

PARTICIPATING IN THE PLAN

Who Is Eligible

You are eligible to participate in the Medical Plan if you are a regular, active, full-time or part-time, salaried employee who works for a **Participating Company**.

Individuals who are not paid from the U.S. payroll of a **Participating Company**, who are employed by an independent company (such as an employment agency), or whose services are rendered pursuant to an agreement excluding participation in benefit plans are not eligible to participate in the Medical Plan. International Assignees who are paid from the U.S. payroll of a **Participating Company** will be eligible for coverage through **Aetna Global Benefits** under the International **Indemnity option**, and subject to modified plan benefits.

Eligible Dependents

As a participant in the Medical Plan, you also may enroll your **eligible dependents** for coverage.

Generally, you must enroll your **eligible dependents** in the same option that you chose for yourself, unless you are in one of the following situations:

SITUATION	ADMINISTRATION
You are enrolled in the Standard or Enhanced POS option and your eligible dependents permanently live separately from you and outside the network area.	Your dependents may be enrolled as “out-of-area” by completing special paperwork through Aetna . Once approved, they will be provided Standard or Enhanced POS coverage (as applicable) if there is a network in that area. Otherwise, Enhanced Indemnity option benefits will be provided.
Your lawful spouse, domestic partner or child is also an Avaya Inc. eligible active or retired employee.	Persons who qualify as the dependents of either an active or retired employee may be enrolled as the dependents of either, but not of both. See “Avaya Inc. Families.” If such person is enrolled as a dependent, they must enroll in the same option. Otherwise, they may or may not enroll in the same option.

SITUATION	ADMINISTRATION
You have a Class II dependent continuously enrolled since January 1, 1996 under the Medical Plan and any predecessor plans for other covered charges only.	The Class II dependent is covered only for those benefits designated as “other covered charges” and payable under the terms of the Enhanced Indemnity option , regardless of the option in which the employee enrolls.

If you elect to enroll your **domestic partner** and/or **domestic partnership dependents**, you and your **domestic partner** must complete an Affidavit of Domestic Partnership. This affidavit is available on the Avaya Healthy Decisions Web site (www.AvayaHealthyDecisions.com) under the “Reference Materials & Forms” section. Have the agreement notarized and return the affidavit to the **Avaya Health and Benefits Decision Center**.

The **Avaya Health and Benefits Decision Center** can tell you the tax impact of enrolling a **domestic partner** and/or **domestic partnership dependents**. Under IRS regulations, you contribute toward the cost of Medical Plan coverage on a pre-tax basis for yourself and for your family members *other than* your **domestic partner** and/or **domestic partnership dependent**. The same tax advantages do not apply when you cover your **domestic partner** and/or **domestic partnership dependent**. Under IRS regulations, you cover them with after-tax contributions and the amount of the Company’s cost to cover them is reported as taxable income to you each month. This taxable income is subject to both income tax and FICA withholding. The amount of taxable income depends on the Medical Plan option you elect, and on whom you elect to cover.

You may enroll another **eligible employee** or Avaya Inc. salaried retiree (who participates in The Avaya Inc. Pension Plan for Salaried Employees) as your dependent, as long as the eligibility requirements are satisfied. If you enroll another **eligible employee** or Avaya Inc. salaried retiree as your **eligible dependent**, he or she will have to waive or defer his/her own coverage to be your dependent, since he or she cannot be **covered** as both an **eligible employee** and an **eligible dependent**. However, he or she would not be eligible to receive cash back. See “Avaya Inc. Families.” A salaried active or retired Avaya Inc. employee cannot enroll a represented active or retired Avaya Inc. employee as an **eligible dependent**.

Enrollment

What you need to do to enroll for medical coverage depends on whether you are:

- A newly **eligible employee**,

- An employee changing your existing coverage during an **annual enrollment** period, or
- An employee changing your existing coverage during the year due to a **qualified status change** (see “Changing Your Coverage During the Year”).

