

NRECA GROUP BENEFITS PROGRAM SUMMARY OF MATERIAL MODIFICATIONS

For

NRECA VSP Enhanced Plus Vision Plan

EFFECTIVE: January 1, 2022

System name: ASSOCIATED ELECTRIC CO-OP

RUS/Subgroup Number: 01-26073-001

This Summary of Material Modifications (SMM) describes changes to the National Rural Electric Cooperative Association (NRECA) VSP Vision Plan (the Plan) and supplements the Plan's Summary Plan Description (SPD), also known as the Benefits Booklet. The effective date of these changes is noted above. You should read this SMM carefully and keep this SMM with your SPD for future reference. If you have any questions about these changes, please see your benefits administrator.

Summary of Changes for your VSP Vision Plan SPD:

Chapter 3: Eligibility and Participation Information

The section titled "When Coverage Ends" has been updated as follows:

Dependent coverage also ends:

- For any dependent, when he or she no longer meets dependent eligibility requirements (i.e., a step-child in the event of a divorce or death of the natural parent);

The subsection titled "Moving from Full-time to Part-time Employment Status During the Year" under "When Coverage Ends" has been updated as follows:

Your Employer **includes part-time Employees** in benefits eligibility. If you move from full-time to part-time status during the calendar year:

- Coverage for you and your enrolled dependents continues through the end of the first calendar year in which you do not work 1,000 hours.

Chapter 5: VSP Vision Plan Benefits

The subsection titled "Reasonable and Customary (R&C) Rates" under "How the Plan Works" has been updated as follows:

Reasonable and Customary (R&C) Rates

The R&C Rate for any service or supply is the usual charge for the service or supply in the absence of insurance, but not more than the prevailing charge for a like service or supply in the geographic area.

A **like service** is a service of the same nature and duration that requires the same skill and is performed by a provider of similar training and experience.

A **like supply** is a supply that is identical or substantially equivalent.

Area means the municipality (or, in the case of a large city, the subdivision of it) in which the service or supply is actually provided or such greater area as is necessary to obtain a representative cross-section of charges for a like service or supply.

Chapter 8: Continuing Coverage Under COBRA

The section titled “Qualifying Events” has been updated as follows:

Note: If you are covered by this Plan as an active Employee, Director or Retained Attorney and you voluntarily drop coverage because you become eligible for Medicare, you and your dependents cannot elect COBRA coverage to continue coverage under this Plan. Additionally, if you experience a change in job position or union membership that causes you to lose coverage, this is not a COBRA qualifying event, and COBRA continuation coverage will not be available.

The section titled “Electing COBRA Continuation Coverage” has been updated as follows:

If you elect COBRA, your COBRA coverage will be the same coverage you had immediately before the qualifying event, unless at the time of COBRA enrollment you choose another available coverage option offered by your Employer.

Each qualified beneficiary who elects COBRA continuation coverage has the same benefits, choices, and services that a similarly situated participant or beneficiary currently receives under the Plan, such as the right during an open enrollment season to choose among available coverage options. COBRA participants are also subject to the same rules and limits that would apply to a similarly situated participant or beneficiary, such as co-payment requirements, deductibles, and coverage limits. The Plan’s rules for filing benefit claims and appealing any claims denials also apply.

Chapter 9: Important Notifications and Disclosures

The subsection titled “Enforce Your Rights” under “Statement of ERISA Rights” has been updated as follows:

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps that you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report (Form 5500), if any, from the Plan and do not receive them within 30 days, you may file suit in federal court. In such case, the court may require NRECA, as Plan Administrator, to provide the materials and pay you up to \$161 a day, not to exceed \$1,613 per request (2021 limit, as may be indexed annually) until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored in whole or in part, and if you have exhausted the claims procedures available to you under the Plan, you may file suit in a state or federal court.

Appendix A: Key Terms

The “Appendix A: Key Terms” has been updated as follows:

Reasonable and Customary (R&C) Rates

R&C means “Reasonable and Customary,” which is the current, most common fee charged in a geographic area for a particular treatment or service. The R&C Rate for any service or supply is the usual charge for the service or supply in the absence of insurance, but not more than the prevailing charge for a like service or supply in the geographic area.

A **like service** is a service of the same nature and duration that requires the same skill and is performed by a provider of similar training and experience.

A **like supply** is a supply that is identical or substantially equivalent.

Area means the municipality (or, in the case of a large city, the subdivision of it) in which the service or supply is actually provided or such greater area as is necessary to obtain a representative cross section of charges for a like service or supply.

No further changes have been made to your Plan’s SPD.

All other rules, provisions, definitions and benefit amounts of the Plan SPD remain the same. If the terms of this SMM and the SPD conflict with any terms of the governing Plan document, then the terms of the governing Plan document will control in all cases.

Plan Sponsor: National Rural Electric Cooperative Association
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