EVERGREEN

SECURITY TRUST

ADMINISTRATION GUIDE

INTRODUCTION

Included in this guide is basic information regarding administration of your benefit plan with Evergreen Security Trust. It cannot possibly contain every situation that could come up; however, we have tried to address basic, everyday procedures and requirements. Further questions should be directed to your Broker or Agent, the Administrator, Carriers, Trust Manager or your own legal advisor.

This manual briefly references several legal and tax topics for your general information. If you have further questions of application or interpretation on these subjects we strongly encourage you to seek independent legal and tax advice from a qualified professional. The Evergreen Security Trust and its several professional advisors cannot provide specific advice.

Trust contacts you will need to know are:

Agent or Broker Name	
Phone Number	
Address	
Email	

Billing and/or Eligibility – All Coverage	Benefit Solutions, Inc.
Contact: Sheryl Wilson or Tiffanie Quincy	PO Box 6 •12121 Harbour Reach Dr, #105
	Mukilteo, WA 98275
	(425)-771-7359
	(425) 771-1226 Fax
	Email: swilson@bsitpa.com tquincy@bsitpa.com
	Website: www.bsitpa.com
Medical/Vision Carrier	Regence BlueShield
ID Cards, Claims, Customer	P. O. Box 21267
Service, Provider Issues	Seattle, WA 98111-3267
	(800) 458-3523
	Website: www.wa.regence.com
Coverage outside Service Area	(800) 810-BLUE
(BlueCard)	Website: www.bluecares.com
Dental Carrier	Washington Dental Service
ID Cards, Claims, Customer	P. O. Box 75668
Service, Provider Issues	Seattle, WA 98125
	(800) 554-1907
	Website: www.deltadentalwa.com

Life Insurance/AD&D Carrier	Regence Life & Health Company
	P. O. Box 21309
	Seattle, WA 98111
	(877) 843-7526
	Website: www.regencelife.com
Trust General Agent	DiMartino Associates, Inc.
	1301 Fifth Avenue, Suite 3701
	Seattle, WA 98101
	(206) 623-2430
	(206) 682-8027 fax
	info@evergreensecuritytrust.com
	www.evergreensecuritytrust.com

EMPLOYER REQUIREMENTS

Evergreen Security Trust requires only the following in order to access benefits through the Trust. Simply stated, you are a business located in Washington, employing five or more employees who meet Trust eligibility requirements (stated in the next section), with 50% or more of your employees residing in the state of Washington (Groups with 50% or more employees residing outside The Regence Group (TRG) area may be eligible to receive a quote, but will be subject to underwriting review). You have completed our Trust Participation Agreement, and have selected your benefit offerings.

If you fail to meet Trust requirements at any time, the Trust may continue your coverage until your regular renewal date; however, proof of continuous business operation will be required. At that time, at Trust discretion, a renewal may or may not be offered.

Initial Participation

Each new employer joining the Trust completes a Trust Master Application which specifies general employer requirements. This Agreement specifies premium contribution levels, employee and dependent eligibility requirements, and benefits selected. Please note that changes to any of this information can only be made on renewal, so care should be taken that rules are not so stringent you or your employees have trouble following them. Exceptions will not be made.

Please note that each employer must select Life/AD&D, Dependent Life, and Medical/Vision coverage. Dental is the only totally optional coverage; however, it may not be purchased on a stand-alone basis without medical coverage. Life/AD&D is available in increments higher than the $10,000 mandated amount. Please contact your agent or broker if you would like to increase the amount; however, insurance may only be increased at your regular renewal date.

Employer Contribution Levels

Employers must contribute at least 75% of the employees' premium for each eligible employee. There is no minimum dependent contribution amount. You may only change your premium contribution amount on initial enrollment and renewal dates. If you are considering a change, please advise your Broker or Agent, as this could have a definite impact on your renewal rates.

If you contribute 100% of the premium for employee only coverage, then 100% of eligible employees must enroll, regardless of other coverage. Waivers will not be allowed. If the employee wishes to continue their coverage elsewhere, they must still be enrolled in the Trust plan. If you contribute 100% of the cost of dependent coverage, all eligible dependents must be enrolled, even if they have other coverage. Again, waivers will not be allowed.

