



Kentucky Employees'
Health Plan

HealthEquity®

WageWorks

COMMONWEALTH OF KENTUCKY

KENTUCKY EMPLOYEES' HEALTH PLAN (KEHP)

WAIVER LIMITED PURPOSE
HEALTH REIMBURSEMENT ARRANGEMENT (HRA)

SUMMARY PLAN DESCRIPTION (SPD)

Plan Year: January 1, 2026 through December 31, 2026

Effective Date: January 1, 2007

Amended and Restated: January 1, 2026

Employer's Federal Tax Identification Number: 61-0600439

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PLAN INFORMATION

INTRODUCTION

The Plan Sponsor has established and continues to maintain this Waiver Limited Purpose Health Reimbursement Arrangement (the “HRA” or the “Plan”) for the benefit of its Employees and their eligible dependents as provided in this document. The HRA provides reimbursement for the cost of eligible dental and vision expenses without taxation to you individually.

The purpose of this SPD is to briefly describe the expenses that qualify for reimbursement, as well as provide an outline of other important information concerning the Plan, such as the rules you must satisfy before you can elect the Waiver Limited Purpose HRA and the laws that protect your rights. This SPD describes the basic features of the Plan, how the Plan operates, and how you can get the maximum advantage from the Plan.

There is also a Plan Document that governs the Waiver Limited Purpose HRA which you may review if you desire. In the event there is a conflict between this SPD and the Plan Document, the Plan Document will control.

One of the most important features of this Plan is that the cost of all benefits being provided to you are paid for by your Employer.

Benefits under this Plan are provided on a self-insured basis, which means that payment for benefits is ultimately the sole financial responsibility of the Plan Sponsor. KEHP has contracted with HealthEquity/WageWorks, Inc. (“HealthEquity”) to provide certain administrative services with respect to the Waiver Limited Purpose HRA, such as claims processing and dental and vision expense payment and reimbursement.

Read this SPD carefully so that you understand the provisions of the Plan and the benefits you will receive. You should be fully informed before you enroll in the Plan and remain informed as a plan member. If you have any questions, you should contact KEHP at 888-581-8834 or the Spending Account Administrator, HealthEquity/WageWorks, at 877-430-5519.

Any changes in the HRA, as presented in this SPD, must be properly adopted by the Plan Sponsor, and material modifications must be timely disclosed in writing and included in or attached to this document. A verbal modification of the Waiver Limited Purpose HRA or promise having the same effect, made by any person, will not be binding with respect to the Waiver Limited Purpose Only HRA.

Participation in the Plan does not give any Participant the right to be retained in the employ of his or her Employer or any other right not specified in the Plan. If you have any questions regarding your rights and responsibilities under the Plan, you may also contact the Plan Administrator.

GENERAL INFORMATION ABOUT THE PLAN

This section contains general information that you may need to know about the Plan.

1. Plan Name. Kentucky Employees' Health Plan (KEHP) Waiver Limited Purpose Health Reimbursement Arrangement (HRA).
- 2 (a). The provisions of the Plan became effective on January 1, 2007, which is called the Effective Date of the Plan.
- (b). The provisions of the amended Plan became effective on January 1, 2026.
3. The Plan's start date begins on January 1 and ends December 31, unless you are no longer eligible to participate in the Plan or your participation is otherwise terminated. This is referred to as the Plan Year.
4. The Plan Number for this Plan is 536.
5. Employer/Plan Sponsor Information. The Employer's name, address, and tax identification number are:

Commonwealth of Kentucky
501 High Street
Frankfort, KY 40601
Toll Free: 888-581-8834
Local: 502-564-6534

Tax ID#: 61-0600439

6. The Plan shall be governed under the laws of the Commonwealth of Kentucky.
7. Plan Administrator Information. The name, address, and business telephone number of the Plan's Administrator is:

Commonwealth of Kentucky
Department of Employee Insurance
501 High Street
Frankfort, KY 40601
Toll Free: 888-581-8834
Local: 502-564-6534

The Plan Administrator keeps the records for the Plan and is responsible for the Plan. The Plan Administrator will also answer any questions you may have about the Plan. You may contact the Plan Administrator for any further information about the Plan.

8. Name and Address of the Plan Manager or “Spending Account Administrator” where claims should be submitted:

HealthEquity/WageWorks, Inc.
10375 N. Baldev Court
Mequon, WI 53092
Phone: 1-877-430-5519

The Spending Account Administrator manages your Waiver Limited Purpose HRA including the receipt and payment of claims and the appeal of any claim denials.

9. Service of Legal Process:

The Plan Administrator is the Plan’s agent for service of legal process.

10. Type of Administration:

The type of Administration is Employer Administration.

11. Eligibility Requirements.

An individual is eligible to participate in the Waiver Limited Purpose HRA if the individual is an Employee entitled to participate in the state-sponsored health insurance program in accordance with KRS 18A.225 and 18A.227 and any other requirements imposed by an Employer participating in the Plan.

This Waiver Limited Purpose HRA is available to those Employees whose Employer participates in the KEHP Flexible Spending Account (FSA)/HRA program. Notwithstanding the above, all Employees are considered eligible to participate in this Plan except:

- Self-employed person(s), within the meaning of Section 401(c) of the Internal Revenue Code (the “Code”), including independent contractors, a greater than 2% shareholder in a Subchapter S corporation, a partner in a partnership, or any owner or member of a limited liability company that is treated like a partnership for tax purposes;
- Employees who elect the Employer's group medical plan;
- Part-time Employees expected to work less than 30 hours per week;
- Employees of quasi-governmental Employers that do not participate in KEHP’s HRA program; and
- In accordance with KRS 18A.225(12), retirees under age 65 who return to work with an Employer participating in KEHP and elect health insurance through the retirement system.

Terminated Employees, including persons who retire, shall cease to be a Participant. They shall have 90 days after the end of the calendar year of the claim service date to submit expenses for reimbursement for expenses incurred up to their termination date.

