12/31/92

AGREEMENT

BETWEEN

OSCEOLA COUNTY BOARD OF COMMISSIONERS

AND

OSCEOLA COUNTY SHERIFF

AND

POLICE OFFICERS ASSOCIATION OF MICHIGAN

Osceola County

1-1-90 to 12-31-92

AGREEMENT

Between

OSCEOLA COUNTY BOARD OF COMMISSIONERS

and

OSCEOLA COUNTY SHERIFF

and

POLICE OFFICERS ASSOCIATION OF MICHIGAN

Effective January 1, 1990 to December 31, 1992

AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 19___, by and between the Osceola County Board of Commissioners and the Osceola County Sheriff, hereinafter collectively referred to as the "Employer" and the Police Officers Association of Michigan, located at 28815 West Eight Mile Road, Livonia, Michigan, hereinafter referred to as the "Union."

ARTICLE I
RECOGNITION

1.1: Collective Bargaining Unit. The Employer recognizes and acknowledges that the Union is the exclusive representative in collective bargaining with the Employer for:

> All full-time and regular part-time law enforcement personnel of the Osceola County Sheriff Department, including road deputies, detectives, court officers, snowmobile and marine officers, corrections officers and dispatchers, BUT EXCLUDING the Sheriff, undersheriff, sergeants, lieutenants, secretary, cook and all other employees.

ARTICLE II
REPRESENTATION

2.1: Stewards. The Employer recognizes the right of the Union membership to elect one job Steward and one Alternate each from the Employer's seniority list. The authority of the job Steward and Alternate so elected by the Union shall be limited to, and shall not exceed, the following duties and activities:

A. The investigation and presentation of grievances with the Employer or the designated Employer representative in accordance with the provisions of the collective bargaining agreement.

B. The collection of dues when authorized by appropriate Union action.

C. The transmission of such mes-
which shall origi-
the Uni-

2. If not reduced to writing, are of a routine nature and not involve work stoppage, slow-downs, or any other interference with the Employer's business.

2.2: Lost Time. The Steward shall be permitted time to investigate, present and process grievances on the Employer's property without loss of time or pay during his regular working hours. In each and every instance where such time is required, the length of time and the time period within the working hours shall be agreed upon previously by the Sheriff.

2.3: Union Access. Authorized representatives of the Union shall be permitted to visit the operation of the Employer during working hours to talk with Stewards and/or representatives of the Employer concerning matters covered by this Agreement. These visits shall not interfere with the reasonable operation of the Department.

2.4: Examination of Records. The Union shall have the right to examine time sheets and other records pertaining to the computation of compensation of any employee whose pay is in dispute or any other records of the employee pertaining to a specific grievance, at reasonable times with employee consent.

ARTICLE III
UNION SECURITY

3.1: Membership in the Union is not compulsory. Regular employees have the right to join, not join, maintain, or drop their membership in the Union as they see fit. Neither party shall exert any pressure on or discriminate against an employee as regards to such matters.

3.2: Union Membership. The Union is required under this Agreement to represent all of the employees in the bargaining unit fairly and equally without regard to whether or not an employee is a member of the Union. The terms of this Agreement has been executed by the Employer after it has satisfied itself that the Union is the choice of a majority of the employees in the bargaining unit.

3.3: Accordingly, it is fair that each
bargaining unit pay his own way and
obligation along with the
Agreement, in-

employee's exclusive collective bargaining representative, an amount of money equal to that paid by other employees in the bargaining unit who are members of the Union, which shall be limited to an amount of money equal to the Union's regular and usual dues. For present regular employees, such payments shall commence thirty-one (31) days following the effective date of this Agreement. For new employees, the payment shall start thirty-one (31) days following the date of employment.

3.5: If any provision in Section 3.1 - 3.4 are invalid under Federal Law or the Laws of the State of Michigan, such provision shall be modified to comply with the requirements of Federal or State Law or shall be renegotiated for the purpose of adequate replacement.

ARTICLE IV
PAYROLL DEDUCTION OF DUES

4.1: Checkoff. During the period of time covered by this Agreement, the Employer agrees to deduct from the pay of all employees, all dues and initiation fees of the POAM, provided, however, that the Union presents to the Employer authorizations, signed by such employees, allowing such deductions and payment to the Union. This may be done through the Steward of the Union.

A. Amount of initiation fee and dues will be certified to the County by the Treasurer of the POAM.

B. Monthly agency fees and initiation agency fees will be deducted by the County along with a list showing from whom such deductions have been made and transmitted to the Treasurer of the Union, 28815 West Eight Mile Road, Livonia, Michigan 48152, as prescribed above for the deduction and transmission of Union dues and initiation fees.

4.2: Hold Harmless. The Union agrees to indemnify and save harmless the Employer against any and all claims, suits, or other forms of liability arising out of the deduction of dues or service fees provided by this Agreement.

ARTICLE V
RIGHTS OF

5.1:

in all of its operations and activities. Among the rights of the Employer, included only by way of illustration and not by way of limitation, is the right to determine all matters pertaining to the services to be furnished and the methods, procedures, means, equipment, and machines required to provide such services; to determine the nature and number of facilities and departments to be operated and their locations; to establish classifications of work and the number of personnel required; to discontinue, combine, or reorganize any part or all of its operations; to study and use improved methods and equipment, and in all respect to carry out the ordinary and customary functions of the administration of the County. The Union hereby agrees that the Employer retains all rights established by law and reserves the sole and exclusive right to establish and administer without limitation, implied or otherwise, all matters not specifically and expressly limited by this Agreement. These rights shall be subject to the Grievance and Arbitration Procedures established herein if they are exercised in violation of any specific provision of this Agreement.

B. The Employer shall have the right to hire, promote, assign, transfer, suspend, discipline, or discharge for just cause, lay off, and recall personnel; to establish work rules and to fix and determine reasonable penalties for violations of such rules; to make judgments as to ability and skill; to establish and change work schedules, provided, however, that these rights shall not be exercised in violation of any specific provisions of this Agreement. These rights shall be subject to the Grievance and Arbitration Procedures established herein.

ARTICLE VI
GRIEVANCE AND ARBITRATION PROCEDURE

6.1: Grievance Definition. For purposes of [illegible] a "grievance" shall mean a complaint [illegible] by this Agreement or the [illegible] interpretation of [illegible]

A. Step 1. Verbal. An employee with a grievance shall, within five (5) days of the occurrence of the discovery of the incident which gave rise to the grievance discuss it with the Sheriff or his designee with the object of resolving the matter informally. If requested by the employee, the employee's Union representative may be present.

B. Step 2. Written. If the grievance is not satisfactorily resolved at the Verbal Step, it shall be reduced to writing, setting forth the facts and the specific provisions of this Agreement which are alleged to have been violated, signed by the aggrieved employee and a Union representative and, within five (5) days following the verbal discussion, presented to the Sheriff or his designee who shall place his written disposition and explanation thereupon and return it to the Union representative or alternate involved within five (5) days.

C. If the grievance is not satisfactorily resolved at Step 2, it may be appealed by submitting the grievance to the Chairman of the Salary and Personnel Committee of the County Board of Commissioners within ten (10) days following receipt of the Sheriff's written answer in Step 2. Within fourteen (14) days after the grievance has been appealed, a meeting shall be held between representatives of the Employer and the Union. The Employer representatives shall be the Chairman of the County Salary and Personnel Committee and the Sheriff. The Union representative shall be a member of the collective bargaining committee. Either party may have non-employee representatives present, if desired. If the meeting cannot be held within the fourteen (14) day period, it shall mutually be scheduled for a date convenient to the parties without unreasonable delay. The Employer shall place its written answer on the grievance within fourteen (14) days after the meeting and return the grievance to the Union. In order for the de[illegible] to be binding at Step 3, it shall h[illegible] of the Sheriff and the Ch[illegible] and Personnel C[illegible]

after receipt of the Employer's answer in Step 3. If the Union does not request arbitration in the manner herein provided, the grievance shall be deemed to be settled on the basis of the Employer's last disposition.

6.4: Selection of Arbitrator. If pursuant to the Grievance Procedure established in this Agreement a timely request for arbitration is filed by the Union on a grievance, the parties shall promptly select an arbitrator who shall be selected from a panel of arbitrators submitted by the Federal Mediation and Conciliation Service (FMCS) by each party alternately striking a name. The remaining name shall serve as the arbitrator. If FMCS no longer provides lists of arbitrators to the parties, then the parties will use the Michigan Employment Relations Commission (MERC). The fees and expenses of the arbitrator shall be borne equally by the Employer and the Union.

6.5: Arbitrator's Powers. The arbitrator's powers shall be limited to the application and interpretation of this Agreement as written. The arbitrator shall have no power or authority to amend, alter, or modify this Agreement in any respect. If the issue of arbitrability is raised, the arbitrator shall only decide the merits of the grievance if arbitrability is affirmatively decided. The arbitrator recognizes that the Employer is governed by certain laws of the State of Michigan and that the Employer exists for the sole purpose of serving the public, and the arbitrator agrees that this Agreement shall be interpreted and construed consistent with such laws.

6.6: Grievance Form. The grievance form shall be supplied by the Union.

6.7: Time Limitations. The time limits established in the Grievance Procedure shall be followed by the parties hereto. If the time procedure is not followed by the Union, the grievance shall be considered settled. If the time procedure is not followed by the Employer, the grievance may be advanced to the next Step by the Union. The time limits established herein may be extended by mutual agreement in writing.

6.8: Time Computation. Saturday, Sunday, and holi[illegible] recognized by this Agreement and by the Employer [illegible] counted under the time procedures establi[illegible] Procedure.

6.9: Continu[illegible] of the [illegible]

the grievance and arbitration thereof occurred during the effective date of the contract. This clause shall not operate to limit or otherwise restrict the right of the Association to negotiate and/or pursue in compulsory arbitration any issue pertaining to wages, hours or other terms and conditions of employment to the first day subsequent to expiration of the contract as specified by the effective dates and/or duration clause of the contract specified herein.

ARTICLE VII
DISCIPLINARY PROCEDURE

7.1: Just Cause. The Sheriff shall not discharge or discipline a non-probationary employee except for just cause. Progressive discipline for minor offenses shall be employed. The Union acknowledges, however, that progressive discipline need not be utilized for major offenses. Progressive discipline shall follow the following guidelines:

A. Verbal reprimand/warning followed up with a memo to the employee.

B. Written reprimand/warning. Any written reprimand will be signed by the officer issuing it and signed by the person receiving it. If the receiving officer feels the reprimand is unjust, he may appeal it to a board consisting of supervisors within the Department which may also include the Sheriff.

C. More severe discipline.

7.2: Record. In imposing discipline on a current charge, the Employer will not take into account any disciplinary action which occurred more than twenty-four (24) months previously. Minor discipline (that which does not result in time off) will be removed from the employee's file after twelve (12) months.

7.3: Expedited Grievance. Should an employee who has been discharged or suspended for disciplinary reasons consider such discipline to be improper, any grievance must, within [illegible] days of the date of suspension or discharge, be [illegible] at Step 3 of the Grievance Procedure.

ARTICLE VIII
NO STRIKE - NO LOCKOUT

8.1: No Strike Pledge. The Union agrees that neither it nor its officers, representatives, members, or employees it represents shall, for any reason whatsoever, directly or indirectly, call, sanction, counsel, encourage, or engage in any strike, walk-out, slow-down, sit-in, or stay-in; nor shall there be any concerted failure by them to report for duty; nor shall they absent themselves from work, abstain in whole or in part from the full, faithful, and proper performance of their duties, including a labor dispute between the Employer and any other labor organization. The Union shall not cause, authorize, sanction or condone, nor shall any employee covered by this Agreement take part in any picketing of the Employer's buildings, offices, or premises because of a labor dispute with the Employer.

8.2: Penalty. Any employee who violates the provisions of Section 8.1 shall be subject to discipline by the Employer, up to and including discharge.

8.3: No Lockout. During the life of this Agreement, the Employer, in consideration for the promise on behalf of the union and the employees it represents to refrain from the conduct prohibited by Section 8.1, agrees not to lock out any employees covered by this Agreement.

ARTICLE IX
SENIORITY

9.1: Definition of Seniority. Seniority shall be defined as the length of an employee's continuous service with the Osceola County Sheriff's Department since the employee's last date of hire. An employee's "last date of hire" shall be the most recent date upon which he first commenced work. The applications of seniority shall be limited to the preferences and benefits specifically recited in this Agreement. County employees who transfer or promote into the bargaining unit shall:

A. Start at bottom of seniority list;

B. Start at wage called for [illegible]

C. Be allow[illegible]

after which their seniority shall be as of their last date of hire. The Sheriff may extend the probationary period in the case of any employee whose performance has not been satisfactory in the opinion of the Sheriff. The Sheriff may do so for an additional period not to exceed three (3) months, by giving written notice and reason therefor to the employee and the Union. Until an employee has completed the probationary period, he may be laid off or terminated at the Employer's discretion without regard to this Agreement and without recourse to the Grievance and Arbitration Procedures.

