

**Amendment Five to the
Public Employees Retirement System of Ohio
VEBA Health Plan**

WHEREAS, the Public Employees Retirement System of Ohio VEBA Health Plan ("Plan") was originally effective January 1, 2003;

WHEREAS, the Public Employees Retirement Board, as Trustees of the Plan ("Trustees"), reserved the right to amend the Plan pursuant to Article X of the Plan;

WHEREAS, the Trustees now desire to amend the Plan;

NOW, THEREFORE, the Plan is hereby amended as follows, effective on the date executed below:

1. Section 2.04 of the Plan, describing eligibility for payment of medical benefits is hereby amended to be and read as follows:

(a) A Participant and the Participant's Dependents become eligible for payment of Medical Benefits from the Plan, pursuant to Articles IV and VI, as follows:

(1) For a Participant described in Section 2.01, after the Participant's Public Service terminates and the System processes a distribution under Article VIII of the Defined Contribution Plan or on the effective date of a payment option under Article IX of the Defined Contribution Plan;

(2) For a Participant described in Section 2.02, after the Participant's Public Service terminates and the Participant receives a distribution under Article VIII or IX of the Combined Plan, under Article VIII or IX of the Defined Contribution Plan, or under sections 145.32, 145.33, 145.331, 145.34, 145.36, 145.361, 145.37 and 145.40 of the Ohio Revised Code as a Member participating in the Defined Benefit Plan, or, under section 145.45 of the Ohio Revised Code, as a Member's survivor and Dependent, including Members or survivors who transferred to the Defined Benefit Plan under Article X of the Combined Plan. For a Participant receiving a benefit under section 145.36 or 145.361 of the Ohio Revised Code as a Member participating in the Defined Benefit Plan, including a Member who transferred to the Defined Benefit Plan under Article X of the Combined Plan, if such Participant's disability terminates and the Participant returns to covered employment with a Public Employer, the Participant shall no longer be eligible for payment of Medical Benefits from the Plan until again satisfying the requirements of this Section.

(b) A Participant is not eligible for payment of Medical Benefits on the date the Participant returns to employment with or provides any service to a Public Employer. The suspension of Medical Benefits shall end on the day following the Participant's last day of employment with or service to a Public Employer. If a Participant dies during a period of suspension, the Account shall be governed by Section 4.02(c) of the Plan.

(c) A Participant who made an election under Article VI of the Defined Contribution Plan is not eligible for payment of Medical Benefits until the Participant elects to receive a distribution under the new plan.

(d) After the death of a Participant, any remaining Account balance may be used by the Participant's Dependents for the payment of eligible Medical Benefits and subject to Section 4.02(c) of the Plan.

2. Section 4.01 of the Plan, describing amounts available for the benefits of mandatory participants is hereby amended to be and read as follows:

(a) **Mandatory Participants under Section 2.01 of the Plan.**

(1) ~~A Participant with an Employer Contribution Account on deposit on or after January 1, 2009 whose Public Service Terminates with less than one (1) Year of Participation shall not be entitled to use any portion of the Participant's Employer Contribution Account for Medical Benefits and the Employer Contribution Account shall be forfeited in accordance with Section 4.02 of the Plan.~~

(2) ~~Except as provided in this Section, in the case of a A Participant whose participation in the Plan commences on or before June 30, 2015, pursuant to Section 2.01 or 2.02 of the Defined Contribution Plan, or whose participation in the Plan commences on or before July 1, 2015, pursuant to Section 2.03 of the Combined Plan or Rule 145-1-88 of the Administrative Code, and whose Public Service Terminates with one (1) or more Years of Participation, the Participant or the Participant's Dependents may be entitled to use the following portion of the Employer Contribution Account for Medical Benefits upon satisfying the provisions of Section 2.04(a)(1) of the Plan:~~

Years of Participation	Available Portion of Employer Contribution Account
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

The remaining portion of the Employer Contribution Account shall be forfeited in accordance with Section 4.02 of the Plan.