12. **Plan Entry Date.** The Entry Date for eligible Employees shall be the same as the Employer's group Medical Plan.
13. **Benefits.** The Plan shall reimburse eligible Employees for the cost of eligible dental and vision expenses as defined under Code Sections 105 and 213 (without regard to the limitations contained in § 213(a)), and any accompanying regulations or other applicable Treasury guidance or information and as further described below, subject to the Annual Limit. (None of this amount may be paid in cash or other form of distribution, other than through reimbursement of actual expenses incurred).

Types of Eligible Expenses. The following types of expenses qualify for reimbursement under the Plan:

- Dental Expenses
- Vision Expenses

All eligible expenses not otherwise covered by insurance (e.g., co-pays, coinsurance, deductibles, etc.) qualify for reimbursement under the Plan, except health insurance premiums or premiums paid for other types of insurance including COBRA, Medicaid, Medicare, or long-term care.

Co-insurance and co-payment charges are eligible expenses and can be reimbursed.

14. **Annual Limit.** The Waiver Limited Purpose HRA is subject to an annual limit of \$2,100, received in two installments. The first installment, in the amount of \$1,050, will be credited to the Employee's Waiver Limited Purpose HRA on January 1 of the Plan Year. The second installment, in the amount of \$1,050, will be credited to the Employee's Waiver Limited Purpose HRA on July 1 of the Plan Year. Newly eligible Participants may have access to a pro-rated amount based on the number of months remaining in the Plan Year at the time of plan entry.

This Plan is not interest-bearing.

15. **Access to Benefits.** Your Employer makes all contributions to this Plan. Benefits under the Plan will be available on a semi-annual basis in two equal installments of \$1,050 each.
16. **Order of Benefit Payments.** KEHP sponsors a Section 125 Flexible Spending Account in addition to this Waiver Limited Purpose HRA. If you participate in both this HRA and a Healthcare FSA, expenses will be paid under the Healthcare FSA first.
17. **Carry over amounts.** The Waiver Limited Purpose HRA has a maximum account balance of \$2,100 determined as of December 31 of each Plan Year. HRA dollars in excess of \$2,100 remaining in the HRA on December 31 will be forfeited and will become a part of the Public Employee Health Insurance Program Trust Fund. HRA dollars of \$2,100 or less remaining in the HRA on December 31 will roll or carry over to the next Plan Year provided you elect another Waiver Limited Purpose HRA in the subsequent year, and to the

extent not fully utilized in the year of contribution by the Employer. (None of this amount may be paid in cash or other form of distribution, other than through reimbursement of actual expenses incurred.)

18. Mid-Year Claims Deadline Run-Out Period (Applies to Mid-Year Termination or Cancellation)

The claims deadline is based on the claim service date instead of coverage end date. Claims must be submitted within 90 days after the end of the calendar year.

End-of-Plan Claims Deadline (Run-Out Period)

The claims deadline is based on the claim service date instead of the coverage end date. Claims must be submitted within 90 days after the end of the calendar year.

19. Claims. Outstanding claims may not be considered for the next Plan Year.
20. COBRA Continuation. COBRA is not applicable to the Waiver Limited Purpose HRA.
21. Rights Upon Termination. All Waiver Limited Purpose HRA dollars that are not applied towards eligible dental and vision expenses incurred before your termination date are forfeited.
22. The HRA is funded with: A Trust.

ELIGIBILITY

ELIGIBILITY REQUIREMENTS

You are eligible to participate in this Waiver Limited Purpose HRA once you have satisfied the eligibility requirements. Eligible Employees who become covered under this Waiver Limited Purpose HRA are called “Participants.”

Except as specified under ELIGIBILITY EXCEPTIONS below, this Waiver Limited Purpose HRA is available to those Employees whose Employer participates in the KEHP Waiver HRA program.

ELIGIBILITY EXCEPTIONS

Notwithstanding the above, all Employees are considered eligible to participate in this Plan except:

- Employees electing the Employer's group medical plan;
- Part-time Employees expected to work less than 30 hours per week;
- Employees of quasi-governmental Employers that do not participate in KEHP's HRA program;
- In accordance with KRS 18A.225(12), retirees under age 65 who return to work with an Employer participating in KEHP and elect health insurance through the retirement system; and
- Self-employed person(s), within the meaning of Code Section 401(c), including independent contractors, a greater than 2% shareholder in a Subchapter S corporation, a partner in a partnership, or any owner or member of a limited liability company that is treated like a partnership for tax purposes.

MEDICARE ELIGIBLE EMPLOYEES

A Medicare-eligible Employee who is re-employed by any agency of the Commonwealth and who is otherwise eligible for benefits pursuant to KRS 18A.225 will be eligible to re-enroll (or to remain enrolled) in the Kentucky Employees' Health Plan. While a Medicare-eligible retiree is actively employed by the Commonwealth and eligible to participate in KEHP (including the Waiver Limited Purpose HRA), federal law provides that he or she is **not eligible** to receive coverage from any Kentucky retirement system (including the Kentucky Public Pensions Authority, Judicial/Legislative Retirement, and Teachers' Retirement System, etc.) that supplements the Employee's Medicare coverage. Generally, a health plan must pay primary to Medicare. However, your Waiver Limited Purpose HRA will pay secondary to Medicare.

ELIGIBLE DEPENDENTS

The Waiver Limited Purpose HRA provides reimbursement for eligible expenses incurred by you, your Spouse, your child, and any other person you could claim as a dependent on your federal income tax return.

In addition, this Plan will cover a child of yours (as defined by applicable state law) in accordance with a Qualified Medical Child Support Order (“QMCSO”) to the extent the QMCSO does not require coverage not otherwise offered under this Plan. The Plan Administrator will notify you if

a medical child support order has been received. The Plan Administrator will make a determination as to whether the order is a QMCSO in accordance with the Plan's QMCSO procedures. The Plan Administrator will notify both you and the affected child once a determination has been made.