9.3: Superseniority. The steward shall be granted superseniority for purposes of layoff and recall only, provided he has the ability, training, and qualifications to perform the remaining required work.

9.4: Loss of Seniority. An employee shall lose his seniority and the employment relationship shall end with the County in the Sheriff Department for any of the following reasons:

A. He resigns or quits;

B. He is discharged or terminated, unless overturned;

C. He retires;

D. He has been on layoff or sick leave of absence status for a period of time equal to his seniority at the time of his layoff or sick leave or twenty-four (24) months, whichever is less;

E. He is absent from work for three (3) consecutive working days without notifying the Sheriff, unless otherwise excused;

F. He is convicted of a felony;

G. He fails to return to work at the specified time upon expiration of a leave of absence, vacation, recall from layoff, or disciplinary suspension, unless otherwise excused.

9.5: Job Vacancies. When a new posi- vacancy occurs within the depar- employees within the de- applicants. If t- the job

action is necessary, as determined and/or established by the Employer.

A. Promotions/Transfers. Members of the bargaining unit who promote or transfer into a higher paying classification shall move to the next highest pay level that would result in a pay increase.

9.6: Transfer Outside Bargaining Unit. An employee in a classification subject to the jurisdiction of the Union, who has been in the past or will in the future be promoted to outside the bargaining unit, and is thereafter transferred or demoted to a classification subject to the jurisdiction of the Union shall not accumulate seniority while working in a supervisory position, beyond twelve (12) months from date of promotion. The employee who is so transferred or demoted shall commence work in a job generally similar to the one he held at the time of his promotion and he shall maintain the seniority rank he had at the time of his promotion.

ARTICLE X
LAYOFF AND RECALL

10.1: Layoff. All reductions in the work force shall be accomplished in the following manner:

A. No permanent or probationary employee shall be laid off from his position in the Sheriff Department while any part time, temporary or irregular employees are serving in the same position in the Department.

B. The first employee to be laid off shall be the probationary employee in the classification affected. The next employee will be the employee with the least seniority in the classification affected, provided, however, that the remaining senior employees have the experience, ability, and training to perform the required work. Further layoffs from the affected classification shall be accomplished by the inverse order, provided, however, that the remaining employees have the experience, ability, and training to perform the required work.

seniority than the employee who he is to replace and he has the ability, and training to perform the required work.

D. Employees who are demoted in lieu of layoff shall initially be paid the same salary step in the range of the lower position to which he has been demoted.

10.2: Notification of Layoff. In the event of a layoff, an employee so laid off shall be given two (2) weeks notice of layoff if possible.

10.3: Recall. Employees who are laid off or who are demoted in lieu of layoff shall be recalled to their former classification or rank in order of their seniority when the work force is to be increased, provided that the employee has not lost his seniority.

10.4: Notification of Recall. Notification of recall from layoff shall be sent by certified mail, return receipt requested, to the employee's last known address. The notice shall set forth the date the recalled employee is expected to return to work. Employees who decline recall or who, in the absence of extenuating circumstances, fail to respond within ten (10) days of the date the notice was sent shall be presumed to have resigned, and their names shall be removed from the seniority and preferred eligibility lists.

ARTICLE XI
LEAVES OF ABSENCE

11.1: Personal Leave Without Pay. Employees with at least one (1) year's seniority may be granted up to three (3) months leave of absence without pay. A three (3) month's extension of the leave of absence may be granted at the option of the Sheriff. If such leave exceeds thirty (30) days, then such leave shall be without accumulation of any fringe benefits predicated on length of service with the Sheriff's Department, nor shall seniority accumulate beyond that time. Requests for a personal leave shall be in writing and shall be signed by the employee and given to the Sheriff. Such request shall state the reason(s) for the leave. Employees shall not take a leave of absence for the sole purpose of obtaining other employment, and an employee who takes such employment shall be considered as [illegible] other employment is agreed [illegible]

11.2: [illegible]

serve in any capacity on other official Union business, provided forty-eight (48) hours written notice is given to the Employer by the Union, specifying length of time off for Union activities. Due consideration shall be given to the number of employees affected in order that there shall be no disruption of the Employer's operations due to lack of available employees or the creation of a condition which would necessitate overtime pay for an employee filling the position created by such time off.

11.3: Funeral Leave. Employees will be paid for three (3) consecutive days absence in the case of a death in his/her immediate family. One (1) day must be used to attend the funeral. Immediate family means Father, Mother, Sister, Brother, Child, Wife, Husband, Mother-in-Law, Father-in-Law, Step-parent, Step-child, Step-brother, Step-sister, Grandson, Granddaughter, Grandmother, Grandfather, Brother-in-Law, Sister-in-Law, and dependents living at home. In the event more than three (3) consecutive days are needed for funeral leave, additional time may be taken by the employee with the approval of the Sheriff. Such time shall be deducted from the employee's compensatory time bank, personal leave time, vacation leave, or sick leave, in that order.

11.4: Military Leave. Any employee who enters active service of the Armed Forces of the United States, National Guard, or Reserve shall receive a military leave of absence without pay for the period of such duty. An employee returning from military service shall be reemployed in accordance with the applicable federal and state statutes and shall be entitled to any other benefits set forth in this Agreement, provided the employee satisfies the eligibility requirements established under this Agreement. Application for military leave of absence shall be made to the Employer in writing as soon as the employee is notified of acceptance in military service and, in any event, not less than two (2) weeks prior to the employee's scheduled departure, except in emergency situations or in the event of extenuating circumstances.

11.5: Maternity Leave. Employees will be granted maternity leave in accordance with State and Federal Law.

11.6: Personal Leave Time. Full-time employees covered by this Agreement shall be allowed thirty-two (32) hours of personal leave time with pay each calendar year. For new employees personal leave time shall be prorated at the hours per quarter. All requests for made to the Sheriff or his advance of the date to be taken

11.7: Paid Sick Leave.

A. All full-time employees covered by this Agreement who are regularly scheduled to work eight (8) hours per day shall be credited with six (6) paid sick leave days on January 1 of each year beginning in 1985. Full-time employees regularly scheduled to work ten (10) hours per day shall be credited with five (5) paid sick leave days. For new employees paid sick leave days will be prorated monthly.

B. An employee eligible for paid sick leave may use such leave when he is unable to perform his duties because of illness or injury.

C. The Employer may require as a condition of any sick leave a medical statement setting forth reasons for a sick leave when there is a reason to believe that the health or safety of personnel may be affected or that an employee is abusing his sick leave benefits.

D. Sick leave benefits shall be charged against the employee's sick leave account in the amount taken.

E. At the end of each year, the employee shall cash in his unused sick leave for that year. If the employee cashes in sick leave days, he will be paid one hundred (100%) percent of his/her normal hourly rate of such unused sick leave days in the last pay period of January at the rate he was earning as of the end of the year.

ARTICLE XII
HOLIDAYS

12.1: Paid Holidays. Paid holidays are designated as:

President's Day
Memorial Day
Easter
July 4th
Labor Day
Christmas Eve Day (4 ho...
Thanksgiving Day
Christmas Day
New Year's Day
Veteran's Da...
Nat...

A. The employee must work on his last scheduled day before and his first scheduled day after the holiday, unless otherwise excused;

B. The employee must work at least one (1) day in the month in which the holiday occurs;

C. The employee must not be on a disciplinary suspension'

D. An employee who agrees to work on a holiday but fails to report for work shall not be entitled to holiday pay.

12.3: Holiday During Vacation. Should a holiday recognized by this Agreement fall during an employee's vacation, the employee will be paid for the holiday but no additional time off will be granted.

12.4: Holiday Work. Employees who work on a holiday recognized by this Agreement shall receive one and one-half (1-1/2) times their regular rate for all hours worked on the holiday in addition to holiday pay.

12.5: Holiday Pay. All full-time employees shall receive eight (8) hours pay at their regular straight time hourly rate, exclusive of all premiums, for each of the holidays recognized by this Agreement, provided the employee meets the holiday eligibility requirements provided in this Agreement. Holidays shall be paid and celebrated on the observed day instead of the traditional day.

12.6: Election Day. Employees scheduled to work on any National or State Election day will be given one (1) hour off for the purpose of voting without loss of any pay upon presentation of proof of eligibility to vote and notice of their desire to vote given their immediate supervisor at least one (1) day in advance provided the employee is required to work the full-time during which said polls are open. Time taken shall be either the first or last hour of the work day when the polls are open.

ARTICLE XIII
VACATIONS

13.1: Vacation Choice
seniority basis
to May 1

shall have, by seniority, until May 1st to select their vacation. Up to fifty percent (50%) of unused vacation days may be redeemed for cash. After May 1st, employees on a first come first serve basis, may request vacation according to Section 13.3.

13.3: Vacation Request. Employees requesting vacation leave shall do so in writing to the Sheriff or his designee, not less than fourteen (14) days prior to the start of such leave. The Sheriff or his designee shall notify the employee in writing at least seven (7) days prior to the start of the requested leave, of his approval or denial.

13.4: Vacation Period. All regular full-time employees shall be entitled to vacation time with pay under the following schedule:

Seniority Required	Time Off
1 Year	40 Hours
2 Years	80 Hours
3 Years	88 Hours
4 Years	96 Hours
5 Years	120 Hours
6 Years	128 Hours
7 Years	136 Hours
8 Years	144 Hours
9 Years	152 Hours
10 Years	160 Hours

13.5: Vacation Accumulation. Vacation leave can only be accumulated in an amount not to exceed one hundred sixty (160) hours at the end of the hiring and anniversary date, however, employees shall be permitted a minimum of one (1) day vacation credit at a time. Employees are limited to two (2) vacation periods per year, additional periods must receive permission of the Employer.

13.6: Vacation Scheduling. The employees shall be permitted to schedule their vacation in conjunction with their regular pass days.

ARTICLE XIV
HOURS OF WORK

14.1: Work Day and Tour of
consist of eight (8)
work one hu
of

14.2: Overtime.

A. Overtime shall be paid at the rate of one and one-half (1-1/2) the hourly rate for all hours worked in excess of either eight (8) hours per day or one hundred and sixty (160) hours in the twenty-eight (28) day period. For employees scheduled to work ten (10) hours per day, overtime shall be paid for all hours worked in excess of ten (10) hours per day or one hundred sixty (160) hours in the twenty-eight (28) day period.

B. An employee, may, at his option, elect compensatory time in lieu of payment of overtime. Compensatory time shall be earned at the rate of time and one-half (1-1/2). Compensatory time must be taken within the pay period that it is earned or the following period.

14.3: Court Time. Employees who are subpoenaed or directed to testify in court, including probate court, license appeal board, or liquor control commission hearings outside their regularly scheduled hours shall receive time and one-half (1-1/2) their regular straight time rate with a minimum of two (2) hours unless such court time results in a continuation of shift. If such court time is a continuation of shift, the employee shall be paid time and one-half (1-1/2) for all hours actually worked with no minimum.

14.4: Call-Back Pay. Employees called to work at times other than their regular shift shall receive a minimum of two (2) hours work or pay at time and one-half (1-1/2) their regular straight time rate of pay. The provisions of this Section do not apply to extension of shift situations.

14.5: Trading of Pass Days. Employees may trade pass days within a tour of duty, provided they first obtain the permission of the Sheriff or his designee. Such permission shall not be unreasonably withheld. An employee working on a voluntarily traded pass day shall be entitled to overtime premium only for those hours worked in excess of eight (8) or ten (10) hours on the traded day. No employee shall trade pass days if such a trade would require the employee to work two (2) consecutive shifts.

14.6: Work in Higher Classifica
assigned to work in a higher
same step in the hig
four (4)

A. Female dispatchers shall receive a minimum of one (1) hours' pay at corrections rate for time spent with female prisoners while conducting searches, bookings, and visiting hours.

14.7: Shift Assignments. Shift assignments shall be on a seniority basis.

14.8: Shift Premium. Twenty cents (20) per hour shall be paid for all employees working hours between 4:00 p.m. and 12 midnight. Twenty-five (25) per hour shall be paid for all employees working hours between 12 midnight and 8:00 a.m.

14.9: Lunch/Coffee Breaks. Each employee shall be limited to a one-half (1/2) hour lunch break for each shift. In addition, each employee shall be limited to two (2) fifteen (15) minute coffee breaks for each shift with one (1) in the first half of the shift and one (1) in the second half of the shift. These coffee breaks shall not be used in conjunction with lunch breaks.

14.10: Pyramiding. There shall be no pyramiding or duplication of overtime premium, call-back or court time pay.

14.11: Call-Back Assignments. In the event it becomes necessary to call in employees because of temporary vacancies due to illness, emergency leave, etc., the Employer will call employees in the classification affected by the temporary vacancy first.

ARTICLE XV
INSURANCE

15.1: Hospitalization Insurance. The Employer shall furnish the employee and his family with benefits ~~comparable to those provided in the previous POAM contract dated 1-1-88 to 1-1-90~~ except as provided in Section 15.1(A)(1) through (6).

