

Marshfield Clinic Health System, Inc.  
Section 125 Health Savings Account Plan

Plan Document  
January 1, 2020 – December 31, 2020

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## ARTICLE I. Introduction

### 1.1 Establishment of Plan

Marshfield Clinic Health System, Inc. (“the Employer”) hereby establishes the Marshfield Clinic Health System, Inc. (MCHS) Section 125 Health Savings Account Plan (“the Plan”) effective January 1, 2008 (“the Effective Date”). Capitalized terms used in this Plan that are not otherwise defined shall have the meanings set forth in Article II.

This Plan is designed to permit an Eligible Employee to contribute on a pre-tax Salary Reduction basis to an Employee’s health savings account (HSA).

### 1.2 Legal Status

This Plan is intended to qualify as a plan under Code Section 125. The funding feature is not intended to establish an ERISA plan.

## ARTICLE II. Definitions

### 2.1 Definitions

“Account” means the record of HSA Contributions described in Section 8.4.

“Benefits” means the HSA Benefits offered under the Plan.

“Benefited Status” means eligible for benefits, beyond those that are legally mandated.

“Eligible Employee” means an employee who is in an active and benefited status, is enrolled in a MCHS HSA-qualified group HDHP and does not have other impermissible coverage.

“Impermissible coverage” makes an individual ineligible to make, or to have made on their behalf, contributions to an HSA.

“No proration rule” means an individual who becomes covered under an HDHP in a month other than January and who is HSA-eligible in December of that year is treated as having been an eligible individual during every month of the year and will be allowed to make contributions for those months prior to actually being enrolled in an HDHP.

“Participant” means a person who is an Eligible Employee and who is participating in this Plan in accordance with the provisions of Article III. Participants include those who elect HSA Benefits and Salary Reductions to pay for such Benefits.

“Period of Coverage” means the Plan Year, with the following exceptions: (1) for Employees who first become eligible to participate, it shall mean the portion of the Plan Year following the date on which participation commences, as described in Section 3.1 and Section IV, and (b) for Employees who terminate participation, it shall mean the portion of the Plan Year prior to the date on which participation terminates, as described in Section 3.2.

“Plan” means the Marshfield Clinic Health System, Inc. Section 125 Health Savings Account Plan as set forth herein and as amended from time to time.

“Plan Administrator” means Marshfield Clinic Health System, Inc. The contact person is the Human Resources benefits manager for Marshfield Clinic Health System, Inc. who has the full authority to act on behalf of the Plan Administrator.

“Plan Year” means the calendar year (i.e., the 12-month period commencing January 1 and ending on December 31), except in the case of a short plan year representing the initial Plan Year or where the Plan Year is being changed, in which case the Plan Year shall be the entire short plan year.

“Prospective” means a future effective date.

“Qualifying Event” means a change in family status which allows a participant to modify his or her previous benefit election.

“Re-Enrollment Period” with respect to a Plan Year means a period of time, (late November to early December) in the year preceding the Plan Year, or such other period as may be prescribed by the Plan Administrator.

“Salary Reduction” means the amount by which the Participant’s Compensation is reduced and applied by the Employer under this Plan, as permitted, before any applicable Social Security and federal taxes have been deducted from the Participant’s compensation (i.e., on a pre-tax basis).

“Spouse” means a husband or wife through a legal union (marriage).

“Statutory maximum” means the maximum allowed by law and adjusted annually for inflation. See web site for details: <http://www.treasury.gov/resource-center/faqs/Taxes/Pages/Health-Savings-Accounts.aspx>

“Trustee/Custodian” means a bank or credit union approved to offer HSAs to their customers as either a trust or a custodial account. Insurance companies and other entities who are approved trustees/custodians of IRAs are approved to offer HSAs. Additional entities wishing to become approved trustees/custodians of HSAs can apply to the IRS to do so.

Effective July 1, 2014 the Trustee/Custodian means Fidelity Investment.

## ARTICLE III. Eligibility and Participation

### 3.1 Eligibility to Participate

An individual is eligible to participate in this Plan if the individual satisfies all of the following:

- (a) is an Employee;
- (b) is working in a Benefited Status,
- (c) is enrolled in the Employer’s HSA-qualified group High Deductible Health Plan (HDHP) and
- (d) does not have other impermissible coverage.

An individual must also meet the eligibility criteria and comply as stated in the following documents and web sites:

..• US Dept of Treasury: <http://www.treasury.gov/resource-center/faqs/Taxes/Pages/Health-Savings-Accounts.aspx>

..• IRS Publication 969: <http://www.irs.gov/pub/irs-pdf/p969.pdf>

Once an Employee has met the Plan's eligibility requirements, the Employee may elect coverage effective the first day of the next calendar month, or for any subsequent Plan Year, in accordance with the procedure described in Article IV.

