

**SUMMARY OF MATERIAL MODIFICATIONS  
TO THE LIFE CARE CENTERS OF AMERICA, INC.  
CAFETERIA PLAN**

**Effective January 1, 2026**

The Life Care Centers of America, Inc. Cafeteria Plan (the “Plan”) has been amended and this Summary of Material Modifications (SMM) describes the changes made. You should read this summary, along with the Summary Plan Description for the Plan to gain an understanding of how these modifications affect the benefits provided under the Plan. You should keep this SMM with the copy of the Summary Plan Description for the Plan that was provided to you.

If there are any discrepancies between the information in this SMM and the official Plan documents, the terms of the Plan documents will prevail.

The following change has been made to the dependent care flexible spending account provisions of the Plan effective for expenses incurred on or after January 1, 2026.

For a typical single person the maximum annual contribution is \$7,500.

For a typical married person filing separate tax returns, the maximum annual contribution is \$3,750.

For a typical married person filing joint tax returns with a spouse who is employed outside the home for pay, the maximum annual contribution combined is \$7,500.

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Please keep this Notice for future reference and refer to the applicable SPDs for further information. If you have any questions about the information in this Notice, or if you need assistance, please contact **Associate Benefit Trust at 1-866-353-0441 or email [abt@lcca.com](mailto:abt@lcca.com)**.

Kristie Buchanan, Director  
Associate Benefit Trust  
Life Care Centers of America, Inc.

## ATTACHMENT D

### ELIGIBILITY POLICY FOR HEALTH PLAN COVERAGE

This Eligibility Policy for Health Plan Coverage Offered by Life Care Centers of America, Inc. (“Policy”) shall be used to determine whether certain Employees of Life Care Centers of America, Inc. (the “Company”) are eligible to participate in the Life Care Centers of America, Inc. Welfare Benefits Plan (“Plan”) with regard to the health benefits provided therein. This Policy is intended to comply with the safe harbor described in Internal Revenue Service (“IRS”) Final Regulations published on February 2, 2014 under Section 4980H of the Internal Revenue Code of 1986, as amended (“Code”), and this Policy shall be interpreted, construed, and limited in accordance with such intent.

*For purposes of the Examples in this Policy, assume that Bert is a Variable Hour Employee and that he has a Date of Hire of February 12, 2015.*

- I. Definitions.** The following definitions apply for purposes of this Policy.
- a. **Employee** means a person who is classified as an employee by the Company under the common-law standard.
  - b. **Break in Service** means a period of time during which an Employee does not have an Hour of Service credited to the Employee.
  - c. **Date of Hire** means the day on which a New Employee first performs an Hour of Service for the Company.
  - d. **Eligible Employee** means an Employee who has been classified as eligible to participate in Health Coverage pursuant to this Policy.
  - e. **Full-Time Employee** means an Employee who is employed by the Company, with respect to a Measurement Period, for at least the Minimum Hours.
  - f. **Hour of Service** means: (i) each hour for which an Employee is paid by the Company, or entitled to payment, for performing duties for the Company; and (ii) each hour for which an Employee is paid by the Company, or entitled to payment, for vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence even though no duties are performed during those time periods.
  - g. **Initial Administrative Period** means the period from the first day immediately following the last day of the Initial Measurement Period to the last day of the first calendar month beginning on or after the one-year anniversary of a New Employee’s Date of Hire.
  - h. **Initial Measurement Period** means the period beginning on the first day of the month following the New Employee’s Date of Hire or, if the New Employee’s Date of Hire is the first day of the month, the Date of Hire, and concluding on the last day of the twelfth month thereafter.

***Example:** Bert, who started work on February 12, 2015, has an Initial Measurement Period from March 1, 2015 through February 29, 2016.*

- i. **Initial Stability Period** means the twelve (12) month period from the first day of the second calendar month beginning on or after the one-year anniversary of a New Employee's Date of Hire to the last day of the first calendar month beginning on or after the two-year anniversary of a New Employee's Date of Hire.

***Example:** Bert, who started work on February 12, 2015, will have an Initial Stability Period from April 1, 2016 through March 31, 2017.*

- j. **Look-Back Measurement Method** means the method by which the Company determines an Employee's status as a full-time employee by averaging an Employee's Hours of Service over the course of an Initial or Standard Measurement Period.

- k. **Minimum Hours** means the minimum number of hours required for an individual to average at least 30 Hours of Service per week during a Measurement Period. For example, the Minimum Hours for a fifty-two (52) week Standard Measurement Period would be 1560 Hours of Service. There are special rules for calculating an Employee's Minimum Hours if he or she takes a Special Unpaid Leave of Absence. These rules are explained in Section V(b) of this Policy.