For the purposes of this Plan, the following are considered dependents:

1. Spouse – a person to whom you are legally married.
2. Common Law Spouse – a person with whom you have established a Common Law union **in a state which recognizes Common Law marriage** (Kentucky does not recognize Common Law Marriage).
3. Child up to Age 26
 - a. Your son, daughter, stepson, or stepdaughter;
 - b. Your eligible foster child. An eligible foster child means an individual who is placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction and includes court awards of guardianship or custody; or
 - c. Your adopted child. An adopted child means your legally adopted child or a child who is lawfully placed with you for legal adoption by you.
4. A dependent child who is totally and permanently disabled may be covered on your Plan beyond the end of the month in which he/she turns 26, provided the disability (a) started before his/her 26th birthday and (b) is medically certified by a physician to be total and permanent. A dependent child will be considered totally and permanently disabled if, in the judgment of KEHP, the written certification adequately demonstrates that the dependent child is unable to engage in any substantial gainful activity by reason of medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months.

A dependent child who is not already covered under the Plan at the time of his/her 26th birthday may not later be enrolled in the Plan on grounds of total and permanent disability unless and until he/she sustains a loss of other insurance coverage. In such a case, a request to enroll a dependent child in KEHP on grounds of total and permanent disability must be made no later than 30 calendar days following the loss of other insurance coverage. Once a dependent child is approved for coverage in the Plan on grounds of total and permanent disability, the Participant may periodically be required to produce written or other proof of the continuing nature(s) of the child's dependency and/or disability in order to maintain the child's coverage through the Plan.

The Plan may require documentation to verify a dependent's eligibility before coverage will be provided under the Plan. Examples of such documentation include but are not limited to marriage certificate, birth certificate, court documents, and/or guardianship papers.

Individuals under a civil union or domestic partnership are not eligible for coverage under this Plan. Dependent status between a Participant and dependent or other individual must not violate Federal, state, or local law.

COVERAGE INFORMATION

PERMITTED ELECTION CHANGES

Once you have elected a Waiver Limited Purpose HRA, you will not be permitted to make any mid-Plan Year changes unless you experience a Qualifying Event. Any Participant in the Waiver Limited Purpose HRA who experiences a Qualifying Event in accordance with Treas. Reg. § 1.125-4, KRS 18A.227(4), and Prop. Treas. Reg. § 1.125-2(a)(1) may make a mid-Plan Year election change consistent with the Qualifying Event, the terms of this Plan, and this SPD.

Qualifying Events for the permitted mid-Plan Year election changes are as follows:

- A. Events that may permit an Employee to terminate the Waiver Limited Purpose HRA and choose a health plan mid-Plan Year:
 - 1. Birth, adoption, placement for adoption, court or administrative orders requiring dependent coverage;
 - 2. Marriage, divorce, death of Spouse, termination of Spouse's or dependent's employment;
 - 3. Open enrollment under other Employer plan with different open enrollment period ; or
 - 4. Returning from Military Leave – Reinstate prior election unless another event has occurred that allows Employee to choose a health plan.

- B. Events that will result in Employer contributions ceasing (for reasons other than enrolling in the plan).
 - 1. Termination of employment (including retirement) the end of the semi-monthly pay period in which the Employee worked;
 - 2. Death ; or
 - 3. Start of Military Leave.

There are detailed rules on when a change in election is deemed to be consistent with a change in status. In addition, there are laws that give you rights to change health coverage for you, your spouse, or your dependents. If you change coverage due to rights you have under the law, then you can make a corresponding change in your elections under the Plan. If any of these conditions apply to you, you should contact the Plan Administrator.

All election change documentation must be signed by the Employee within 30 days from the date of the Qualifying Event. Election change documentation regarding Qualifying Events dealing with

the loss of other group coverage or gaining other group coverage may be signed by the Employee prior to the Qualifying Event date. In any case, a requested change due to a Qualifying Event will not be effective prior to the event taking place.

LEAVES OF ABSENCE

Subject to certain conditions, the Family and Medical Leave Act (FMLA) entitles you to take an unpaid leave of absence totaling 12 weeks per year for specific personal or family health and child care needs. Your coverage under the Waiver Limited Purpose HRA will continue while you are on FMLA leave. Your Employer contribution to the Waiver Limited Purpose HRA will continue until FMLA expires or you return to work. However, you will lose coverage if you fail to return to work at the end of the leave or give earlier notice that you will not be returning to active employment.

With respect to other (non-FMLA) unpaid leaves of absence, your coverage under the Waiver Limited Purpose HRA will terminate.

Employees on Leave Without Pay (LWOP) must work any part of each Semi-Monthly Billing Period to be eligible to receive the Waiver Limited Purpose HRA Employer contribution. If an Employee is on approved LWOP, the HRA will terminate at the end of the semi-monthly billing period that the Employee did not work. All funds in the Waiver Limited Purpose HRA upon termination will be forfeited. Employees who lose the Employer contribution for the Waiver Limited Purpose HRA because they did not work at least one day during a Semi-Monthly Billing Period will not be eligible to continue the HRA through COBRA.

UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA)

The Uniformed Services Employment and Reemployment Rights Act (USERRA) protects the job rights of individuals who voluntarily or involuntarily leave employment positions to undertake military service or certain other types of service such as in the National Disaster Medical System. USERRA also prohibits Employers from discriminating against past and present members of the uniformed services, and applicants to the uniformed services. Under USERRA, you have the following protections:

- If you leave your job to perform military service, you have the right to elect to continue your existing Employer-based health plan coverage for you and your dependents for up to 24 months while in the military.
- Even if you don't elect to continue coverage during your military service, you have the right to be reinstated in your Employer's health plan when you are reemployed, generally without any waiting periods or exclusions (e.g., pre-existing condition exclusions) except for service-connected illnesses or injuries.