(2) A Participant whose participation in the Plan commences on and after July 1, 2015, pursuant to Section 2.01 of the Defined Contribution Plan, or whose participation in the Plan commences on and after August 1, 2015, pursuant to Section 2.03 of the Combined Plan or Rule 145-1-88 of the Administrative Code, and whose Public Service Terminates with six (6) or more Years of Participation, the Participant or the Participant's Dependents may be entitled to use the following portion of the Employer Contribution Account for Medical Benefits upon satisfying the provisions of Section 2.04(a)(1) of the Plan:

Years of Participation	Available Portion of Employer Contribution Account
<u>6 years</u>	<u>10%</u>
<u>7 years</u>	<u>20%</u>
<u>8 years</u>	<u>30%</u>
<u>9 years</u>	<u>40%</u>
<u>10 years</u>	<u>50%</u>
<u>11 years</u>	<u>60%</u>
<u>12 years</u>	<u>70%</u>
<u>13 years</u>	<u>80%</u>
<u>14 years</u>	<u>90%</u>
<u>15 years</u>	<u>100%</u>

The remaining portion of the Employer Contribution Account shall be forfeited in accordance with Section 4.02 of the Plan.

(3) Regardless of the Participant's Years of Participation, a Participant who changes the Participant's retirement plan under Section 2.03 of the Defined Contribution Plan and elects a transfer under Article VI of the Defined Contribution Plan shall not be entitled to use any portion of the Participant's Employer Contribution Account for Medical Benefits and the Employer Contribution Account shall be forfeited in accordance with Section 4.02 of the Plan.

(4) Regardless of the Participant's Years of Participation, the Participant's Employer Contribution Account shall be forfeited in accordance with Section 4.02(c) of the Plan following the death of the Participant.

3. Section 4.02(a) of the Plan, describing forfeitures of mandatory participants is hereby amended to be and read as follows:

(a) Mandatory Participants under Section 2.01 of the Plan.

(1) If a Participant's Public Service Terminates Participant described in Section 4.01(a)(1) of the Plan terminates public service with less than three (3) Years one (1) Year of Participation and the Participant receives a distribution under Article VIII or IX of the Defined Contribution Plan, the Participant's Employer Contribution Account shall be forfeited. If a Participant described in Section 4.01(a)(2) of the Plan terminates public service with less than six (6) Years of Participation and the Participant receives a distribution under Article VIII or IX of the Defined Contribution Plan, the Participant's Employer Contribution Account shall be forfeited.

(2) If a Participant's Public Service Terminates Participant described in Section 4.01(a)(1) of the Plan terminates public service with more than three (3) Years one (1) Year of Participation and the Participant receives a distribution under Article VIII or IX of the Defined Contribution Plan, the portion of the Participant's Employer Contribution Account that is not available for Medical Benefits under Article VI of the Plan shall be forfeited. If a Participant described in Section 4.01(a)(2) of the Plan terminates public service with more than six (6) Years of Participation and the Participant receives a distribution under Article VIII or IX of the Defined Contribution Plan, the portion of the Participant's Employer Contribution Account that is not available for Medical Benefits under Article VI of the Plan shall be forfeited.

(3) If a Participant described in Section 2.01 of the Plan changes his or her retirement plan under Section 2.03 of the Defined Contribution Plan and elects a transfer under Article VI of the Defined Contribution Plan, the Participant's Employer Contribution Account shall be forfeited.

4. Section 4.02(c) of the Plan, describing forfeitures of all participants is hereby amended to be and read as follows:

(c) All Participants. If a Participant is deceased and there are no remaining Dependents of the Participant eligible for Medical Benefits under the Plan, all funds in the Participant's Employee Contribution Account or Employer Contribution Account shall be forfeited. A Participant's Accounts shall also be forfeited in accordance with Section 5.07 of the Plan. Accounts that are payable and unclaimed following a Participant's death shall also be forfeited and may be used in accordance with Section 4.02(d) of the Plan if either of the following occur:

(1) The Service Manager has not received any claims for reimbursement from a Dependent within two years of the death of the Participant; or

(2) A Dependent has made a claim for reimbursement within two years of the Participant's death, but fails to make a claim at least once within the twenty-four month period following the date the most recent claims was submitted.

5. Section 5.07 of the Plan, describing unclaimed accounts is hereby amended to be and read as follows:

~~An Account held hereunder that is payable and unclaimed, shall not be forfeited while the Participant is living. Following the Participant's death, the account shall be forfeited according to Section 4.02(c), and may be used in accordance with Section 4.02(d) of the Plan if either of the following occur:~~

~~(a) All Dependents that have been identified by the Service Manager do not claim a payment or reimbursement for a period of one year from the date of death of a Participant;~~

~~(b) The Service Manager is unable to locate any Dependent within one year of the date of death of a Participant;~~

~~If an Account is forfeited pursuant to this section, a Dependent may request in writing reinstatement of the Account.~~

6. Section 6.02 of the Plan, describing the commencement of benefits is hereby amended to be and read as follows:

Medical Benefits commence for expenses incurred on or after the date the Participant satisfies the requirements of Section 2.04 of the Plan, and are subject to the suspension described in Section 2.04(b) of the Plan.

