

SECOND AMENDMENT

TO THE

PEDERNALES ELECTRIC COOPERATIVE, INC. INSURANCE CONTINUATION PROGRAM

(As Amended and Restated Effective January 1, 2013)

Pursuant to Section 4.01 of the Pedernales Electric Cooperative, Inc. Insurance Continuation Program (the “Program”) document, Pedernales Electric Cooperative, Inc. (the “Cooperative”) has the right, in its role as the Program Sponsor (as defined in the Program), to amend or terminate the Program at any time.

WHEREAS, as a result of changes to Medigap coverage options made by the Medicare Access and CHIP Reauthorization Act of 2015, new individuals will not be permitted to enroll in Medicare Supplement Part F coverage on and after January 1, 2020; and

WHEREAS, the Board of Directors of the Cooperative (the “Board”) now desires to amend the Program through this Second Amendment to the Program (the “Second Amendment”) effective January 1, 2020, to reflect this change in the law and to provide for greater flexibility in the event of a similar change in the laws applicable to Medigap coverage in the future; and

FURTHERMORE, the Board does not intend that this Second Amendment will extend or expand eligibility for benefits to any retiree or dependent of such retiree who was not already eligible for benefits under the terms of the Program prior to the date of this Second Amendment. The Board also does not intend to guarantee access to any insurance coverage or insurance coverage product;

NOW, THEREFORE, the Program is hereby amended as follows, effective as of January 1, 2020:

1. Section 3.05(b) is hereby deleted in its entirety and replaced with the following:

“(b) Medicare Supplement Plans - Each Participant in the Program, whether an eligible retiree or dependent, who ceases to receive Program benefits through the Program Sponsor’s group health insurance program offered to eligible active employees as a result of Section 3.05(a) will be provided access to the following basic Medicare supplement plans, to the extent that such coverage is reasonably available. The Program Sponsor will fund the cost of the following basic supplemental plans that it intends to offer to each eligible retiree and each eligible dependent, as applicable:

- Medicare Supplement Part F Coverage or, only with respect to new Medicare enrollees on and after January 1, 2020, Medicare Supplement Part G Coverage, to the extent required by applicable Medicare coverage rules, or similar basic Medicare supplemental coverage as required by applicable Medicare coverage rules with respect to an otherwise eligible retiree and such retiree's eligible dependents on or after January 1, 2020
- Medicare Part D – Rx Coverage”

IN ALL RESPECTS NOT AMENDED HEREIN, the Program will remain in full force and effect.

IN WITNESS WHEREOF, Pedernales Electric Cooperative, Inc. has caused the Second Amendment to the Pedernales Electric Cooperative, Inc. Insurance Continuation Program to be executed by its duly authorized officers on this _____ day of _____, 2020.

PEDERNALES ELECTRIC COOPERATIVE, INC.

By: _____

Title: _____