If you contribute less than 100% of the premium for eligible employees, then a minimum of 75% of all employees must be enrolled in the plan. Waivers will be allowed in this instance. The same is true for dependents. If you contribute less than 100% for dependent coverage, then waivers are allowed. We do not have minimum dependent participation requirements.

Probationary Period

A probationary period (or waiting period) is the period of time a person must be employed before s/he is eligible for your benefit plan(s). Each employer must select its own probationary period, and Trust rules allow for periods from first of the month following date of hire to up to six months.

Employers may set different probationary periods by class of employee, for example hourly/salaried or management/regular staff. No more than two separate probationary periods will be allowed per employer, however.

This probationary period may only be changed on renewal, and in no circumstances will be waived for individual employees.

Hours Worked

Trust rules specify that eligible employees work a minimum of 20 hours per week. Each employer may set its floor, as long as it is not less than the 20 hours. It can also be no more than 40 hours per week. Again, different hours requirements may be allowed by class of employee, but not by individual employee.

This requirement may only be changed on renewal and in no circumstances will be waived for individual employees.

Ineligible Employees

When setting your eligibility rules, please keep in mind the following:

- Retired employees are not eligible
- Employees who are not compensated through your payroll system are not eligible

EMPLOYEE AND DEPENDENT ELIGIBILITY

Eligible Employee

- Permanent employee who is paid on a regular basis through the employer's payroll system and reported for Social Security purposes.
- Each eligible employee must work a minimum of 20 hours per week, or more if set by you, the employer
- Each eligible employee must complete the probationary period set by you, the employer

Eligible Dependents

- Lawful spouse of the employee, unless legally separated
- Domestic partner of the employee (this requires an Affidavit of Domestic Partnership be completed, signed by the employee and employee's partner and countersigned by you, the employer[1])
- Children under 25 years of age, unmarried and primarily dependent on the employee for support. Further:
  - Child is the natural offspring of either or both the employee, spouse or domestic partner
  - Legally adopted children of either or both the subscriber, spouse or domestic partner
  - Child "placed" with the employee for the purpose of legal adoption in accordance with state law
  - Legally placed ward of the employee, spouse or domestic partner living permanently in the home of the employee

Please note:

- Foster children are not eligible dependents
- Married children are not eligible dependents
- Grandchildren are not eligible dependents (unless they are a legally placed ward)
- Parents are not eligible dependents

If an employee has a child who has reached the limiting age for coverage on Trust plans, but is incapable of self-sustaining support due to a physical or mental handicap, please contact your Broker or Agent. There are certain situations where coverage can be continued.

Enrollment

Newly Eligible Employees and Dependents

Enrollment forms and premium payment must be submitted to Benefit Solutions, Inc. (BSI) within 30 days of completion of any probationary period required by the employer. Coverage will be effective on the first of the month following completion of employer eligibility requirements.

If an employee or dependent is hospitalized on their effective date of coverage, the medical (and dental coverage, if any) will not be impacted. However, life insurance will not be effective until the employee returns to work.

Open Enrollment

If an employee or dependent is not enrolled when initially eligible, this person cannot be enrolled until the employer's next Open Enrollment period, which coincides with the renewal date (unless they have a qualifying Life Event as detailed below). At this time, any employee or dependent that was not enrolled previously may enroll on any Trust plan the employer offers. Any insurance carrier waiting periods (pre-existing condition, for example) will apply.

Qualifying Life Event Enrollment

There are some Life Events that federal law allows employees and dependents to request enrollment in your plan outside of normal enrollment periods. These include the following.

- Involuntary loss of other insurance coverage (i.e., loss of employment with benefits).
- Dependents acquired through marriage.
- Newborn children.
- Adoptive children.
- Legal guardianship obtained for children.
- Medical child support orders.

If any of these situations occurs, application must be made in a timely manner so coverage is continuous if there is loss of other coverage. Newborn children must be submitted within 60 days; all other changes must be submitted to BSI within 30 days of the event.

Coverage Termination

Coverage will end on the last day of the month when one of the following happens.