Newly Hired Employees

When you start working for Avaya Inc., if you are a full-time employee, you are automatically enrolled in your **assigned option** for individual Medical Plan coverage. The assigned coverage shown in your enrollment information depends on your job classification and where you live. Coverage begins on your first day of work as an **eligible employee**. If an **assigned option** is not available for your job classification, coverage is not automatic; you must enroll as specified in your enrollment letter if you want to be **covered** under the Medical Plan. (See assigned option table below.) Part-time employees must enroll to be covered under the Medical Plan.

An enrollment letter will be sent to your home address. The letter will include information about how to enroll yourself and your **eligible dependents** and the date by which you must make your elections. You can make your enrollment elections online by logging onto the Avaya Healthy Decisions Web site at www.AvayaHealthyDecisions.com or by calling the **Avaya Health and Benefits Decision Center** (see “Important Contacts”).

After you receive the letter, by the specified date in the enrollment letter, you may:

- Declare yourself and your **covered dependents** a **tobacco user** or **non-tobacco user**,
- Change from the **assigned option** to another available option,
- Choose a coverage option, if one was not assigned, or
- Enroll your **eligible dependents**.

In addition, if you can certify that you have medical coverage elsewhere, you may elect to:

- Decline Avaya Inc.'s medical coverage. In this case, if you are a full-time employee you may be able to receive cash back in your paycheck.
- Decline your own coverage under the Medical Plan in order to be covered as a dependent of another **eligible employee**.

If you do not make any elections by the specified date indicated in your enrollment letter, here is what will happen:

- If you are a regular, full-time **eligible employee**, you will continue to be **covered** under your **assigned option**. Your dependents *will not* be covered. You may change your coverage level and option due to a **qualified status change** (see “Changing Your Coverage During the Year”). Otherwise, you will *not* be permitted to make any changes until the next **annual enrollment**.
- If you are a part-time **eligible employee**, *no coverage* will be assigned. This means you and your dependents *will not* be **covered** under the Medical Plan for the current year. You must wait until the next **annual enrollment** to enroll, unless you have a **qualified status change**.

Generally, you do not need to re-enroll each year, unless you wish to change your coverage category.

Assigned Option

The **assigned option** is automatically assigned if you do not enroll. Not all employees have an **assigned option**. Your eligibility for an **assigned option** depends on your job classification. The option that is assigned is determined by whether or not you live in a **POS** (Standard or Enhanced) area. Here is how it works.

	Your Assigned Medical Option If You Live:	
Job Classification	Within a POS Area	Outside a POS Area*
Full-time eligible employee	Standard POS option	Enhanced Indemnity option
Part-time eligible employee	No assigned option	No assigned option
*Salaried employees living in Hawaii are only eligible for the Kaiser HMO option, in accordance with Hawaii regulations. Therefore, Kaiser HMO coverage is the assigned option for any full-time employee.		

Generally, coverage *automatically* begins under your **assigned option** on your first day of work as an **eligible employee**. If you do not meet the requirements for an **assigned option**, you must enroll by the specified date in your enrollment letter to have medical coverage.

If you enroll your **eligible dependents** at the same time you enroll yourself, coverage for those dependents begins the same day as your coverage begins.

Declining Avaya Inc. Medical Coverage

If you can certify that you have medical coverage from a non-Avaya Inc. source (such as a medical plan provided by your spouse's employer), you may elect to decline Avaya Inc.'s Medical Plan coverage. In this event, if you are a full-time employee, you will be reimbursed a portion of your cost for coverage as taxable income in your paycheck. This reimbursement is *not* available to part-time employees.

The cash back option is *not* available if you are **covered** as a dependent of another Avaya Inc. employee/retiree.

As with any benefit election, you will want to carefully consider the benefits and costs for all the options available to you and to select the coverage that makes the most sense for you.

Annual Enrollment

During **annual enrollment** each year, you will have an opportunity to select the benefits that best meet your needs for the coming year. You may change the **eligible dependents** you cover and/or change Medical Plan options. **Annual enrollment** is held once a year, usually in the fall.

You will receive enrollment information, including the coverage options available to you for the following year. If you do not elect to make any changes, your current coverage option will continue unless it is being discontinued or replaced by another option for your area and/or job classification. If your current option is discontinued or replaced by another option, you will be enrolled in your **assigned option**. However, if you are not eligible for an **assigned option**, you will not be enrolled in any option unless you actively enroll. For more information, see "Assigned Option."