A. The employees agree to accept the following cost containment measures for health care coverage.

1. Predetermination.

2. Second surgical opinion.

3. Second surg[illegible]

4. Increase prescription co-pay to $3.00 with generic drugs and a "DAW" provision.

5. Adopt the DRI 275-550 rider on hospitalization with Employer reimbursing employees if utilized. Deductibles on master medical $50/$100 remain and are obligation of employees.

6. The County may self insure for health insurance.

15.2: Life Insurance. The Employer agrees to pay the full premium on a life insurance policy of $20,000 and A. D. and D. for each employee. The employee may have the option of continuing life insurance policy after retirement at the group rate.

15.3: Dental Insurance. Effective January 1, 1990, the Employer agrees to furnish to the employee and his family a 75-50-50 CR $800 (no orthodontics) dental insurance. Class I Benefits 75%-25% co-pay. Class II Benefits 50%-50% co-pay. Class III Benefits 50%-50% co-pay with annual maximum usage of $800 per person.

15.4: Sickness and Accident Insurance

A. In consideration for the program of sickness and insurance benefits described in this Section, the parties agree that their former program of paid sick days shall no longer continue to exist. No further use of time earned under the prior sick leave program, other than as provided by this Section, shall be permitted.

B. Effective as soon as possible following ratification of this Agreement, and continuing thereafter during the term of this Agreement, the Employer shall obtain and pay the required premiums for sickness and accident insurance for full-time employees covered by this Agreement. This coverage shall become effective the first (1st) workday following completion of sixty (60) calendar days of employment with the Employer. Employees who eligible under the insurer's regu receive from the Employer weekly indemnity be percent (70% up

and eighth (8th) day of sickness, or a period not to exceed twenty-six (26) weeks for any one (1) period of disability. Employees are not entitled to this benefit for any disability for which they may be entitled to indemnity or compensation under a retirement plan, the Social Security Act, any workers' compensation, or any salary continuation program.

C. Accrued sick days earned prior to January 1, 1985 shall be converted to a monetary amount to be used only as set forth in this subsection. The employee's sick leave credits as of December 31, 1984 will be multiplied by the employee's December 31, 1984 straight time hourly rate of pay. This conversion shall result in a monetary "bank" from which an employee may use in the following manner:

1. To supplement workers compensation or sickness and accident insurance benefits paid to an eligible employee, provided, however, the sum of any such sickness and accident insurance benefits and supplemental payments shall not exceed one hundred percent (100%) of the employee's normal gross weekly wages.

2. Following exhaustion of the sickness and accident insurance benefits provided by the Employer's insurance carrier, the employee may draw from his "bank" a weekly amount not to exceed one hundred percent (100%) of his normal gross weekly wages.

3. Upon death, retirement, or termination after five (5) years of service, the employee or his designated beneficiary will be paid one-half (1/2) of any amounts remaining in his sick leave bank.

D. For purposes of satisfying eligibility requirements for the sickness and accident insurance, two (2) additional days will be added to the employees b[illegible] when said employees currently have [illegible] the bank and become sick [illegible]

To b[illegible]

These additional two (2) days shall not be subject to the payout provisions at the end of the year, nor shall they be able to be converted to cash at anytime.

E. While an employee is on the sick and accident insurance for up to the maximum of twenty-six (26) weeks, the following benefits also accrued:

1. Seniority
2. Vacation
3. Longevity
4. Personal Days
5. Health Care Coverage
6. Dental Insurance
7. Life Insurance
8. Pension

15.5: Workers Compensation. In the event an employee sustains an occupational injury, he will be covered by applicable Worker's Compensation Laws.

15.6: Unemployment Compensation. The Employer shall provide Unemployment Compensation protection for all employees as provided for by the Michigan Employment Security Commission, as required by Law.

15.7: Police Officer Liability Insurance. The Employer shall, during the term of this Agreement, continue in effect its present program of professional police officers liability insurance on the same terms and conditions that existed prior to the execution of this Agreement.

15.8: Legal Representation. The Employer will provide to an employee such legal assistance as may be required when civil acti- is brought against an employee as a result of acts - and while such employee is engaged in the - and responsibilities for the - is immediately give- made upon

15.9: Selection of Insurance Carriers. The Employer reserves the right to select or change the insurance carriers providing the benefits stated in Section 15.1 through Section 15.7, to be a self-insurer, either wholly or partially, with respect to such benefits, and to choose the administrator of such insurance programs, provided the level of such benefits remains substantially the same.

ARTICLE XVI
RETIREMENT

16.1: Pension. Effective 1-1-88 the County shall provide the Michigan Employment Retirement System plan containing benefit level "B-2" and F55 (with 15 years of service). The County agrees to pay the full premiums and costs to the Michigan Employment Retirement System.

16.2: Retiree Health Care. Employees who retire may buy health insurance coverage under the Employer's group rates. Such insurance is at retiree's cost, provided it is available to the County through its normal plan and there is no cost to the County.

ARTICLE XVII
UNIFORMS AND EQUIPMENT

17.1: Uniforms and Equipment. The County shall provide such uniforms and equipment as the Sheriff and the County shall determine are necessary, subject to reasonable rules for the preservation, use, and care of such uniforms and equipment. The County shall assume the cost of the necessary dry cleaning of such uniforms under such rules as the Sheriff may determine. For employees classified as Deputies, such uniform and equipment shall include the following items:

A.
1. 3 complete winter and summer uniforms;
2. 2 winter ties;
3. 1 winter and 1 summer hat;
4. 1 Sam Brown belt with revolver holder and cuff case;
5. 1 pair handcuffs;
6. 1 shirt badge;
7. 1 wallet badge;
8. 1 hat badge;
9. St[illegible]

B. Corrections and Dispatch Uniforms. Such uniforms and equipment shall include the following items:

1. 2 pair of pants;
2. 4 shirts - (2) long sleeve and (2) short sleeve;
3. 1 winter jacket;
4. 1 belt, where needed;
5. All uniform brass.

17.2: Departmental Property. Employees shall not be charged for loss or damage of the Employer's property, tools, equipment, mobile or otherwise, or articles rented or leased by the Employer unless clear proof of negligence is shown.

17.3: Personal Property. The Employer shall compensate any employee for the loss of any personal property that may be broken or damaged in the line of duty. Reimbursement to the employee by the Employer shall be limited to one hundred dollars ($100.00) per incident. In the case of eyeglasses, the Employer will reimburse up to one hundred fifty ($150.00) dollars per incident.

ARTICLE XVIII
WAGES

18.1: Wage Schedules. Attached hereto as "Appendix A" are schedules showing the classification and wage rates of the employees covered by this Agreement. It is mutually agreed that said "Appendix A" and the contents hereof shall constitute a part of this Agreement.

18.2: Retroactivity. Retroactive pay shall be paid on all hours paid. Retroactive pay shall only be paid to employees on the Sheriff Department payroll as of the date this Agreement is executed.

18.3: New Classifications. The Employer reserves the right to discontinue existing classifications and to establish new classifications. In the event the Employer should establish a new classification, the Employer agrees to negotiate with the Union concerning the rate of pay for such new classification. The discontinuance of any existing classification shall be [illegible] a special conference with the Union.

ARTICLE XIX
LONGEVITY

19.1: Longevity Benefit. Employees shall be paid the following:

Years of Service	Benefit Amounts
5 - 9 years	$190.00
10 - 14 years	$380.00
15 - 19 years	$570.00
20 years	$760.00

19.2: Longevity Payments. Payments under this provision shall be made to all eligible employees on their anniversary date of each year as is the present County Policy for all other of its employees.

ARTICLE XX
EQUIPMENT, ACCIDENTS AND REPORTS

20.1: Safety. The Employer shall first consider the personal safety of the employees in establishing operational procedures.

20.2: Safety Protests. When an employee is required by a supervisor to work under a condition which the employee regards as a violation of a safety rule, the employee shall have the right to protest and if ordered by the supervisor to perform the work involved, the employee shall have the right to perform the work under protest and shall refer the matter to the Safety Committee for consideration and recommendation. However, no employee shall be required to work on any equipment or job that has already been written up as unsafe before it is checked and released by the garage or Safety Committee.

20.3: On the Job Injury. An employee who is injured while on the job and is required to leave the job because of such injury and is required to remain off the job by Medical Authority will be paid for the whole day.

20.4: Vehicles. The Employer shall not require employees to take out on the streets or highways any vehicle that is not in operating condition or equipped with [illegible] prescribed by Law. It shall not [illegible] where employees refuse [illegible] refusal is

physical injury sustained to the Employer. An employee shall make out an accident report in writing on forms furnished by the Employer and shall turn in all available names and addresses of witnesses to any accidents. Failure to comply with this provision shall subject such employee to disciplinary action by the Employer.

20.6: Equipment Reports. It is the duty of the employee and he shall immediately, or at the end of his shift, report all defects of equipment. Such reports shall be made on a suitable form furnished by the Employer and shall be made in multiple copies, one copy to be retained by the Employer. The Employer shall not ask or require any employee to take out equipment that has been reported by any other employee as being in an unsafe operating condition until same has been approved as being safe by the mechanical department.

20.7: Safety Committee. A safety committee shall be established which shall consist of the Sheriff, an appointee from the County Commission, and an appointee from the Bargaining Unit.

ARTICLE XXI
GENERAL

21.1: Pay Periods. The Employer shall provide for pay periods every two (2) weeks. Each employee shall be provided with an itemized statement of his earnings and of all deductions made for any purpose.

21.2: Bonds. Should the Employer require any employee to give bond, cash bond shall not be compulsory and any premium involved shall be paid by the Employer.

21.3: Lockers. The Employer will provide wash rooms and lockers for the changing and storing of clothing. Lockers of individuals will not be opened for inspection except in the case of a court order, or with permission of and in the presence of the employee or his designated representative or steward.

21.4: First Aid Kits. The Employer will furnish First Aid Kits for each unit of equipment.

21.5: Rules and Regulations. The Employer reserves the right to establish reasonable rules and regulations for the conduct of its employees.

21.6:

21.7: Copies of Contract. The Employer agrees to deliver a copy of this Agreement to each employee.

21.8: The Employer shall provide a bulletin board in the facility where employees hereunder are employed for the posting of seniority and vacation lists and/or the use of the Union and Employer. Only official notices are to be posted and must have the signature of the Union Business Representative or the Steward for the Union and the Employer or his representative.

21.9: Mileage. When an employee is required by the Employer to provide his own transportation to and from a job location or other related duties, he shall receive the same mileage allowance as the County Board of Commissioners may from time to time provide for other County officers and employees, or will be provided with transportation by the Employer excluding to and from the job or work location.

21.10: Special Conference. Either party may request a Special Conference between the parties. The party requesting such conference will prepare an agenda and submit it to the other party five (5) days before said conference. Only those items on the agenda will be discussed. The Steward of the Union will attend said conference and shall not lose time or pay for the time spent in such special conference.

21.11: Subcontracting. For the purpose of preserving work and job opportunities for the employees covered by this Agreement, the Employer agrees that no work or services presently performed or hereafter assigned to any classification or division of the bargaining unit will be subcontracted, transferred, leased, assigned or conveyed in whole or in part to any other plant, vendor, person or non-unit employees if it would cause a layoff of any its present employees in the division affected, excluding seasonal, temporary employees, and process server, in the bargaining unit at the date of this Contract.

21.12: Separability.

A. In the event that any provision of this Agreement shall at any time be declared invalid by any court of competent jurisdiction, the decision shall not invalidate the entire Agreement, it [illegible] express intention of the [illegible] provisions shall [illegible]

B

arriving at a mutually satisfactory replacement for the provision held invalid.

ARTICLE XXII
SCOPE OF AGREEMENT

22.1: Waiver. It is the intent of the parties hereto that the provisions of this Agreement shall supersede all prior agreements or understandings, oral or written, express or implied, between such parties and will henceforward govern their entire relationship and constitute the sole source of any and all rights or claims which may be asserted in arbitration hereunder, or otherwise.

It is the intent of the parties that this Agreement contains all economic and non-economic terms and conditions of employment applicable to employees covered by this Agreement. Both parties accordingly acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. Therefore, the Employer and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter not specifically referred to or covered by this Agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement.

ARTICLE XXIII
TERMINATION

23.1: Duration. This Agreement shall remain in force until December 31, 1992, 11:59 p.m., and thereafter for successive periods of sixty (60) days unless either party shall, or before the sixtieth (60th) day period, serve written notice on the other party of a desire to terminate, modify, alter, negotiate, change, or any combination thereof, shall have the effect of terminating the entire Agreement on the expiration date or subsequent (60) day period, whichever is the case, in the notice of desire to terminate, unless of amendment proposed agreement

POLICE OFFICERS ASSOCIATION
OF MICHIGAN

Robert J Judell

OSCEOLA COUNTY BOARD OF
COMMISSIONERS

Rick Johnson

OSCEOLA COUNTY SHERIFF

David B. Wedham

APPENDIX A

Effective the first full pay period on or after January 1, 1990, the following wage scale based on 2080 hours will be put into effect.

