credited Service are used in determining the amount of a Grant. An Employee shall be credited with one Year of Credited Service for each 2,080 Qualified Hours of Service. Hours of service for work in an Extra Help or less than part time (less than 20 hours per week) position or during any period in which the Employee is not in an Eligible Classification do not count toward credit for Years of Credited Service. Hours of service performed in periods before the Original Effective Date shall be counted toward credit as Years of Credited Service if the Employee is continuously employed by the County from the Original Effective Date until his retirement. For this purpose a layoff will not be regarded as a break in continuous employment if the Employee is reemployed by the County in an Eligible Classification following such layoff.

2.32 Years of Service are used to determine eligibility for a Grant. An Employee shall be credited with one Year of Service for each 2,080 Qualified Hours of Service. For this purpose, up to 2,080 hours of service for work in an Extra Help or less than 20 hours per week position shall be counted. Hours of service performed in periods before the Original Effective Date shall be counted toward credit as Years of Service if the Employee is continuously employed by the County from the Original Effective Date until his retirement. For this purpose, a layoff will not be regarded as a break in continuous employment if the Employee is reemployed by the County in an Eligible Classification following such layoff.

ARTICLE 3
ELIGIBILITY AND PARTICIPATION

3.1 **Eligibility for Coverage**

3.1.1 **Eligibility for Grant.** An Employee who is credited with at least ten (10) Years of Service at the time she becomes a Retiree shall be eligible to receive a Grant in accordance with Article 4 hereof, provided that she complies with the terms of Section 3.4 hereof. Notwithstanding the foregoing, an Employee who is granted a service connected disability retirement pension under OCERS shall be eligible to be a Covered Retiree regardless of the number of his Years of Service and an Employee who is granted a non-service connected disability retirement pension under OCERS shall be eligible to be a Covered Retiree if she is credited with at least five (5) Years of Service at the time she retires from service with the County.

3.1.2 **Eligibility for Lump Sum Payment.** An Employee whose employment with the County terminates prior to becoming eligible for a Grant pursuant to Section 3.1.1 hereof and is employed in an Eligible Classification immediately prior to his respective Lump Sum Freeze Date (if any) shall be eligible for a Lump Sum Payment in accordance with Section 4.3 hereof. Employees employed after the Lump Sum Freeze Date will not be entitled to any Lump Sum Payment under this Plan.

3.1.3 **Memorandum of Understanding with Employee Organization.** Notwithstanding the foregoing provisions of this Section 3.1, an Employee who is in a unit represented by an Employee Organization shall be eligible for coverage in the Plan under Section 3.1.1 or 3.1.2 hereof only if such Employee Organization enters into a Memorandum of Understanding with the County providing for such coverage for the members of that Employee Organization.

3.1.4 **AFSCME Exclusion.** Notwithstanding any provision to the contrary in this Plan, County Employees represented by AFSCME and employed on or after September 30, 2005: i) are not members of an Eligible Classification under this Plan, ii) will not receive credit for any Hours of Service, Qualified Hours of Service, Years of Service or Years of Credited Service, whether accrued prior to or subsequent to September 30, 2005, iii) are not eligible for the Grant; and iv) are not eligible for the Lump Sum Payment. Should an Employee represented by AFSCME subsequently become a member of an Eligible Classification, all eligibility, participation requirements and other conditions of this Plan shall begin to accrue as of the date the Employee becomes a member of an Eligible Classification. In addition, service in an Eligible Classification prior to that Employee being represented by AFSCME that would otherwise be considered under Articles 3 and 4 shall be considered in meeting the eligibility, participation and other conditions of this Plan, if the Employee retires from County employment while a member of an Eligible Classification.

3.1.5 AOCDS Exclusion for Employees hired on or after October 12, 2007.

Notwithstanding any provision to the contrary in this Plan, County Employees represented by AOCDS who were hired into County Employment on or after October 12, 2007: i) are not members of an Eligible Classification under this Plan, ii) will not receive credit for any Hours of Service, Qualified Hours of Service, Years of Service or Years of Credited Service iii) are not eligible for the Grant; and iv) are not eligible for the Lump Sum Payment. Should an Employee represented by AOCDS on or after October 12, 2007, subsequently become a member of an Eligible Classification, all eligibility, participation requirements and other conditions of this Plan shall begin to accrue as of the date the Employee becomes a member of an Eligible Classification. In addition, service in an Eligible Classification prior to an Employee being represented by AOCDS that would otherwise be considered under Articles 3 and 4 shall be considered in meeting the eligibility, participation and other conditions of this Plan.