Elections made during **annual enrollment** are effective on the first day of the following calendar year.

Confirmation Statements

A confirmation statement will be generated after you enroll or change benefits during **annual enrollment** or at any other time during the year. Be sure to review the information carefully and report any discrepancies immediately to the **Avaya Health and Benefits Decision Center** (see "Important Contacts").

If You and Your Spouse or Domestic Partner Work for a Participating Company

Only one employee of Avaya Inc. may enroll any given **eligible dependent**. Either you or your **lawful spouse** (or **domestic partner**), as an employee or retiree, may cover

your dependent **children**. A child may not be **covered** under the Medical Plan by both parents at the same time.

Changing Your Coverage During the Year

If you have a **qualified status change**, you may make a related change in your Medical Plan coverage level, that is, in the **eligible dependents** you cover and your tier of coverage (individual, two-person, family, or no coverage). You may also make a change in your coverage option. You *must* contact the **Avaya Health and Benefits Decision Center** (see “Important Contacts”) any time you have a **qualified status change** and wish to make a corresponding change in coverage. You have 31 days after the event to make a change. *If you do not enroll your new dependent within 31 days and you are enrolled in the Standard or Enhanced POS option or Enhanced Indemnity option (non-HMO option), you will be permitted to elect coverage for your new dependent prospectively the first of the following month by paying the difference in coverage level on an after-tax basis, through the end of the plan year. If you do not enroll your new dependent within 31 days and you are enrolled in an HMO option, you will not be permitted to elect coverage for your dependent until the next annual enrollment period, unless you experience another applicable qualified status change.*

If Your Coverage Option Changes During the Year

If your job classification changes, or if you move in or out of a **POS** area, or you have a **qualified status change**, your medical coverage option may change before the next **annual enrollment**.

If your coverage option changes during the calendar year, here is what will happen:

- Any amounts you have paid toward your annual **deductible** under your prior option apply toward satisfaction of your **deductible** under your new option during that calendar year. **Deductible** amounts applied **out-of-network** under the **POS** (Standard or Enhanced) option apply to **deductible** amounts under the Enhanced **Indemnity option**, and vice versa.
- Amounts you have paid that apply toward your **out-of-pocket maximum** under the Enhanced **Indemnity option** apply toward satisfying the **out-of-network out-of-pocket maximum** under the **POS** (Standard or Enhanced) option during that calendar year, and vice versa.
- Amounts you have paid as **copayments** under the **POS** (Standard or Enhanced) option or an **HMO** do *not* apply toward satisfying either the **deductible** or **coinsurance** requirements under the Enhanced **Indemnity option**.
- Amounts you have paid as **deductibles** or **coinsurance** amounts under the Enhanced **Indemnity option** do *not* apply toward satisfying the **in-network out-of-pocket maximum** under the **POS** (Standard or Enhanced) option.

- For any benefits with an annual limit, such as home health care and chiropractic care, any services incurred under your prior option count toward the benefit limits of your new option during that calendar year.
- Your **Mental Health and Chemical Dependency Program** and **Prescription Drug Program** benefits are unaffected unless you move into or out of an **HMO**.

Change in Tobacco Status During the Year

A change to your **tobacco user** status does not constitute a **qualified status change**. You may only change your **tobacco user** status during the **annual enrollment** period.

Special Enrollment Period

In addition to the changes you may make due to a **qualified status change**, you have a window in which you may enroll someone outside their initial enrollment period or an **annual enrollment** period if:

- The individual is an **eligible employee** or **eligible dependent**,
- You previously declined Medical Plan coverage for that person due to their coverage under another group health plan or personal health insurance, and
- That person loses their other health coverage for reasons other than failure to pay premiums as required or for termination for cause.

You must contact the **Avaya Health and Benefits Decision Center** (see "Important Contacts") to enroll that person *within 31 days* after the other health coverage is lost. If you miss the deadline, you must wait until the next **annual enrollment** period to enroll that person.