The Plan will continue to reimburse you or your family for eligible dental and vision expenses (except for any illness or injury suffered by you in connection with duty in the uniformed services) for the first 30 days of your absence. However, coverage after that period will be suspended while

you are on approved military service leave. No re-entry requirements will be imposed if you return to active employment within 30 days of taking leave of employment for duty in the uniformed services.

The “uniformed services” are the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President of the United States in time of war or emergency.

USERRA affords other rights and protections including reemployment rights and the right to be free from discrimination and retaliation. To view the complete notice of your rights under USERRA, go to www.dol.gov/vets/programs/userra/USERRA_Private.pdf.

EMPLOYEE EFFECTIVE DATE OF COVERAGE

You must elect the Waiver Limited Purpose HRA electronically or using forms acceptable to the Plan Administrator.

1. If your completed enrollment forms are signed by you within thirty (30) days after your hire date, your coverage is effective either:
 - a. on the 1st day of the 2nd month following the month of hire if you are a non-Commonwealth-paid employee; or
 - b. on the 1st day of hire if you are a Commonwealth-paid employee.

Your coverage may be effective at a later date as determined by the Plan Sponsor.

2. If your completed enrollment forms are signed by you, or your election is made electronically, more than thirty (30) days after your hire date, you are a late applicant and will not be eligible for coverage under this Plan until the next annual open enrollment period or until you experience a permitted Qualifying Event.

TERMINATION OF COVERAGE

Upon your termination of employment, your participation in the Waiver Limited Purpose HRA will cease, and no further Employer contributions will be made to your HRA. You may still receive reimbursement of any eligible expenses incurred prior to the termination of coverage, as long as such reimbursement requests are made prior to the expiration of the Run-Out period.

Your coverage under the Plan ends on the earliest of the following to occur:

- The date that you make an election not to participate in accordance with this Plan;
- The date that you no longer satisfy the Eligibility requirements of this Plan;

- The last day of the semi-monthly pay period in which you terminate employment (including retirement) with the Employer;
- The date of the Employee's death; or
- The date that the Plan is either terminated or amended to exclude you or the class of Employees of which you are a member.

MODIFICATIONS TO THE PLAN

Although the Plan Sponsor expects to maintain the Waiver Limited Purpose HRA indefinitely, it has the right to modify or terminate the program at any time and for any reason. All modifications/terminations effectuated by the Employer will be applied to all Participants except as otherwise stated.

If the Plan is terminated, your Waiver Limited Purpose HRA will be used to provide benefits through the end of the Plan Year in which termination occurs. It is also possible that future changes in state or federal tax laws may require that the Plan be amended accordingly.

REIMBURSEMENT

CONTRIBUTIONS

In accordance with KRS 18A.2254, the annual Employer contribution for the Waiver Limited Purpose HRA is offered exclusively to Employees that decline or waive health insurance coverage. If an Employee waives health insurance coverage provided by his or her Employer and elects the Waiver Limited Purpose HRA, the Employer will contribute \$175 per month, not to exceed \$2,100 per year, to the Waiver Limited Purpose HRA.

The Waiver Limited Purpose HRA is subject to an annual limit of \$2,100. The Employer will contribute funds to the Employee's Waiver Limited Purpose HRA in two equal installments. The first installment, in the amount of \$1,050, will be credited to the Employee's Waiver Limited Purpose HRA on January 1 of the Plan Year. The second installment, in the amount of \$1,050, will be credited to the Employee's Waiver Limited Purpose HRA on July 1 of the Plan Year. Newly eligible Participants will have access to a pro-rated amount based on the number of months remaining in the plan year at the time of plan entry.

While you are an active Employee, only the Employer contributes to your Waiver Limited Purpose HRA. In fact, Federal laws prohibit you from contributing to your HRA with any portion of a pre-tax salary reduction made under a Code Section 125 cafeteria plan.

Funds contributed by the Employer to a Waiver Limited Purpose HRA are notional funds. The Employee's Waiver Limited Purpose HRA is a notional bookkeeping account that keeps a record of HRA funds allocated to the account and reimbursements made to you from the account. Because the Employer makes all of the contributions necessary to fund the Plan, you have no property rights in your Waiver Limited Purpose HRA funds. The amount of funds allocated to your Waiver Limited Purpose HRA is determined at the sole discretion of the Employer and may be less than the amount authorized by statute. Nevertheless, the annual amount of Waiver Limited Purpose HRA dollars allocated to each Participant's account will be determined in a uniform and non-discriminatory manner in comparison to other similarly situated Employees.

The Waiver Limited Purpose HRA has a maximum account balance, which is defined by the annual Employer contribution and the maximum carryover limits described below. This provision is subject to change in subsequent years.

The Waiver Limited Purpose HRA has an annual limit of \$2,100. Under no circumstances can an Employee receive more than \$175 per month or \$2,100 per plan year. Up to a maximum of \$2,100 of unused amounts remaining in the Waiver Limited Purpose HRA on December 31 may be carried over for use in future periods in which you remain eligible under the Plan by electing a Waiver Limited Purpose HRA. HRA dollars in excess of \$2,100 remaining in the HRA on December 31 will be forfeited and will become a part of the Public Employee Health Insurance Program Trust Fund. Each Participant may also permanently opt out of and waive future reimbursements from the HRA at least annually, and upon termination of employment. However, upon opt out and waiver, any remaining amount in the Waiver Limited Purpose HRA is forfeited.

ELIGIBLE EXPENSES

Only dental or vision expenses that have not been or will not be reimbursed by any other source may be eligible expenses that may be paid or reimbursed under the Waiver Limited Purpose HRA. As such, this Waiver Limited Purpose HRA does not coordinate benefits with any other group or individual health coverage except as provided herein.

An “eligible expense” means a dental or vision expense as authorized by Code Section 213(d) *incurred* by you, your Spouse, or your eligible dependents that are not otherwise covered by insurance including co-pays, coinsurance, and deductibles. An “eligible expense” does not include health insurance premiums or premiums paid for other types of insurance including COBRA, Medicaid, Medicare, or long-term care insurance.