- l. **Monthly Measurement Method** means the method by which the Company determines an Employee's status as a full-time employee by counting the Employee's Hours of Service for each calendar month.

- m. **New Employee** means an Employee who has not yet worked for one complete Standard Measurement Period.

- n. **Ongoing Employee** means an Employee who has worked for at least one complete Standard Measurement Period. Notwithstanding the foregoing, an Ongoing Employee does not include any Employee who serves in any of the following categories:

- Employees subject to the terms of a collective-bargaining agreement.

***Example:** Bert, who started work on February 12, 2015, will become an Ongoing Employee on January 1, 2017 because he will have been an Employee for one complete Standard Measurement Period, running from October 4, 2015 through October 3, 2016.*

- o. **Health Coverage** means health plan coverage offered by the Company to its Employees, including, but not limited to, the Plan.

- p. **Part-Time Employee** means a new Employee who the Company reasonably expects to be employed less than the Minimum Hours during the Initial Measurement Period.

- q. **Plan** means the Life Care Centers of America, Inc. Welfare Benefits Plan.
- r. **Policy** means this Eligibility Policy for Health Plan Coverage Offered by Life Care Centers of America, Inc.
- s. **Seasonal Employee** means an Employee who is hired into a position for which the customary annual employment is six months or less.
- t. **Standard Administrative Period** means the period from October 4 to December 31 of each calendar year.
- u. **Standard Measurement Period** means each twelve (12) month period from the first day of the first payroll period beginning on or after October 4 to the last day of the first payroll period ending on or after the next following October 3.

***Example:** The first Standard Measurement Period for Bert, who started work on February 12, 2015, will run from October 4, 2015 through October 3, 2016.*

- v. **Standard Stability Period** means the twelve (12) month period immediately following the Standard Administrative Period that applies to Ongoing Employees. The Standard Stability period is from January 1 to the next following December 31.

***Example:** The first Standard Stability Period for Bert, who started work on February 12, 2015, will run from January 1, 2017 through December 31, 2017.*

- w. **Special Unpaid Leave of Absence** means an unpaid leave of absence taken by a New Employee or an Ongoing Employee on account of jury duty, or pursuant to regulations established by the Family and Medical Leave Act of 1993 or the Uniformed Services Employment and Reemployment Rights Act of 1994.
- x. **Variable Hour Employee** means an Employee for whom, based on the facts and circumstances at the Employee's Date of Hire, the Company cannot determine whether the Employee is reasonably expected to work at least the Minimum Hours during the Initial Measurement Period because the Employee's Hours of Service are variable or otherwise uncertain. Employees will not be classified as Variable Hour Employees because their employment is expected to be short-term or temporary.

## II. Determination of Plan Eligibility for Ongoing Employees

(a) Tracking. The Company will maintain a record of the Hours of Service of each Ongoing Employee during each Standard Measurement Period. At the conclusion of each Standard Measurement Period, the Company will determine whether each Ongoing Employee worked at least the Minimum Hours over the duration of the Standard Measurement Period.

(b) Eligible. If an Ongoing Employee worked at least the Minimum Hours during the Standard Measurement Period, the Ongoing Employee will be classified as an Eligible Employee for the Standard Stability Period that starts at the end of the Standard Administrative Period. The Company will notify the Ongoing Employee of this determination and will offer enrollment in Health Coverage to the Ongoing Employee, effective on the first day of the Standard Stability Period.

(c) Stability. Except for in cases of Material Changes in Employment Status as provided in Section II(e) below, if the Company classifies an Ongoing Employee as an Eligible Employee at the end of a Standard Measurement Period, the Employee will remain an Eligible Employee for the duration of the following Standard Stability Period, regardless of the number of Hours of Service actually worked by the Employee during the Standard Stability Period, so long as the Ongoing Employee remains employed and otherwise eligible for Health Coverage.

***Example:** If Bert worked at least the Minimum Hours from October 4, 2015, through October 3, 2016 (the Standard Measurement Period), then, so long as he is employed and otherwise eligible, he will be permitted to enroll in Health Coverage, effective January 1, 2017 through December 31, 2017 (the Standard Stability Period), regardless of his Hours of Service during this Stability Period.*

(d) Not Eligible. Except as provided in Section II(e) below, if an Ongoing Employee did not work at least the Minimum Hours during the Standard Measurement Period, then the Ongoing Employee will not be classified as an Eligible Employee for the Standard Stability Period that starts immediately at the end of the Standard Administrative Period, regardless of the number of Hours of Service actually worked by the Employee during that Standard Stability Period.