Classification	Annual (Hourly) Start	Annual (Hourly) 6 Mos	Annual (Hourly) 1 Year	Annual (Hourly) 2 Year	Annual (Hourly) 3 Year	Annual (Hourly) 4 Year
Deputy	18,637 (8.96)	20,155 (9.69)	20,779 (9.99)	21,362 (10.27)	21,986 (10.57)	22,589 (10.86)
Court & Marine Officer	18,075 (8.69)	19,552 (9.40)	20,155 (9.69)	20,779 (9.99)	21,362 (10.27)	21,986 (10.57)
Correction Officer	16,349 (7.86)	17,742 (8.53)	18,346 (8.82)	18,949 (9.11)	19,552 (9.40)	20,155 (9.69)
Dispatcher	14,290 (6.87)	15,579 (7.49)	16,203 (7.79)	16,827 (8.09)	17,430 (8.38)	18,054 (8.68)

Effective the first full pay period beginning on or after January 1, 1991, the following wage scale based on 2080 hours will be put into effect.

Classification	Annual (Hourly) Start	Annual (Hourly) 6 Mos	Annual (Hourly) 1 Year	Annual (Hourly) 2 Year	Annual (Hourly) 3 Year	Annual (Hourly) 4 Year
Deputy	19,365 (9.31)	20,883 (10.04)	21,507 (10.34)	22,090 (10.62)	22,714 (10.92)	23,317 (11.21)
Court & Marine Officer	18,803 (9.04)	20,280 (9.75)	20,883 (10.04)	21,507 (10.34)	22,090 (10.62)	22,714 (10.92)
Correction Officer	17,079 (8.21)	18,470 (8.88)	19,074 (9.17)	19,677	[illegible]	
Dispatcher	[illegible]					

Effective the first full pay period beginning on or after January 1, 1992, the following wage scale based on 2080 hours will be put into effect.

Classification	Annual (Hourly) Start	Annual (Hourly) 6 Mos	Annual (Hourly) 1 Year	Annual (Hourly) 2 Year	Annual (Hourly) 3 Year	Annual (Hourly) 4 Year
Deputy	20,093 (9.66)	21,611 (10.30)	22,235 (10.39)	22,818 (10.97)	23,442 (11.27)	24,045 (11.56)
Court & Marine Officer	19,531 (9.39)	21,008 (10.10)	21,611 (10.39)	22,235 (10.69)	22,818 (10.97)	23,442 (11.27)
Correction Officer	17,805 (8.56)	19,198 (9.23)	19,594 (9.42)	20,405 (9.81)	21,008 (10.10)	21,611 (10.39)
Dispatcher	15,746 (7.57)	17,035 (8.19)	17,659 (8.49)	18,283 (8.79)	18,886 (9.08)	19,510 (9.38)

APPENDIX B

EMPLOYEE HEALTH BENEFIT PLAN

FOR

OSCEOLA COUNTY

I N D E X

SCHEDULE OF BENEFITS

PLAN A

(All Benefits Listed are Based on the Reasonable & Customary Charges of a Provider.)

	Benefits
INPATIENT HOSPITAL	
Semi-Private Room	100%
Number of Patient Stay Days (Subject to Extended Stay Review)	
Number of Patient Stay Days - Mental & Nervous & Substance Abuse	45 Days
Intensive Care (Such as, but not limited to Cardiac,Burn&Pulmonary Care)	100%
Diagnostic Laboratory Services, X-Rays & Radiology	100%
In-Hospital Physician Care, Surgeon, Ass't. Surgeon, Anesthetist, & Obstetrical Delivery	100%
Operating & Delivery Room & Nursery	100%
Hemodialysis (in- or outpatient)	100%
OUTPATIENT HOSPITAL	
Physical Therapy (60 Days Per Calendar Year)	100%
Laboratory Services & X-Rays	100%
Emergency Care:	
Hospital Emergency Room (Accident)	100%
Physician Services (Initial Exam)	$ 15.00
COST CONTAINMENT	
Mandatory Second Surgical Opinion	100%
Pre-Admission Testing	100%
Mandatory Outpatient Surgery	100%
Pre-Certification & Extended Stay Review(Call Intracorp 1-800 592 5922)	
INPATIENT MENTAL & NERVOUS & SUBSTANCE ABUSE	100%
Maximum Benefit Per Covered Person Per Calendar Year	$ 15,000.00
OUTPATIENT MENTAL & NERVOUS	75%
Maximum Benefit Per Covered Person Per Calendar Year	$ 2,000.00
SUBSTANCE ABUSE PROGRAM (Non-Hospital Facility Program)	75%
Maximum Benefit Per Covered Person Per Calendar Year	$ 2,153.00
MAXIMUM LIFETIME BENEFIT FOR MENTAL & NERVOUS & SUBSTANCE ABUSE	$ 30,000.00
Per Covered Person	
SELECTED HUMAN ORGAN TRANSPLANTS(Liver,Heart,Heart-Lung or Pancreas)	100%
HOME HEALTH CARE	100%
PRIVATE DUTY NURSING	75%
PRESCRIPTION DRUG BENEFIT	
All Prescription Brand Name Drugs	$ 1.00 co-pay
Generic Drugs	-0- co-pay
(birth Control Pills are not Covered)	
MAIL SERVICE PRESCRIPTION DRUG PROGRAM	
(Maintenance Drugs - 90 Day Supply Only)	100%
MAJOR MEDICAL EXPENSE BENEFITS	
Deductible Per Covered Person, Per Calendar Year	
($100.00 for two or more Covered Persons in a Family)	
Benefit Percentage (After the Deductible has	
Out-of-Pocket Family Stop-loss	
has been met	

	Benefits
MAJOR MEDICAL EXPENSE BENEFITS (con't.)	
The Following Benefits are subject to the Deductibles & Copayments:	
Physician Home & Office Visits	90%
Physician - Pre- & Post Natal	90%
Functional & Nonfunctional Prosthetic Appliances	90%
Air & Ground Ambulance	90%
Durable Medical Equipment	90%
Medical Emergency	90%
Physical & Speech Therapy	90%
Corrective Shoes - Attached to Braces	90%
Blood	90%
Medical Supplies (Such as Syringes & Needles for Insulin)	90%
Contact Lenses - following Cataract Surgery	
MAXIMUM LIFETIME BENEFIT PER COVERED PERSON	$1,000,000.00
DENTAL EXPENSE BENEFITS	
Class I Services (Preventive)	50%
Class II Services (Restorative)	50%
Class III Services (Prosthodontic)	50%
Maximum Benefit Per Covered Person Per Calendar Year	$ 800.00

Please Note: This Schedule of Benefits is only a brief outline of the coverages that this Plan provides. Please refer to the following pages for a full explanation of benefits and exclusions.

GENERAL INFORMATION

PLAN ADMINISTRATOR

The Administrator of this Plan is:

Osceola County
Courthouse
Reed City, Michigan 49677

The Agent for Service of Legal Process is:

Osceola County
Courthouse
Reed City, Michigan 49677

PLAN SUPERVISOR

The Supervisor of this Plan is:

Group Benefit Services, Inc.
P.O. Box 1386
East Lansing, Michigan 48823

This Health Plan is Self-Funded - Plan Group No. is 1114.

Effective Date of the Plan is January 15, 1990.

PLAN TERMINATION

The Plan Administrator may terminate, suspend, withdraw, amend or modify the Plan in whole or in part, with respect to any class or classes of employees, at any time, with proper notification and subject to the terms of the Plan and any applicable law.

THIS PLAN

This Plan is provided by Osceola County for their Employees and their Eligible Dependents. The Benefits described in these pages take precedence over, and replace any previous literature furnished.

Requests for benefits other than those to which an Employee is entitled in accordance with this Plan cannot be accepted.

WHEN COVERAGE BEGINS AND ENDS

WHEN AN EMPLOYEE'S COVERAGE BEGINS:

BECOMING ELIGIBLE

1. New Employees are eligible on the first day of the month following completion of thirty (30) days employment.

2. Must be a Full-Time Employee working at least thirty-five (35) hours per week.

BECOMING COVERED

If an Employee enrolls for coverage within thirty-one (31) days following the day they become eligible, they will be covered on the day that they become eligible.

If an Employee enrolls for coverage more than 31 days after the date they become eligible, they will be covered on the first day of the month following approval of their application.

An Employee must be actively at work on the day that their coverage is to become effective. If they are absent from work because of bodily injury or sickness on that day, they will be covered on the day they return to active work. To be considered actively at work for coverage purposes, they must be physically able to perform their normal duties for a regularly scheduled work day at the time they report to work.

RETIRED EMPLOYEES

Certain Retired Employees are covered under this Plan. Please see Health Insurance Coverage for Capital Area Transportation Authority's Retirees.

WHEN DEPENDENTS' COVERAGE BEGINS

DEPENDENTS DEFINED

If an Employee becomes covered the Plan provides coverage for eligible, enrolled family dependents. This includes the Employee's spouse and unmarried children until the end of the year in which they reach age 19. A Covered Person may apply for coverage for dependents after the end of the year in which they become 19. To be eligible these dependents must be: unmarried, dependent on the Employee for more than half their support as defined by the U.S. Internal Revenue Code and as such have been reported on the Employee's most recent Federal Income Tax return. In addition these dependents must reside with the Employee or be in temporary residence at school or summer camp.

Eligible children include the Employee's own children, legally adopted children, step-children, foster children and other children living with the Employee and dependent on the Employee for support. Sponsored dependents are also covered (see below for definition).

A sponsored dependent is a member of a family, either by blood or [illegible] resides in the Employee's household. Such dependents [illegible] Employee for more than half their [illegible] on the Employee's most [illegible]

For dependents covered until they reach age 25, due proof that the dependent child continues to qualify as an eligible dependent must be furnished to the Plan Supervisor as it reasonably requires.

NOTE: If an Employee's child is mentally retarded or physically handicapped when coverage would terminate due to his/her age, coverage may be continued by submitting to the Plan Supervisor within thirty-one (31) days prior to termination, written proof that their child is incapable of self sustaining employment by reason of mental retardation or physical handicap and the child is chiefly dependent upon the Employee for support and maintenance. The coverage on the child may be continued, but not beyond the termination of such incapacity and such dependence.

BECOMING ELIGIBLE

Each dependent spouse or child will be eligible for coverage on the later of these dates:

1. the date on which the Employee's coverage begins,
2. the date he/she becomes an eligible dependent.

Any dependent confined to a hospital or other medical facility (by reason other than his/her birth therein) when she/he could normally become eligible for coverage, will become eligible only upon discharge from the hospital or other medical facility.

BECOMING COVERED

If dependents are enrolled for coverage on or before their date of eligibility or within thirty-one (31) days of such date, they will be covered on their date of eligiblity.

An Employee should enroll their dependents promptly. If enrollment is more than thirty-one (31) days after their date of eligibility, their coverage will be effective on the first day of the month following approval of their application for the dependent's coverage.

WHEN COVERAGE TERMINATES

Benefits cease on the first day of the calendar month in which a Covered Person becomes age 65 and is entitled to Medicare. If, however, an Employee continues active employment with their employer beyond age 65 and elects continuation of this Plan as their primary health coverage, the Plan benefit will cease on the first day of the calendar month following the month in which (1) they retire, or, (2) Medicare is elected as his/her primary health coverage.

An Employee's coverage terminates when they leave their Employer's employment, when they are no longer eligible for coverage, upon cessation of contributions for the cost of their coverage, or upon termination of their Employer's participation under this Plan, whichever occurs first.

A dependent's coverage terminates when an Employee's coverage terminates (unless continued in accordance with provisions of DEFRA) or when he/she is no longer an eligible dependent, whichever occurs first. (If an Employee ceases active work or leaves the Employer's employment, see Continuation of Health Insurance Coverage under the "COBRA" Act.)

PRE-EXISTING CONDITIONS

No benefits are payable for expenses incurred due to an injury or sickness or any related conditions for which advice or treatment was received within three (3) months prior to the date a person becomes a Covered Person until expiration of the earliest of:

1. A period of three (3) consecutive months ending on or after the effective date of a person's coverage during which time the Covered Person did not incur any expenses, received no medical treatment or services, including prescribed drugs or medicines, in connection with such injury, sickness or any related conditions;
2. A period of six (6) consecutive months during which time the Covered Person has been continuously covered and actively at work;
3. A period of twelve (12) consecutive months during which time the Covered Person was continuously covered, except if at the end of such period such person is (a) not actively at work -- in the case of an Employee, or (b) confined to a hospital or any other medical facility -- in the case of a dependent, then such period shall be extended until such Employee returns to active work or such dependent is not confined to a hospital or any other medical facility.

