

High Plains Educational Cooperative

**Self-Funded
Short Term Disability
Plan Document**

Effective: January 1, 1995

Restated: October 1, 2010

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INTRODUCTION

This publication is not just a summary of your Plan, but the Plan Document is written so that it may be used by the Employee, the Employer, and the Claims Payor in administering the Plan.

This document is intended to set forth certain general provisions governing the short term disability plan voluntarily maintained by The High Plains Educational Cooperative, as amended from time to time, whether or not expressly referred to herein. It replaces the original document effective January 1, 1995 as amended October 1, 1998 and October 1, 2001.

Each of the plans' specifications and provisions, including types of benefits, employer and/or employee contribution rates, eligibility requirements, exclusions and limitations on coverage, special procedures and other relevant provisions shall be described in benefit booklets and/or schedules, plan summaries, or agreements or other documents approved by The High Plains Educational Cooperative's Board of Directors. The term "plan" shall refer to both this document and to other relevant schedules, policies or agreements, read together.

The High Plains Educational Cooperative's Board of Directors reserves the right to amend, modify or terminate this Plan in the future. Further, contributions to the Plan made by teachers and employees, may be adjusted with a minimum of 30 days advance written notification.

Short Term Disability Plan

The Plan pays a Weekly Benefit designed to partly replace income lost during periods of disability resulting from injury, sickness, or pregnancy. The Date Benefits Start, the Weekly Benefit, and the Maximum Benefit Period are explained in the Schedule. There are certain disabilities for which benefits are not paid. They are explained in the Exclusions provisions. The terms "you" and "your" are used to refer to the covered person. This document contains the specific eligibility, benefit and limitation provisions with regard to The High Plains Educational Cooperative Self-Funded Short Term Disability benefit program. The Plan shall be construed according to the laws in the state of Kansas, and administered in all respects to effectuate this intention, as determined by The High Plains Educational Cooperative.

GENERAL DEFINITIONS

These terms have the meanings shown here when *italicized*. The pronouns "we", "us", "our", "you", and "your" are not *italicized*.

Active work means working full-time for the High Plains Educational Cooperative at your assigned location.

Contributory means you may be required to pay money into the fund for this *Plan*.

Covered person means an eligible employee or eligible certified teacher of The High Plains Educational Cooperative who has become covered by this *Plan*.

Doctor means a licensed Medical Doctor, other than you, acting within the scope of his or her license to practice medicine and perform surgery.

Eligible class means a class of persons eligible for coverage under this *Plan*. This class is based upon employment or membership in a group.

Full time means working at least 30 hours per week for administrators and employees; and certified teachers who are scheduled 30 hours or more per week during the school year, unless indicated otherwise within the *Plan*.

Injury means accidental bodily injury. It does not mean intentionally self-inflicted injury.

No-fault motor vehicle coverage means a motor vehicle plan that pays disability or medical benefits without considering who was at fault in any accident that occurs.

Noncontributory means no employee or teacher contributions are required.

Plan means this Plan Document that describes the benefits for which you may be eligible. It also refers to the funds maintained by The High Plains Educational Cooperative to pay benefits according to this document.

Plan Year means each year this plan is in effect. The first plan year will commence January 1, 1995. Subsequent *Plan year's* will commence each October 1, and end on each September 30.

Proof of Good Health means evidence acceptable to us of the good health of a person.

We, us, and our mean High Plains Educational Cooperative.

You and your mean an employee or teacher who has met all the eligibility requirements for coverage under this *Plan*.

DEFINITIONS FOR SHORT TERM DISABILITY PLAN

Disable and *disability* mean that *injury*, sickness, or pregnancy prevents you from performing your regular occupation and requires you to be under the regular care and attendance of a *doctor*.

Partial Disability means, for the purposes of this plan, your ability to work 1/2 or more of your normal full day schedule, but have not recovered from your *disability* sufficiently to work your full schedule. For this Benefit to be payable, you must be eligible for full *disability* payment for a period of two consecutive calendar weeks. Normal Scheduled Benefits payable will be reduced by 50%.

Period of disability means the time that begins on the day you become disabled and ends on the day before you return to *active work*. If you become *disabled* again while covered under the *plan* after you return to *active work*, the same *period of disability* will continue if:

1. the later *disability* results from the same cause, or a related one, and you return to *active work* for less than two weeks; or
2. the later *disability* results from a different cause and you return to *active work* for less than one day.

