

Summary of Material Modifications

To: Participants
From: City of Delano Health and Welfare Plan (the “Company”)
Human Resources
Re: Legislative Updates to the City of Delano (“Plan”)
Effective Date: November 1, 2020

This Summary of Material Modifications (“SMM”) describes changes to the Plan and supplements or modifies the information presented in your Summary Plan Description (“SPD”) with respect to the Plan. You should keep this SMM with the Plan’s SPD and associated benefits documents provided to you upon enrollment in each benefit plan.

Summary of Changes

- 1. Temporary Provisions Related COVID-19.** The following federal provisions were enacted in response to the 2020 Coronavirus (“COVID-19”) National Emergency. These provisions shall sunset on the dates specified below, or as specified in any further COVID-19 legislation or regulatory guidance.

2020 Leave Opportunities

In the event the Company employs fewer than 500 employees, you may be eligible to take a federally-approved COVID-19-related emergency leave (as created by the Emergency Paid Sick Leave Act (“EPSLA”) or the Emergency Family and Medical Leave Expansion Act (“EFMLEA”)). If you take such COVID-19 related emergency leave any time on or after April 1, 2020 *but before* January 1, 2021, you may be able to continue your group health care coverage for you and any covered dependents during such leave period as long as you continue to pay your portion of the cost for your benefits during the approved leave. Contact your Human Resources Representative for additional details on the types and length of the EPSLA and EFMLEA COVID-19 leaves available to you and the procedures required to maintain your benefit coverage during the leave.

Deadline Extensions for Certain Participant Actions

In accordance with federal guidance, the Plan Administrator shall disregard the period from March 1, 2020 until 60 days after the announced end of the COVID-19 National Emergency or such other date announced by the Agencies in any future notice (“Outbreak Period”) when determining the deadline for any of the following participant actions:

Special Enrollment: The 30-day period (or 60-day period, if applicable) to request HIPAA special enrollment.

COBRA Continuation Coverage:

- The 60-day election period for COBRA continuation coverage after receipt of the COBRA Election Notice;
- The date for making COBRA premium payments (e.g. 45-day initial payment deadline and/or 30 day grace period for subsequent payments); and,
- The 60-day period for individuals to notify the plan of a COBRA qualifying event (e.g. divorce/legal separation, child attaining age 26, or SSA disability determination).

Claims/Appeals:

- The deadline to file a claim under the Plan’s claims procedures;
- If applicable, the deadline to file a claim for a Health FSA during a runout period if the runout period ends any time during the Outbreak Period;
- The deadline to file an appeal of an adverse benefit determination; and,

- The deadline to file, if applicable, a request for external review of a final adverse benefit determination or, if a request for external review was not complete, to file information to perfect the request for an external review.

The above provisions shall be administered in accordance with Families First Coronavirus Response Act (“FFCRA”), the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and any applicable guidance related to the COVID-19 National Emergency.

2. **Expansion of Eligible Over-the-Counter Medical Expenses.** Effective as of January 1, 2020, your SPD’s “Prescription Requirement for OTC Drugs” section is hereby deleted and replaced with the following new section:

Expansion of Eligible OTC Medical Expenses

For expenses incurred after December 31, 2019, the Coronavirus Aid, Relief, and Economic Security Act (“the CARES Act”) expands IRS regulations to allow Health FSAs, Health Savings Accounts and other account-based group health plans to reimburse or pay expenses for menstrual care products and certain over-the-counter (“OTC”) medicines and drugs *without a prescription*.

3. **Medicare Coverage as an Alternative to COBRA Continuation Coverage.** The following new Subsection, “Enrolling in Medicare Instead of COBRA Coverage,” is hereby added to your SPD’s Continuation of Coverage Section:

Enrolling in Medicare instead of COBRA Coverage. In general, if you don’t enroll in Medicare Part A or B when you are first eligible because you are still employed, after the Medicare initial enrollment period, you have an 8-month special enrollment period to sign up for Medicare Part A or B, beginning on the earlier of

- The month after your employment ends; or
- The month after group health plan coverage based on current employment ends.

If you don’t enroll in Medicare and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and later enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA continuation coverage will pay second. Certain plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare. For more information visit

<https://www.medicare.gov/medicare-and-you>.

All other Plan provisions remain unchanged so long as they are consistent with these material modifications.

For additional information regarding the Plan or to request a copy of the Plan’s SPD contact:

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If this SMM was delivered to you by electronic means, you have the right to receive a paper copy of the SMM upon request.