



EVERGREEN

SECURITY TRUST

ADMINISTRATION GUIDE

Introduction

The Evergreen Security Trust (EST) Employer Administration Guide is designed to assist you in administering your employee benefits program. Detailed information is included on benefits, eligibility, monthly billing statements and forms to assist you in answering your employees' questions.

Because this guide will be used as a reference by different groups with varying benefits, it includes only our standard policies and procedures. For more information about your groups specific benefits, please refer to the plan benefit booklets provided by the carriers, or contact your Broker or Agent.

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Section
1

Directory of Contacts

Service	Specific Questions About...	Company/Contact Information
<p>Billing & Eligibility Administration</p> <p>Benefit Booklets</p>	<ul style="list-style-type: none"> • Enrollment • Adding/deleting employees • Eligibility issues • Information changes (address) • Billing statements • Benefit Booklets 	<p>Benefit Solutions, Inc. (BSI) Tiffanie Quincy (206) 859-2600 (206) 859-2625 (fax) tquincy@bsitpa.com</p> <p>Mailing address: P.O. Box 6 Mukilteo, WA 98275</p> <p>Physical address: 12121 Harbour Reach Drive Suite 105 Mukilteo, WA 98275</p>
<p>COBRA</p>	<ul style="list-style-type: none"> • Any BSI administered COBRA issue 	<p>Benefit Solutions, Inc. (BSI) COBRA Department (206) 859-2600 (206) 859-2625 (fax) COBRA@bsitpa.com</p>

Service	Specific Questions About...	Company/Contact Information
<p>Regence BlueShield & Asuris Northwest Health Benefits & Claims ID Cards</p> <p>Provider Information</p>	<ul style="list-style-type: none"> • Covered benefits • Claims status • Explanation of Benefits • Medical, Vision, and Prescription Drug claims • ID card requests • Order or re-order ID cards • Status of ID card mailing, ID cards for dependents not living at home <ul style="list-style-type: none"> • Request for Washington Provider booklet • Confirm that a provider is on the plan 	<p>Regence BlueShield & Asuris Northwest Health Member Services & Claims (800) 544-4246 www.myregence.com or www.myasuris.com</p> <p>Claims Address: P.O. Box 30271 Salt Lake City, UT 84130-0271</p> <p>All Other Correspondence: P.O. Box 21267 1800 Ninth Avenue Seattle, WA 98111-3267</p>
<p>Regence BlueShield Out-of-State Preferred Providers Locator</p>	<ul style="list-style-type: none"> • Out-of-State providers 	<p>The Blue Card Program (800) 810-BLUE www.bcbs.com</p>
<p>Pharmacy Locator</p>	<ul style="list-style-type: none"> • Participating pharmacies 	<p>Regence BlueShield & Asuris Northwest Health Member Services (800) 544-4246 www.regencerox.com</p>
<p>Dental</p>	<ul style="list-style-type: none"> • Dental claims • Dental coverage and/or benefits • Pre-determination of benefits • Provider lists 	<p>Washington Dental Service (800) 554-1907 (206) 522-2300 www.deltadentalwa.com</p> <p>Mailing Address: P.O. Box 75983 Seattle, WA 98125</p>
<p>Life/AD&D and Dependent Life</p>	<ul style="list-style-type: none"> • Death or dismemberment claims 	<p>Regence Life & Health (800) 286-1129 www.regencelife.com</p> <p>Mailing Address: P.O. Box 1271, MS E3A Portland, Oregon 97207-1271</p>

Employer Requirements

EMPLOYER ELIGIBILITY

Evergreen Security Trust (EST) requires only the following in order to access benefits through the Trust:

- Your group must be an active business headquartered in Washington, employing five or more employees/owners who meet the employee eligibility requirements (stated in Section 3).
- You have completed our Trust's Group Master Application for Coverage and have selected your benefit offerings.

If you fail to meet the 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.

INITIAL PARTICIPATION

Each new employer joining the Trust completes a Group Master Application for Coverage which specifies general employer requirements. This Application states the premium contribution levels, employee and dependent eligibility requirements, and benefits selected. An employer must select a core benefits package through Evergreen Security Trust. Core benefits include Medical & Vision, and mandatory Life/AD&D and Dependent Life coverage (\$10,000/employee, \$2,000/spouse, \$1,000/child). Non-core benefits are optional to your group and include Dental and Life/AD&D buy-up coverage of either \$25,000 or \$50,000. These optional benefits may not be purchased on a stand-alone basis without Medical coverage.

An employer may only make changes to its selected plan(s), contributions, eligibility definitions, and employment classifications at initial enrollment and renewal dates. If you are considering a change at your next renewal, please advise your Broker or Agent, as this could have an impact on your renewal rates.

CONTRIBUTION AND PARTICIPATION

Employers must contribute at least 75 percent of the cost of employee coverage for each eligible employee. This is the minimum required employer contribution; however the employer may contribute up to 100 percent of the cost of employee coverage.

A minimum of 75 percent of eligible employees must enroll in the group plan. If participation falls below 75 percent, then employees choosing to waive coverage must have valid waivers.

Please Note: A valid waiver is considered to be other group coverage, Medicare, or military coverage (TRICARE or CHAMPUS). Individual coverage is not a valid waiver.

There are no requirements for dependent contribution or participation.

ADMINISTRATIVE RECORDS

Your group is responsible for maintaining accurate records relating to eligibility, enrollment, payroll deductions, hours worked, waivers of coverage, premium payments and other records necessary to administer the benefit plan.

EVERGREEN SECURITY TRUST ASSUMPTIONS & CONDITIONS

These assumptions and conditions were established by Regence BlueShield and Asuris Northwest Health in order for your group to remain covered. An employer agrees to these assumptions by signing the Evergreen Security Trust Group Master Application for Coverage.