If your return to *active work* meets either of the above conditions, you do not have to satisfy the Date Benefits Start Provision again. The Maximum Benefit Period will continue on the day you become *disabled* again.

If you return to *active work* for more than the time shown above, and then become *disabled* again, you will start a new period of *disability*. You must satisfy the Date Benefits Start provision again and the Maximum Benefit Period will start over.

Short term disability plan means the coverage included within this document.

SCHEDULE OF BENEFITS

Eligible Classes: Each active, *full-time*, administrator, certified teacher and *full-time* Board employee of the High Plains Educational Cooperative, except any temporary or seasonal personnel.

Service Requirement: One (1) Month

Entry Date: An eligible person will become covered on the day all eligibility requirements are met.

Weekly Benefit: The Weekly Benefit for each covered person is 60% of *weekly pay*, rounded to the next higher multiple of \$1.00, if not already an exact multiple, subject to the maximum Weekly Benefit of \$650.

Weekly pay must be from The High Plains Educational Cooperative, is determined the day before the period of disability starts, and means:

For Certified Teachers:

Your contracted rate of daily wage times a multiple of five (5). Note: The Employer will reduce annual compensation due you, for each week (or portion thereof) of Weekly Benefit Received by you. This means if you are drawing your salary on an annual basis, your annual pay will be affected. For example: a teacher who is contracted for 190 days of work at an annual rate of \$20,000 (daily rate is \$105.263) will be eligible for a weekly benefit of \$316.00. For each weekly benefit paid, the annual payment due will be reduced by a factor of 5/190. Therefore, this teacher will have \$527.00 per week for each week, deducted from any annual salary due. This calculation may be made at the beginning of any benefit payment.

For all other Eligible Employees: Your basic weekly pay. Overtime and other forms of compensation are not considered by us as basic wage and are therefore not included.

Note:

Benefits payable for disabilities that are not whole weeks will be based upon 1/7 of the Weekly Benefit for each day of benefit for all personnel. Exception: see special provision under "Disability Definitions" Section of this document for "*partial disability*"

Date Benefits Start:

For *disability* due to accident - the first day of disability

For *disability* due to sickness or pregnancy - the 8th consecutive day of disability.

Maximum Benefit Period: 26 weeks for any period of disability.

Maximum Aggregate Benefit: The maximum aggregate benefit of this plan for all covered personnel, in total, is limited to \$30,000 per calendar year. Employee contributions, or Board Action may be required to increase this maximum.

ELIGIBILITY AND TERMINATION PROVISIONS

Eligible Persons

To be eligible for coverage a person must:

1. Be a member of an eligible class;
2. Complete the Service Requirement shown in the Schedule by continuous service with The High Plains Educational Cooperative; and
3. Give us *proof of good health*, if required.

You are eligible for coverage if you are certified personnel working at least one-half of the full-time equivalent or school board employee working for High Plains Educational Cooperative #611 (HPEC) on a full-time basis of at least 30 hours per week, or office staff working an average of thirty (30) or more hours per week.

HPEC's personnel who are seasonal, temporary, part-time (less than 30 hours per week, except for part-time certified personnel), consultants, paraprofessionals, or directors are not considered to be Employees under the Plan.

Effective Date for an Eligible Person

A person must apply for coverage on a form acceptable to us, and agree to pay any required contributions to the fund.

1. If a person applies before becoming eligible, coverage will take effect on the Entry Date shown in the Schedule.
2. If the application is made on the date the person becomes eligible, or within 31 days after that, coverage will take effect on the Entry Date occurring on or after the date of the application.
3. If application is made more than 31 days after the day the person becomes eligible or after coverage ended because any required contribution to the fund was not paid, then *proof of good health* is required. If the proof is acceptable to us, coverage will take effect on the Entry Date occurring on or after the date the last document proving good health was signed.

Exception to Effective Date

If an eligible person is not at *active work* on the day the coverage would otherwise take effect, coverage will not take effect until the person returns to *active work*. If the day coverage would normally take effect is not a regular work day for a person, coverage will take effect on that day if the person is able to do his or her regular job.

