

April 9, 1997

DOL-PWBA
PUBLIC DISCLOSURE
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United States Department of Labor
Pension and Welfare Benefits Administration Office
525 Griffith St., Room 707
Dallas, Texas 75202

To Whom It May Concern:

Please be advised of the intent of Chambers County Public Hospital District #1 to implement a Section 125 Qualified Premium Only Plan:

Plan Name: Chambers County Public Hospital District #1 Flexible Benefit Plan

Address of Employer: 200 Hospital Drive
Anahuac, Texas 77514

Name of Plan Administrator: Stephen Goode

Effective Date: March 1, 1997

Plan Year: March 1 to February 28.

Number of Covered People at Initiation: 56

Number of Eligible Products at Initiation: 2

2520190031446

Employer Identification Number: 76-0153629

Plan Identification Number: 501

A copy of the Summary Plan Description that was distributed to all employees has been included for your records.

Sincerely,

Chambers County Public Hospital District #1

Enclosure

cc. Corporate Benefit Solutions
File

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US DOL-PWBA
DALLAS, TX
APR 16 10 38 AM '97

CHAMBERS COUNTY PUBLIC HOSPITAL DISTRICT #1 D.B.A. BAYSIDE COMMUNITY HOSPITAL

SECTION 125 FLEXIBLE BENEFIT "CAFETERIA" PLAN

PLAN SERVICES PROVIDED BY:

CORPORATE BENEFIT SOLUTIONS

105 E. Park Row

ARLINGTON, TEXAS 76010

(800) 790-4339

- Your Death.
- The termination of your employment (for reasons other than gross misconduct) or reduction in your hours of employment.
- Your divorce or legal separation;
- You become entitled to Medicare; or
- The dependent ceases to be a "Dependent Child" under the terms of the Group Health Plan.

APPENDIX C: YOUR RIGHTS UNDER ERISA

As a participant in this plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, (ERISA). ERISA provides that all plan participants shall be entitled to:

1. Examine, without charge, at the Plan Administrator's office and at other specified locations, such as workites and union halls, all plan documents, including insurance contracts, collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.
2. Obtain copies of all plan documents and other plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "Fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries.

No one, including your employer, your unions, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan Administrator review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a Federal Court. In such a case, the Court may require the Plan Administrator to provide the materials and to pay up to \$100 each day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

The legal document that governs the operation of this plan is located in the personnel office and is available for your review during regular office hours.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a State or Federal Court. If it should happen that plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal Court.

The Court will decide who should pay court costs and legal fees. If you are successful, the Court may order the person you have sued to pay these costs and fees. If you lose, the Court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. If you have any questions about your plan, you should contact the Plan Administrator.

If you have any questions about this statement, or about your rights under ERISA, you should contact the nearest area office of the U.S. Labor-Management Services Administration, Department of Labor.

*Summary Plan Description
Important Facts About The Plan*

WHO ADMINISTERS THE PLAN? The Plan is administered by your employer on the basis of the plan year. You may contact your employer if you have any questions or need any additional information.

WHY WAS THE CAFETERIA PLAN ESTABLISHED? Your employer has established a Cafeteria Plan (The Plan) for its employees in which you can have a major hand in selecting employee benefits that will best fit your individual needs. We (Your Employer) recognize that not everyone's needs are the same and that those needs may change over a period of time. By reducing your pay for eligible benefits under The Plan you will be paying for these benefits with **NONTAXED DOLLARS**.

HOW DOES THE PLAN OPERATE? This employee Cafeteria Plan is paid for entirely by you, but with monies that have never been taxed. Before each plan anniversary date, you will be permitted to irrevocably elect to contribute any portion of your salary. The amounts you contribute (which are not taxed) can be used by you to purchase certain benefits offered by the Plan. (See Appendix A). The legal document that governs the operation of this plan is located in the personnel office and is available for your review during regular office hours.

WHAT BENEFITS ARE COVERED BY THE PLAN? As a participant in the Plan, you will have the right to choose among a number of Employee Benefits (The Benefits). The Plan Administrator will determine which benefits will be offered under the plan each plan year. Benefits may be nontaxable or taxable to you. There will be full withholding of state and federal taxes from your wages for the taxable benefits chosen. Benefits offered from which you may choose under the Plan are explained in more detail under Appendix A. You must meet certain qualification and requirements for coverage under some of the individual benefits offered by the Plan. Ask the Plan Administrator if you have any question about the benefits available under the plan.