3.1.6 Law Enforcement Management Exclusion for Employees Hired on or After June 19, 2009. Notwithstanding any provision to the contrary in this Plan, Law Enforcement Management Employees who were hired into County employment on or after June 19, 2009: i) are not members of an Eligible Classification under this Plan, ii) will not receive credit for any Hours of Service, Qualified Hours of Service, Years of Service or Years of Credited Service, iii) are not eligible for the Grant; and iv) are not eligible for the Lump Sum Payment. Should a Law Enforcement Management Employee hired on or after June 19, 2009, subsequently become a member of an Eligible Classification, all eligibility, participation requirements and other conditions of this Plan shall begin to accrue as of the date the Employee becomes a member of an Eligible Classification. In addition, service in an Eligible Classification prior to becoming a Law Enforcement Management Employee that would otherwise be considered under Articles 3 and 4 shall be considered in meeting the eligibility, participation and other conditions of this Plan.

3.2 Participation.

3.2.1 Participation on the Original Effective Date. Each former Employee of the County who retired prior to the Original Effective Date, who satisfies the requirements set forth in Section 3.1.1 hereof (other than the requirement that she be employed in an Eligible Classification to be credited with Years of Service), and all Surviving Dependents of any such deceased former Employee, shall participate in this Plan beginning on the Original Effective Date, subject to the terms and conditions contained herein.

3.2.2 Participation on and after the Original Effective Date. On and after the Original Effective Date, an Employee who is eligible in accordance with the provisions of Section 3.1 hereof shall participate in this Plan beginning upon his retirement or other termination of employment with the County, subject to the terms and conditions contained herein. Notwithstanding the foregoing provisions of this Section 3.2.2, such an Employee who becomes a Retiree eligible for the Grant and doesn't immediately begin to receive a retirement allowance from OCERS shall not participate in this Plan until such retirement allowance commences. It shall not be necessary for such a Retiree to elect coverage under a Qualified Health Plan during the period between his retirement and the commencement of his retirement allowance from OCERS. The Surviving Dependents of an Employee who is eligible in

accordance with the provisions of Section 3.1 hereof shall also be eligible to participate in this Plan, subject to the terms and conditions contained herein.

3.3 Termination of Participation

3.3.1 Termination of Participation The participation of a Participant and/or his Surviving Dependents under this Plan shall cease and their eligibility for benefits under the Plan shall terminate upon the earlier of (a) the failure of such Participant to elect coverage under a Qualified Health Plan and/or Medicare, (b) the failure of such Participant to make all required contributions or premium payments under a Qualified Health Plan and/or Medicare, other than those paid by the Grant provided pursuant to this Plan, (c) the death of such Participant, (d) the amendment of this Plan so as to preclude such coverage or (e) the termination of this Plan. The eligibility for coverage of a Covered Former Employee and/or his Surviving Dependents under this Plan shall cease and their participation in this Plan shall terminate when such Covered Former Employee or Surviving Dependent receives the Lump Sum Payment.

3.3.2 Effect on Further Eligibility. If a Participant's participation in this Plan is terminated under Section 3.3.1 hereof, his eligibility for coverage under this Plan will be extinguished, his Years of Service and Years of Credited Service will be lost, and she may not later again participate in this Plan unless she again satisfies the requirements of Section 3.1 hereof based solely on subsequent employment with the County.

3.4 Additional Requirements

3.4.1 Medicare Enrollment. A Covered Retiree or Surviving Dependent who is age 65 or older must be enrolled in Medicare Part A (if eligible for coverage without a premium) and Part B in order to be eligible for the Grant. Upon becoming eligible for Medicare Part A and/or B, a Covered Retiree or Surviving Dependent must elect Medicare coverage within 30 days of initial eligibility. All such Covered Retirees and Surviving Dependents will be required to provide the Administrator with evidence of Medicare coverage. However, a Covered Retiree who is at least age 65 on the Original Effective Date and who was retired on the Original Effective Date shall have a grace period of up to one year after the Original Effective Date to enroll in Medicare. A Covered Retiree who is not age 65 on the Original Effective Date and who was retired on the Original Effective Date shall have a grace period of up to 90 days after such person's 65th birthday to enroll in Medicare. An Employee age 65 or older on the Original Effective Date shall have a grace period of up to 90 days after the later of such person's retirement date or the Original Effective Date to enroll in Medicare. The Grant to which any such person is otherwise entitled shall be paid during such grace period but shall cease and benefits under this Plan terminate at the end of such grace period if evidence of Medicare coverage has not been provided to the Administrator.