When a Person's Coverage Ends

A covered person's coverage will end on the date:

1. This *Plan* ends;
2. The *Plan* is changed to end coverage for a person's eligible class;
3. A person is no longer in an eligible class;
4. A required *contribution* was not made

Continuance of Insurance

If a person is unable to perform *active work* for a reason below, the *Plan* may continue the person's coverage. The continuance cannot be more than the maximum continuance shown below. Continuance must be based on a uniform policy, and not individual selection.

The maximum continuance for short term disability coverage is:

1. The Maximum Benefit Period for *injury*, sickness, or pregnancy.

There is no continuance for any other reason.

Reinstatement

If a person re-enters an Eligible Class with 12 months after coverage ends, the person will not have to complete the service requirement again.

SHORT TERM DISABILITY COVERAGE

Coverage Provided

If you become disabled while covered under the *Plan*, we will pay short term disability benefits after you satisfy the Date Benefits Start provision. We will pay you the Weekly Benefit as long as you remain *disabled*. We will not pay beyond the Maximum Benefit Period for any *period of disability*. Any benefits are subject to the provisions of this document.

We will not pay benefits for any part of a *period of disability* during which:

1. You are working for pay or other remuneration; or
2. You are receiving benefits under any Workers' Compensation Act (or a similar law).

We will not pay benefits for a *period of disability* if you become disabled as a result of:

1. Committing an assault or felony;
2. An *injury* that arises out of or occurs in the course of any occupation for pay or profit; or
3. A sickness that entitles you to benefits under any Workers' Compensation Act (or a similar law).

Extended Benefit

If you are *disabled* on the day this *plan* ends, and if you remain *disabled* long enough to qualify, we will pay benefits according to the document.

CLAIM PROVISIONS

Payment of Benefits

We will pay benefits at the end of each month (or shorter period) for which we are liable, after we receive the required proof. If any amount is unpaid when *disability* ends, we will pay it when we receive the required proof.

To Whom Payable

We will pay all benefits to you, if you are legally competent. If you are legally incompetent, we will pay benefits to the guardian of your estate. If any amount remains unpaid when you die, we will pay your estate.

Filing a Claim

1. You must send us notice of the claim. We must have notice of any covered loss within 30 days after it occurs, or as soon as reasonably possible. You can mail or bring the notice to our headquarters in Ulysses. We will need enough information to identify you as a *covered person*.
2. Within 15 days after the date of your notice, we will send you claim form(s). The form(s) must be completed and returned to us. If you do not receive the claim form(s) within 15 days, we will accept a written description of the exact nature and extent of the loss.
3. The time limit for filing is 90 days after the end of the first month (or shorter period) for which we are liable.
4. To decide our liability we may require:
 - a. Proof of benefits from other sources, and
 - b. Proof that you have applied for all benefits from other sources, and that you have furnished any proof required to get them.

You must furnish whatever items we decide are necessary as proof of loss or to decide our liability. You must authorize the sources of medical and dental services to release your medical information. If you do not furnish any required information or authorize its release, we will not pay benefits.

If it is not reasonably possible to give proof on time, we will not deny or reduce your claim if you give us proof as soon as reasonably possible.

Physical Exam

We may ask you to be examined as often as we require at any time we choose. We will pay for any exam we require.

Limit on Legal Action

No action at law or in equity may be brought against the *plan* until at least 60 days after you file proof of loss. No action can be brought after the statute of limitations in Kansas has expired, but, in any case, not after 6 years.

GENERAL PROVISIONS

Entire Plan Document

This, and any written amendments made hereinafter, are the entire *Plan* Document. Any statement made by you or personnel of High Plains Educational Cooperative is considered a representation. It is not considered a warranty or guarantee. A statement will not be used in dispute unless it is written and signed, and a copy is given to you.

Errors

An error in keeping records will not cancel coverage that should continue nor continue coverage that should end. We will adjust any contributions, if necessary, but not beyond 3 years before the date the error was found. If the contribution was overpaid, we will refund the difference. If the contribution was underpaid, the difference must be paid to us.

Misstatements

If any information about a person is misstated, the facts will determine whether coverage is in effect and in what amount. We will equitably adjust the contribution.

Individual Certificates

A copy of this *plan* document will be provided for each person entitled to coverage.