For purposes of the Plan, you are considered to have “incurred” an expense when the health care services are rendered for which you are seeking a reimbursement, and not when you have actually paid the bill. Please note that it is *not* necessary that you have actually paid an amount due for an eligible dental or vision expense—only that you have *incurred* the expense, and that it is not being paid for or reimbursed from any other source. However, an expense that has been paid but not incurred (e.g., pre-payment to a physician) will not be reimbursed until the services or treatment giving rise to the expense has been provided.

Eligible expenses must have been incurred after the date the Plan became effective. You may not be reimbursed for any expenses arising before the Plan became effective, or prior to the time you became covered under the Plan, if later. Further, an expense is not an eligible expense if it is incurred after the date the coverage under the Waiver Limited Purpose HRA ends.

You may not submit a claim for a dental or vision expense that has been deducted on your prior year’s personal tax return, nor shall you be entitled to submit a claim for any other expenses that have been paid through any other health insurance plan, Section 125 “cafeteria” plan, or other similar medical expense reimbursement arrangement.

Please review the list of examples of eligible dental or vision expenses in Appendix 4 for assistance in determining what is generally accepted as an “eligible expense.” For a more complete list of eligible dental or vision expenses, visit <https://info.healthequity.com/kehp>.

Flexible Spending Account (FSA): If your Employer offers an FSA program, with the exception of “limited benefits” that may be paid concurrently, any eligible expense that can be paid under the FSA program must be exhausted before reimbursements will be made from the Waiver Limited Purpose HRA.

CLAIM REIMBURSEMENT

When you incur an eligible expense, you must submit a claim reimbursement request to the Spending Account Administrator within the time frames specified under the *Claims Instructions* outlined in Appendix 1 of this SPD. If the Spending Account Administrator determines that your claim is valid, you will be reimbursed for your eligible expenses as soon as is administratively feasible after it has been submitted.

You may submit a claim for any eligible dental or vision expense arising during the Plan Year at any time during the period that begins when the expense is incurred. Remember, though, you can't be reimbursed for any total expenses above the annual limit of the Waiver Limited Purpose HRA plus any unused carryover amounts from the previous Plan Year.

To have your claims processed as soon as possible, please read and follow the *Claims Instructions* in Appendix 1 of this SPD.

OVERPAYMENTS OR REIMBURSEMENT ERRORS

If it is later determined that you, your Spouse, or your covered dependent(s) received an overpayment or a payment was made in error (i.e., you were reimbursed for an expense under the Plan that is later paid for by some other medical plan), you will be required to refund the overpayment or erroneous reimbursement to the Plan.

If you do not refund the overpayment or erroneous payment, the Plan Administrator reserves the right to offset future reimbursement equal to the overpayment or erroneous payment; or if that is not feasible, to withhold such funds from your pay. If all other attempts to recoup the overpayment/erroneous payment are unsuccessful, the Plan Administrator may include the amount on your W-2 as gross income. In addition, if the Plan Administrator determines that you have submitted a fraudulent claim, the Plan Administrator may terminate your coverage under this Plan (and to the extent permissible, under any applicable Employer group health plan).

MAXIMUM AMOUNT OF REIMBURSEMENT

The maximum reimbursement amount that you can receive is equal to your Waiver Limited Purpose HRA balance at the time the request for reimbursement is processed.

DENIED CLAIMS

You will be notified in writing by the Spending Account Administrator within 30 days of the date you submitted your claim if the claim is denied unless special circumstances require an additional 15 days to review the claim. You will be provided written notice of the need for additional time prior to the end of the 30-day period. If the reason for the additional time is that you need to provide additional information, you will have 45 days from the notice of the extension to obtain that information. The time period during which the Spending Account Administrator must make a decision will be suspended until the earlier of the date that you provide the information or the end of the 45-day period. If you do not receive notification of the denial of a claim within the 30-day period, then if the claim is not otherwise paid, it will be deemed denied.

The notification will set out the reasons your claim was denied and further advise you of what steps, if any, you might take to validate the claim. It will further advise you of your right to request an administrative review of the denial of the claim; you may request a review any time within the 180-day period after you have received notice that the claim was denied. You or your authorized representative will have the opportunity to review any important documents held by the Administrator, and to submit comments and other supporting information. In most cases, a decision will be reached within 60 days of the date of your request for a review.

See Appendix 1 below for more information regarding your rights to appeal any adverse claim determination.

UNUSED HRA FUNDS

Up to a maximum of \$2,100 HRA dollars remaining in the Waiver Limited Purpose HRA on December 31 of the Plan Year will roll or carry over to the next Plan Year provided that the Participant does not retire and affirmatively re-enrolls in or re-elects the Waiver Limited Purpose HRA for the subsequent Plan Year. Such carryover balance may be used to reimburse the Participant for eligible dental and vision expenses incurred during a subsequent Plan Year.

Unused amounts in excess of \$2,100 remaining in the Waiver Limited Purpose HRA at the end of the Plan Year (December 31) will not carry over to a subsequent Plan Year and will be forfeited. Any other funds that you are not entitled to carry over (i.e., if you fail to re-enroll in a Waiver Limited Purpose HRA) will be forfeited and retained by the Plan Sponsor.

PLAN ACCOUNTING

The Spending Account Administrator may periodically furnish you with a statement of your Waiver Limited Purpose HRA for you to use in determining how much additional benefits remain in your account prior to the end of the Plan Year. The statement which will also assist in budgeting for expense reimbursement needs in future Plan Years.

The statement of benefits may be provided exclusively in an electronic format. You may also make a written request to receive a copy of your Waiver Limited Purpose HRA reimbursement account statement from the Spending Account Administrator at any time.

APPENDIX 1 – CLAIMS INSTRUCTIONS

No benefit shall be paid hereunder unless a Participant has first submitted a written claim for benefits to the Spending Account Administrator on a form specified by the Spending Account Administrator, or as otherwise set out below. Upon receipt of a properly documented claim, the Spending Account Administrator shall pay the Participant the benefits provided under this Plan as soon as is administratively feasible. A Participant may submit a claim for reimbursement for an eligible expense arising during the Plan Year at any time during the period that begins when the expense is incurred but before any applicable Run-Out period.