EXCEPTION TO THE PRE-EXISTING CONDITION

The exclusion of coverage due to the above Pre-Existing Condition provision of this Plan shall be modified to the following extent for those persons covered on the Effective Date of this Plan and covered on the immediately preceding day under the policy this Plan replaced, whether such policy replaced was written by an insurer or under a similar but not insured plan:

1. If the Covered Person incurs expenses which would be eligible for payment hereunder except for the Pre-Existing Conditions provision and such expense would have been eligible for payment under the policy replaced had that policy been continued in force rather than replaced by this Plan, the Plan agrees to pay the lesser of the amount thus payable for such expenses under:

   a. The policy replaced, and
   b. This Plan disregarding the Pre-Existing Condition provision.

2. In no event shall the total amount payable hereunder because of this exception exceed the maximum amounts payable under this Plan if the Pre-Existing Conditions provision were not present.
3. No item of expense incurred before the Effective Date of this Plan shall be payable under this Plan.
4. In no event shall the term "this Plan" be construed to include the policy replaced.

DEFINITIONS

CALENDAR YEAR
Calendar Year means a period of time commencing on January 1, and ending on December 31, of the same given year.

COPAYMENT
Copayment means the amount that a Covered Person is responsible for paying for a covered service or supply.

COVERED PERSON
Covered Person means each person eligible for services under this Plan.

CUSTODIAL CARE
Custodial Care means care which is comprised of accommodations (including room and board and other facility services) and nursing services provided a Covered Person primarily to assist such person in the activities of daily living.

DURABLE MEDICAL EQUIPMENT
Durable Medical Equipment means equipment that meets all of the following criteria:

1. It can stand repeated use;
2. It is primarily and customarily used to service a medical purpose rather than being primarily for comfort or convenience;
3. It is usually not useful to a person in the absence of ... or injury;
4. It is appropriate for home use;
5. It is certified in writing by a physician as being necessary;
6. It is related to the patient's physical disc...
7. It is temporary use only. (The anticipated length of time the equipment will be required for the therapeutic use must be certified by the physician in writing.).

HOME HEALTH CARE
Home Health Care means a facility or program which is licensed, certified or otherwise authorized pursuant to the laws of the state in which they are located as a Home Health Care Agency.

HOSPITAL
Hospital means a facility which, in return for compensation from its patients, provides diagnostic and therapeutic services on a continuous inpatient basis for the surgical, medical or psychiatric diagnosis, treatment, and care of injured or acutely sick persons. These services are provided by or under the supervision of a professional staff of licensed physicians and surgeons. A hospital continuously provides 24-hour-a-day nursing service by registered nurses. A hospital is not, other than incidentially, a place for custodial, convalescent, pulmonary tuberculosis, rest or domiciliary care; an institution for exceptional children; an institution for the treatment of the aged ... stance abusers; or a skilled nursing facility or other ...
A hospital must meet all applicable ... tion requirements and ... or ...

ILLNESS AND INJURY
Illness means a bodily disorder, disease, physical sickness, mental infirmity or nervous disorder of a Covered Person. A recurrent illness will be considered one illness. Concurrent illnesses will be considered one illnes unless the concurrent illnesses are totally unrelated. All such disorders existing simultaneously which are due to the same or related causes shall be considered one illness. Injury means a bodily injury which is caused by an accident and which results directly from the accident and independently of all other causes.

INPATIENT
Inpatient means a registered bed patient in a health care facility for whom a room and board charge is made.

MEDICALLY NECESSARY
Medically Necessary means health care services, supplies or treatment which, in the judgment of the attending physician, is appropriate and consistent with the diagnosis and which, in accordance with generally accepted medical standards, could not have been omitted without adversely affecting the patient's condition or the quality of medical care rendered.

MEDICARE
Medicare means the programs established by Title I or Public Law 80-97 (79 statutes 291) as amended, entitled Health Insurance for the Aged Act, and which includes Part A -- Hospital Insurance Benefits for the Aged; Part B -- Supplementary Medical Insurance Benefits for the Aged; and Part C -- Miscellaneous provisions.

OUTPATIENT
Outpatient means someone who receives services or supplies while not an inpatient.

PHYSICIAN
Physician means a doctor of medicine (MD) or osteopathy (DO) legally qualified and licensed to practice medicine and perform surgery at the time and place services are performed. For the purposes of this Plan, an optometrist, a dentist and a podiatrist, who is legally qualified and licensed to practice optometry, dentistry and podiatry at the time and place of services are performed is deemed to be a physician to the extent that the doctor renders services which the doctor is legally qualified to perform.

A physician is also a person who is licensed under Act 368 Public Acts of Michigan 1978, as a fully licensed psychologist at the time services are performed. Where there are not certification of licensure requirements, a psychologist is one who is recognized as such by the appropriate professional society at the time and place services are performed.

PLAN
The Plan means without qualification this Plan.

PLAN ADMINISTRATOR
Plan Administrator means the person(s) responsible for the day to day functions and management of the Plan. The Administrator may employ persons or firms to process claims and perform other Plan-connected services. The Administrator is Osceola County.

PLAN SUPERVISOR

Plan Supervisor means the person(s) providing consulting services to the Administrator in connection with the operation of the Plan and performing such other functions including processing and payment of claims, as may be delegated to it. The Plan Supervisor is Group Benefit Services, Inc., P.O. Box 1386, East Lansing Michigan 48823.

PLAN YEAR

The Plan Year is January 15, through January 14.

REASONABLE AND CUSTOMARY

Reasonable and Customary refers to the designation of a charge as being the usual charge made by a physician or other provider of services, supplies, medications, or equipment that does not exceed the general level of charges made by other providers rendering or furnishing such care or treatment within the same area. The term "area" in this definition means a county or such other area as necessary to obtain a representative cross section of such charges. Due consideration will be given to the nature and severity of the condition being treated and any medical complications or unusual circumstances which require additional time, skill or expertise.

RESISTERED NURSE

Registered Nurse means an individual who has received specialized nursing training and is authorized to use the designation of "R.N.", and who is duly licensed by the state or regulatory agency responsible for such licensing in the state in which the individual performs such nursing services.

ROOM AND BOARD

Room and Board means the charges by whatever name called which are made by a hospital, or convalescent nursing facility as a condition of occupancy. Such charges do not include the professional services of physicians nor intensive nursing care by whatever name called.

SEMI-PRIVATE

Semi-Private means a class of accommodations in a hospital in which at least two patient beds are available per room.

TOTAL DISABILITY

Total Disability (Totally Disabled) means that, as a direct result of an illness or injury, the Covered Person is unable to:

A. In the case of an Employee, engage in any and every business or occupation and perform any and all work for compensation or profit.

B. In the case of a Dependent, perform the normal activities of a person of like age and sex who is in good health.

PRE-ADMISSION TESTING & PRE-CERTIFICATION & EXTENDED STAY REVIEW

PRE-ADMISSION TESTING

Pre-Admission Testing, when performed on an outpatient basis will be included as a Covered Expense, and will be payable at 100% not subject to any deductible or co-payments. Such testing must be performed within seven (7) days of a scheduled hospital confinement and must be performed at the same hospital where such confinement is to occur.

PRE-CERTIFICATION & EXTENDED STAY REVEIW

All non-emergency hospital admissions require pre-certification, by Intracorp, regarding the medical necessity of inpatient hospitalization. Pre-certification can be obtained by having the Covered Person or admitting physician call Intracorp at 1-800 592 5922. Intracorp will notify the Plan Supervisor, physician, hospital and patient of the approved number of hospital days. Intracorp will maintain contact with the hospital and admitting physician to authorize extended length of stay days if medically necessary.

Pre-Certification Review will never stand in the way if a Covered Person needs emergency treatment. In an urgent situation, a Covered Person gets the care they need. Then, they have their physician call for immediate authorization over the phone. This call must be made within two business days of the Covered Person's admission.

If the above procedure is not followed, the Covered Person shall be responsible for the payment of a deductible amount of $500.00. This $500.00 shall be imposed each time the above procedure is not followed.

MANDATORY SECOND SURGICAL OPINION EXPENSE BENEFIT

FOR NON-EMERGENCY SURGERY

This benefit is designed to supplement the Medical Expense Benefits and therefore is not subject to any co-payments. The Plan will pay 100% of the charges for a second opinion on certain elective non-emergency surgeries. Not every proposed surgery requires a second surgical opinion --- only 14 specific operations.

When an attending physician recommends one of these procedures, a Covered Person selects a specialist in their area and arranges for a consultation. The physician rendering the second opinion regarding medical necessity of such surgery must be qualified to render such a service, either through experience, specialized training or education, or similar criteria, and must not be affiliated in any way with the attending physician. The consulting physician must fill out a Surgical Opinion Statement and mail it to the Plan Supervisor.

If a Covered Person receives conflicting opinions (the specialist disagrees with the attending physician) the Plan will pay for a third consultation at 100%. This third physician must be qualified to render such a service, and must not be affiliated in any way with the attending physician or the consulting physician. The physician rendering the third opinion must, also, fill out a Surgical Opinion statement and mail it to the Plan Supervisor.

This Second Surgical Opinion on the 14 surgeries, listed below is Mandatory and if Second Surgical Opinion is not used or if the Covered Person elects to have surgery completed in conflict with the third opinion, then co-payment is paid at 50% on surgery performed and includes physician and hospital reflected charges. Charges are not subject to out-of-pocket stop-loss.

FOURTEEN SURGERIES

1. Bunionectomy
2. Hysterectomy
3. Prostatectomy
4. Repair of deviated septum
5. Knee & hip surgery
6. Dilatation & curretage
7. Mastectomy & other breast surgery
8. Cataract removal and eye surgery
9. Varicose vein excision and ligation
10. Cholecystectomy
11. Hernia Repair
12. Tonsillectomy and/or adenoidectomy
13. Laminotomy
14. Open heart surgery

MANDATORY OUTPATIENT SURGICAL PROCEDURES

Outpatient surgical procedures, as shown on the following Outpatient Surgical Procedures Table are MANDATORY, and will be payable at 100%, not subject to any deductibles or co-payments, provided surgery is performed in an Ambulatory Surgical Center or in the outpatient department of a hospital. If a surgical procedure listed on the Outpatient Surgical Procedures Table cannot be performed on an outpatient basis due to:

A. the medical condition of the Covered Person; or

B. the absence of an ambulatory surgical center of an outpatient hospital facility able to perform such procedure within a fifty (50) mile radius of the Covered Person's residence; then

such services will be payable under the Plan in accordance with all Plan conditions, exclusions and limitations, however, if a surgical procedure can be performed as an outpatient and is done on an inpatient basis (non-Intracorp Certified Inpatient Surgery) all related benefits are paid at 50% and not subject to the stop-loss.

TABLE OF OUTPATIENT SURGICAL PROCEDURES

EAR, NOSE AND THROAT

Adenoidectomy & Myringotomy
Antral Puncture
Arch Bars, Removal
Closed Nose, Reduction
Closed Zygoma, Reduction
Interior Turbinate Fracture
Larngoscopy without operative procedures
Myringotomy with or without tubes
Otoscopy, Foreign Body Removal
Nasal Polpectomy
Septal Reconstruction (SMR)
Ethmoidectomy
Tonsillectomy
Fractured Jaw, Wiring
Rhinoplasty
Stapedectomy
Tympanoplasty
Myringoplasty

GENERAL SURGERY

Abscess I & D
Baker's Cyst, Excision
Breast Masses, Excision, Unilateral
Cervical Node
Foreign Body, Removal
  without x-ray
  with x-ray
Rectal Fistulectomy
Frenulectomy, Tongue
Hemorrhoidectomy
Inguinal Herniorrhaphy (adult)
Inguinal Herniorrhaphy (pediatric)
Thrombotic Hemorrhoidectomy
Herniorraphy, umbilical
Lipoma, Excision
Muscle Biopsy
Draining Sinus Tract, Excision
Pilonidal Cystectomy
Rectal Polypectomy
Sebaceous Cyst, Excision
Skin Lesions, Excision
Throglossal Duct Cyst
Varicose Vein Ligation, Stripping
Orchiectomy
Orchiopexy

ENDOSCOPY

Bronchoscopy
  without operative procedure
  with operative procedure
Cystoscopy
Cystoscopy and Retrograde
Esophagoscopy
  without operative procedure
  with operative procedure
Gastroscopy
Laryngoscopy
  without operative procedures
  with operative procedure
Proctoscopy

EYE

Cataract
Chalazion
Discision
Ectropian
Eye Exam
Eye Muscle Operation
  unilateral
  bilateral
Iridectomy
Lacrimal Duct Probing
  unilateral
  bilateral
Prolapsed Iris, Excision
Pterygium
Lacrimal Duct, Insertion of Tube
Lacrimal Duct, Reconstruction
Myotomy, Recession
  unilateral
  bilateral

ORAL SURGERY

Closed Reduction-facial
Alveolar Bone Fracture
Incision & Drainage facial abscess
Removal small cysts or
  neoplasms jaws
Sialotithotomy
Temporo-Mandibular joint
  injection