7. Section 6.04 of the Plan, describing the payment of benefits is hereby amended to be and read as follows:

Insurance premium payments may be paid by the Administrator or Service Manager directly to insurance companies, health maintenance organizations or preferred provider organizations or to the Employer for COBRA benefits, or may be reimbursed directly to the Participant or Dependent. Payments for Medical Benefits may be made directly to the service provider, or reimbursed to the Participant. Reimbursements shall be made in accordance with rules and regulations established by the Administrator from time to time, and may require direct deposit to a financial institution for payments reimbursed to the Participant.

8. Section 9.15 of the Plan, describing continuation coverage under COBRA is hereby enacted to be and read as follows:

(a) Definitions. For purposes of this Article, the following definitions shall apply:

(1) "COBRA" means The Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(2) "Continuation Coverage" means the Plan coverage elected by a Qualified Beneficiary under COBRA. This coverage shall be the same as the coverage provided to similarly situated Beneficiaries who have not experienced a Qualifying Event as of the date the Qualified Beneficiary experiences a Qualifying Event.

(3) "Continuation Coverage" means the Plan coverage elected by a Qualified Beneficiary under COBRA. This coverage, which as of the time the coverage is being provided, shall be identical to the coverage provided to similarly situated beneficiaries under the Plan with respect to whom, a Qualifying Event has not occurred as of the date the Qualified Beneficiary experiences a Qualifying Event.

(4) "Covered Participant" means an Eligible Retiree covered under the Plan on the day prior to the Qualifying Event.

(5) "Group Health Plan" has the same meaning as that term is defined in COBRA and the regulations thereunder.

(6) "Qualified Beneficiary" means, except as provided in Paragraph (h) of this Section, a Spouse or Child of a Covered Participant who was covered under the Plan on the day prior to the Qualifying Event. The term Qualified Beneficiary shall include a Child who is born to, adopted by, or placed for adoption with the Covered Participant during a period of Continuation Coverage.

(7) "Qualifying Event" means, except as provided in Paragraph (h) of this Section, the following events which, but for Continuation Coverage, would result in the loss of coverage of a Qualified Beneficiary:

(i) The death of a Covered Participant;

(ii) The divorce or legal separation of the Covered Participant from his Spouse dependent; or

(iii) A Child ceasing to be eligible as a Dependent under the terms of the Plan.

(b) Right to Elect Continuation Coverage. If a Qualified Beneficiary loses coverage under the Plan due to a Qualifying Event, he may elect to continue coverage under the Plan in accordance with COBRA upon payment of the Continuation Coverage Contribution specified from time to time by the System. A Qualified Beneficiary must elect the coverage within the 60 day period beginning on the later of the date of the Qualifying Event, or the date he was notified of his right to continue coverage.

(c) Notification of Qualifying Event. If the Qualifying Event is divorce, legal separation or a non-spouse Dependent's ineligibility under the Plan, the Qualified Beneficiary must notify the System of the Qualifying Event within 60 days of the event in order for coverage to continue. Failure to make timely notification will terminate the Qualified Beneficiary's right to Continuation Coverage under this Section 9.15.

(d) Length of Continuation Coverage. A Qualified Beneficiary who loses coverage due to a Qualifying Event may continue coverage under the Plan for up to 36 months from the date of the Qualifying Event, or for such other period as prescribed by COBRA and the Ohio Revised Code and the administrative pronouncements promulgated thereunder.

(e) Termination of Continuation Coverage. Continuation Coverage will automatically end earlier than the applicable 36-month period for a Qualified Beneficiary if:

(1) The required Continuation Coverage Contribution for coverage is not received by the System within 30 days following the date it is due (or, in the case of the initial payment, within 45 days of the due date for the initial payment);

(2) The Qualified Beneficiary becomes covered under any other Group Health Plan (other than this Plan) as an employee or otherwise. This provision applies to all Qualifying Events;

(3) The Qualified Beneficiary becomes entitled to Medicare benefits; or

(4) The System or Employer ceases to offer any Group Health Plans.

(f) Continuation Coverage. The Continuation Coverage elected by a Qualified Beneficiary is subject to all of the terms, conditions, limitations and exclusions that are applicable to the Group Health Plan offered to similarly situated individuals. The Continuation Coverage is also subject to the rules and regulations under

COBRA. If COBRA permits Qualified Beneficiaries to add dependents for Continuation Coverage, such dependents must meet the definition of Dependent under the Plan.