The Participant may not submit a claim that is attributable to any prior taxable year or any claim that was incurred before the individual became eligible for coverage under this Plan, or which has already been paid through any other health insurance plan, Section 125 “cafeteria” plan, or other similar medical expense reimbursement arrangement.

CLAIM SUBMISSION

Two types of documentation are usually acceptable to the Spending Account Administrator as substantiation of any claim request:

First, you must submit your claims under any insurance plan under which the person receiving the medical service is covered—your own, your Spouse’s, and/or your dependent’s health, dental, vision care, Medicare, etc. plans. This will result in the insurer sending an Explanation of Benefits (EOB). You may send the EOB as documentation of an unreimbursed out-of-pocket dental or vision expense. Second, for unreimbursed out-of-pocket dental or vision expenses not covered by insurance and not documented by an EOB, you may submit a provider statement of the expenses, including the name of the recipient of the service, date of the service, description of the service, cost of the service, and the name and address of the provider. You must also fill out a form provided to you by the Spending Account Administrator.

- a) The Spending Account Administrator will process your claim, deduct the money from your Account, and send you a check in payment of your claim. The Spending Account Administrator issues checks as soon as reasonably practicable, but no less than monthly. If your claim request is denied, you will be notified of this denial under procedures further discussed and set forth below.
- b) As an alternative to the method of payment referenced in subsection a) above, if an eligible Employee agrees to the terms and conditions of any applicable cardholder agreement that provides for the payment of eligible expenses through use of a debit card, credit card, other stored value card or other similar electronic media (hereinafter the “Debit Card”), payments under this Plan shall be made directly to the service provider, authorized merchant or other independent third party that provides products or services that are eligible for payment of eligible expenses as otherwise set forth herein.
 - (i) Within the cardholder agreement, the eligible Employee agrees that payment for eligible expenses can only be made on behalf of the Employee, the Employee’s Spouse or other qualifying dependents and is otherwise

limited to the maximum dollar amount of coverage that is otherwise specified for that Benefit in accordance with the limitations set forth in the Employer's signed adoption agreement or as otherwise specified by the Employee's signed election. The Employee also certifies that any expense paid with the card has not been, and will not be, reimbursed through any other plan or method of coverage provided under this Plan. The cardholder also understands that the certification, which shall be printed on the back of the Debit Card, is reaffirmed each time the card is used. The cardholder also agrees to acquire and retain sufficient documentation for any expense(s) paid with the card, including invoices and receipts where appropriate or as required by law. The cardholder also understands that the Debit Card is automatically cancelled upon ceasing to participate in the Plan, or under such other situations that are otherwise set forth within the cardholder agreement itself.

- (ii) Unless other more stringent procedures or requirements are implemented and communicated to the Employer and its Employees, the Spending Account Administrator agrees that it shall adhere to the terms and conditions of any separate Employer cardholder servicing agreement, including but not limited to a requirement to maintain the program in compliance with applicable standards under the Internal Revenue Code and any mandates that payments for eligible expenses only be made to authorized merchants and service providers. The Spending Account Administrator also agrees that it shall establish and maintain procedures for substantiation of any payments after the card has been used for eligible expense payments that are in accordance with applicable provisions of the Code, any underlying regulations and other applicable guidance thereunder.
- (iii) If any claim reimbursement request is being submitted in a manner other than as specified under any of the methods allowable under existing IRS guidelines, the Spending Account Administrator may make a conditional payment of an allowable eligible expense reimbursement item to the authorized service provider, merchant, or approved independent third party, but shall also require the cardholder to remit additional third-party information, such as merchant or service provider receipts, describing the service or product; the date of service or sale; and the amount, which shall be subject to further review and substantiation.
- (iv) If any conditional payment has been made but is subsequently deemed not to be an eligible expense reimbursement, the Spending Account Administrator shall ensure that proper correction procedures are maintained with respect to the improper payment(s):
 - (A) Upon identification of any improper payment, the Spending Account Administrator shall require the Employee to pay back to the Plan an amount equal to the improper payment;

- (B) To ensure that no further violations occur, the Spending Account Administrator shall deactivate the Debit Card until the improper payment is recovered or repaid by the Employee;
 - (C) If the Employee does not immediately repay the Plan, the Spending Account Administrator may take such action as necessary to ensure that the proper amount is withheld from the Employee's wages or other compensation (with such amounts then being immediately remitted to the Plan by the Employer) to the extent consistent with applicable law;
 - (D) To the extent that neither (A) or (B) above are allowable or effective, the Spending Account Administrator shall have the authority to utilize a claim substitution or offset approach to resolve the improper claim amount(s), with such methodology being clearly explained to the Employee-cardholder as part of his Employee cardholder agreement; and
 - (E) The Spending Account Administrator may also pursue any other methods of collection as would be consistent with its usual business practices to ensure the improper payment amounts are adequately remitted to the Plan as required by the Plan or Employee cardholder agreement.
- (v) If a cardholder attempts to utilize the Debit Card for any improper or non-allowable purpose, the Participant/cardholder shall be responsible for any and all fees or other expenses, including restitution or other similar penalty amounts, charged inappropriately by the Participant/cardholder.