- The employee terminates employment
- The employer fails to remit current monthly premium payment due
- The employer fails to meet Trust participation requirements
- The employer notifies the Trust it wishes to terminate its participation.
- The Trust itself terminates.
- Coverage will end for a spouse when his/her marriage to the employee is annulled, or when there is a legal separation or divorce from the employee
- The domestic partnership agreement with the employee ends and the appropriate form submitted to BSI.
- Children will terminate when they no longer meet the requirements for dependent coverage.

It is the employer's responsibility to notify BSI within 30 days of any of these events. Retroactive cancellations are not possible.

Continuation of Group Coverage (when COBRA does not apply)

If an employer is not required to comply with COBRA, an employee may request continuation of their coverage for up to six months. Life insurance is not continued, but medical/vision and dental (if applicable) may be continued. The employee should remit their premium to the employer, and the employer should notify BSI that this employee is continuing coverage and include their premium in their regular remittance check. No personal checks will be accepted.

Leave of Absence

Coverage for an employee and dependents (if any) may be continued for up to 90 days when the employer grants the employee a leave of absence and premium continues to be paid. This leave of absence period will count toward COBRA continuation (if applicable) if the employee does not return to work after the leave ends.

Life Insurance Conversion

Life Insurance cannot be continued under the group plan after the employee loses eligibility. Conversion is available from Regence Life & Health Company, and the employer should notify the employee of this right. Application must be made to Regence Life & Health Company within 31 days of termination of coverage.

Labor Dispute

Coverage can be continued for up to six months in the event of a labor dispute, subject to premium being paid. This period will count toward any COBRA continuation periods (if applicable).

BILLING PROCEDURES

Processing Billing Statements and Premium Payments

Premiums are due on the last day of the preceding month. Premiums are considered late if not received by Benefit Solutions (BSI) by the day of the month for which premium is due. Benefit claims are not paid unless BSI notifies the insurance carriers that the premiums have been paid in full for each eligible employee. **All premium checks should be made payable to Evergreen Security Trust and mailed to BSI along with a copy of the Billing statement and any new enrollment forms not previously sent to BSI.** Premiums must be remitted with <u>one company check</u> from the group.

Benefits may not be paid ahead; payment will only be accepted for the current month's premium plus one month. Any excess payments will be refunded to the Employer.

Billing Form Instructions

Every billing report will be at least 2 pages. The first page will be a reconciliation page. It will list the previous month's amount billed, any payments that were made in the past month, and any billing adjustments applied. The following pages will list the current month's billing detail. Subscribers will be listed in alphabetical order. Premiums due are listed in the appropriate column, i.e. medical, dental, life, etc.

There is a total for each subscriber on the right had side of the bill. The column heading "Elections" describes the coverage level being billed.

1= Employee only	M=Medical
2= Employee/Spouse	D=Dental
3= Employee/Spouse/Children	
4= Employee/Children	

Coverages are totaled at the bottom of each column. If there are no employee or dependent changes, please pay the pre-printed Billing Total listed.

To delete an employee, draw a line through that employee's name and enter the appropriate employment status code and the date the status becomes effective. *The Employment Status legend is located above the far right column.*

You may subtract the deleted employee's premium from the billing total at the bottom of the bill. Adjustments will show on the next month's billing report.

To add an employee, write the name and social security number on the billing form with the appropriate status code and the date the status becomes effective. You may add the new employee's elections and premiums in the proper columns and add that amount to the adjustments totals at the bottom of the bill. Eligibility and premium adjustments will show on the next months billing. **Please note:** *BSI must receive an enrollment application in order to add an employee or dependent.*

If changing the dependent status of an employee, BSI must have an attached enrollment application or have previously received an application in order to make the appropriate change. The eligibility and premium adjustments will be shown on the next months billing.

Add all the Adjustments and enter into "Total Employer Adjustments", add or subtract this amount from the above listed "Billing Total". Enter this amount into the "Total Remittance" box.

Please make checks payable to *Evergreen Security Trust* for the Total Remittance amount (no cash please). Mail your check with a copy of the billing statement to the address shown on the bill.

Reporting Eligibility Changes

It is the participating employer's responsibility to report eligibility changes to BSI in a timely manner. A written emailed request from the employer for terminations provides an audit trail of the specific instructions that BSI must follow on the employer's behalf. Employers may not report eligibility changes over the phone. A retroactive termination, addition, and other change may not be acceptable to the Trust unless there is sufficient documentation to justify such actions. Generally, BSI will not credit premium refunds retroactive more than two months. Therefore it is important that group administrators reconcile their premium billings every month and immediately notify BSI to resolve any issues. Late enrollment applications may result in postponement of coverage until the next open or special enrollment period.