### 3.2 Termination of Participation

A Participant will cease to be a Participant in this Plan upon the earlier of:

- .. the termination of this Plan; or
- .. the date on which the Employee ceases (because of retirement, termination of employment, layoff, reduction of hours to a non-benefited status, or any other reason) to be an Eligible Employee. Participant is responsible for amending contributions to reflect change in eligibility.

Distributions from a Participant's HSA (whether before or after termination of employment) and all other matters relating to a Participant's HSA are outside of this Plan and are to be handled by the participant and his or her Trustee/Custodian in accordance with the agreement between them.

### 3.3 Participation Following Termination of Employment or Loss of Eligibility

Participant may reinstate their HSA benefit election if an individual again meets the Eligible Employee definition.

### 3.4 Family and Medical Leave Act (FMLA) Leave of Absences

If a Participant goes on a qualifying leave under the FMLA and continues to maintain group HDHP coverage, contributions will continue on the same terms and conditions as if the Participant were still an active employee.

### 3.5 Non-FMLA Leaves of Absence

If a Participant is on a non-qualifying leave under the FMLA, contributions will stop. Participant may reinstate their HSA benefit election upon return from non-FMLA leave once individual again meets the Eligible Employee definition. Participant is responsible for amending contributions to reflect changes in eligibility.

## ARTICLE IV. Method and Timing of Elections

### 4.1 Elections When First Eligible

An Employee who first becomes eligible to participate in the Plan mid-year may elect to commence participation on the first day of the month after the eligibility requirements have been satisfied. The Participant is responsible for contacting a Human Resources Benefits Partner for assistance in entering his or her initial HSA election.

A prospective HSA election may be entered at any time during the plan/calendar year. As a result, the Participant may front load at the beginning of the year, elect an evenly prorated contribution throughout the year, stop or start their contribution, or make catch-up contributions later in the year. Note: Participant is responsible for determining and monitoring eligible annual contribution.

Pre-tax deductions cannot be made after the end of the plan/calendar year for the prior plan year. Contributions for the prior plan year must be made on a post-tax basis directly to the account through the HSA Trustee/Custodian by the April 15 IRS deadline.

#### 4.2 Elections During Annual Re-Enrollment Period

An Eligible Employee must be enrolled in the Employer's HSA-qualified High Deductible Health Plan (HDHP). During the annual re-enrollment period, benefit eligible employees have the opportunity to switch to or enroll in a qualified group HDHP. The annual re-enrollment period typically takes place during March, effective April 1.

#### 4.3 Failure of Eligible Employee to File an HSA Salary Reduction Election

A prospective HSA election may be entered at any time during the plan/calendar year. See 4.1.

#### 4.4 Irrevocability of Election

Unlike other Section 125 plans, a prospective election may be entered at any time during the plan/calendar year. The participant is responsible for HSA compliance. Payroll edits will keep you from contributing more than the statutory maximum based on current coverage type (single versus employee+1 or family coverage).

### ARTICLE V. Method of Funding

#### 5.1 Employer and Participant Contributions

- (a) Employer Contributions. There are no Employer contributions for HSA Benefits.
- (b) Participant Contributions. Participants must pay for the cost of their HSA Benefits coverage on a pre-tax Salary Reduction basis by entering their election into Workday.

#### 5.2 Using Salary Reductions to Make Contributions

(a) Salary Reductions. The Participant determines and enters the total annual contribution/allocation or the per pay period deduction. The HSA deduction can be started, stopped and resumed at any time. The total annual contribution can be increased or decreased at any time. The total annual contribution cannot be decreased to an amount that is less than the year-to-date deduction. (A contribution cannot be reversed once the deduction has been taken from the paycheck and deposited to the HSA.) The total annual contribution cannot exceed the annual statutory maximum based on the Participant's age and single versus employee+1/family coverage.

(b) Considered Employer Contributions for Certain Purposes. Salary Reductions are applied by the Employer to pay for the Participant's share of the HSA Contributions are considered to be Employer contributions, for the purposes of this Plan and the Code.

## ARTICLE VI. HSA Benefits, Maximum Limits and Tax Treatment

### 6.1 HSA Benefits

An Eligible Employee can elect to participate in the HSA Benefit by electing to pay the Contributions on a pre-tax Salary Reduction basis to the Employee's HSA established and maintained outside the Plan by a Trustee/Custodian to which the Employer can forward contributions to be deposited (this funding feature constitutes the HSA Benefits offered under this Plan). As described in Article V, such election can be increased, decreased or revoked prospectively at any time during the Plan Year, effective on the next available pay period.

HSA Benefits cannot be elected with a general-purpose Medical Expense Flexible Spending Account (MEFSA). HSA benefits can be elected in conjunction with a Limited Purpose Flexible Spending Account (LP-FSA).