CLAIMS PROCESS

You should submit reimbursement claims during the Plan Year, but in no event later than the Run-Out period described in the "General Information About Our Plan." Any claims submitted after that time will not be considered. Claims for benefits that are insured will be received in accordance with procedures contained in the policies. All other general claims or requests should be directed to the Spending Account Administrator of the Plan. If a non-insured claim under the Plan is denied in whole or in part, you or your beneficiary will receive written notification. The notification will include:

- a) Information sufficient to identify the claim involved, including the date of the service, the health care provider, the claim amount (if applicable), the diagnosis code and its corresponding meaning, and the treatment code and its corresponding meaning;
- b) The reasons for the denial;
- c) Reference to the specific provisions of the Plan on which the denial was based;
- d) A description of any additional material or information needed to further process the claim and an explanation of why such material or information is necessary;
- e) A description of the Plan's internal review procedures and time limits applicable to such procedures and available external review procedures;
- f) A statement of your right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim;

- g) A statement that if the denial was based on an internal rule, guideline, protocol, or similar criteria, a copy of such rule, guideline, protocol, or other similar criteria will be provided, free of charge, upon request; and
- h) The availability of and contact information for an applicable office of health insurance consumer assistance or ombudsman established under PHS Act Section 2793.

You or your beneficiary shall have 180 days following the receipt of any notification of claim denial to appeal the decision, making a written request for reconsideration to the Spending Account Administrator. Documents, comments, records or any other information in support of your appeal should be submitted in writing and accompany any such request. You or your beneficiary may review pertinent documents and receive copies of all documents and records, free of charge. You will be provided any new or additional evidence considered, relied upon, or generated by the Plan in connection with the claim, as well as any new or additional rationale for denial of your claim. You will have a reasonable opportunity to respond to such new evidence or rationale.

The Spending Account Administrator will review the claim, without deference to the initial denial and after taking into account all comments, information, documents, records and other information submitted as part of the appeal. Unless a 15-day written extension is utilized to review further information, the Spending Account Administrator will provide a written response to the appeal within 30 days from the date of receipt of any appeal request. In this response, the Spending Account Administrator will explain the reason for the decision, with reference to the provisions of the Plan on which the decision is based. The Spending Account Administrator has the exclusive right to review and interpret the appropriate Plan provisions. Decisions of the Spending Account Administrator are conclusive and binding.

In the event you receive notice of an adverse benefit determination, you may file with the Plan a request for an external review of your claim, but only if the request for a review involves a claim denied either for medical judgment (for example, medical necessity), or a rescission of coverage. Medical judgment is determined by the external reviewer, who makes the ultimate determination as to whether a claim is eligible for external review. Please contact the Spending Account Administrator for additional information about external claims procedures.

APPENDIX 2 – OTHER NOTICES

NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT OF 1996

Under federal law, group health plans generally may not restrict benefits for a hospital stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 (or 96, as applicable) hours. In any case, health insurance plans may not require that a provider obtain authorization from the plan or the insurance issuer for prescribing a length of stay not in excess of 48 (or 96) hours.

NON-DISCRIMINATION REQUIREMENTS

To the extent that the Plan is treated as a self-insured medical expense Plan under Treas. Reg. § 1.105-11, it must comply with the non-discrimination requirements as set forth under Code § 105(h).

HIGHLY COMPENSATED EMPLOYEES

Under the Internal Revenue Code, if you are deemed to be a “Highly Compensated Employee”, the amount of contributions and benefits for you may be limited so that the Plan as a whole does not unfairly favor those who are highly paid, their Spouses, or their dependents. Your own circumstances will dictate whether contribution limitations on “highly compensated Employees” will apply. You will be notified of these limitations if you are affected.

NO EMPLOYMENT RIGHTS CONFERRED

Neither this Plan nor any action taken with respect to it shall confer upon any person the right to be continued in the employment of the Employer.

MEDICARE AND MEDICARE SECONDARY PAYER

Federal law may affect your coverage under this Plan. The Medicare as Secondary Payer rules were enacted by an amendment to the Social Security Act. Also, additional rules which specifically affect how a large group health plan provides coverage to Employees (or their Spouses) over age 65 were added to the Social Security Act and to the Internal Revenue Code. Health Reimbursement Arrangements are considered “group health plans” under Federal law.

Generally, the health care plan of an Employer that has at least 20 Employees must operate in compliance with these rules in providing plan coverage to plan Participants who have "current employment status" and are Medicare beneficiaries, age 65 and over.

Persons who have current employment status with an Employer are generally Employees who are actively working and also persons who are NOT actively working as follows:

- Individuals receiving disability benefits from an Employer for up to 6 months; or

- Individuals who retain employment rights and have not been terminated by the Employer and for whom the Employer continues to provide coverage under this *Plan*. (For example, Employees who are on an approved leave of absence).

If you are a person with current employment status who is age 65 and over (or the dependent Spouse age 65 and over of an Employee of any age), your coverage under this Plan will be provided on the same terms and conditions as are applicable to Employees (or dependent Spouses) who are under the age of 65. Your rights under this Plan do not change because you (or your dependent Spouse) are eligible for Medicare coverage on the basis of age, as long as you have current employment status with your Employer.

You have the option to reject plan coverage offered by your Employer, as does any eligible Employee. If you reject coverage under your Employer's Plan, coverage is terminated and your Employer is not permitted to offer you coverage that supplements Medicare covered services. This includes any Medicare Supplement coverage that may be available to you as a result of your retirement through a Kentucky retirement system.

If you (or your dependent Spouse) obtain Medicare coverage on the basis of age, and not due to disability or end-stage renal disease, this Plan will consider its coverage to be primary to Medicare when you have elected coverage under this Plan and have current employment status.

If you are Medicare eligible and maintain a Waiver Limited Purpose HRA, please be advised that your Waiver Limited Purpose HRA is secondary (i.e., pay after) to Medicare for Medicare covered expenses.

If you have any questions about how coverage under this Plan relates to Medicare coverage, please contact your Medicare office.

THE WOMEN'S HEALTH AND CANCER RIGHTS ACT OF 1998 (WHCRA)

If you have had or are going to have a mastectomy, you may be entitled to certain benefits under the Women's Health and Cancer Rights Act of 1998 (WHCRA). For individuals receiving mastectomy-related benefits, coverage will be provided in a manner determined in consultation with the attending physician and the patient, for:

- All stages of reconstruction of the breast on which the covered mastectomy was performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance;
- Prostheses; and
- Treatment of physical complications of the mastectomy, including lymphedema.