- All rates are guaranteed for a twelve-month period, except in case of:
 - A Government mandated benefit change;
 - An amendment of the benefit plan or contract;
 - An addition or deletion of a subsidiary, corporate division, or affiliated company;
 - Any change in the employer contribution, employee eligibility or probationary period; or
 - An enrollment change of 10% in any single month.
- Compulsory coverage includes medical/vision, Life and AD & D insurance.
- Employees must be covered by Regence BlueShield or Asuris Northwest Health for three consecutive months to be eligible for benefits related to preexisting conditions (as specified in the benefits booklet) and for six consecutive months for transplant benefits. Credit for preexisting conditions will be provided for members covered under "creditable coverage" (as defined in the Health Insurance Portability and Accountability Act of 1996) within three months prior to enrolling with Evergreen Security Trust. A person must apply within three months of being covered under prior "creditable- coverage." No waiting period credit is provided for transplant benefits if a person

does not transfer to this plan directly from another Regence BlueShield or Asuris Northwest Health contract underwritten by any of the affiliated Regence Group Plans.

- To be eligible for coverage, employees must be actively employed and working a minimum of 20 hours per week on the contract effective date unless they are on a COBRA extension. Employees and dependents on an approved leave of absence, receiving an extension of benefits under a prior carrier, or confined in a hospital on the effective date will not be eligible until they return to active employment. Commissioned salespeople and independent contractors whose earnings are reported on IRS form 1099 are not considered eligible employees. Employees must be reported on the group's payroll system, appearing on their quarterly report of wages filed with the Washington State Employment Security Department.
- Dependent eligibility must flow through the enrolled subscriber.
- Proposed rates and benefits assume common eligibility between all lines of coverage.
- Dependent coverage is available for children under age 25 who are unmarried and primarily dependent upon the subscriber for support.
- Re-certification is required on any disabled or handicapped dependent over the age of 25.
- Either Regence BlueShield or Asuris Northwest Health is the sole carrier for the group's medical product. If any other carrier is introduced for medical coverage, the proposed rates are invalid and the group may be re-evaluated.
- All rates assume that none of the deductible, coinsurance or co-payments will be self-insured by the group.
- Regence BlueShield or Asuris Northwest Health will be contracting with one legal entity in which a true employer/employee relationship exists with all eligible employees. Documentation substantiating this may be requested.
- Groups under 10 employees will not be offered a dual-choice on the medical.
- Coverage for part-time employees (working fewer than 20 hours per week) and for retirees is not included.
- Regence BlueShield or Asuris Northwest Health will be the primary insurer and Medicare the secondary insurer for all Member Groups.
- Our standard benefit and contract provision will apply.
- The rates assume Regence BlueShield & Asuris Northwest Health are not subject to the benefit or administrative mandates of any other state.
- Regence BlueShield and Asuris Northwest Health reserve the right to re-rate if any of these assumptions and conditions proves contradictory.

Eligibility & Enrollment

EMPLOYEE ELIGIBILITY REQUIREMENTS

Your company is responsible for defining the classification of employees eligible for benefits within the parameters established by Evergreen Security Trust.

An eligible employee is one who satisfies all of the following:

- Must be and remain an active, full-time employee, proprietor, partner or corporate officer of the group. A full-time employee works more than a specific number of hours each week and is expected to continue to do so. Employers may set the minimum hours required to determine full-time status for employee eligibility, provided that the minimum standard is not less than 20 hours per week.
- Not classified by the group as a temporary, seasonal or substitute employee or as an independent contractor.
- Is paid on a regular, periodic basis through the participating employer's payroll system and receives a W-2 form for tax purposes. Employees who receive a 1099 rather than a W-2 are not eligible.
- Appears on the participating employer's quarterly report of wages filed with the Washington State Employment Security Department;
- Has satisfied the probationary period, if the participating employer requires one, as specified on the Group Master Application for Coverage.

EMPLOYEE ELIGIBILITY

Eligible employees must be actively employed at the time of enrollment. If an employee is on an approved leave of absence, temporary layoff or extension of benefits under a prior carrier, coverage for the employee and any dependents will be delayed until the employee returns to active, full-time employment, unless he or she is on a COBRA extension.

Employees who decline coverage when they are initially eligible will still be required to enroll in the Trust's mandatory Life/AD&D coverage by completing an Employee Enrollment Application (check

the Life Only box at the top of the form). If they are declining due to having other coverage, we require proof of other coverage submitted with the waiver form.

Please Note: All eligible employees **MUST** be covered for Life/AD&D and Dependent Life insurance, even if they waive medical and dental coverage.

Employees who lose other coverage may be eligible to enroll in the plan before the next open enrollment period, provided an Employee Enrollment Application is received within the required time frame. See Special Enrollment.

If an employee declines coverage at initial enrollment and later acquires a new dependent due to marriage, birth or adoption the employee may enroll himself or herself with eligible dependents due to HIPAA special enrollment period rights, provided we receive an Employee Enrollment Application within the required time frame. See Special Enrollment.

In order to add employees or dependents who did not enroll when initially eligible, we must receive a request from the employer and appropriate enrollment forms at least **30 days** prior to the effective date.

DEPENDENT ELIGIBILITY

To be eligible for coverage as a dependent, the family member must be one of the following in relation to an enrolled employee:

DEPENDENT SPOUSE

A dependent spouse must be the lawful spouse of the member.

DEPENDENT CHILD

A dependent child under the age of **25**, unmarried, and primarily financially dependent on the employee is eligible for coverage if they meet one of the following qualifications:

- The child is the natural offspring of either one or both the employee or the employee's spouse.
- The child is legally adopted by either one or both the employee or the employee's spouse.
- The child is under the employee's legal guardianship. Written proof of the subscriber's legal guardianship, stating the reason and authority for the guardianship and copy of the court order and guardianship petition is **required** to be submitted with coverage requests
- The child is placed for adoption with the employee ("placed" meaning that the employee accepts primary financial and legal responsibility for the child in anticipation of adoption). Legal adoption paperwork is **required** to be submitted with coverage requests.

OVER-AGE CHILDREN

Over-age children are those children who are age 25 or older. Over-age children will not be considered eligible for coverage. Letters are sent to the covered employee periodically to verify eligibility. If the letters are not returned, coverage will cease at the end of the month in which the next birthday occurs.