(g) Payment of Continuation Coverage Contribution.

(1) The Plan will determine the amount of the monthly Continuation Coverage Contribution for any period, which will be a reasonable estimate of the Plan's cost of providing coverage for such period for similarly situated individuals for whom a Qualifying Event has not occurred, determined on an actuarial basis and considering such factors as the Secretary of Health may prescribe. The Continuation Coverage Contribution is the same for Qualified Beneficiaries with different total reimbursement amounts available from the Plan. The Plan may require a Qualified Beneficiary to pay a Continuation Coverage Contribution that does not exceed 102 percent of the applicable premium for that period.

(2) If Continuation Coverage is elected, the first monthly Continuation Coverage Contribution must be made within 45 days of the date of election.

(3) Without further notice from the System, the Qualified Beneficiary must pay the Continuation Coverage Contribution by the first day of the month for which coverage is to be effective. If payment is not received by the System within 30 days of the payment's due date, Continuation Coverage will terminate in accordance with Paragraph (e)(1) of this Section.

(4) No claim will be payable under this provision for any period for which the Continuation Coverage Contribution is not received from or on behalf of the Qualified Beneficiary by the due date specified in this Section 9.15(g).

(h) Bankruptcy under Title XI.

(1) For purposes of this Section only:

(i) "Qualified Beneficiary" means (i) an Covered Participant who retired on or before the date of the Qualifying Event, and (ii) an individual who was covered under the Plan as a Spouse, surviving Spouse, or Child on the day before the date of the Qualifying Event.

(ii) "Qualifying Event" means the substantial elimination of coverage under the Plan within one year before or after the System files a petition in bankruptcy under Title XI of the United States Code.

(2) If a Qualified Beneficiary experiences a Qualifying Event as defined in this Section, he may elect to continue coverage under the Plan if he pays the Contribution Coverage Contribution specified from time to time by the System, and makes his election in accordance with Paragraph (b) of this Section.

(3) Continuation Coverage for a Qualified Beneficiary who is an Eligible Retiree will continue for the life of the Eligible Retiree. When the Eligible Retiree dies, his Qualified Beneficiaries may elect to continue coverage for up to 36 additional months.

(4) If a surviving Spouse and Child(red) are covered as Qualified Beneficiaries of a deceased Eligible Retiree when the loss of coverage due to bankruptcy occurs, they may elect to continue coverage until the death of the surviving Spouse. Upon the death of the surviving Spouse, the Continuation Coverage terminates.

(5) Continuation Coverage elected under this Section will automatically end earlier than the periods specified above if the required Continuation Coverage Contribution is not paid on a timely basis or if the System or Employer ceases to offer any Group Health Plans.

9. Article XIII of the Plan, describing the treatment of protected health information is enacted to be and read as follows:

13.01 Definitions. For purposes of this Article, the following definitions shall apply:

(a) "Electronic Protected Health Information" shall have the same meaning as in 45 CFR section 160.103.

(b) "HIPAA" shall mean the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as amended by the HITECH Act enacted as part of the American Recovery and Reinvestment Act of 2009, and regulations adopted thereunder, as may be amended from time to time.

(c) "Protected Health Information" shall have the same meaning as in 45 CFR 160.103.

(d) "Summary Health Information" shall have the same meaning as in 45 CFR section 160.504(a).

13.02 Permitted and Required Uses and Disclosure of Protected Health Information. Subject to obtaining written certification pursuant to Section 13.03 of the Plan, the Plan may disclose Protected Health Information to the System as Plan Sponsor, provided the Plan Sponsor does not use or disclose such Protected Health Information except for the following purposes:

(a) To perform Plan administrative functions which the Plan Sponsor performs for the Plan; or

(b) Modifying, amending, or terminating the Plan.

Notwithstanding the provisions of this Plan to the contrary, in no event shall the Plan Sponsor be permitted to use or disclose Protected Health Information in a manner that is inconsistent with 45 CFR section 164.504(f).

13.03 Conditions of Disclosure. The Plan shall not disclose Protected Health Information to the Plan Sponsor unless the Plan Sponsor agrees to:

(a) Not use or further disclose the Protected Health Information other than as permitted or required by the Plan or as required by law.