Workers' Compensation

This *plan* is not in place of, and does not affect any State of Kansas requirements for coverage by Workers' Compensation Insurance.

Changing Coverage

This *plan* of coverage may be changed at any time by an endorsement or amendment agreed to be The High Plains Educational Cooperative Board of Directors. No other individual or person can change this plan or waive any of its provisions.

When the Plan Ends

The *plan* will end on the date:

1. Any required contributions made by either the High Plains Educational Cooperative and/or Persons to be covered by the *plan* are not sufficient to continue it; or
2. On the date the High Plains Educational Cooperative Board of Directors orders the *plan* be discontinued, whichever is later.

CONTRIBUTIONS

General Understanding

This plan may require contributions from both the High Plains Educational Cooperative and you. The High Plains Educational Cooperative may transfer money necessary to fund this account from its general accounts in any payment frequency as it deems appropriate. Any contributions from you will be payroll deducted monthly, normally in advance, as determined under the calculation method shown below.

Calculation of Contributions

A calculation of contributions estimated to be necessary to fund this plan will be done in advance of each Plan Year. If contributions will be required from you, you will be given notification of the amount to be payroll deducted. If you decide not to contribute, your coverage may be discontinued.

Reserves

It is our intent to hold reserves necessary to pay for future claims to be paid under this plan. We intend to establish reserves sufficient to pay known claims, for a period of six months into the future, at the time the calculation of contributions is accomplished.

Our Right to Change Contributions

Ordinarily the calculation of contributions necessary to fund this plan will only be done once each plan year, in advance of the next plan year. However, if a shortfall in funds may be predicted that would endanger the continuance of this plan, a change in contributions may be accomplished that would effect both the amount that you and/or we are expected to pay. Notification, as stated above, will be provided to you in this event.

HIPAA PRIVACY AND SECURITY INFORMATION

Disclosure of Summary Health Information to the Plan Sponsor

In accordance with the Privacy Standards, the *Plan* may disclose summary health information to the Plan Sponsor, if the Plan Sponsor requests the summary health information for the purpose of (a) obtaining premium bids from stop loss carriers, excess loss carriers or managing general underwriters (MGUs) for providing health coverage under this *Plan* or (b) modifying, amending or terminating the *Plan*.

“Summary health information” may be individually identifiable health information and it summarizes the claims history, claims expenses or the type of claims experienced by individuals in the *Plan*, but it excludes all identifiers that must be removed for the information to be de-identified, except that it may contain geographic information to the extent that it is aggregated by five-digit zip code.

Disclosure of Protected Health Information (“Phi”) to the Plan Sponsor for Plan Administration Purposes

In order that the Plan Sponsor may receive and use PHI for Plan Administration purposes, the Plan Sponsor agrees to:

1. not use or further disclose PHI other than as permitted or required by the Plan Documents or as Required by Law (as defined in the Privacy Standards);
2. ensure that any agents, including a subcontractor, to whom the Plan Sponsor provides PHI received from the *Plan* agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such PHI;
3. not use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor, except pursuant to an authorization which meets the requirements of the Privacy Standards;
4. report to the *Plan* any PHI use or disclosure that is inconsistent with the uses or disclosures provided for of which the Plan Sponsor becomes aware;
5. make available PHI in accordance with Section 164.524 of the Privacy Standards (45 CFR 164.524);
6. make available PHI for amendment and incorporate any amendments to PHI in accordance with Section 164.526 of the Privacy Standards (45 CFR 164.526);
7. make available the information required to provide an accounting of disclosures in accordance with Section 164.528 of the Privacy Standards (45 CFR 164.528);
8. make its internal practices, books and records relating to the use and disclosure of PHI received from the *Plan* available to the Secretary of the U.S. Department of Health and Human Services (“HHS”), or any other officer or employee of HHS to whom the authority involved has been delegated, for purposes of determining compliance by the *Plan* with Part 164, Subpart E, of the Privacy Standards (45 CFR 164.500 *et seq*);
9. if feasible, return or destroy all PHI received from the *Plan* that the Plan Sponsor still maintains in any form and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not

feasible, limit further uses and disclosures to those purposes that make the return or destruction of the PHI infeasible; and