INCAPACITATED CHILDREN

Children who are incapacitated due to developmental disability or physical handicap and chiefly dependent upon the employee, spouse, or non-covered legal parent for support and maintenance, are also eligible for benefits provided the dependent was covered continuously on the employees' group health contract immediately prior to the 25th birthday and the incapacity occurred prior to the 25th birthday. Benefits will be provided for the duration of the incapacity unless coverage terminates. Proof of incapacity will be required within 31 days after the child's 25th birthday, and not more frequently than one time per year after the child's 27th birthday.

ADOPTED CHILDREN

An adopted child of an employee will become initially eligible for coverage on either the date of placement, the date of the transfer order for a private agency adoption, or on the date the child is taken into the member's home, whichever occurs first.

The employee must apply for coverage by completing a Employee Enrollment Application form within 60 days of initial eligibility or wait until the next open enrollment period (renewal). A copy of legal documentation must be provided with the Employee Enrollment Application form to determine eligibility.

The pre-existing limitations or pre-existing waiting periods will not apply to the member's adoptive child, under age 18, who becomes eligible after the member's initial effective date of coverage.

JUDICIALLY APPOINTED MINOR WARDS

A judicially appointed minor ward is eligible for coverage provided the employee is the legal guardian and has obtained proof through the court system. Only minor wards are eligible.

When the employee becomes the legal guardian, he or she must apply for coverage by completing a Request for Coverage form within 31 days. A copy of the legal documentation must be provided with the Request for Coverage form to determine eligibility. Coverage will be retroactive to the date of initial eligibility or the date that guardianship is effective, provided the Request for Coverage form is submitted within 31 days of initial eligibility.

Please Note: For a child to be an employee's ward, the member must have been appointed as the child's legal guardian. Under the eligibility provisions of Regence BlueShield's contracts, having custody of a child is not sufficient to enroll the child as an eligible dependent.

DIVORCED SPOUSE

A dependent spouse is no longer eligible for coverage under the employee's coverage after the last day of the month in which the divorce becomes final, unless the group is subject to COBRA and the divorced spouse has elected a COBRA extension. If the group is not subject to COBRA, the divorced spouse may choose to continue coverage through a six-month continuation.

FOSTER CHILDREN

Foster children are not eligible for coverage as dependents.

PROBATIONARY PERIOD

Coverage for an eligible employee begins on the first day of the month following completion of the probationary period. If an employee is hired on the first day of the month or the first working day of a month, that month will either count toward the first month of a group's probationary period, or, for groups with no probationary period, the employee is eligible beginning the first of that same month. Eligible dependents will have the same effective date as the employee.

Please Note: We must receive a completed Employee Enrollment Application within 30 days of the employee's or dependent's initial date of eligibility.

The probationary period is determined by the employer and is the specified period of time that the employee must work for your company before they become eligible for coverage under your group plan. The probationary period selected by the employer applies to all coverages under Evergreen Security Trust. Changes in the probationary period can be made only at the group's annual renewal.

If an employee changes from being part-time to full-time, the probationary period may be applied one of two ways, as indicated on the Group Master Application for Coverage: 1) Effective on the date the employee transferred from part-time to full-time status or 2) the time served in part-time status may be applied toward the employee's probationary period.

Employees rehired within three months of the date their coverage canceled may have the probationary period waived upon an employer's written request. Also required is a new completed Employee Enrollment Application.

Any time accrued under the probationary period required by a group will be credited toward satisfaction of any pre-existing condition waiting periods required under the plan.

WAIVING PROBATIONARY PERIOD FOR KEY SALARIED EMPLOYEES

It is possible to waive the probationary period, but only for key salaried employees. The following requirements must be met or the request to waive the probationary period will be denied:

- The entire probationary period must be waived.

- The eligible employee must be a key salaried employee (example; manager or executive)
- The condition to waive the eligible employee's probationary period must be included in writing in the employment offer letter and a copy of the employment offer letter must be included with the employee's completed Employee Enrollment Application.

ENROLLMENT/EFFECTIVE DATE OF COVERAGE

Coverage for the employee and enrolled dependents will become effective the first of the month coinciding with the following:

- The date the employee enters into an eligible class of employees; and/or
- The date the probationary period ends.

ENROLLING NEW EMPLOYEES AND DEPENDENTS

To enroll employees and/or dependents, or make changes, you must send the completed Employee Enrollment Application along with any required documentation to BSI. We recommend that you submit the application at least 10 to 15 business days prior to an enrollee's effective date so that ID cards are received by the effective date. A completed Employee Enrollment Application must be received no later than the following timeframes:

- For newly eligible employees and/or dependents, within 30 days of initial eligibility.
- For a new dependent spouse, within 31 days of marriage (see Adding New Spouses),
- For judicially appointed minor wards, within 31 days of the guardianship becoming effective (see Adding Minor Wards).
- For newborns or adopted children, within 60 days of birth (see Adding Newborns) or adoption (see Adding Adopted Children).

Coverage will only be effective when BSI receives a properly completed Employee Enrollment Application and any additional required documentation. Late enrollment applications can result in denial of coverage.

Completed Employee Enrollment Applications may be mailed or faxed to BSI, Evergreen Security Trust's eligibility administrator. Mail or fax to:

**Evergreen Security Trust
c/o Benefit Solutions, Inc.
P.O. Box 6
Mukilteo, WA 98275**

FAX (206) 859-2625

Please check your monthly billing statement to verify new employees and dependents have been added to your plan. If you notice a problem on your monthly statement, please contact BSI Customer Service.

ADDING NEW SPOUSES

To add a new spouse (and children due to marriage), an Employee Enrollment Application form and a copy of the marriage certificate must be received no later than **31 days of the date of marriage**. Coverage begins on the first day of the month coinciding with or following the marriage, as specified in the benefit booklet.

ADDING NEWBORNS

If the mother is enrolled in the Plan (either as an employee or an employee's spouse), coverage for children born to the mother is automatic for the first 21 days after birth. To continue coverage for the child after this initial 21-day period, the mother must enroll the child and pay the applicable premium for coverage. Enrollment must be completed no later than **60 days of the child's birth date**.

ADDING ADOPTED CHILDREN

Newly adopted children will be covered effective on the date the employee assumed legal obligation for financial responsibility (date of placement) of the child. The employee will need to complete a Employee Enrollment Application form and provide us with a copy of the legal adoption papers within **60 days of the adoption date**.