3.4.2 Cessation of Previous Benefits. Any Participant who receives OCERS-paid medical credits of \$22, \$33, \$44 and/or a \$9.60 Medicare credit shall not be eligible for the Grant.

3.4.3 Qualified Health Plan Enrollment. In order to be eligible to receive the Grant, a Participant must be covered under a Qualified Health Plan and/or Medicare. A Participant must

elect coverage in a Qualified Health Plan within 30 days of the commencement of his retirement allowance from OCERS.

3.5 2009 One-Time Opt Out

3.5.1 Notwithstanding any provision of this Plan to the contrary, a Retiree or Surviving Dependent following the provisions of this Section 3.5 will not lose their eligibility (if any) for benefits under this Plan as a result of failure to enroll in a Qualified Health Plan for Plan Year (for the purposes of this Plan, the "Plan Year" shall be the calendar year) 2009. A Retiree or Surviving Dependent following the provisions of this Section 3.5, who is eligible as a Retiree or Surviving Dependent on or before December 31, 2008 may elect not to participate in a Qualified Health Plan for Plan Year 2009 and will not lose their eligibility to be enrolled in a Qualified Health Plan under this Plan provided they enroll in a Qualified Health Plan for Plan Year 2010 as stated in Section 3.5.5. If a Retiree or Surviving Dependent has disenrolled (or otherwise failed to enroll as required by this Plan) from a County Qualified Health Plan before January 1, 2009, as outlined in Sections 3.3 or Sections 3.4, or is otherwise not eligible for coverage in a County Qualified Health Plan, the Retiree is not eligible for the One Time Opt Out as outlined in Section 3.5.

3.5.2 Solely for Plan Year 2009, a Retiree or Surviving Dependent may elect during Open Enrollment, or as soon as the Retiree or Surviving Dependent is otherwise eligible for benefits under this Plan in Plan Year 2009, to Opt-Out or otherwise not enroll in a Qualified Health Plan for calendar year 2009 (the "2009 Opt Out). A Retiree or Surviving Dependent must make this election during Open Enrollment, or if otherwise eligible, no later than December 31, 2008.

3.5.3 Retirees or Surviving Dependents electing the 2009 Opt Out will not be eligible to receive a Grant in Plan Year 2009 except as reimbursement for Medicare premiums. Retiree or Surviving Dependents electing the 2009 Opt Out must meet or continue to meet all Plan requirements with respect to Medicare enrollment and Medicare premium payment.

3.5.4 A Retiree or Surviving Dependent who elects the 2009 Opt Out will not be permitted to subsequently enroll or re-enroll in a Qualified Health Plan during Plan Year 2009 for any reason or receive any Grant except as reimbursement for Medicare premiums.

3.5.5 A Retiree or Surviving Dependent who elected the 2009 Opt Out must enroll in a Qualified Health Plan for calendar year 2010. Failure to enroll in a Qualified Health Plan for calendar year 2010 will result in termination of Plan benefits (if any) in accordance with Plan Section 3.3.1. A Retiree or Surviving Dependent who is Medicare eligible but does not enroll in a Qualified Health Plan for Plan Year 2010 will still be eligible to receive the Retiree Medical Grant for reimbursement of Medicare Premiums as stated in Section 4.2. Nothing in this section negates the requirement that a Retiree or Surviving Dependent maintain their eligibility for a Qualified Health Plan until that Retiree or Surviving Dependent becomes eligible for Medicare coverage.

3.5.6 In order to be eligible to enroll in a Qualified Health Plan for calendar year 2010, a Retiree or Surviving Spouse who elected the 2009 Opt Out must have maintained health coverage for calendar year 2009 and must provide proof of creditable health plan coverage for 2009 at the time the Retiree or Surviving Dependent enrolls in a Qualified Health Plan for calendar year 2010.

ARTICLE 4 **BENEFITS**

4.1 Grant.

4.1.1 **Amount of Grant.** Subject to adjustments as provided herein, the Grant is equal to the product of (a) multiplied by (b), where (a) is equal to \$10 per month and (b) is equal to the number of the Covered Retiree's full Years of Credited Service (with a maximum of 25 years) not to exceed the amount specified in 4.1.5.