ORTHOPEDIC

Arthroscopy
Bunion Operation
  unilateral
  bilateral
Bursae (Olecranon), Removal
Carpal Tunnel Decompression
Closed Reduction
Finger or Toe Nails, Removal
Gaglion
Hammer Toes, Tenotomies & Resection of Bones
Hardware, Hip: Removal
Kidney Cannula, Revision
Manipulation of Joints
Metatarsal Heads, Excision
  unilateral
  bilateral
Morton's Neuroma
Nerve Repair
Phalangectomy
Planter Wart, Excision
Plate or Screw Removal
Repair of Medial Ligament
Stitches Removal
Tendon Repair
  one tendon
  two tendons
Tenosynevectomy
Tenotomy, Hand or Foot
Cast Change, with manipulation & x-ray
Exostosis, Excision
Release of Tendon Shealth
Ulnar Nerve Repair, Transfer
Cast Change, Spica
Cast Change
Foreign Body Removal, Simple
Hand Surgery
Neuroma

NEUROLOGICAL SURGERY

Carpal Tunnel Decompression
Alcohol Injection of Nerve
Intercostal Neurectomy
Excision of Neuroma
Morton's Neuroma
Ulna Nerve Release

PLASTIC SURGERY

Bone Graft (Maxilla)
Cleft Lip
Cleft Palate
Dermabrasion
  partial
  full
Otoplasty, unilateral
Small Scars, Excision & Revision
Chemical Face Peel

GYNECOLOGY

Bartholin Cystectomy
Cervical Amputation
Cryotherapy (Biopsy)
Culdacentesis
Culdoscopy
D & C Therapeutic; Diagnostic
Examination under Anesthesia
Hymenotomy
Hysterosalpingogram
Laparoscopy
  diagnostic
  with tubal sterilization
Cervical Cone, Hymenectomy
Perineorrhaphy
Removal I.U.D.
Condylomata Acuminata

UROLOGY

Circumcision, Pediatric
Circumcision, Adult
Cystoscopy
  Pediatric
  Adult
Cystoscopy & Retrograde
Dorsal Slit
Meatotomy
Prostate Biopsy
Urethal Dilatation
  Pediatric
  Adult

INPATIENT HOSPITAL EXPENSE BENEFITS

ROOM & BOARD

The Plan will cover the full cost of a ward or semi-private room for care of general conditions in a hospital, including meals, special diets, and nursing service for a period of 365 days, however, Patient Stay Days are subject to Extended Stay Review through Intracorp for each illness. Also included in this benefit are maternity and nursery care.

SPECIAL UNITS

Full coverage is also provided when special units are required, such as intensive care, burn, or cardiac care units. However, special units are not limited to these three.

HOSPITAL EXTRAS

Necessary miscellaneous hospital expenses are covered in full. They include (but are not limited to):

1. use of operating, delivery, recovery and other treatment rooms,
2. anesthesia administered by a hospital technician,
3. drugs and medicines,
4. dressings and casts,
5. physical therapy provided by the hospital,
6. use of radium owned or rented by the hospital,
7. use of iron lungs, incubators, oxygen tents and similar hospital equipment,
8. all hospital laboratory services as a bedpatient.

RENEWAL

Full benefits are restored after a period of 60 days has elapsed since the date of last discharge from a hospital.

INPATIENT TB MENTAL/NERVOUS & SUBSTANCE ABUSE

INPATIENT HOSPITAL EXPENSES

The Plan provides full coverage for inpatient hospital expenses including necessary miscellaneous charges for a period of 45 days when hospitalized for pulmonary TB or mental/nervous or substance abuse conditions.

RENEWAL

Full benefits are restored after a period of 60 days has elapsed since date of last discharge from a hospital.

MEDICAL-SURGICAL CARE EXPENSE BENEFITS

The Plan will pay in full the physician's reasonable and customary charges under this benefit for:

Surgery* -- for illness or injury, including:

1. Anesthesia (by a physician anesthetist other than the physician in charge of the case).
2. Technical surgical assistance -- when required and related to covered surgery.
3. Obstetrical delivery.
4. Normal services for human cornea, kidney, skin and bone morrow transplants. (See Human Organ Transplant for other procedures.)

Medical Care In The Hospital -- for all allowed hospital inpatient care days, including:

1. Consultations -- between the attending physician and other physicians.
2. Hemodialysis - physician services related to use of an artificial kidney machine in the hospital or hospital outpatient department or in the home.
3. In-hospital medical care for mental illness, including individual and group psychotherapy, electroshock therapy and related anesthesia, family counseling and psychological testing.

Emergency First Aid -- up to $15.00 per physician for initial examination and treatment of accidental injuries or conditions determined by the Plan to be life-threatening "medical emergencies."

*For any limitations see Mandatory Outpatient Surgical Procedures and Mandatory Second Surgical Opinion.

OUTPATIENT HOSPITAL EXPENSE BENEFITS

The Plan will pay the full cost of reasonable and customary charges for Outpatient Hospital care for the following:

1. Treatment of accidental injuries;

2. Treatment provided within 72 hours of onset of an acute medical emergency condition;

3. Hemodialysis;(use of artificial kidney machine) in the hospital, hospital outpatient department, or in the home;

4. Chemotherapy;

5. laboratory examinations related to surgery;

6. Physical therapy for up to 60 consecutive days per calendar year.

OUTPATIENT X-RAYS & TESTS

The Plan will pay the full reasonable and customary charges for the following:

1. X-rays for diagnosis of any illness or injury;

2. Diagnostic lab, pathology tests and EKGs;

3. Radiological therapy for treatment by x-ray, radium, external radiation, chemotherapy, or radioactive isotopes.

HOME HEALTH CARE

Home Health Care is a covered benefit under this Plan. Benefits provide for continued care of the same medical programs for which a Covered Person was hospitalized or for a new condition without prior hospitalization. Benefits include services rendered by nurses, physical, speech, or occupational therapsits, home health aides and medical social workers as well as drugs, supplies and physcial therapy provided by affiliated hospitals.

Home Health Care must be prescribed by the Covered Person's physician.

SUBSTANCE ABUSE TREATMENT

ACUTE DETOXIFICATION

This Plan allows a Covered Person to use five of their regular mental care hospital days for acute detoxification, when medically necessary in a hospital.

SUBSTANCE ABUSE TREATMENT

In addition, the Plan includes benefits for treatment of alcoholism and drug addiction when rendered in the following substance abuse treatment programs:

1. approved hospital residential (live in)
2. approved facility residential (not affiliated with a hospital)
3. approved outpatient

"Approved substance abuse treatment program" means a residential or outpatient program which provides medical and other services for substance abusers, meets all state licensure and approval requirements.

HOSPITAL RESIDENTIAL PROGRAMS

A Covered Person becomes eligible when the doctor who examines them orders treatment in a residential program. They are covered for the same number of days as the plan provides for mental care, with no dollar limits. But each day takes away one date of care for mental conditions.

Residential program benefits include:

1. bed, meals & general nursing
2. laboratory exams
3. drugs used in a facility
4. supplies & equipment used to cure alcoholism & drug addiction
5. professional medical care & consultations
6. staff services - including diagnostic exams
7. individual & group therapy or couseling
8. psychological testing
9. counseling for family members

NON-HOSPITAL RESIDENTAL PROGRAMS

A Covered Person has the same benefits as those listed in an approved residential program not operated by a hospital. A doctor must examine a Covered Person and order care. There is no limit to the days of care rendered in an approved non-hospital program. However, these benefits - along with any outpatient substance abuse treatment a Covered Person's receives - are jointly limited to an ANNUAL DOLLAR MAXIMUM per Covered Person, as stated in the Schedule of Benefits.

The dollar limit is adjusted each March to reflect the current Consumer Price Index.

OUTPATIENT TREATMENT

These benefits - along with any non-hospital residential services a Covered Person receives - are jointly limited to an ANNUAL DOLLAR MAXIMUM per person. (See above.) A doctor must examine the Covered Person and order care in an approved outpatient program. Each visit by family members for family counseling is charged against the annual limit.

Covered outpatient services include:

1. professional & staff services - including diagnostic exams
2. individual & group therapy or counseling
3. counseling for family members
4. laboratory exams
5. drugs - including those taken home
6. psychological testing
7. supplies and equipment used to cure alcoholism and drug addiction

LIMITATIONS AND EXCLUSIONS

Benefits do NOT include:

1. Services provided primarily in connection with diagnoses other than substance abuse.
2. Dispensing methadone or testing urine specimens (unless therapy, counseling or psychological testing are also provided.)
3. Diversional therapy.

HUMAN ORGAN TRANSPLANT
(Liver, Heart, Heart-Lung or Pancreas)

The Plan will provide benefits for certain human organ transplant procedures and related services as stated below:

A. Definitions

1. Covered Human Organ Transplant Procedure means the surgical implantation of a human liver, heart, heart-lung or pancreas which is performed in an Approved Facility.

2. Approved Facility means a facility has been approved for the performing of liver, heart, heart-lung or pancreas human organ transplants.

3. Benefit Period means the period beginning five (5) calendar days prior to the Covered Human Organ Transplant Procedure and ending one (1) year from the date of the Covered Human Organ Transplant Procedure with the exception of anti-rejection drugs which are covered a week before the date of the transplant and after the date of transplant as provided in C. 4.

4. Pre-Existing Conditions means any physical or medical condition which, during the six month period immediately preceeding the date of coverage, either (i) had manifested itself in such a manner as would cause an ordinarily prudent person to seek diagnosis, care or treatment; or, (ii) for which professional advice, care or treatment was recommended or received.

B. Deductible and Coinsurance

Benefits are not subject to any deductible or coinsurance requirements.

C. Covered Services

Benefits will be provided for the following reasonable and customary charges, if incurred while a person is Covered under this Plan up to the Lifetime Maximum benefit as stated in the Schedule of Benefits.

1. All medical expenses of a recipient for a Covered Human Organ Transplant Procedure and all services directly related to that procedure, when performed in an Approved Facility.

2. All expenses incurred by the recipient of a Covered Human Organ Transplant Procedure for drugs and medically necessary ancillary services related to and provided subsequent to that transplant procedure whenever appropriately provided.

3. Surgical, storage and transportation costs incurred and directly related to the donation of a human organ for a Covered Human Organ Transplant Procedure, up to a maximum of ten thousand ($10,000) dollars.

4. Expenses incurred by the recipient of a covered Human Organ Transplant for anti-rejection drugs will be a benefit. After the first year, the maximum benefit available for anti-rejection drugs is $10,000 per year.

5. Transportation, meal and lodging expenses, up to a maximum of ten thousand ($10,000) dollars for the following:

   a. Cost of transportation to and from the Approved Facility for a Covered Human Organ Transplant Procedure, for the recipient and one individual accompanying the recipient, or if the recipient is a minor, for two individuals accompanying the recipient; and,

   b. Reasonable and necessary lodging and meal expenses incurred by the person or persons accompanying the recipient to and from the Approved Facility.

D. Exclusions

1. No benefits are available under this benefit for Human Organ Transplant Procedures performed in a facility which has not been designated as an Approved Facility.

2. No benefits are available under this benefit for Human Organ Transplant Procedures for care, services, supplies or devices which are experimental or research in nature.

E. Nine-Month Waiting Period for Pre-Existing Conditions

No benefits are payable under this Plan for services or expenses until the person has been enrolled for a period of nine consecutive months under this Plan.

PLEASE NOTE: There will be no Coverage of Expenses resulting from Organ Transplants if such procedure(s) is considered experimental by the (Office of Medical Application of research of the National Institute of Health) Department of Health & Human Services.

MAJOR MEDICAL EXPENSE BENEFITS

Major Medical Expense Benefits are subject to the following deductibles and copayments:

DEDUCTIBLE & COPAYMENTS

The deductible amount per Covered Person during a calendar year is $50.00 (or $100.00 for two or more Covered Persons in a family per calendar year).

After this deductible has been met the Plan will pay 90% of Reasonable and Customary charges up to a family maximum out-of-pocket of $1,000 per Calendar year. The Plan will then pay 100% of Reasonable and Customary charges for the balance of the calendar year. This does not apply to copayments for the treatment of Outpatient Mental and Nervous or private duty nursing, which are paid at 75% nor do these copayments for Outpatient Mental and Nervous or private duty nursing apply toward the family maximum out-of-pocket expense of $1,000 per calendar year.

Eligible expenses incurred and applied toward the deductible during last three months of the calendar year will be applied toward the following year's deductible requirement.

MAJOR MEDICAL EXPENSE BENEFITS

A. Office/Clinic Services
   1. Home and office or clinic visits
   2. Medication given in the office or clinic
   3. Physician's services for speech and hearing therapy
   4. Allergy testing and treatment, including injections
   5. Medical consultations
   6. Pre- & Post-Natal

B. Chiropractic Services
   1. Spinal adjustment or manipulation
   2. Acute care: 20 visits are allowed for first 90 consecutive days
   3. Chronic care: Following the first 90 days, two visits per month for 12 months

   Not Covered Under This Service
   1. Supplements or medical equipment dispensed by a chiropractor
   2. Treatment for a diagnosis not related to the spine
   3. Family maintenance or preventive maintenance

C. Outpatient Physical, Speech & Occupational Therapy
   1. Diathermy
   2. Whirlpool
   3. Speech Therapy
   4. Therapeutic exercises, gait training, pool therapy, soft tissue therapy

D. Nursing Services

The following is a covered benefit when prescribed by a physician to be medically necessary.