ADDING MINOR WARDS

Children who are legal wards (covered under legal guardianship) will be covered provided that they are enrolled no later than **31 days from the date the legal guardianship began**. In addition to a completed Employee Enrollment Application form, the following documentation is required and must be received by BSI:

- Written proof of the subscriber's legal guardianship, stating the reason and authority for the guardianship; and
- Copy of the court order and guardianship petition.

ENROLLMENT CHECKLIST

- Every eligible employee must complete an Employee Enrollment Application form. Employees who wish to waive medical coverage must enroll in the Trust's mandatory life coverage through Regence Life & Health, and therefore must complete an Employee Enrollment Application and check the "Life only" box on the top. To add an employee or dependent, BSI must receive a signed enrollment form within 30 days of the employee and/or dependent becoming eligible for coverage.
- The employer should review and sign all new applications to make sure they are complete, signed by the employee and employer, and dated. The employer should make a copy for their files.
- Mail or fax the completed Employee Enrollment Application form with any required documentation to BSI.
- Forward Employee Enrollment Application forms for new enrollees to BSI at least **10 to 15 business days prior to the effective date of coverage** to avoid claim-processing delays and to ensure insurance ID cards reach the employee by his or her effective date.

IDENTIFICATION CARDS

For new members enrolling after the initial sign-up period (via a completed Employee Enrollment Application form), identification cards will be mailed to the employee's address. New identification cards will be issued as dependents are added.

If an employee needs a new identification card or would like additional cards for eligible dependents, requests should be directed to Regence BlueShield or Asuris Northwest Health Member Services. An employee may also order a new identification card by logging on to www.myregence.com or www.myasuris.com.

OPEN ENROLLMENT PERIOD

There is no general open enrollment period. If employees or dependents are not enrolled when they first become eligible, or as allowed under Special Enrollment, they may not be enrolled until your company's next annual renewal.

OPTION TO RE-RATE FOR NON-ENROLLED EMPLOYEES AT RENEWAL

At renewal, if you wish to add employees or dependents who did not enroll when originally eligible, the participating employer may request that its group be re-rated to include the new employees or dependents. **We must receive your request and the appropriate enrollment forms at least 30 days prior to your company's renewal effective date.**

In order to accomplish this, please contact your Broker or Agent to request that the following materials be submitted 30 days prior to the renewal date:

- A request in writing, from either the participating employer or the employer's Broker or Agent, to re-rate the group based on inclusion of newly eligible employees and/or employees who did not enroll when originally eligible;
- Employee Enrollment Application forms for each non-enrolled employee who wishes to enroll (enrollment forms are not required for currently enrolled employees);

Re-rating will account for demographic changes in the group based on the new enrollment and the overall group data. Once this enrollment is offered to employees, it may not be rescinded prior to the effective date of the renewal.

SPECIAL ENROLLMENT

Employees and/or their dependents are permitted to enroll outside of your company's enrollment period only if one of the "qualifying life events" listed below has occurred. Unless otherwise noted, effective date must be the first of the month following the event and the enrollment submitted no later than 30 days.

- Dependents are acquired through marriage after the employee's eligibility date. The eligible and newly eligible dependents must apply for coverage no later than 31 days of the date of marriage.
- Natural newborn child is born on or after the employee's eligibility date. If the mother is enrolled in the Plan (either as an employee or an employee's spouse), coverage for the child born to the mother is automatic for the first 21 days after birth. If the mother is not enrolled in the plan, coverage for the newborn is not automatic for the first 21 days of birth. Coverage for the mother and all other eligible dependents will commence retroactive to the date of birth, provided the Employee Enrollment Application form is received no later than 60 days of the date of birth.
- Children are adopted or placed for adoption with an eligible employee on or after the employee's eligibility date. The eligible employee and eligible dependent(s) (i.e., spouse and adopted child) must apply for coverage no later than 60 days after adoption or placement for adoption.
- Children are also covered under Qualified Medical Child Support Orders or other court orders after the employee's effective date. Coverage will become effective on the date requested in the order.

- The Washington State Department of Social and Health Services (DSHS) determines it is more cost-effective for the employee and/or dependents that are eligible for state medical assistance to enroll for coverage on the group plan. A notice of eligibility will be issued for the employee to take to their employer. If the employee and/or dependent is eligible to enroll on the group plan (i.e., has met the probationary period, works the minimum number of hours required to be eligible for coverage, etc), then the employee and/or dependent may enroll in the group plan. Coverage will become effective the first of the month following DSHS's notice of eligibility.

WAIVING COVERAGE

Employees who wish to waive medical coverage must still enroll in the Trust's mandatory Life/AD&D coverage through Regence Life & Health, and therefore must complete an Employee Enrollment Application (check the "Life Insurance Only" box on the top). In order to document an employee's choice to waive coverage, employer's may use a Regence or Asuris Waiver of Coverage form to document an employee's choice to waive coverage. Dependent coverage is only available if the employee is enrolled. If an employee waives medical benefits for himself/herself or a family member, all benefits are waived as eligibility is tied to medical benefits and there are no stand-alone benefits. Employees who waive coverage when initially eligible due to other health care coverage may enroll themselves and their eligible dependents at a time other than your company's enrollment period if one or more of the following occurred:

- The employee lost other coverage due to loss of eligibility for the other coverage (for example, due to legal separation, divorce, termination of employment, or a reduction in the number of hours worked).
- The employer where the other coverage was offered terminated its contribution toward the employee's other coverage.
- The employee was covered under COBRA at the time this coverage was offered and the employee's COBRA benefits have been exhausted.

A complete Employee Enrollment Application form and Certificate of Creditable Coverage must be submitted to BSI no later than 30 days after the loss of other coverage. Coverage becomes effective the first of the month after the qualifying event and the completed application is received.

REPORTING ELIGIBILITY CHANGES

To make any changes regarding the eligibility of employees and dependents, employers must submit an Employee Enrollment Application form with the appropriate information completed. After the new employee has enrolled or your company's initial enrollment or renewal period passes,

adding dependents or employees who waive enrollment may be done only if a special enrollment period applies.

A retroactive termination, addition, or other change will not be accepted unless there is sufficient documentation to justify such actions. Late enrollment applications can result in denial of coverage.