### 6.2 Contribution for Cost of Coverage for HSA; Maximum Limits

The annual Contribution for a Participant's HSA Benefits is equal to the annual benefit amount elected by the Participant. In no event shall the amount elected exceed the statutory maximum amount for HSA contributions applicable to the Participant's High Deductible Health Plan coverage option (i.e., single or family) for the calendar year in which the Contribution is made.

An additional catch-up Contribution may be made for participants who are age 55 or older. In addition, the maximum annual Contribution shall be:

- (a) Reduced by any matching (or other) Employer Contribution made on the participant's behalf (there are currently no such Employer Contributions (other than pre-tax Salary Reductions) made under the Plan); and
- (b) Prorated for the number of months in which the Participant is an HSA-Eligible Individual.

### 6.3 (Reserved)

### 6.4 Recording Contributions for HSA

As described in Section 6.6, the HSA is not an employer-sponsored employee benefit plan – it is an individual trust or custodial account separately established and maintained by a Trustee/Custodian outside the Plan. Consequently, the HSA Trustee/Custodian, not the Employer, will establish and maintain the HSA. The HSA Trustee/Custodian is Fidelity Investments. The Plan Administrator will maintain records to keep track of HSA Contributions an Employee makes via pre-tax Salary Reductions, but it will not create a separate fund or otherwise segregate assets for this purpose. The Employer has no authority or control over the funds deposited in a HSA.

### 6.5 Tax Treatment of HSA Contributions and Distributions

The tax treatment of the HSA (including contributions and distributions) is governed by Code Section 223.

### 6.6 Trust/Custodial Agreement; HSA Not Intended to Be an ERISA Plan

HSA Benefits under this Plan consist solely of the ability to make Contributions to the HSA on a pre-tax Salary Reduction basis. Terms and conditions of coverage and benefits (e.g., eligible medical expenses, claims procedures, etc.) will be provided by and are set forth in the HSA, not this Plan. The terms and conditions of each Participant's HSA trust or custodial account are described in the HSA trust or custodial agreement provided by the applicable Trustee/Custodian to each electing participant and are not a part of this Plan.

The HSA is not an employer-sponsored employee benefits plan. It is a savings account that is established and maintained by an HSA Trustee/Custodian outside this Plan to be used primarily for reimbursement of “qualified eligible medical expenses” as set forth in Code Section 223(d)(2).

The Employer has no authority or control over the funds deposited in an HSA. Even though this Plan may allow pre-tax Salary Reduction contributions to an HSA, the HSA is not intended to be an ERISA benefit plan sponsored or maintained by the Employer.

## Article VII. Irrevocability of Elections; Exceptions

### 7.1 Election Modifications for HSA Benefits May be Changed Prospectively.

As set forth in Section V, an election to make a Contribution to an HSA can be increased, decreased or revoked at any time on a prospective basis. Such election changes shall be effective no later than the next available bi-weekly paycheck. Elections and election changes are entered into Workday. No Benefit Package option election changes can occur as a result of a change in HSA election. For example, A Participant generally would not be able to terminate an election under the MEFSA in order to be eligible for the HSA.

Reminder: A contribution cannot be reversed once the deduction has been taken from the paycheck and deposited to the HSA.

### 7.2 Election Modifications Required by Plan Administrator

The Plan Administrator, may at any time, require any Participant or class of Participants to amend the amount of their Salary Reductions for a Period of Coverage if the Plan Administrator determines that such action is necessary or advisable in order to (a) satisfy any of the Code’s nondiscrimination requirements applicable to this Plan; (b) prevent any Employee or class of Employees from having to recognize more income for federal income tax purposes from the receipt of benefits hereunder than would otherwise be recognized; (c) maintain the qualified status of benefits received under this Plan; or (d) satisfy Code nondiscrimination requirements or other limitations applicable to the Employer’s qualified plans. In the event that contributions need to be reduced for a class of participants, the Plan Administrator will reduce the Salary Reduction amounts for each affected Participant, beginning with the Participant in the class who had elected the highest Salary Reduction amount and continuing with the Participant in the class who had elected the next-highest Salary Reduction amount, and so forth, until the defect is corrected.

## ARTICLE VIII. Recordkeeping and Administration

### 8.1 Plan Administrator

The administration of this Plan shall be under the supervision of the Plan Administrator. It is the principal duty of the Plan Administrator to see that this Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in this Plan without discrimination among them.