***Example:** If Bert did not work at least the Minimum Hours from October 4, 2015, through October 3, 2016 (the Standard Measurement Period), he will not be eligible to enroll in Health Coverage for the January 1, 2017 through December 31, 2017 Standard Stability Period, regardless how much he works during 2017. His eligibility to enroll in Health Coverage on January 1, 2017 will depend on whether he works at least the Minimum Hours during the October 4, 2015, through October 3, 2016 Standard Measurement Period.*

(e) Material Change in Employment Status.

(i) Change to Full-Time Status. If an Ongoing Employee has been classified as a Part-Time Employee, Variable Hour Employee or Seasonal Employee for a period of at least thirteen (13) weeks, and after the end of the eligibility waiting period and the end of the Employee's Initial Measurement Period, the Employee has a material change in his or her employment status, the Employee will be treated as an Eligible Employee, as of the date of the material change in their employment status. For purposes of this Subsection (e), a "material change in employment status" is a material change in the position of employment or other employment status that, had the Employee begun employment in that new position or status, the Employee would have reasonably been expected to work at least the Minimum Hours during the Standard Measurement Period.

(ii) Change to Part-Time Status. If an Ongoing Employee is classified as a Full-Time Employee, but subsequently, either before or after the end of the Initial Measurement Period, has a change in employment status such that if the Employee had begun employment in the new position or status, the Employee would have been reasonably expected to be employed less than the Minimum Hours, then the Company may apply the Monthly Measurement Method to that Employee beginning on the first day of the fourth full month following their change in status. The Company must maintain the Ongoing Employee's status as a full-time employee during the first three full months after the change in status. This special rule only applies if the Employee was offered minimum value health coverage no later than the first day of the calendar month following the Employee's initial three full calendar months of employment through the month of the change in status, and only if the Employee actually averages less than 30 Hours of Service per week during the first three full calendar months after their change in status. The Company will continue to apply the Monthly Measurement Method through the end of the first full Measurement Period that would have applied had the Employee remained under the Look-Back Measurement Method.

### **III. Determination of Plan Eligibility for New Employees**

(a) Classification of New Employees. New employees shall be classified as Full-Time, Part-Time, Variable or Seasonal. For a new Employee who is reasonably expected at the Employee's start date to be a Full-Time Employee (and not a Seasonal Employee), the Company shall determine the Employee's status based on the Employee's Hours of Service under the Monthly Measurement Method until the Employee becomes an Ongoing Employee. The status of new Employees who are classified as Part-Time, Variable or Seasonal Employees shall be determined under the Look-Back Measurement Method as set out below.

(b) Tracking. Under the Look-Back Measurement Method, the Company will maintain a record of the Hours of Service of each New Part-Time, Variable and Seasonal Employee during the individual's Initial Measurement Period. At the conclusion of the Initial Measurement Period, the Company will determine whether the Employee worked at least the Minimum Hours during the Initial Measurement Period.

(c) Eligible. If the New Part-Time, Variable or Seasonal Employee worked at least the Minimum Hours during the Initial Measurement Period, the New Employee will be classified as an Eligible Employee for his or her Initial Stability Period. The Company will notify the New Employee of its determination and will offer enrollment in Health Coverage to the New Employee, effective on the first day of the Initial Stability Period.

(d) Initial Stability Period. Except as provided in Section III(f) below, if the Company classifies a New Part-Time, Variable or Seasonal Employee as an Eligible Employee at the end of the Initial Measurement Period, the New Employee will remain an Eligible Employee during the Initial Stability Period, regardless of the number of Hours of Service actually worked by the New Employee during the Initial Stability Period, so long as the New Employee remains employed and otherwise eligible for coverage.

(e) Not Eligible. Except as provided in Section III(f) below, if a New Part-Time, Variable or Seasonal Employee did not work at least the Minimum Hours during the Initial Measurement Period, then the New Employee will not be classified as an Eligible Employee and will not be eligible to participate in Health Coverage during the Employee's Initial Stability Period, regardless of the number of Hours of Service actually worked by the New Employee during the Initial Stability Period.

(f) Material Change in Employment Status During Initial Measurement Period. If an Employee is categorized as a New Part-Time, Variable or Seasonal Employee for a period of at least thirteen (13) weeks, and subsequently, during the Employee's Initial Measurement Period, has a material change in their employment status, the New Employee will be treated as an Eligible Employee for purposes of Health Coverage, as of the date of the material change in their employment status. For purposes of this Subsection (f), a "material change in employment status" is a material change in the position of employment or other employment status that, had the Employee begun employment in that new position or status, the Employee would have reasonably been expected to work at least the Minimum Hours during the Initial Measurement Period.