4.1.2 **Retirement Age Adjustment.** For eligible Employees retiring after the applicable Adjustment Effective Date, the Grant will be adjusted as follows:

a) The Grant will be reduced by seven and one-half percent (7½%) per year for each year of age of the Employee less than 60, based upon the date the Employee takes active retirement from OCERS.

b) The Grant will be increased by seven and one-half percent (7½%) per year for each year of age of the Employee in excess of 60, based upon the date the Employee takes active retirement from OCERS. For the purposes of the Grant increase, no adjustment will be made for years of age after age 70.

c) For the purposes of the Retirement Age Adjustment in this Section 4.1.2, "age" is defined as the Employees attained age, expressed as a whole number.

d) This Subdivision 4.1.2 shall not apply to Safety Classifications or Retirees receiving disability retirement.

4.1.3 **Medicare Eligible Adjustment.** Except to the extent a Retiree or Surviving Dependent (determined on the Retiree's Adjustment Effective Date, whether or not the Dependent is a Surviving Dependent at that time) eligible for the Grant has attained age 65 on or prior to their applicable Adjustment Effective Date, in which case this provision does not apply, the Grant for all eligible Retirees (including retirement granted for disability) and Surviving Dependents will be reduced by fifty percent (50%) on the first day of the month upon each Retiree or Surviving Dependent becoming Medicare eligible. For Retirees and Surviving Dependents who have attained age 64 on or prior to their applicable Adjustment Effective Date, the fifty percent (50%) reduction in the Grant will occur on the first day of the month upon Medicare Eligibility, however, no sooner than one (1) year following their applicable Adjustment Effective Date. The adjustment provided in this section 4.1.3 shall only apply to Retirees and Surviving Dependents eligible for both Medicare Part A (without premium) and Part B. No reduction shall apply to Retirees and Surviving Dependents eligible for Medicare Part B only.

4.1.4 Annual Adjustment. The amount of the Grant shall be adjusted annually by adjusting the dollar amount in Section 4.1 1 hereof as follows:

a) By the average increase/decrease in County Health Plan premiums, not to exceed five percent (5%) per year. Such adjustment shall be made concurrently with changes in County Health Plan premiums.

b) Notwithstanding Section 4.1.4a, and unless excepted herein, effective January 1, 2008, by the average increase/decrease in County Health Plan premiums, not exceed three percent (3%) per year. Such adjustment shall be made concurrently with changes in County Health Plan Premiums. To the extent Section 4.1.4d below applies, all references in this subsection b to "County Health Plan" will be replaced by "County Retiree Health Plan."

c) For the purposes of Sections 4.1.4a & b, such annual adjustment shall be based on the average of County Health Plan premium increases or decreases for the year, determined by adding the percentage increases or decreases in premiums charged to the County Departments and Employees for each County Health Plan and dividing that percentage by the total number of County Health Plans.

d) Notwithstanding Section 4.1.4c, effective January 1, 2008, for those Employee Organizations and Public Entity Participants listed on Attachment D, such annual adjustment shall be based on the average of all County Retiree Health Plan premium increases or decreases for the year, determined by adding the average percentage increases or decreases in premiums for each County Retiree Health Plan and dividing that percentage by the total number of County Retiree Health Plans.

e) Special 2008 Transition Rule. For the purposes of applying Section 4.1.4d in the 2008 year, the adjustment shall be based on the average increase or decrease between 2007 County Health Plan premiums charged to Retirees and the 2008 County Retiree Health Plan premiums for the same health plan.

4.1.5 Payment. The Grant shall be applied as a credit or reimbursement to reduce the cost of the Covered Retiree's coverage under the Qualified Health Plan selected by her and, if the Grant exceeds the cost of such coverage, to reimburse the cost of Medicare premiums as provided in Section 4.2 hereof. In no case shall the Grant exceed the actual cost to the Covered Retiree of the Qualified Health Plan and Medicare premiums. The Grant shall be also applied each month until the Covered Retiree's participation terminates as provided in Section 3.3.1 hereof; provided, however, that, if the Covered Retiree is reemployed by the County in a capacity other than as an Extra Help or a less than 20 hours per week employee, the Grant shall not be paid for any month during which the Covered Retiree is an Employee and the payment of the Grant shall recommence upon such reemployed Covered Retiree's subsequent retirement, provided that the requirements for receipt of the Grant are met. The amount of such recommenced Grant shall be equal to the amount of the Grant at the time of the Covered Retiree's reemployment, adjusted by any changes that would have been made pursuant to Section 4.1.4 hereof had the Covered Retiree not been reemployed by the County. In no event will a reemployed Covered Retiree receive credit under this Plan for such period of reemployment as Years of Credited Service.