## 8.2

### Powers of the Plan Administrator

The Plan Administrator shall have such duties and powers as it considers necessary or appropriate to discharge its duties. It shall have the exclusive right to interpret the Plan and to decide all matters thereunder, and all determinations of the Plan Administrator with respect to any matter thereunder shall be conclusive and binding on all persons. Without limiting the generality of the foregoing, the Plan Administrator shall have the following discretionary authority:

- (a) to construe and interpret this Plan, including all possible ambiguities, inconsistencies, and omissions in the Plan and related documents, and to decide all questions of fact, questions relating to eligibility and participation, and questions of benefits under this Plan.
- (b) to prescribe procedures to be followed and the forms to be used by Employees and Participants to make elections pursuant to this Plan;
- (c) to prepare and distribute information explaining this Plan and the benefits under this Plan in such manner as the Plan administrator determines to be appropriate;
- (d) to request and receive from all Employees and Participants such information as the Plan Administrator shall from time to time determine to be necessary for the proper administration of this Plan;
- (e) to furnish each employee and Participant with such reports with respect to the administration of this Plan as the Plan Administrator determines to be reasonable and appropriate, including appropriate statements setting forth the amounts by which a Participant's Compensation has been reduced in order to provide benefits under this Plan;
- (f) to receive, review and keep on file such reports and information regarding the benefits covered by this Plan as the Plan Administrator determines from time to time to be necessary and proper;
- (g) to appoint and employ such individuals or entities to assist in the administration of the Plan as it determines to be necessary or advisable, including legal counsel and benefit consultants;
- (h) to sign documents for the purposes of administering this Plan, or to designate an individual or individuals to sign documents for the purposes of administering this Plan;
- (i) to secure independent medical or other advice and require such evidence as it deems necessary to decide any claim or appeal; and
- (j) to maintain the books of accounts, records, and other data in the manner necessary for proper administration of this Plan and to meet any applicable disclosure and reporting requirements.

### 8.3 Reliance on Participant, Tables, etc.

The Plan Administrator may rely upon the direction, information, or election of a Participant as being proper under the Plan and shall not be responsible for any act or failure to act because of a direction or lack of direction by a Participant. The Plan Administrator will also be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions, and reports that are furnished by accountants, attorneys, or other experts employed or engaged by the Plan Administrator.

### 8.4 Fiduciary Liability

To the extent permitted by law, the Plan Administrator shall not incur any liability for any acts or for failure to act except for their own willful misconduct or willful breach of this Plan.



### 8.5 Compensation of Plan Administrator

Unless otherwise determined by the Employer and permitted by law, any Plan Administrator that is also an Employee of the Employer shall serve without compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of their duties shall be paid by the Employer.

### 8.6 Effect of Mistake

In the event of a mistake as to the eligibility or participation of an Employee, the allocations made to the account of any Participant, or the amount of benefits paid or to be paid to a participant or other person, the Plan Administrator shall, to the extent that it deems administratively possible and otherwise permissible under Code Section 125 or other regulations issued thereunder, cause to be allocated or cause to be withheld or accelerated, or otherwise make adjustment of, such amounts as it will in its judgment accord to such participant or other person the credits to the account or distributions to which he or she is properly entitled under the Plan. Such action by the Plan Administrator may include withholding of any amounts due to the Plan or the Employer from Compensation paid by the Employer.

## Article IX. General Provisions

### 9.1 Expenses

All reasonable expenses incurred in administering the Plan are currently paid by the Employer. A separate HSA trustee/custodial fee may be assessed by the Participant's HSA Trustee/Custodian. Participant is responsible for any fees.

### 9.2 No Contract of Employment

Nothing herein contained is intended to be or shall be construed as constituting a contract or other agreements between any Employee and the Employer to the effect that such Employee will be employed for any specific period of time. All Employees are considered to be employed at the will of the Employer.

### 9.3 Amendment and Termination

This Plan has been established with the intent of being maintained for an indefinite period of time. Nonetheless, the Employer may amend or terminate all or any part of this Plan at any time for any reason by resolution of the Employer's Board of Directors or by any person or persons authorized by the Board of Directors to take such action.

### 9.4 No Guarantee of Tax Consequences

Neither the Plan Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a participant under this Plan will be excludable from the Participant's gross income for federal, state, or local income tax purposes. It shall be the obligation of each Participant to determine whether each payment under this Plan is excludable from the Participant's gross income for federal, state and local income tax purposes and to notify the Plan Administrator if the Participant has any reason to believe that such payment is not so excludable.

#### 9.5 Indemnification of Employer

If any Participant receives one or more payments or reimbursements under this Plan on a tax-free basis and if such payments do not qualify for such treatment under the Code, then such participant shall indemnify and reimburse the Employer for any liability that it may incur for failure to withhold federal income taxes, Social Security taxes, or other taxes from such payments or reimbursements.

#### 9.6 Plan Provisions Controlling

In the event that the terms or provisions of any summary or description of this Plan are in any construction interpreted as being in conflict with the provisions of this Plan as set forth in this document, the provisions of this Plan shall be controlling.

#### 9.7 Severability

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder of the Plan shall be given effect to the maximum extent possible.