ELIGIBILITY AUDITS

Insurance carriers may require periodic random audits of participating employers' employment records for compliance with our eligibility requirements.

When Coverage Ends

CANCELING COVERAGE FOR EMPLOYEES & DEPENDENTS

When an employee or dependent is no longer eligible for coverage or wishes to cancel coverage, the employer must notify BSI of the cancellation either in writing (email is okay) or on your monthly bill. The effective date of cancellation will be the first of the month coinciding with or following the employee or dependent's loss of eligibility or request to cancel. If a cancellation is not requested in a timely manner and a request is made for retroactive cancellation, the cancellation will be made effective the first of the month prior to the month in which BSI receives the request.

Subject to group participation requirements, members and dependents may voluntarily drop their medical coverage. The cancellation request must be received within 30 days of the cancellation date.

To cancel an employee's coverage, draw a line through the employee's name on the billing statement and note the termination date. Then send the billing statement in with your regular monthly payment. Dependent's coverage will be cancelled automatically when an employee's coverage is cancelled. To cancel a dependent only, please notify BSI in writing or via email.

Please Note: Notification of cancellation for employees and dependents is limited to 30 days from the termination date. Cancellations beyond the 30-day time limit will not be retroactively credited to your account. Verbal notifications of cancellations cannot be accepted.

EMPLOYEE CANCELLATION

An employee's coverage will end when one or more of the following occurs:

- The participating employer no longer participates in Evergreen Security Trust for any reason;
- The employee's employment is terminated;
- The employee is no longer a full-time employee;

BILLING & ADMINISTRATION

- The employee is no longer in an eligible employee class;
- The employee cancels coverage provided that the employer still meets the Trust's 75 percent participation requirements;
- The participating employer's premiums are not paid when due or within the grace period;
- The employee dies.

DEPENDENT CANCELLATION

A dependent's coverage will end when one or more of the following occurs:

- The participating employer no longer participates in Evergreen Security Trust for any reason;
- The employee cancels coverage provided that the employer still meets the Trust's 75 percent participation requirements;
- The dependent divorces or legally separates from the employee (spouse will lose eligibility but enrolled children may not necessarily lose eligibility);
- The dependent reaches the age of 25;
- The dependent marries;
- The child is no longer primarily dependent upon the eligible employee for financial support;
- The dependent dies.

CANCELLATION OF COVERAGE CHECK LIST

- Advise the employee or dependent of cancellation effective date.
- Advise BSI of the termination, either in writing, via email, or on your monthly bill.
- Advise the employee or dependent of options to continue benefits.
- Employees separating employment should be advised that they may qualify for life insurance conversion options, if any.

COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) is the federally mandated program that provides enrollees the opportunity to continue their health coverage at their own expense following a qualifying loss of employer provided coverage. Normally, employers are subject to COBRA if they employed 20 or more employees on at least 50% of the typical business days during the preceding calendar year. However, it is the participating employer's responsibility to

determine if they are required to offer COBRA coverage with their group health plan. It is also the participating employer's responsibility to notify enrollees of their rights and obligations under the COBRA law when they first join the plan.

QUALIFICATIONS FOR COBRA

Covered employees and dependents qualify for 18 months of continued coverage if they meet one of following qualifying events:

- Employee is terminated from employment for any reason other than gross misconduct.
- Employee's number of hours worked is reduced resulting in the loss of benefits.

DISABILITY EXTENSION

If an individual entitled to COBRA continuation coverage is disabled (as determined under the Social Security Act) and satisfies the applicable notice requirements, the plan must provide COBRA continuation coverage for 29 months, rather than 18 months. Under current law, the individual must be disabled at the time of the termination of employment or reduction in hours of employment. HIPAA makes changes to the current law to provide that, beginning January 1, 1997, the disability extension applies if the individual becomes disabled at any time during the first 60 days of COBRA continuation coverage. HIPAA also makes it clear that, if the individual entitled to the disability extension has non-disabled family members who are entitled to COBRA continuation coverage, those non-disabled family members are also entitled to the 29 month disability extension.

CONTINUED COVERAGE FOR DEPENDENTS

Covered dependents (but not employees) qualify for 36 months of continued coverage if they meet one of the following qualifying events:

- A covered dependent divorces or legally separates from the covered employee; or
- A dependent child no longer qualifies as a dependent under the plan; or
- The covered employee dies.

If one of the above qualifying events occurs within the 18-month period of continuation coverage due to termination of employment or reduction in hours, COBRA can be extended for up to 36 months from the date of the first qualifying event.

WHEN COBRA COVERAGE ENDS

COBRA coverage will end on the last day of the month for which the monthly payment was made if any of the following occur:

- The applicable coverage period ends;
- Applicable premiums are not paid when due or within the 30-day grace period;
- The qualified beneficiary (after the date of COBRA election) becomes covered by another group health care plan that covers preexisting conditions;
- The qualified beneficiary becomes entitled to Medicare after the date of COBRA election;
- The employer no longer offers group health care coverage to its employees;
- The Group Contract terminates between Evergreen Security Trust and Regence BlueShield or Asuris Northwest Health.

COBRA ADMINISTRATION OFFERED THROUGH BSI

Benefit Solution, Inc. (BSI) currently offers COBRA administration services at no additional charge to employers participating in Evergreen Security Trust. Employers interested in using BSI's free COBRA administration must complete a COBRA Administration Agreement form. For more information, please contact BSI.

When employers decide to handle their own COBRA administration responsibilities, it is recommended that the procedure be reviewed by an attorney periodically to ensure compliance with COBRA. Employers should also be aware that any plan changes or rate adjustments at renewal will have an effect on the COBRA participants.

STATE OF WASHINGTON CONTINUATION OF COVERAGE

Participating employers with less than 20 employees who are exempt from COBRA may be required to offer Continuation of Coverage benefits due to state of Washington mandates. These mandates allow employees to choose to extend their coverage for up to six months when active coverage is terminated. If an employee requests this continuation, the employer must comply by collecting the applicable premium from the employee through self-payment and subsequently maintain the employee's name and premium on the employer's billing form for the applicable months. The employer should forward one company check for premium for all active and terminated participants. **Personal checks from the employee forwarded as part of the premium payment will not be processed.** Continued coverage may end before the six-month period if the premium is not paid when due, or if the employer terminates its participation in Evergreen Security Trust. Continuation may not exceed a six-month period.