(b) Ensure that any agents, including a subcontractor, to whom it provides Protected Health Information received from the Plan, agree to the same restrictions, conditions, and security measures that apply to the Plan Sponsor with respect to Protected Health Information or Electronic Protected Health Information, including implementing reasonable and appropriate security measures to protect electronic Protected Health Information.

(c) Not use or disclose the Protected Health Information for employment-related actions and decisions or in connection with any other benefit or benefit plan of the Plan Sponsor or other entity adopting the Plan, unless the benefit plan is a health plan, as that term is defined at 45 CFR section 160.103, and is part of an organized health care arrangement which includes the Plan.

(d) Report to the Plan any use or disclosure of a Plan Participant's Protected Health Information that is inconsistent with the uses or disclosures allowed under the Plan document of which it becomes aware.

(e) Make available to a Plan Participant who requests access the Plan Participant's Protected Health Information in accordance with 45 CFR section 164.524.

(f) Make available to a Plan Participant who requests an amendment, the Participant's Protected Health Information and incorporate any amendments to the Participant's Protected Health Information in accordance with 45 CFR section 164.526.

(g) Make available to a Plan Participant who request an accounting of disclosures of the Participant's Protected Health Information the information required to provide an accounting of disclosures in accordance with 45 CFR section 164.528.

(h) Make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Secretary of Health and Human Services for purposes of determining compliance by the Plan with 45 CFR section 164.504(f).

(i) If feasible, return or destroy all Protected Health Information received from the Plan that the Plan Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which the disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information feasible.

(j) Ensure that the adequate separation between the Plan and the Plan Sponsor required in 45 CFR section 164.504(f)(2)(iii) is satisfied.

(k) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of the Plan.

(l) Report to the Plan any security incident relating to Electronic Protected Health Information of which it becomes aware. A security incident is defined at 45 CFR §164.304 as "the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system."

13.04 Certification of Plan Sponsor. Except for Summary Health Information and enrollment and disenrollment information, the Plan shall disclose Protected Health Information to the Plan Sponsor only upon the receipt of a Certification by the Plan Sponsor that the Plan has been amended to incorporate the provisions of 45 CFR section 164.504(f)(2)(ii), and that the Plan Sponsor agrees to the conditions of disclosure set forth in Section 13.02.

13.05 Permitted Uses and Disclosure of Summary Health Information. The Plan or a health insurance issuer or HMO with respect to the Plan, may disclose Summary Health Information to the Plan Sponsor without receipt of a Plan Sponsor Certification, provided the Summary Health Information is only used by the Plan Sponsor for the purpose of obtaining premium proposals for health plans, for providing health insurance coverage under the Plan, or modifying, amending, or terminating the Plan.

13.06 Permitted Uses and Disclosure of Enrollment and Disenrollment Information. The Plan or a health insurance issuer or HMO with respect to the Plan, may disclose enrollment and disenrollment information and information on whether individuals are participating in the Plan to the Plan Sponsor without receipt of a Plan Sponsor Certification.

13.07 Adequate Separation Between Plan and Plan Sponsor. The Plan Sponsor shall only allow access to Protected Health Information or Electronic Health Information by the healthcare administrative staff who have a role in administration of the Plan. Such employees shall only have access to and use such Protected Health Information or Electronic Health Information to the extent necessary to perform the administration functions that the Plan Sponsor performs for the Plan. In the event that such employee does not comply with the provisions of this Section 13.06, the employee shall be subject to disciplinary action by the Plan Sponsor for non-compliance pursuant to the Plan Sponsor's employee discipline and termination procedures. The Plan Sponsor shall implement

reasonable and appropriate security measures to limit access to Electronic Protected Health Information and Protected Health Information to the appropriate healthcare administrative staff.

13.08 Security Measures for Electronic Protected Health Information. The Plan Sponsor shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality integrity, and availability of a covered individual's Electronic Protected Health Information that the Plan Sponsor creates, receives, maintains, or transmits on the Plan's behalf. The Plan Sponsor shall report to the Plan any attempted or successful unauthorized access, use, disclosure, modification, or destruction of information, or interference with system operations in the Plan Sponsor's information systems, of which the Plan Sponsor becomes aware.

13.09 Terms. Any term used in this Article XIII shall have the meaning set forth in HIPAA and guidance issued thereunder.

10. In all other respects, the Plan shall be and remain unchanged.

IN WITNESS WHEREOF the undersigned has executed this Amendment on the date indicated:

3-23-15
Date

Karen E. Carraher
Karen E. Carraher, Executive Director