For additional information regarding WHCRA, visit [2026 Women's Health and Cancer Rights Act Notice.pdf](#)

MENTAL HEALTH PARITY

This Plan operates in compliance with Mental Health Parity Act and the Additional Equity Act of 2008.

THE GENETIC INFORMATION NONDISCRIMINATION ACT OF 2008 (GINA)

This Plan is compliant with the Genetic Information Nondiscrimination Act of 2008.

APPENDIX 3 - HIPAA

Title II of the Health Insurance Portability and Accountability Act of 1996 and the regulations at 45 CFR Parts 160 through 164 (“HIPAA”), contain provisions governing the use and disclosure of Protected Health Information by health plans, and provide privacy rights to Participants in those plans. HIPAA applies to this Plan.

Protected Health Information or “PHI” is health information that is created or received by the Plan. PHI relates to your physical or mental health or condition, the provision of health care to you, or the payment for the provision of health care to you. Typically, the information identifies you, your diagnosis, and treatment or supplies used in the course of your treatment. “Electronic Protected Health Information” (also known as “ePHI”) is PHI stored in any electronic media, including any memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card or the transmission or exchange of information through usage of the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/ transportable electronic storage media, but does not include facsimile or voice transmissions and is limited to the information created, maintained, transmitted or received by or on behalf of the Plan.

The Plan may disclose PHI to your Employer only for limited purposes as described in KEHP’s Notice of Privacy Practices which can be found at [KEHP-Forms for members](#). The Employer agrees to use and disclose PHI only as permitted or required by the Plan’s documents or as required by HIPAA. PHI or ePHI may be used or disclosed for plan administration functions that the Employer performs on behalf of the Plan. Such functions include:

- Enrollment of eligible Employees and their eligible dependents
- Eligibility determinations
- Payment for coverage
- Claim payment activities
- Coordination of benefits
- Claim appeals

The Plan shall maintain policies and procedures that govern the Plan’s use and disclosure of PHI. These policies and procedures include provisions to restrict access solely to the above individuals and only for the functions listed above. The Plan’s policies and procedures also include a mechanism for resolving issues of noncompliance.

APPENDIX 4 - ELIGIBLE EXPENSES

Your Waiver Limited Purpose HRA will pay for or reimburse you for eligible dental and vision expenses as defined in Code Section 213(3) that are incurred by you, your Spouse, or your dependent(s) during the coverage period.

ALLOWABLE EXPENSES

Below are a few examples of expenses that may be paid for or reimbursed by your Waiver Limited Purpose HRA. For more information on allowable expenses, visit <https://info.healthequity.com/kehps>.

Dental

- Dental Co-insurance
- Dental Co-payment
- Deductible for dental plan
- Dental Care for non-cosmetic purposes
- Orthodontia
- X-rays

Vision

- Vision co-insurance
- Vision co-payment
- Eyeglasses
- Laser eye surgery
- Lasik
- Office visits
- Prescription sunglasses
- Eye drops and treatment

DISALLOWED EXPENSES

Below are a few examples of expenses that may not be paid for or reimbursed by your Waiver Limited Purpose HRA. For more information on disallowed expenses, visit <https://info.healthequity.com/kehps> info.

- Cosmetic procedures or surgery
- Over-the-counter health care and dental care products
- No show fees charged by health care providers
- Personal use items (toothbrush, toothpaste)
- Insurance policy premiums
- Long-term care premiums
- Medicare Part B premiums
- COBRA premiums

APPENDIX 5 - DEFINITIONS

Employee – means:

- (1) a person, including an elected public official, who is regularly employed by any department, office, board, agency, or branch of state government; or by a public postsecondary educational institution; or by any city, urban-county, charter county, county, or consolidated local government, whose legislative body has opted to participate in the state-sponsored health insurance program pursuant to KRS 79.080; and who is a contributing member to any one (1) of the retirement systems administered by the state; or, in the case of a public postsecondary education institution, is an individual participating in an optional retirement plan authorized by KRS 161.567; or is eligible to participate in a retirement plan established by an employer who ceases participating in the Kentucky Employees Retirement System pursuant to KRS 61.522 whose employees participated in the health insurance plans administered by the Personnel Cabinet prior to the employer's effective cessation date in the Kentucky Employees Retirement System. See KRS 18A.225 and KRS 18A.227; and
- (2) a certified or classified employee or elected member of a board of education.

Employer – means the Commonwealth of Kentucky and any Affiliated Employer who adopts the Plan pursuant to authorization provided by the Employer. Affiliated Employers who adopt the Plan shall be bound by the Plan as adopted and subsequently amended unless they clearly withdraw from participation herein.

Participant – means an Employee who elects the Waiver Limited Purpose HRA.

Plan – means this Plan, as set forth herein.

Plan Administrator – means the Commonwealth of Kentucky, Personnel Cabinet, Department of Employee Insurance who has the authority, discretion, and responsibility to manage and direct the operation and administration of the Plan.

Plan Manager or Spending Account Administrator – means HealthEquity/WageWorks, Inc.

Plan Sponsor – means the Commonwealth of Kentucky

Plan Year – shall be the period of coverage beginning January 1 and ending December 31.

Qualifying Event – means any of the events described in this Summary Plan Description, as well as any other events included under subsequent changes to Code Section 125 or regulations issued under Code Section 125, that the Plan Administrator (in its sole discretion) decides to recognize on a uniform and consistent basis as a reason to change the election mid-year.

Spouse – means a person to whom an Employee is legally married.

Summary Plan Description or "SPD" – means the Waiver Limited Purpose HRA and all appendices incorporated into and made a part of the SPD that is adopted by the Employer and as may be amended from time to time.

SUMMARY

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities, and save for the future. Our goal with the Plan is to allow you to have a greater portion of your allowable dental and vision expenses reimbursed to you without increasing the amount of taxes you pay; thereby increasing the amount of money you keep at the end of each pay period. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Spending Account Administrator or the Plan Administrator.