FEDERAL REQUIREMENTS

COBRA

COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985) normally applies to all employers employing 20 or more employees during a calendar year. It is each participating employer's responsibility to determine whether or not they need to comply with COBRA. Please contact your legal counsel or broker/agent if you have any questions regarding compliance with this regulation.

Basically stated, COBRA allows employees and/or dependents who lose coverage through their employer to continue coverage under certain circumstances. The Trust will enter into an agreement with participating employers to administer COBRA for them once an employee and/or dependent loses coverage. The Trust does ***not*** provide initial notices to covered employees and dependents. That will still be the employer's responsibility.

If an employer wishes for the Trust to administer COBRA, they must sign the appropriate agreement and submit it to the Trust Administrator. Without such agreement, each employer must administer COBRA on its own.

Family and Medical Leave Act (FMLA)

The FMLA applies only to employers that employed 50 or more employees during each of the 20 or more calendar work weeks in the current or preceding calendar year and that are required by federal law to comply with FMLA provisions. Under this provision, eligible employees may receive up to 12 weeks of leave during a 12-month period, as provided by FMLA, under the following circumstances:

- The birth of an employee's child
- The placement of a child with the employee for adoption or foster care
- Care for the employee's seriously ill spouse, parent or child
- The employee's own serious physical or mental health condition

Benefits must be continued for employees on FMLA leave. Any payroll deduction must continue to be paid by the employee. For further information on FMLA, please contact your legal counsel or broker/agent.

To assist the employer in its FMLA obligations, the Trust will continue to receive premium payments as if the employee was actively at work. Please note that it is the employer's responsibility to administer this aspect of FMLA coverage.

HIPAA (Health Insurance Portability Administration Act)

Benefit Portability

If an employee and/or dependents had insurance coverage within 90 days of becoming eligible for coverage under the Trust, the time spent on that plan will count toward satisfaction of the Trust's pre-existing condition waiting period. If the participating employer has a probationary period and the employee and/or dependents had coverage within the prior 90 days, that coverage will still be counted toward the pre-existing condition waiting period upon enrollment in the plan. This is called "creditable coverage", and means Medicare, Medicaid, CHAMPUS, FEHBP, Indian Health Service, State health benefits risk pool, Peace Corps plan, other public health plan, or prior group or individual coverage. There are certain prior coverages that do not apply; please contact your legal counsel or broker/agent for information in this area.
Benefits portability does not apply to the six-month transplant waiting period, unless the prior coverage was with another Regence BlueShield plan.

Privacy

The Trust and its insurance carriers are subject to all federal privacy restrictions effective April 14, 2003. Procedures are in place to process protected health care information as required. Please note that due to the restrictive nature of these federal requirements, Trust and carrier personnel will not be able to respond to unauthorized inquiries and requests for information.

USERRA

USERRA (Uniformed Services Employment and Re-Employment Rights Act) basically means that an employee who is called up to military service has the right to continue coverage for up to 18 months by paying the monthly premiums. This is true even for groups which are too small to comply with COBRA. There are other employment related issues that go along with this Act, including (but not limited to) having to hold the employee's position until s/he returns from service. For further information on this Act, please contact your legal counsel or broker/agent.

Qualified Child Medical Support Orders

The Trust will comply with any court ordered enrollment of a child for benefits, whether it be as the result of divorce or governmental requirement.

TEFRA

TEFRA is a federal law that amended the Age Discrimination and Employment Act (ADEA) to require employers with more than 20 employees to offer to employees who are age 65 and older, and their spouses age 65 or older, health insurance benefits that are equivalent to the medical benefits offered to younger employees. Please notify the Administrator if there is a change in your TEFRA status or information.

IRS Reporting

Participating employers who are required to make a filing with the Internal Revenue Service on their group benefits plans should advise their broker/agent and the Trust of this fact. The Trust will then assist the employer with any required information. The Trust will not make any determinations as to which employers are required to do so.