10. ensure that adequate separation between the *Plan* and the Plan Sponsor, as required in Section 164.504(f)(2)(iii) of the Privacy Standards (45 CFR 164.504(f)(2)(iii)), is established as follows:

a. The following employees, or classes of employees, or other persons under control of the Plan Sponsor, shall be given access to the PHI to be disclosed:

i. Christine L. Mangels, Treasurer and Privacy Officer

b. The access to and use of PHI by the individuals described in subsection 10.a. above shall be restricted to the Plan Administration functions that the Plan Sponsor performs for the *Plan*.

c. In the event any of the individuals described in subsection 10.a. above do not comply with the provisions of the Plan Documents relating to use and disclosure of PHI, the Plan Administrator shall impose reasonable sanctions as necessary, in its discretion, to ensure that no further non-compliance occurs. Such sanctions shall be imposed progressively (for example, an oral warning, a written warning, time off without pay and termination), if appropriate, and shall be imposed so that they are commensurate with the severity of the violation.

“Plan Administration” activities are limited to activities that would meet the definition of payment or health care operations, but do not include functions to modify, amend or terminate the *Plan* or solicit bids from prospective issuers. “Plan Administration” functions include quality assurance, claims processing, auditing, monitoring and management of carve-out plans, such as vision and dental. It does not include any employment-related functions or functions in connection with any other benefit or benefit plans.

The *Plan* shall disclose PHI to the Plan Sponsor only upon receipt of a certification by the Plan Sponsor that (a) the Plan Documents have been amended to incorporate the above provisions and (b) the Plan Sponsor agrees to comply with such provisions.

Disclosure of Certain Enrollment Information to the Plan Sponsor

Pursuant to Section 164.504(f)(1)(iii) of the Privacy Standards (45 CFR 164.504(f)(1)(iii)), the *Plan* may disclose to the Plan Sponsor information on whether an individual is participating in the *Plan* or is enrolled in or has disenrolled from coverage by the *Plan* to the Plan Sponsor.

Disclosure of Phi to Obtain Stop-Loss or Excess Loss Coverage

The Plan Sponsor hereby authorizes and directs the *Plan*, through the Plan Administrator or Employee Benefit Management Services, Inc. to disclose PHI to stop-loss carriers, excess loss carriers or managing general underwriters (MGUs) for underwriting and other purposes in order to obtain and maintain stop-loss or excess loss coverage related to benefit claims under the *Plan*. Such disclosures shall be made in accordance with the Privacy Standards.

Other Disclosures and Uses of Phi

With respect to all other uses and disclosures of PHI, the *Plan* shall comply with the Privacy Standards.

Plan Sponsor Obligations Regarding Security of Electronic Phi

Where Electronic Protected Health Information (PHI) will be created, received, maintained, or transmitted to or by the Plan Sponsor on behalf of the *Plan*, the Plan Sponsor shall reasonably safeguard the Electronic Protected Health Information (PHI) as follows:

1. Plan Sponsor shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information (PHI) that Plan Sponsor creates, receives, maintains, or transmits on behalf of the *Plan*;
2. Plan Sponsor shall ensure that the adequate separation that is required by 45 C.F.R. § 164.504(f)(2)(iii) of the HIPAA Privacy Rule is supported by reasonable and appropriate security measures;
3. Plan Sponsor shall ensure that any agent, including a subcontractor, to whom it provides Electronic Protected Health Information (PHI) agrees to implement reasonable and appropriate security measures to protect such Information; and
4. Plan Sponsor shall report to the *Plan* any Security Incidents of which it becomes aware as described below:
 - a. Plan Sponsor shall report to the *Plan* within a reasonable time after Plan Sponsor becomes aware, any Security Incident that results in unauthorized access, use, disclosure, modification, or destruction of the *Plan's* Electronic Protected Health Information (PHI); and
 - b. Plan Sponsor shall report to the *Plan* any other Security Incident on an aggregate basis annually, or more frequently upon the *Plan's* request. j

PLAN EXECUTION PAGE

The Short Term Disability Plan described herein as effective January 1, 1995, and as modified herein, will have such changes effective October 1, 2010 and may be amended only by written instrument authorized and executed by The High Plains Education Cooperative Board of Directors. This document shall replace all other documents regarding this plan of coverage.

Executed this 7th day of September, 2010.

By: Michelle Sewts Title Director

Witness: Christine Mengels