1. Visiting nurse services in the home or private duty nursing services in an accredited hospital or in the home.

   -Private duty nursing is covered under very limited circumstances and only when around the clock nursing services are required

2. Only services of a registered nurse (RN) or licensed practical nurse (LPN)

E. Durable Medical Equipment

(For rental or purchase of. Must be prescribed by a physician and must have a prescription)

F. Outpatient Mental and Nervous

Benefits are payable for mental health care provided in an approved outpatient psychiatric facility or in a physician's office. Benefits include all professional, staff and ancillary services provided by the outpatient psychiatric facility; drugs or medicines dispensed by the facility; electroshock therapy; psychological testing; group and individual psychotherapy, and family counseling.

G. Miscellaneous

1. Air and Ground Ambulance (to the nearest facility)
2. Functional and Non-functional Prosthetic Appliances
3. Initial pair of eyeglasses and/or contact lenses following cataract surgery
4. Orthotic appliances, such as braces
5. Corrective Shoes - Attached to braces
6. Medical Supplies (Such as, but not limited to Needles and Syringes for Insulin and Colostomy bags)
7. Dressing, Cast Materials, Oxygen & Therapeutic Gases

EXCLUSIONS & LIMITATIONS

In addition to the limitations appearing elsewhere in this Plan, the following exclusions and limitations also apply.

1. Charges arising out of or in the course of any occupation for wage or profit, or for which the Covered Person is entitled to benefits under any Worker's Compensation or Occupational Disease law, or any such similar law.
2. Tests not required in and related to the diagnosis of illness or injury.
3. Psychiatric services after determination that a condition will not respond to treatment.
4. Hospitalization principally for observation or diagnostic evaluation.
5. Reduction of weight by diet control with or without medication.
6. Care, services, supplies, or devices which are experimental or research in nature.
7. Outpatient care requiring repeated visits for the treatment of chronic conditions.
8. Surgery for cosmetic or beautifying purposes except for the correction of conditions resulting from accidental injures or traumatic scars or the correction of birth defects.
9. Charges for hospital rooms in excess of the hospital's regular charges.
10. Eyeglasses (except after cataract surgery), hearing aids and dentures.
11. Items for the personal comfort and convenience of the patient.
12. Room rate differences.
13. Cost of transportation, except as noted elsewhere in this Plan.
14. Routine physicals, pre-employment or pre-marital examinations.
15. Rental or purchase of exercycles, tread mills and exercise equipment.
16. Environmental control items (such as, but not limited to air conditioners, dehumidifiers).
17. Rental charges which exceed the purchase price of a covered item.
18. Dental services, except for accidental bodily injury to natural teeth.
19. Charges for services rendered by a physician, nurse, or licensed therapist if such physician, nurse, or licensed therapist is a close relative of the Covered Person, or resides in the same household of the Covered Person.

20. Charges incurred as a result of war or any act of war, whether declared or undeclared, or caused during service in the armed forces of any country.

21. Charges incurred for which the Covered Person is not, in the absence of this coverage legally obligated to pay, or for which a charge would not ordinarily be made in the absence of this coverage.

22. Charges in excess of Reasonable and Customary charges.

23. Charges for Sterilization.

24. Charges resulting from elective abortions.

25. Charges resulting from or in connection the reversal of a sterilization procedure.

26. All health services for or related to in-vitro fertilization.

27. Charges incurred prior to the effective date of coverage under this Plan or after coverage is terminated.

28. Charges incurred in connection with any intentionally self-inflicted injury or illness, whether sane or insane.

29. Charges resulting from or occurring (1) during the commission of a crime by the Covered Person; or (2) while engaged in an illegal act, illegal occupation or felonious act or aggravated assault.

30. Charges in a Skilled Nursing Home.

PRESCRIPTION DRUG EXPENSE BENEFITS

WHAT IS COVERED

Prescription Drug Benefits will be payable if a Covered Employee or one of their Covered Dependents, as a result of non-occupational accident or sickness, must pay for prescription drugs covered by the Plan and dispensed by any person or organization legally licensed to dispense drugs, upon the written or telephone order of a physician licensed to practice medicine. Licensed physicians include Doctor of Medicine (M.D.), Doctor of Osteopathy (D.O.), Doctor of Dental Surgery (D.D.S.) and a Doctor of Surgical Chiropody (D.S.C.) or Podiatrist (D.P.M.) when acting within the scope of their licenses. The prescription drugs may be purchased from either a "participating pharmacy" or a "non-participating pharmacy," as described hereafter.

COVERED UNDER THE PLAN ARE

1. Drugs which under Federal Law, are required to bear the legend: "Caution" Federal Law prohibits dispensing without prescription."

2. A compound medication of which at least one ingrediant is a federal legend drug.

3. Other drugs which under the applicable state law may only be dispensed upon prescription by a physician.

PARTICIPATING PHARMACIES

Participating pharmacies are pharmacies that have entered into an agreement with PAID Prescriptions, Inc., a non-profit corporation, to provide prescription drugs under this Plan at their "acquisition cost" plus an agreed-to dispensing fee. When a Covered Person purchases a prescription from a participating pharmacy, they will pay no more than the copayment for each prescription or refill.

When an Employee becomes covered under the Plan, they will receive a plastic identification card which they or their Covered Dependent must show to the participating pharmacy when filing a claim. This card becomes void when coverage is terminated.

NON-PARTICIPATING PHARMACIES

Any pharmacy that has not entered into an agreement with PAID Prescriptions, Inc. is a non-participating pharmacy. If a Covered Person purchases a prescription or refill from this type of pharmacy, they must pay the pharmacy the full cost of the prescription or refill. They will be reimbursed only to the extent of the customary payment to a participating pharmacy less the copayment for each prescription or refill.

COPAYMENT

The following is a breakdown of the copayment for Covered Employees and their Dependents under this Plan for Prescription Drugs:

1. $1.00 Copayment for each Brand Name Drug.

2. $-0- Copayment for all Generic Drugs Purchased.

GENERIC DRUGS

In recent years, generically equivalent drugs have been introduced as an alternative to using brand name legend drugs. As an incentive for the use of such generic drugs, wherever possible, the Plan will reimburse at 100% of reasonable and customary charges.

OTHER PROVIDERS

Covered drugs purchased from a physician, dentist or any other person or organization legally licensed to dispense drugs are also an eligible expense. These providers may be either participating or non-participating and claims should be submitted as described in the following provision:

HOW TO SUBMIT CLAIMS

1. If a prescription is purchased at a participating pharmacy or provider:
   (a) Show the identification card to the pharmacist.
   (b) Fill out and sign the Covered Person's part of the claim form.
   (c) Pay the pharmacist no more than the copayment for each separate prescription or refill.

2. If a prescription is purchased at a non-participating pharmacy or provider:
   (a) Obtain a Prescription Drug Claim form from the Plan Supervisor.
   (b) Have the pharmacist complete his/her section of the claim form. If no claim form is available, such as when a Covered Person is on vacation, ask the pharmacist to provide the following information on a receipted bill; full name of the person for whom the prescription is being filled and her/his age; prescription number, quantity, number of days supply, description of drug, Federal Drug Administration (FDA) code and price, including sales tax, if any.
   (c) Pay the pharmacy the full cost of the prescription.
   (d) Complete the portion of the pre-addressed claim form and mail to PAID Prescriptions.
   (e) A check will be mailed to the Covered Person for the amount otherwise payable to a participating pharmacy.

EXCLUSIONS AND LIMITATIONS

No benefits will be paid for the following:

1. The charge for any prescription drug for which the reasonable and customary charge is equal to or less than the copayment.
2. The charge for any prescription drug, medication or device which would have been furnished without cost in the absence of this coverage or for which a Covered Person has no legal obligation to pay.
3. The charge for any covered drug which is consumed at the time and place the prescription is filled.
4. The charge for any medication or device which is to be used for contraceptive purposes including birth control pills.
5. Any drug labeled "Caution --- Limited by Federal Law to investigation Use" or experimental drugs even though a charge is made.
6. The charge for the administration of drugs or insulin.
7. The charge for a quantity of a drug in excess of the amount normally prescribed by physicians. In no event will payment be made for more than a thirty-four (34) day supply, or if greater, a one hundred (100) unit dose of a covered drug, except in certain instances involving a

greater maintenance drug supply as long as such supply does not exceed ninety (90) days.

8. The charge for any medication for which a Covered Person is entitlec to receive reimbursement under any Workers' Disability Compensation Act or is entitled to benefits from any municipal, state or federal program.
9. The charge for any covered prescription drugs for which payment is provided under any other group benefit plan.
10. The charge for any drug or medication not described in "Prescription Drugs Covered" even if dispensed on a written prescription from a physician.
11. The charge for any medication taken or administered while a Covered Person is confined to a hospital, sanitarium, skilled nursing facility or other medical facility.
12. The charge for any therapeutic devices or appliances including but not limited to hypodermic needles, syringes, support garments or other non-medicinal substances. Hypodermic needles and syringes for insulin, are not covered.

MAIL SERVICE PRESCRIPTION DRUG PROGRAM
(Maintenance Drug)

Mail Service Prescription Drug is a Covered Benefit under this Plan. If a Covered Person or their Eligible Dependents take medication on an ongoing basis (maintenance medication), they can receive prescription drugs, via mail service at no extra cost and have them delivered to their home.

WHAT IS THE MAIL SERVICE PRESCRIPTION DRUG PROGRAM?

The Mail Service Prescription Drug Program is ideal for those persons who take prescription medication on an ongoing basis.

WHAT IS COVERED?

Prescription medications as presently covered by the Plan.

WHO IS ELIGIBLE?

All Employees and their Eligible Dependents.

HOW TO USE THIS PROGRAM

1. A Covered Person should ask their physician to prescribe needed medication for a 90 day supply, plus refills. If they are presently taking medication, they should ask their doctor for a new prescription.

2. There will be a supply of mail order forms in the Personnel Office. The Covered Person should complete the attached Patient Profile Questionnaire with their first order only. They should be sure to answer all the questions, and make certain they include their Social Security Number on the form.

3. They should send the completed Patient Profile Questionnaire and their original prescription to National Rx Services, Inc.

4. National Rx Services, Inc. will process the order and return the medications to the Covered Person, via First Class Mail or UPS, along with re-order instructions for future prescriptions.

Please remember this program is to be used only for a 90 day supply of drugs.

GENERIC DRUGS

The generic name of a drug is its chemical name. The brand name is the trade name under which the drug is advertised and sold. By law, generic and brand name drugs must meet the same standards for safety, purity, strength and effectiveness. When a doctor authorizes generic substitution, it permits the Pharmacy to dispense a generic drug. This saves the Plan money. So whenever possible, a Covered Person should ask their doctor to prescribe generic drugs.

DENTAL EXPENSE BENEFITS

SCHEDULE OF BENEFITS

	Benefits
Class I Services	50% of Reasonable & Customary Charges
Class II Services	50% of Reasonable & Customary Charges
Class III Services	50% of Reasonable & Customary Charges
Maximum Benefit Per Covered Person Per Calendar Year	$800.00

The Plan will pay charges made by a dentist up to the maximum percentage as shown in the Schedule of Benefits.

WHAT DENTAL EXPENSES ARE COVERED UNDER THIS PLAN

Covered dental expenses are the charges of a dentist or physician for the services and supplies listed below required for dental care and treatment of any disease, defect or accidental injury, or for preventive dental care.

CLASS I SERVICES

Diagnostic and Preventive Services:

- Oral examinations routinely -- every 6 months
- Bitewing X-rays routinely -- every 6 months
- Full-mouth X-rays routinely -- every 3 years
- Teeth cleaning every 6 months
- Fluoride treatments for prsons of all ages
- Children's space maintainers
- Palliative emergency treatment
- Tests & laboratory examinations

CLASS II SERVICES

Restorative, Endodontic & Periodontic Services; Adjunctive Services, Oral Surgery & Limited Prosthodontic Services:

- Fillings
- Crowns, inlays & onlays
- Pulp capping & pulpotomy
- Periodontitis treatment
- Gingivitis treatment
- General anesthesia
- Extractions -- simple & surgical
- Repairs to existing dentures
- Relining & rebasing of dentures

CLASS III SERVICES

Extended Prosthodontic Services -- Construction & Installation of Complete & Partial Dentures: (Replacement after 5 years if unserviceable.)

- Removable dentures
- Fixed bridges
- Bridge pontics
- Abutment crowns, inlays & onlays

WHAT IS NOT COVERED UNDER THIS BENEFIT

1. Services available through a government program or under Worker's Compensation laws.
2. Charges for completing insurance forms.
3. Any Charges in connection with Orthodontic Services.
4. Adjustment of dentures less than six months after installation.
5. Charges for missed dental appointments.
6. Services which are experimental or not approved by the American Dental Association, such as tooth implants or transplants.
7. Services ordered before coverage starts and services completed more than 60 days after coverage ends.
8. Charges for lost, missing or stolen dental appliances.
9. Services for cosmetic or personal preferences.
10. Instruction in oral hygiene, diet instruction and plaque control programs.
11. Charges for the cleaning of teeth, when not under the supervision of a dentist.