LEAVES OF ABSENCE

A covered employee who undertakes an employer-approved leave of absence will be eligible for coverage for a maximum of three months. Rate payments must be submitted through the group in a regular manner. We cannot accept direct rate payment from the member. A leave of absence will be considered to have commenced when the member is no longer receiving a full salary, not to

exceed 90 calendar days from the date the member is no longer at work. In the case of a medical leave of absence, the three-month period will begin when the member exhausts his or her company-paid sick leave (but not disability insurance). The 90-day leave of absence period counts toward the maximum COBRA continuation period, if applicable to your group, except as prohibited under the Family and Medical Leave Act of 1993 (Public Law 1033), which is discussed in Section 7.

Please Note: For groups that are subject to COBRA, the beginning of the leave of absence is considered a qualifying event, and extension of coverage through COBRA would begin immediately. Employees of groups not subject to COBRA may choose a six-month continuation for members no longer eligible for coverage.

LIFE INSURANCE CONVERSION PRIVILEGE AT TERMINATION

The full details of the conversion privilege for group life insurance are explained on the Application for Life Insurance Conversion form. Employers have an obligation to make employees aware of the life insurance conversion privilege at time of termination. Employees have 31 days from date of termination to apply for an individual life insurance policy without submitting evidence of insurability to Regence Life & Health. Please contact Regence Life & Health for more information.

Please Note: Inform your employees that the rates, coverage, and eligibility requirements for Conversion Coverage differ from those of the current group plan.

LABOR DISPUTE

An employee may pay the full premium rates through the participating employer or directly to the billing administrator, BSI, to keep coverage in effect for up to six months in the event of suspension of compensation due to lockout, strike or other labor disputes. The six-month labor dispute period counts toward the maximum COBRA continuation period, if COBRA is applicable to your group.

HEALTH INSURANCE CONVERSION COVERAGE

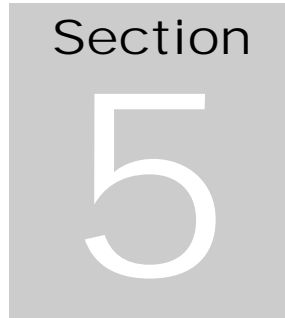
When coverage under Evergreen Security Trust ends and enrollees are not eligible for Medicare, they may apply for Conversion Coverage. Providing Conversion Coverage is an obligation of the insurance carrier. **The application for Conversion Coverage must be made within 31 days from the date coverage under the group program ends.** For more information, please contact Regence BlueShield or Asuris Northwest Health Member Services.

CERTIFICATE OF HEALTH COVERAGE

When coverage under this program terminates, the enrollee will receive a "Certificate of Health Coverage." The certificate will provide information about an enrollee's coverage period under this program. When a copy of the certificate is provided to a new health plan, the enrollee may receive credit toward any waiting period for preexisting conditions.

A person who has not received a certificate, or has misplaced it, has the right to request one from Regence BlueShield or Asuris Northwest Health within 24 months of the date coverage terminated.

When a person receives a Certificate of Health Coverage, it is very important that he or she review the certificate for accuracy. The enrollee should contact Regence BlueShield or Asuris Northwest Health if any of the information listed is incorrect.



Billing & Administration

ABOUT YOUR BILLING STATEMENT

Benefit Solutions, Inc. (BSI) is the billing and eligibility administrator for Evergreen Security Trust and sends you your monthly billing statement. The billing statement details charges for employee eligibility and related benefit coverages. When your billing statement arrives, carefully review it for accuracy. **Note adjustments or changes directly on the bill and return a copy of the bill with your remittance by the first day of the coverage month.**

PROCESSING YOUR BILLING STATEMENTS

Each billing report will be made up of at least two pages. The first page may be used for reconciliation and shows the amount billed for the previous month, prior period coverage adjustments and payments received. If there is an unpaid balance or credit on the account, it will also be shown on this page.

Subsequent pages will list the current month's billing detail. Covered employees are listed in alphabetical order with the last four digits of their social security number in the next column. Coverage elections are made on the initial enrollment forms; these coverage are listed under Elections. Premiums are listed in the appropriate column, i.e., Medical, Dental, Life, etc., with the total extended to the right side of the billing under the Subscriber Total.

The last page of the bill provides the elections legend and a current Billing Total, which is the amount due. If there are no employee changes, please remit the last page of your bill along with a check in the amount of the Billing Total, payable to Evergreen Security Trust.

HOW TO CANCEL AN EMPLOYEE USING YOUR BILLING STATEMENT

Draw a line through the employee's name and enter the appropriate status code and effective date. If an employee is eligible during the month in which they terminate, the effective date is the last day of that month. Any adjustment will show on the following month's billing report.

Please Note: To remove a dependent from coverage, the employee must complete an Employee Enrollment Application form and check the appropriate box at the top. The form must then be mailed or faxed to BSI no later than 30 days from the termination date. Cancellations beyond the 30-day time limit will not be retroactively credited to your account.

IF YOUR COMPANY IS COBRA ELIGIBLE

If your company administers COBRA and a terminating employee is requesting COBRA coverage, enter "C" in the Status column of your billing statement, write in the Employment Termination date, cross off Life premium and subtract the life premium amount from the total due. The life benefit is only available to active employees. If your company experiences plan changes or premium adjustments, you must communicate this to your active COBRA participants. If BSI administers COBRA on your company's behalf, enter Termination date and deduct the terminating employee's total premium amount from the total due. For further clarification, please call the BSI COBRA department.

REMITTING YOUR PREMIUM PAYMENT

Evergreen Security Trust is a prepaid health plan and premium is due no later than the 1st day of each month of coverage. You will receive your billing statement around the 5th of the month for prepaid benefits effective the 1st of the following month. If you do not receive your bill in a timely manner, please contact BSI immediately.

We require full payment as indicated on your bill. You may submit your premium payment up to 30 days in advance. Due to the possibility of enrollment changes, premium amounts in advance of 30 days cannot be predicted. Therefore, any advance premium payments in excess of 30 days will not be accepted.