#### **IV. Transition from New Employee to Ongoing Employee**

(a) Tracking. Once a New Full-Time, Part-Time, Variable or Seasonal Employee has been employed for an entire Standard Measurement Period, the New Employee must be tested for full-time status based on that Standard Measurement Period, at the same time and under the same conditions as other Ongoing Employees.

***Example:** Bert, who started work on February 12, 2015, has an Initial Measurement Period of March 1, 2015 through February 29, 2016. He will be tested for eligibility during his Initial Measurement Period and during the Standard Measurement Period that runs from October 4, 2015, through October 3, 2016.*

(b) Eligible. A New Part-Time, Variable or Seasonal Employee who works the Minimum Hours during either the Initial Measurement Period or during a Standard Measurement Period must be treated as an Eligible Employee during the entire associated Initial Stability Period and/or Standard Stability Period. A New Full-Time Employee who works the Minimum Hours during a Standard Measurement Period must be treated as an Eligible Employee during the entire associated Standard Stability Period.

(c) Not Eligible During Initial Stability Period. In contrast, if a New Part-Time, Variable or Seasonal Employee does not work the Minimum Hours during their Initial Measurement Period, but does work the Minimum Hours during the overlapping or immediately following Standard Measurement Period, the Employee must be treated as an Eligible Employee for the entire Standard Stability Period that relates to the Standard Measurement Period, even if the Standard Measurement Period begins before the end of the Initial Stability Period. Thereafter, the Employee's eligibility is determined under the Ongoing Employee rules.

**Example:** See the chart below for a summary of Bert's eligibility during his Initial and Standard Measurement Periods and his Initial and Standard Stability Periods.

<b><i>Bert's Initial Measurement Period</i></b>	<b><i>Bert's Initial Stability Period</i></b>	<b><i>Bert's First Standard Measurement Period</i></b>	<b><i>Bert's First Standard Stability Period</i></b>
<i>March 1, 2015 to February 29, 2016</i>	<i>April 1, 2016 to March 31, 2017</i>	<i>October 4, 2015 to October 3, 2016</i>	<i>January 1, 2017 to December 31, 2017</i>
<i>Works Minimum Hours</i>	<i>Eligible</i>	<i>Works Minimum Hours</i>	<i>Eligible</i>
<i>Does Not Work Minimum Hours</i>	<i>Not Eligible</i>	<i>Works Minimum Hours</i>	<i>Eligible</i>
<i>Works Minimum Hours</i>	<i>Eligible</i>	<i>Does Not Work Minimum Hours</i>	<i>Not Eligible</i>

## V. Rehires and Leaves of Absence

(a) Rehired Treated as Ongoing or New Employee. Solely for purposes of this Policy, an Employee who resumes providing service to the Company after a Break in Service will be treated as a New Employee subject to an Initial Measurement Period if the Employee was gone for either:

- (i) thirteen or more consecutive weeks; or
- (ii) at least four consecutive weeks and the Break in Service period was longer than the period of service immediately prior to the Break in Service.

If the Break in Service period is less than both (i) and (ii), then the Employee shall be treated as an Ongoing Employee when rehired.

(b) Rehire Treated as Ongoing Employee.

(i) If an Employee is treated as an Ongoing Employee pursuant to Section V(a), then the rehired Employee retains the status the Employee had with respect to the Stability Period in progress when the Employee is rehired. Specifically, if the Employee was an Eligible Employee for that Stability Period and had enrolled in Health Coverage, the Employee will be eligible to re-enroll as of the Employee's rehire date, or as soon as administratively practicable, for the rest of the Stability Period. If the Employee prior to the Break in Service had been offered Health Coverage and had declined, the Employee will not be offered another opportunity to enroll for that Stability Period. If the Employee was not an Eligible Employee for the Stability Period in progress upon the Employee's rehire, then the Employee will not be eligible to re-enroll until the beginning of the next Stability Period, assuming the Employee works the Minimum Hours of Service during the ongoing Measurement Period.

(ii) If an Employee is treated as an Ongoing Employee pursuant to Section V(a), and the Employee is returning from Special Unpaid Leave of Absence, then for any Measurement Period that is in progress during the unpaid leave, the Employee's Minimum Hours will be equal to the product of thirty (30) times the difference between the number of weeks in the Measurement Period, less the number of weeks the Employee was on a Special Unpaid Leave of Absence.

**Example:** Bert is on an unpaid FMLA leave for four weeks during a Measurement Period, so his Minimum Hours for the Measurement Period will equal 30 times 48 weeks (which is 52 weeks less four weeks of leave).

(c) Rehire Treated as New Employee. If an Employee is treated as a New Employee under Section V(a), then the Employee will start another Initial Measurement Period on rehire, and will follow the rules of Section III.

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