4.1.6 Minimum. Covered Retirees who receive a service connected disability retirement pension from OCERS shall be eligible for a minimum Grant of \$100 per month, adjusted as provided in Sections 4.1.3 and 4.1.4 hereof.

4.2 Medicare Premium Reimbursement. Each Covered Retiree is eligible to use the excess, if any, of the Grant she receives under this Plan over the cost of her coverage under the Qualified Health Plan selected by her for the reimbursement of the Medicare Part A and/or Part B premiums that she pays for herself and her dependents. The Grant may not be used for reimbursement for Medicare premiums, however, until evidence of Medicare coverage and premium payment is provided to the Administrator. In no event may the Grant be used to reimburse Medicare premiums other than Parts A and B.

4.3 Lump Sum Payment. The Lump Sum Payment shall be equal to the product of (a) multiplied by (b), where (a) equals 1% of the Covered Former Employee's Average Hourly Compensation and (b) equals the number of the Covered Former Employee's Qualified Hours of Service after the Original Effective Date and prior to such Covered Former Employee's Lump Sum Freeze Date (if any). If a Covered Former Employee is reemployed by the County following a receipt of a Lump Sum Payment, she shall again be eligible for participation in the Plan only if she again satisfies the requirements of Sections 3.1 and 3.2 hereof, based on employment with the County subsequent to such reemployment. In no event will such a reemployed Covered Former Employee again receive a benefit under this Plan based on his Years of Service or Years of Credited Service prior to such reemployment except, that where the former County employment was terminated by layoff, such member shall again be eligible for a benefit based on his Years of Service or Years of Credited Service prior to such reemployment, if the member repays to the County within 60 days of reemployment the Lump Sum Payment previously paid to him.

4.4 Special Rule for AFSCME. Notwithstanding any provision to the contrary in this Plan, Retirees who left County service prior to September 30, 2005 while represented by AFSCME shall be subject to the provisions of this Plan as it existed immediately prior to September 30, 2005.

4.5 Grant Accrual Freeze.

4.5.1 AOCDS. Notwithstanding any provision to the contrary in this Plan, all Qualified Hours of Service, Years of Service and Years of Credited Service of County Employees who are represented by AOCDS on or after October 12, 2007 are frozen and no further service credit for the purposes of determining the Grant will be credited to such County Employees. Should an Employee represented by AOCDS and employed on or after October 12, 2007 subsequently become a member of an Eligible Classification, the Grant shall begin to accrue as of the date the Employee becomes a member of an Eligible Classification.

4.5.2 Law Enforcement Management. Notwithstanding any provision to the contrary in this Plan, all Qualified Hours of Service, Years of Service and Years of Credited Service of County Employees who are Law Enforcement Management Employees on or after June 19, 2009 are frozen and no further service credit for the purposes of determining the Grant will be credited to such County Employees. Should a Law Enforcement Management Employee

who is employed on or after June 19, 2009 subsequently become a member of an Eligible Classification, the Grant shall begin to accrue as of the date the Employee becomes a member of an Eligible Classification.

4.6 Benefits for Surviving Dependents.

4.6.1 Grants for Surviving Dependents. A Surviving Dependent of a Retiree who was eligible to receive a Grant shall be eligible to receive a monthly survivor benefit equal to 50% of the Grant which the Covered Retiree was eligible to receive under Section 4.1 hereof at the time of his death, further adjusted as provided in Article 4 hereof.

4.6.2 Lump Sum Payments for Surviving Dependents. If a Covered Former Employee receives a Lump Sum Payment, there is no benefit under this Plan for his Surviving Dependents. However, a Surviving Dependent of an Employee who dies (a) while employed by the County or (b) following termination of employment with the County, when such former Employee is not eligible for a Grant and before payment to such former Employee of a Lump Sum Payment, shall receive the Lump Sum Payment which the Employee would have been eligible to receive.