Payments must be paid with a company check that matches the company name. No entity other than the participating employer is allowed to submit payment. Premiums for individuals on continuation of coverage must be included in your company's monthly payment.

Please reference your Employer Number on your check. Your Employer Number can be found to the left of your Company Name on the billing report.

Mail premium payments to:

**Evergreen Security Trust
c/o Benefit Solutions, Inc.
PO Box 6
Mukilteo, WA 98275-0006**

Please Note: BSI offers a Check-by-fax service for a \$15.00 fee. Please call BSI Customer Service for more information.

PREMIUM PROCESSING & DELINQUENT ACCOUNTS

To avoid reminder and cancellation notices, as well as claim payment problems, **please make sure that BSI receives your payments prior to the 1st day of the month of coverage.**

If payment is not received by the 10th of the month, you will receive a delinquent notice requesting immediate payment. Failure to pay by the end of the coverage month will result in cancellation of coverage and denial of all claims in the unpaid period.

Premium payments must be made by the due date to ensure that coverage to your covered employees and dependents is not interrupted. Timely premium payments allow carriers to show employees eligible on the first of the month. This improves customer service, expedites claim payments and avoids service delays for claims pending in the system for premium non-payment.

If an employer's participation in Evergreen Security Trust is terminated for non-payment of premium, the employer may apply for reinstatement. Please see the Reinstatement Policy for more information.

Please Note: If your payment is not received by the 1st of the month, claims incurred during the period indicated on your bill may not be paid.

NON-SUFFICIENT FUNDS (NSF)

Any check returned NSF is considered the same as nonpayment. The check will be returned. Eligibility will be adjusted back to the last month for which payment was received. Failure to pay by the end of the coverage month will result in cancellation and denial of all claims in the unpaid period.

TERMINATION FOR NON-PAYMENT OF PREMIUM

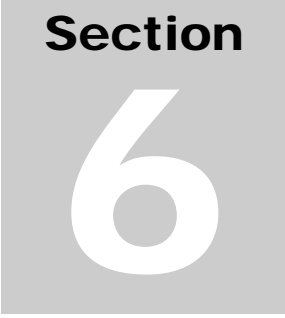
If you fail to pay your premium by the end of the coverage month, your coverage will be cancelled and all claims in the unpaid period will be denied. If a balance is owed on your account, it is due at the time of cancellation. If the balance due is not paid within a timely manner, your account may be referred to collections.

REINSTATEMENT POLICY

If an employer is terminated due to non-payment of premium, they have a one-time option to request reinstatement. If an employer is terminated a second time for non-payment and have used their one-time reinstatement they will not be eligible for reapplication for a period of 1 year. The employer must apply for reinstatement within 30 days of their cancellation letter. Employers applying beyond the 30-day period will be denied. In order to be considered for reinstatement, you must complete the following requirements:

- The employer requesting reinstatement must be in good standing with Evergreen Security Trust, and have a timely payment history.

- The Broker or Agent of record must submit a written statement (email or letter) to Evergreen Security Trust's General Agent's office indicating that he or she has reviewed the Reinstatement Policy with the employer.
- The employer requesting reinstatement must submit a letter to Evergreen Security Trust's General Agent's office requesting reinstatement explaining why the employer failed to meet the requirements under the group Participation Agreement.
- BSI will not proceed to reinstate any employer without written approval from the Trust's General Agent. The General Agent will notify the Broker or Agent of the decision.
- If approved for reinstatement, all premiums owed, including the current month's premium, must be submitted to the General Agent's office. If the request is made after the 15th of the month, the upcoming month's premium must be included.

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Annual Renewal of Coverage

EVERGREEN SECURITY TRUST HEALTHCARE RENEWAL PROCESS

Your company has the opportunity to renew your coverage through Evergreen Security Trust annually, on the contract anniversary date. To be eligible for renewal, you must be re-certified as an eligible employer. At renewal, the rates and benefits offered through Evergreen Security Trust may change.

On an annual basis, Evergreen Security Trust may review the enrollment of your company to ensure that it is still eligible for participation. If necessary, this re-certification process will occur prior to your annual renewal. By way of an audit conducted by Regence BlueShield, your account is reviewed for the items in Section 2 "Employer Eligibility."

Renewal information will be sent to your Broker or Agent approximately 60 days before the effective date of renewal coverage. In order to facilitate a successful renewal, you must return a completed Group Master Application for Coverage form by the 20th of the month prior to your renewal date. This will give Evergreen Security Trust sufficient time to set up billing for your renewed plan, send you the information on your new plan and order new insurance identification cards. All outstanding balances from your previous contract must be paid in full or your renewal will not be processed. If you do not submit a completed Group Master Application for Coverage form, your coverage will end on the last day of the month prior to your renewal date.

MAKING CHANGES AT RENEWAL

Changes to your group's contract with Evergreen Security Trust may only be made at renewal. At renewal, you may change your group's medical, dental and/or life benefit amounts. You may also change the employer contribution amounts, eligibility probationary periods, add or delete certain classes of employees, and change the hourly work requirement for employee eligibility.

At renewal, if you wish to add employees or dependents that did not enroll when originally eligible, enrollment forms must be submitted, and your group may be re-rated.

If you are a COBRA eligible company and administer your own COBRA plan, you must communicate plan coverage and premium changes to all COBRA participants. If you are a COBRA eligible company and BSI administers your COBRA plan on your behalf, BSI will communicate all plan and premium changes to active COBRA participants who were previously employed by your company.

CANCELLATION OF GROUP COVERAGE

If an employer chooses to cancel their coverage through Evergreen Security Trust, they must notify BSI in writing. Coverage will be cancelled on the last day of the month in which the written request received.

Applicable Laws

EMPLOYMENT LAWS

Participating employers in Evergreen Security Trust are responsible to comply with applicable federal state and local laws, regulations, and ordinances. These include laws prohibiting discrimination and harassment on the basis of protected characteristics, such as disability, race, age, sex, religion, national origin, and marital status. These also include laws impacting employment relationships including the Americans With Disability Act, the Washington Law Against Discrimination, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Family and Medical Leave Act, and the Washington Family Leave Law.

