

GLOSSARY OF TERMS

CAL-COBRA - The Continuation of Benefits Replacement Act is a California state law that allows employees and/or dependents, who were covered under a group health plan to continue their health coverage (at their own expense) when they lose that coverage under certain circumstances; for example, when they leave their jobs, either voluntarily or involuntarily. Cal-COBRA applies to employers with 2 to 19 employees more than 50% of the prior calendar year.

CALENDAR YEAR - January 1 through December 31. Insurance carrier contracts calculate deductibles and out-of-pocket maximums on a calendar year basis.

CARRIER - An insurance risk taker such as MetLife, or a Health Maintenance Organization (HMO) such as Kaiser Permanente and Health Net. The carriers insure the programs offered under the plan.

COBRA - The Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, a federal law that allows employees and/or dependents, who were covered under a group health plan to continue their health coverage (at their own expense) when they lose that coverage under certain circumstances; for example, when they leave their jobs, either voluntarily or involuntarily. COBRA applies to employers with 20 or more employees more than 50% of the prior calendar year.

CO-INSURANCE - Generally, the amount shared by the insured and the insurer. For example, PPO (70%) / Non-PPO (50%), the carrier pays 70% and the insured (each individual) pays 30% for in-network PPO-covered services; and the carrier pays 50% and the insured pays 50% for out-of-network PPO-covered services *plus* the excess of covered expenses exceeding the Customary and Reasonable or Limited Fee Schedule. This is calculated on a calendar year basis. Refer to the applicable Evidence of Coverage for further explanation.

CO-PAYMENTS - Generally, the amount the insured must pay for medical services, such as doctor visits, prescription drugs and hospitalization. Usually stated in dollars: i.e., a \$20 office visit co-pay or a \$20 prescription co-pay. Refer to the applicable Evidence of Coverage for further explanation.

CONTRACT YEAR - The NBBE program contracts are based on the plan year, April 1 through March 31.

DEDUCTIBLE - Generally, the amount the insured must pay for services before benefits are payable under a particular program or specific benefits. This is calculated on a calendar year basis. Refer to the applicable Evidence of Coverage for further explanation.

DEPENDENT - Eligible dependents include a legally married spouse, registered domestic partner, and unmarried children up to age 19. Requirements for dependency, student status and maximum age of student vary by carrier.

ENROLLEE - The eligible owner or employee who enrolls in the plan, also referred to as "subscriber" or "member".

ERISA - The Employee Retirement Income Security Act of 1974, as amended.

EVIDENCE OF COVERAGE (EOC) - The member booklet prepared by the carrier of a particular program that describes the benefits, limitations, restrictions and other terms and conditions of coverage under the plan. Please call your carrier or your plan administrator to receive an EOC as they are not sent automatically.

EXPERIENCE RATING - A projection of future losses by a carrier using the firm's past claims history. Each firm's experience rate directly impacts the amount of premium the firm will be charged.

HRA (HEALTH REIMBURSEMENT ARRANGEMENTS) - Health Reimbursement Arrangements (HRA). An HRA must be funded solely by an employer, and contributions cannot be paid through a voluntary salary reduction agreement (i.e., a cafeteria plan.) There is no limit on the employer's contributions, which are excluded from an employee's income. Kaiser requires minimum levels of Employer contributions.

HSA (HEALTH SAVINGS ACCOUNT) - Individually owned savings account used to pay for qualified health care costs on a tax-preferred (FICA or FUDA) basis. Employee must be enrolled in an HSA-compatible insurance plan.

LAYOFF - Group coverage may not continue when an employee is laid off and no longer "Actively at Work". See "Layoff" under Enrollee Requirements or call your plan administrator for details.

LEAVE OF ABSENCE - Sponsored carriers' policies will be administered for: FMLA, non-workers comp related disability, military leave and workers comp leave. Other scenarios may be considered.

MEMBER FIRM - A member in good standing of the Exchange or Association.

MEMBERSHIP ACTIVATION DATE - The date that the Exchange/Association allows full membership rights. This is the date used to begin the applicable waiting period before becoming eligible to join the Health Program if that membership category qualifies for Health plan participation.

NBBE - North Bay Builders Exchanges, Inc., a group of Exchanges and Associations gathered together to offer this comprehensive employee benefit program.

OPEN ENROLLMENT - An annual "sign-up" period during which eligible employees, along with dependents, can enroll in a group health program offered by their employer. In addition, employees already participating are allowed to change carriers or enroll dependents not previously covered. Our Plan's Open Enrollment is held February 1 through February 29 with an effective date of April 1.

OUT-OF-NETWORK (OON) - Medical providers who are NOT contracted with a particular carrier. Usage results in greater out-of-pocket costs to the insured. Additional limitations, terms and conditions of coverage may apply. Refer to the applicable Evidence of Coverage for further explanation.

OUT-OF-POCKET MAXIMUM (OOP) - Limit on expenses borne by the insured. Limitations and restrictions, especially with out-of-network providers, makes this limit very difficult to determine. This is calculated on a calendar year basis. Check carrier's "Evidence of Coverage" booklet.

PLAN YEAR - This is the NBBE contract year with all carriers for benefits and rates. The NBBE plan year is April 1 to March 31 of each year even though benefits are calculated based on the calendar year.

QUALIFYING EVENT - Life events defined by law that allow employees to add or change coverage. See section under "Employer's Statement" on page 35.

REHIRE - Employees who are not on payroll for a period longer than 90 days will require re-enrollment by meeting stated waiting period. Details available from Plan Administrator.

TIER(S) - Insurance carrier pricing methodologies using number of enrollments and percentages to manage utilization experience.

WAITING PERIOD - The length of full time continuous employment required by a participating employer (as set forth in that Employer's Participation Agreement) in order for an employee who otherwise meets the eligibility requirements to obtain coverage.