4.7 Recovery for Overpayment. Whenever benefits have been paid from this Plan at any time in a total amount in excess of the maximum amount of payment necessary at that time to satisfy the terms of this Plan, the Plan Administrator shall have the right to recover such excess payments from the individual or entity to whom or for whom such overpayment has been made. Alternatively, the Administrator may treat such an overpayment as an advance against future benefit payments to or for the benefit of the Participant with respect to whom the overpayment has been made, in which case all future benefit payments with respect to such Participant shall be reduced until the entire amount of the overpayment has been recovered.

4.8 Non-Duplication of Benefits. A Participant who is eligible to be a dependent under a Qualified Health Plan or Surviving Dependent under this Plan of another Employee or Retiree shall only be entitled to receive one benefit under this Plan and any Qualified Health Plan, either in his capacity a Covered Retiree or Covered Former Employee or in his capacity as a dependent or Surviving Dependent. A Participant is only entitled to receive one benefit (i.e. a Grant or a Lump Sum Payment) with respect to any single continuous period of employment with the County.

ARTICLE 5 **GENERAL AND ADMINISTRATIVE PROVISIONS**

5.1 Powers and Duties of Administrator. The Administrator shall have the general responsibility to administer this Plan and shall have full and exclusive power to construe and apply its provisions. The Administrator may appoint such agents, counsel, accountants, consultants and other persons as may be required to assist in administering this Plan, including one or more claims administrators. The Administrator may allocate and delegate to any other person or organization any of the Administrator's duties, including, without limitation, duties with respect to the verification, evaluation, processing, approval, denial and payment of benefit

claims. Any such allocation or delegation shall be reviewed periodically by the Administrator and shall be terminable upon such notice as the Administrator in his discretion deems reasonable and proper under the circumstances.

5.2 Interpretation of Plan/Other Powers and Duties. In addition to the powers and authorities delegated to the Administrator elsewhere in the Plan, the Administrator shall interpret and administer the terms and conditions of this Plan, decide all questions concerning the eligibility of any persons to participate in this Plan, grant or deny benefits under this Plan, construe any ambiguous provision of this Plan, correct any defect, supply any omission, or reconcile any inconsistency, in such manner and to such extent as the Administrator in his discretion may determine. The Administrator shall have such other duties and powers as may be necessary to discharge his duties hereunder. The rules, regulations, interpretations and determinations made by the Administrator, or his delegate, shall, subject only to the claims procedure in Section 5.8 hereof, be final and binding on Participants and their respective successors in interest. When making a determination, the Administrator shall be entitled to rely upon information furnished by a Participant.

5.3 Assignment and Protection against Creditors. No benefit payment under this Plan shall be subject in any way to voluntary assignment or alienation by Participant (including by sale, transfer, pledge or encumbrance of any kind), and any attempt to accomplish any such acts shall be void. No benefit payment under this Plan shall be subject in any way to involuntary assignment, alienation, sale, transfer, pledge, attachment, garnishment, execution or encumbrance of any kind, unless such acts are taken pursuant to federal or state law. Any payment made pursuant to such collection procedures will constitute a complete discharge of this Plan's obligation to the extent of such payment and Administrator will not be required to see to the application of the money so paid.

5.4 Termination of Plan.

5.4.1. Termination of Plan by County. Subject to the terms of any Memorandum of Understanding with an Employee Organization, the County of Orange reserves the right at any time to terminate this Plan by action of its Board of Supervisors, in its sole discretion, without prior notice to any Participant or other person.

5.4.2. Termination of Plan Participation by Public Entity. A public entity listed on Attachment C may terminate its participation in this Plan in accordance with the provisions of the applicable participation agreement. Upon termination of participation in this Plan by such public entity, neither the public entity, nor any of such entity's employees, retirees, deferred retirees, separated employees, surviving dependents, beneficiaries or any other person or party claiming any entitlement to any benefit under this Plan, shall have any right to any benefit, whether the Grant, Lump Sum Payment or otherwise under this Plan and that all such benefits, whether in pay status or not will immediately cease and be immediately and permanently forfeited and terminated.

5.5 Amendment of Plan. Subject to the terms of any Memorandum of Understanding with an Employee Organization, this Plan and any or all benefits provided hereunder may be

amended at any time or from time to time, in whole or in part, by the Board of Supervisors of the County of Orange, in its sole discretion, without prior notice to any Participant or other person. In no event may any public entity participating in this Plan amend or otherwise modify this Plan. Any such action by a public entity to amend or modify this Plan shall be null and void.