IF IT BECOMES NECESSARY TO SERVE THE PLAN WITH ANY LEGAL PAPERS, UPON WHOM ARE THEY SERVED? The person responsible for receiving any legal papers for the Plan is the Plan Administrator.

HOW LONG WILL THE PLAN BE MAINTAINED BY MY EMPLOYER? Your employer expects to continue the Plan indefinitely. However, your employer has the right to modify or discontinue the Plan at any time.

WHAT BENEFITS UNDER THE PLAN ARE TAXED? Any election by the participant to take cash, lieu of other benefits will be taxed. Also, the amount of insurance premium paid to provide group term life insurance in excess of \$50,000 of coverage is taxable income to the participant.

WHAT ARE THE NONTAXED BENEFITS UNDER THE PLAN? Benefits eligible for employee payment with before-tax dollars are: Medical Insurance, Dental Insurance, Vision Insurance, Prescription Drug Insurance, Cancer Insurance, and Up to \$50,000 Group Term Life Insurance.

PARTICIPATION AND ELIGIBILITY

WHAT DOES PARTICIPATION MEAN? A participant is a member of the Plan and is entitled to share in the benefit provided under the plan by your employer.

WHEN DO I BECOME A PARTICIPANT? You become a participant on the first entry date of the plan year after you have completed the eligibility requirements stated below. Participation in the Plan is entirely voluntary. It is up to you to choose whether or not to participate in the Plan.

WHAT ARE THE ELIGIBILITY REQUIREMENTS? You are eligible to participate under the Plan

when you completed one month of service.

AFTER BECOMING A PARTICIPANT, WHEN DO I BECOME INELIGIBLE TO CONTINUE IN THE PLAN? Participation in the Plan ceases upon death, termination of employment, failure to meet eligibility requirements, termination of the Plan, retirement, and failure to pay contributions required during any period in which you are on leave of absence. Contributions during the plan year accumulate only to the extent that you have been employed by the employer for that plan year. For instance, after one month into the plan year you terminate your employment, you will have the right to only the employer contribution made to the Plan on behalf for the month.

WHO MAKES CONTRIBUTIONS TO THE PLAN? You will have the option to enter into a salary reduction agreement with your employer under which you may elect to reduce your compensation up to the maximum dollar limit elected by your employer for the plan year, and to provide benefits to you under the Plan. If you enter into a salary reduction agreement, your salary will be reduced once you have decided to participate in the Plan and have agreed to a reduction in your salary. You will not be able to change your election for the duration of the plan year, except in certain circumstances described in a later section.

AM I REQUIRED TO MAKE CONTRIBUTIONS TO THE PLAN? No, you are not required to contribute, however, you will not be entitled to any benefits under this plan unless you elect to participate and you enter into a salary reduction agreement.

LIMITATIONS OF COVERAGE

Elections are for the plan year and must be made prior to the beginning of the plan year. Once the elections are made, they are irrevocable for the remainder of the plan year unless there is a relevant change in your family status, such as marriage, divorce, death of spouse or child, birth or adoption of child, a significant change in insurance premiums, change in your spouse's coverage or termination of employment of you or your spouse. Check with the Plan Administrator to see what elections may be changed after a relevant change in your family status.

APPENDIX A: BENEFITS OFFERED UNDER THE PLAN

ACCIDENT, HEALTH AND HOSPITALIZATION INSURANCE: The Accident, Health, and Hospitalization Insurance Benefit covers premiums for Accident, Health, and Hospitalization Insurance obtained for you through your employer.

GROUP TERM LIFE INSURANCE: The Group Term Life Insurance Benefit covers premiums for Group Term Life Insurance which you purchase through your employer. Note that if the total amount of your Group Term Life Insurance coverage exceeds \$50,000, a portion of the paid premiums will be taxable to you.

DENTAL INSURANCE: The Dental Insurance Benefit cover premiums for Dental Insurance obtained for you by your employer.

CANCER INSURANCE: The Cancer Insurance Benefit covers premiums for Cancer Insurance obtained for you by your employer.

APPENDIX B: COBRA

You are covered under the employer's Group Health Plans, you shall have the right to choose continuation of coverage for any reason other than termination due to gross misconduct. Your spouse or eligible dependent(s) covered under the employer's Group Health Plans shall have the right to continuation coverage for themselves if they lose group health coverage under the Group Health Plans for any of the following reasons:

Corporate Benefit Solutions
105 E. Park Row
Arlington, Texas 76010

**United States Department of Labor
Pension and Welfare Benefits Administration Office
525 Griffith St., Room 707
Dallas, Texas 75202**