The following laws in this section specifically affect employee benefit plans. They are provided for your review and to familiarize yourself with their requirements. Evergreen Security Trust strongly advises you to meet with your legal counsel to review your obligations under these laws.

QUALIFIED MEDICAL CHILD SUPPORT ORDERS (QMCSOS)

QMCSOs are court or administrative orders that require a parent to enroll a child in the parent's health plan. Typically, QMCSOs arise in the context of a divorce or child support proceeding. Generally, the employee who is subject to a QMCSO is required to enroll himself or herself and the child or children covered by the QMCSO in health plan coverage for which the employee is eligible. A QMCSO cannot require Evergreen Security Trust to provide coverage to an employee who is not otherwise eligible. If an employer requires employee contribution for coverage, the employer generally can withhold those amounts from and employee's pay.

If you receive a court or administrative order that appears to require coverage under Evergreen Security Trust, please forward it to BSI. BSI will determine whether the order is a QMCSO and will notify you of the action it plans to take in connection with the order.

EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)

ERISA is the federal law governing employer-sponsored health, welfare and retirement plans. The employer-sponsored group life and health insurance coverages provided through Evergreen Security Trust are employee welfare benefits under ERISA. Each participating employer in Evergreen Security

Trust is considered a plan sponsor and plan administrator of the coverage for its own employee and is subject to regulation under ERISA.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

PORTABILITY RULES

HIPAA's portability provisions enable individuals to obtain coverage more readily when changing jobs, or moving from individual coverage to group coverage, by requiring that group health plans and health insurance issuers credit prior continuous coverage against any period of exclusion for preexisting conditions. Also, preexisting condition exclusion cannot be applied to pregnancy, or to newborn children, adopted children, or children placed for adoption if they are timely enrolled within 60 days after the birth, adoption, or placement for adoption. Regence BlueShield & Asuris Northwest Health are responsible for administering these provisions, which are described in detail in the benefit booklets.

To facilitate administration of the coverage crediting rules, HIPAA requires that group health plans and health insurance issuers automatically provide certificates of creditable coverage to individuals when they lose coverage under a plan and upon request at any time within 24 months after the individual loses coverage under the plan. Regence BlueShield & Asuris Northwest Health are responsible for providing certificates of creditable coverage under Evergreen Security Trust.

HIPAA's portability rules are too far-reaching to be covered completely in this guide. We recommend that employers familiarize themselves with these rules by reviewing the provisions of the benefit booklets, especially the sections addressing eligibility, enrollment, and pre-existing conditions.

PRIVACY RULES

HIPAA's privacy rules require confidential handling of protected health information (PHI) created, used, or disclosed by covered entities and their business associates. PHI means any information that relates to an individual's health condition, health care, or payment for health care, which contains enough personal information (e.g., name, address, telephone number, or Social Security number) to allow the individual to be identified. Covered entities include health plans (such as Evergreen Security Trust) and health care providers (such as Regence BlueShield, Asuris Northwest Health, Washington Dental Service and Regence Life & Health). Business associates include companies that contract with a covered entity to assist the covered entity in performance of its functions (e.g. BSI is a business associate of Evergreen Security Trust because it performs functions involving use and disclosure of PHI on behalf of Evergreen Security Trust). HIPAA's privacy rules also restrict use and disclosure of PHI by plan sponsors, such as the employers who participate in Evergreen Security Trust.

Regence BlueShield, Asuris Northwest Health, Washington Dental Service, Regence Life & Health and Evergreen Security Trust have taken the necessary steps to comply with HIPAA's privacy rules and to make sure that their business associates also comply with the privacy rules.

As a participating employer in Evergreen Security Trust you need to be aware of HIPAA's privacy rules and you may need to take action to make sure you are in compliance. Also, employers should be aware that HIPAA is not the only law that creates obligations to protect the privacy of an individual's information. Both state law and other federal laws create duties on employers to protect an individual's information,

including health information. Consult your legal counsel for advice on compliance with HIPAA and other state or federal privacy laws.

FAMILY AND MEDICAL LEAVE ACT (FMLA) AND WASHINGTON FAMILY LEAVE LAW (FLL)

FMLA is a federal law that provides for medical or family leave for eligible employees of employers that are subject to FMLA. Many employers participating in Evergreen Security Trust are exempt from the FMLA due to their size. FMLA applies only to all private sector employers with 50 or more employees in 20 or more workweeks in the current or preceding calendar year. FMLA also applies to all public agencies, including state, local and federal employers and local education agencies (e.g. school districts).

FMLA requires that covered employers provide up to 12 weeks of unpaid job protected leave to eligible employees to care for themselves or a family member who has a serious health condition. It is the participating employers' responsibility to determine whether they are subject to the FMLA and, if so, whether an employee is eligible for FMLA leave.

During FMLA leave, the employer must continue the employee's eligibility for group health plan coverage as if the employee were still actively working. This means the employer must continue to pay its share of the employee's health coverage premium under Evergreen Security Trust. If the employee fails to pay his or her share of the premium (if any), the employer may terminate the employee's group health plan coverage after providing the employee with a 15-day written notice. Even if coverage is terminated, the employee must be reinstated in his or her Evergreen Security Trust coverage upon return from FMLA leave.

Also, employees who do not return to employment after an FMLA leave usually are entitled to elect COBRA coverage (assuming COBRA applies to the plan).

The Washington FLL generally applies to employers with 100 employees. The Washington FLL does not specifically address continuation of employee benefits.

Employers should consult with their employment law or employee benefits counsel regarding FMLA and FLL compliance.

UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA)

USERRA protects the jobs of employees who perform service in any of the uniformed services (armed forces, National Guard, Coast Guard, and commission corps of the Public Health Service) of the United States. To receive these protections, employees generally must notify their employers of their service before they are absent from work and must return to work within certain time periods. With respect to health benefits, employees in USERRA service may elect continuation coverage under a group health plan for up to 24 months. The terms of coverage are very similar to COBRA coverage, except the 20-employee threshold does not apply and the amount of employee premiums is limited during the first 30 days of the leave. Employers are responsible for administering Evergreen Security Trust benefits in conformity with USERRA.