HEALTH COVERAGE RIGHTS UNDER THE DEFICIT REDUCTION ACT OF 1984 (DEFRA)

Health coverage under this Plan is available to employees age 65 and older under the same conditions as coverage is available to employees under age 65; coverage is available to spouses age 65 and older of employees of any age under the same conditions as coverage is available to spouses under age 65 of employees of any age; and persons age 65 or older are entitled to select Medicare for their primary health coverage in lieu of any group health plan offered by the employer.

When an employee or spuse of an employee who is covered by an employer's group health plan reaches age 65, that person shall continue to be covered by the health plan unless and until he/she notifies the employer, in writing, that he/she does not want such coverage to continue, or otherwise ceases to be eligible for such coverage for a reason that would also make an employee or a spouse of an employee under age 65 ineligible for coverage.

GENERAL CONDITIONS APPLICABLE TO THE PLAN

RELEASE OF INFORMATION

Each Coverec Person hereby authorizes physicians, hospitals, and other providers of services to furnish to the Plan Supervisor, upon its request, information relating to services to which the Covered Person is or may be entitled under this Plan. Physicians, hospitals, and other providers of services are hereby authorized to permit the Plan Supervisor to examine their records with respect to the services and to submit to the Plan Supervisor reports of the services in the detail that the Plan Supervisor requests. All information related to treatment of the Covered Person will remain confidential except for the purpose of determining rights and liabilities arising under this Plan.

CONTEST

A Covered Person seeking payment from the Plan directly or indirectly will be furnished the specific reason or reasons for denial of a claim with reference to the applicable provisions of this Plan and an explanation of additional information required from or on behalf of the Covered Person for reconsideration of the claim in accordance with the Plan's review procedure. No action or suit at law may be commenced upon or under this Plan until thirty (30) days after notice by the Covered Person has been given to the Plan that the reconsidered decision of the Plan under its claim review procedure is unacceptable, nor may such action be brought at all later than two (2) years after such claim has arisen.

GENERAL INFORMATION APPLICABLE TO THE PLAN

COORDINATION OF BENEFITS

If a Covered Person is entitled to any group medical, dental care or major medical benefits or services from another source, including any other certificate issued under this Plan, or any other arrangement of coverage for individuals in a group, such benefits under this Plan may be reduced to an amount which, together with all other such benefits, will not exceed 100% of any necessary, reasonable and customary item of expense covered under this Plan or any other such plan. Any item of expense covered under another plan will be considered in calculating benefits only if a portion of the cost of this item is also covered under this Plan. These provisions shall apply to any government or tax-supported program and Medicare. These provisions shall also apply to automobile no-fault insurance coverage and to benefits or services provided by group student health programs. Except for such automobile no-fault insurance coverage and group student health programs these provisions shall not apply to any individual policy or franchise plan purchased directly.

The following rules are used in determining which plan is primary (pays its normal benefits) and which is secondary (pays the balance of allowable expenses incurred):

1. If a plan does not have "coordination of benefits" provision, than that plan is always primary.
2. The plan covering the patient as an employee is primary, while the plan covering the patient as a dependent is secondary.
3. The plan covering a dependent child of an employee whose birthday anniversary occurs earlier in the calendar year is primary, while the plan covering a dependent child of an employee whose birthday anniversary occurs later in the calendar year is secondary, however:
   (a) If the parents birthday anniversaries are the same, the plan covering the dependent child for the longer period is primary.
   (b) If either plan does not have a provision regarding birthday anniversaries than that plan shall determine the order of benefits.

   Exception:
   If the child is a dependent child of divorced or separated parents, the order of benefit determination will be as follows:
   (a) If the parent with custody has not remarried, his/her plan will be primary, while the plan of the parent without custody is secondary.
   (b) If the parent with custody has remarried, his/her plan will be primary, while the plan of the step-parent will be secondary over the plan of the parent without custody, and the plan of the natural parent without custody is secondary.

   However, if the parents of the child are divorced and there is a divorce decree which sets forth a financial duty for the health care expenses of the child, the plan of the parent with such financial duty is primary.

henever payments have been made in excess of the maximum amount of payment ecessary at that time to satisfy the intent of this provision, the Plan hall have the right to recover such payments, to the extent of such excess, rom among one or more of the following, as the Plan shall determine: any ersons to, or for, or with respect to whom such payments were made, any ther companies, any other organizations.

UBROGATION

his Plan may withhold payment of benefits when a party other than the overed Person or the Plan may be liable for expenses until such liability s legally determined.

n the event of any payment for services under the Plan, the Plan Adminis- rator shall, to the extent of such payment, be subrogated to all the rights f recovery of the Covered Person arising out of any claim or cause of ac- ion which may accrue because of the alleged negligent conduct of a third arty. Any such Covered Person hereby agrees to reimburse the Plan, for any enefits so paid hereunder, out of monies recovered from such third party s the result of judgment, settlement or otherwise; and such Covered Person ereby agrees to take such action to furnish such information and assistance nd to execute and deliver all necessary instruments as the Plan Administra- or may require to facilitate the enforcement of their rights. This provi- ion shall not apply, however, to a recovery obtained by a Covered Person rom an insurance company on a policy under which such Covered Person is en- itled to indemnity as a named insured person.

OW TO APPEAL A CLAIM DENIAL (ERISA)

f a Covered Person does not agree with a claim denial, they may request that review be made of their claim. They should submit a written request for eview of their claim within sixty (60) days after receiving notice of denial. he request should be addressed to the attention of the Plan Supervisor.

Covered Person may sumit additional information with their request for eview. They may request and receive copies of pertinent documents, although n some cases authorization may be needed for the release of confidential in- ormation, such as medical records. A Covered Person should submit the facts nd any supporting comments in writing. A decision will be made by the Plan ithin sixty (60) days following receipt of request for review or the date ll information required of the Covered Person is furnished, whichever date later. Notification of the decision on review will be written in a manner alculated to be understood by the Covered Person and will specify the reasons or the decision.

TATE OF MICHIGAN LICENSURE BILL STATEMENT

he individuals covered by this Plan are not insured, and in the event that he Plan does not ultimately pay medical expenses which are eligible for ayment under the Plan for any reason; the individuals covered by the Plan ay be liable for those expenses.

he Supervisor merely processes claims and does not insure that any medical xpenses of individuals covered by the Plan will be paid. Complete and pro- er claims for benefits made by individuals covered by the Plan will be omptly processed, but in the event there are delays in processing claims,

the individuals covered by tne Plan shall have no greater rights to interest of other remedies against the Supervisor than as otherwise afforded them by law.

Wherever this Plan is non-conforming with State Mandated Coverages or law, it is the intention, unless specifically excluded elsewhere in this Plan Document, to comply with the State Laws and Mandated Coverages.

PROCEDURE FOR CLAIMING BENEFITS UNDER THE PLAN

MEDICAL

Generally speaking, a claim form is not required to file for medical benefits under the Plan. All itemized bills (doctor, hospital, etc.) for services received should be submitted directly to the Plan Supervisor. These itemized bills should list:

(a) Name of Patient

(b) Date of Service

(c) Type of Service

(d) Charge for Same

(e) Name of Group (Osceola County) or Group No. 1114

Please Note: If a Covered Person wishes to have benefit payments paid directly to their doctor, or hospital, etc., they must complete the assignment of benefits portion of their bill, or if there isn't one, sign their name on the bill requesting that the bill be paid directly to the doctor, hospital, etc. If this is not done, then the reimbursement will come directly to the Covered Person and could cause delay in paying their claims.

DENTAL

Dental forms are available at the Personnel Office. Though it is not necessary to use any special form, for charges in excess of $200.00 a Covered Person should use the advance predetermination of benefits. Many dentist require that a person agree to the proposed treatment and charges before treatment begins. Therefore, it is valuable for a Covered Person to know what the dental benefit will pay before they make a financial commitment to the dentist. Have the dentist complete a dental claim form, showing the proposed treatment and charges. The claim form will then be returned to the dentist showing the amount that the Plan will cover. These benefits will be paid only if a person remains covered at the time they receive the treatment.

CONTINUATION OF HEALTH INSURANCE COVERAGE UNDER THE "COBRA" ACT

The United States Congress recently passed the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). EFFECTIVE July 1, 1986 the COBRA Private Health Insurance provision now requires employers of TWENTY or more employees to offer continuation group health and medical coverage at group rates to certain employees, their spouses and their dependent children in the event that the employee is no longer covered under the plan.

WHEN AND TO WHOM CONTINUATION COVERAGE MUST BE OFFERED

Group health continuation coverage must be offered to an employee's spouse and dependent children if the employee dies, becomes divorced or legally separated from his or her spouse, becomes entitled to Medicare, or is terminated (or has his hours reduced) for reasons other than gross misconduct. In the event of the termination (other than by reasons of gross misconduct) or reduction of hours of the covered employee, the covered employee must also be offered group health continuation coverage. Finally, group health continuation coverage must be offered to any dependent child of a covered employee when that child ceases to be a dependent child under the generally applicable requirements of the Plan.

NOTICE AND ELECTION PROCEDURES

The above events which give rise to the group health continuation coverage requirements are known as "qualifying events." Those persons who are entitled to continuation coverage upon the occurrence of a qualifying event are known as "qualified beneficiaries." Once a qualifying event occurs, certain notice requirements arise with respect to the employer, the plan administrator, the employee and certain qualified beneficiaries.

In the event of the death of a covered employee, the termination of employment (other than for gross misconduct) or the reduction of hours of a covered employee, or a covered employee's entitlement to Medicare benefits, the employer must notify the plan administrator of such qualifying event within thirty (30) days after the date of such qualifying event. If the covered employee becomes divorced or legally separated from his or her spouse, the covered employee and/or any qualified beneficiary is responsible for notifying the plan administrator of the occurrence of such qualifying event. Where the dependent child of a covered employee ceases to be a dependent child under the generally applicable requirements of the plan, the employee and/or the dependent child is responsible for notifying the plan administrator of the occurrence of such qualifying event.

Within fourteen (14) days after the plan administrator has received notice of any of the above qualifying events, the plan administrator must notify each qualified beneficiary of that beneficiary's rights to group health continuation coverage. Any notice which is provided to the spouse of a covered employee will be treated as notification to all other qualified beneficiaries who reside with that spouse.

Once notified by the plan administrator, the qualified beneficiaries must determine within the applicable election period whether or not they wish to purchase group health continuation coverage. This election period begins on the date on which coverage terminates by reasons of a qualifying event and ends no earlier than 60 days after the later of: (a) the day on which coverage terminates by reason of a qualifying event, or (b) the date on which the qualified

beneficiary receives notice of his or her continuation coverage rights from the plan administrator.

Any election by a covered employee or by the spouse of a covered employee shall be deemed to include an election of continuation coverage on behalf of any other qualified beneficiary (i.e. dependent children) who would other wise lose coverage under the plan by reason of the qualifying event.

THE SUBSTANTIVE REQUIREMENTS OF CONTINUATION COVERAGE

The coverage which is offered to qualified beneficiaries must be identical to the coverage provided to similarly situated active employees who are covered under the plan. The length of time for which this continuation coverage must extend depends upon the qualifying event which prompted it. Where the covered employee is terminated other than for gross misconduct or has his hours reduced, the continuation coverage must extend for a period of eighteen (18) months. With respect to any other qualifying event, continuation coverage must be extended for at least thirty-six (36) months.

Under certain circumstances, the employer can terminate the continuation coverage before the end of these periods. The employer may terminate continuation coverage as of: (1) the date on which the employer terminates all of its group health plans, (2) the date on which a qualified beneficiary fails to make timely payment of any required premium, (3) the date on which a qualified beneficiary becomes entitled to Medicare benefits, or (4) the date on which a qualified beneficiary becomes covered under another group health plan.

At the end of this 18 month or 36 month period (whichever is applicable), the plan must offer the qualified beneficiary the option of enrollment under any conversion health plan otherwise available under the plan. This conversion option must be offered for 180 day period. Finally, any continuation coverage may not be conditioned upon insurability.

PREMIUMS

A qualified beneficiary may be required by the plan to pay a premium for continuation health insurance coverage. This premium cannot exceed 102% of the "applicable premium" and the qualified beneficiary must be allowed to pay the premium in monthly installments. The term "applicable premium" generally represents the cost to the plan of coverage for similarly situated active employees covered by the plan (without regard to whether such cost is paid by the employer or employee). With respect to those plans which are maintained on an insured basis this computation of "applicable premium" is simple enough. However, with respect to self-insured plans, the "applicable premium" must be determined based on a reasonable estimate of the cost of providing coverage to similarly situated active employees covered by the plan, determined on an actuarial basis and taking into account factors to be prescribed by the Internal Revenue Service.