5.6 Nondiscriminatory Exercise of Authority. Whenever, in the administration of this Plan, any discretionary action by the Administrator is required, the Administrator shall exercise his authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment under this Plan.

5.7 Gender and Number. The masculine gender whenever used herein shall refer to and include the neuter and the feminine gender, and the singular shall include the plural and the plural shall include the singular.

5.8 Claims Procedure.

5.8.1 Claim. A Participant who believes she is eligible to receive a benefit under this Plan shall file an application with the Administrator. The Administrator shall provide notice in writing to a Participant whose claim for benefits under this Plan has been denied, in whole or in part, setting forth the specific reasons for such denial and the provisions of this Plan upon which the denial of the claim is based and describing the additional information needed to perfect the claim, if appropriate. Such notice shall be written in a manner calculated to be understood by the Participant.

5.8.2 Appeal. A Participant may request that the Administrator, or his delegate, review any such denial of a claim by submitting a request for review in writing, stating in clear and concise terms the reason or reasons for disagreement with the handling of the claim. Any such request for review must be submitted within 60 days after the notice of claim denial is received. Upon receipt of a request for review, the Administrator, or his delegate, shall review all matters pertaining to the request. The Administrator's decision shall be in written form and shall state the specific reasons for the decision and the Plan provisions on which the decision was based. During such review, the claimant shall be given the opportunity to review documents that are pertinent to his claim and to submit issues and comments in writing.

5.8.3 Decision Final. Any decision by the Administrator, or his delegate, to grant or deny benefits under this Plan shall be final and binding on all Participants and other interested parties.

5.9 Choice of Law. This Plan shall be construed and governed in all respects in accordance with the Code and the laws of the State of California, without reference to conflicts of laws provisions.


This Amended and Restated County of Orange Retiree Medical Plan is executed this 23rd day of July, 2009.

COUNTY OF ORANGE



Patricia M. Gilbert, Plan Administrator

Approved as to Form
County Counsel



Nikhil G. Daftary, Deputy

**ATTACHMENT A
ADJUSTMENT EFFECTIVE DATE**

<u>Employee Organization</u>	<u>Adjustment Effective Date</u>
Orange County Employee' Association (OCEA)	September 12, 2006
Service Employees International Union (SEIU) Local 787, AFL-CIO for the Operations and Service Management Unit superseded by Alliance of Orange County Workers (AOCW)	September 12, 2006
Orange County Managers Association (OCMA)	September 26, 2006
Orange County Attorneys Association (OCAA)	September 26, 2006
Personnel and Salary Resolution (PSR)	September 26, 2006
The International Union of Operating Engineers, Local 501, AFL-CIO for the Craft and Plan Engineer Unit (IUOE)	October 24, 2006
Orange County Public Law Library	January 1, 2007
Orange County Employees Retirement System	September 26, 2006
Superior Court of California County of Orange	January 1, 2007
Children & Families Commission of Orange County	January 1, 2007
Orange County Cemetery District	January 1, 2007
Orange County Local Agency Formation Commission	January 1, 2007
Association of Orange County Deputy Sheriffs	October 12, 2007

**ATTACHMENT B
LUMP SUM FREEZE DATE**

	<u>Employee Organization</u> <u>Lump Sum Freeze Date</u>
Orange County Employee' Association (OCEA)	June 23, 2006
Service Employees International Union (SEIU) Local 787, AFL-CIO for the Operations and Service Management Unit	June 23, 2006
Orange County Managers Association (OCMA)	June 23, 2006
Orange County Attorneys Association (OCAA)	June 23, 2006
Personnel and Salary Resolution (PSR)	June 23, 2006
The International Union of Operating Engineers (IUOE), Local 501, AFL-CIO for the Craft and Plan Engineer Unit	June 23, 2006
Orange County Public Law Library	December 21, 2006
Orange County Employees Retirement System	June 23, 2006
Superior Court of California County of Orange	December 21, 2006
Children & Families Commission of Orange County	December 21, 2006
Orange County Cemetery District	December 21, 2006
Orange County Local Agency Formation Commission	December 21, 2006
Association of Orange County Deputy Sheriffs	October 12, 2007

**ATTACHMENT C
PUBLIC ENTITY PARTICIPANTS**

Orange County Public Law Library

Orange County Employees Retirement System

Superior Court of California County of Orange

Children & Families Commission of Orange County

Orange County Cemetery District

Orange County Local Agency Formation Commission