

HEALTH CARE SERVICE CORPORATION POLICY

DEPARTMENT: Human Resources (HR)	
POLICY NUMBER: HR2.07	POLICY TITLE: Employee and Contingent Worker Classification Policy
EXECUTIVE OWNER: VP HR Delivery & Technology	BUSINESS OWNER: Senior Manager Employee Services
ORIGINAL EFFECTIVE DATE (IF KNOWN): 6/2002	COMMITTEE APPROVAL DATE: 06/18/2025

I. SCOPE

This Policy applies to all employees and contingent workers as defined below of Health Care Service Corporation, a Mutual Legal Reserve Company, as well as Dearborn Group, Luminare Health and CareAllies Inc. (collectively, "HCSC").

II. PURPOSE

The purpose of this policy is to clarify how HCSC defines its various worker segments, conditions surrounding bringing on and maintaining contingent workers with HCSC and procedures for separation from HCSC for the same contingent workers.

III. DEFINITIONS

Employee Classifications

- **Full-time employee (exempt or non-exempt)** – an employee who is regularly scheduled to work a full-time schedule, 40 or more hours per week.
- **Part-time employee (exempt or non-exempt)** – an employee who is regularly scheduled to work less than 40 hours per week.
- **Temporary (including Seasonal) HCSC employee** – a person who is hired to complete a specific project assignment by a specific completion date, the details of which have been communicated to the employee in a written agreement; or a person who is hired for a specific limited term, e.g., interns or seasonal help. Temporary employees may work a maximum of 6 months during a 12-month period based on an anniversary year of the date of hire. Any temporary employee who works at the Company for more than 6 months in a 12-month period will be reclassified either as full-time or part-time depending upon hours worked.

Contingent Worker Classifications

The following Contingent Worker classifications fall within the scope of this policy.

- **Staff Augmentation-** These are contingent workers (contract or temporary agency resources) whose work product or assigned tasks are the same, or substantially similar as HCSC employees. Professional Service Consultants acting as contingent workers, as specified in the statement, will be classified as staff augmentation resources.

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- **Independent Contractors** – These contingent workers perform work on a specific project for a defined period of time whose work product may be unique and different from any HCSC employee. These contingent workers maintain a separate corporate identity, Federal ID, corporate resources, required insurance and satisfy generally accepted interpretation of an Independent Contractor as defined by the IRS. The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. The earnings of a person who is working as an independent contractor are subject to Self-Employment Tax.

IV. POLICY

HCSC Procurement determines how the workforce classifications in this policy apply to individuals classified as Staff Augmentation and Independent Contractors employees. For union classifications, please refer to your Collective Bargaining Agreement. Eligible employees are entitled to benefits following the terms of the HCSC Benefit Plans. The HCSC Benefit Plans and details on benefits as they apply to different employee classifications can be found on MyHR.

Engagement of Contingent Workers

Engagement of Contingent Workers is subject to the following requirements:

- Contingent Workers should only be engaged through HCSC Procurement, with approval from a divisional budget approver. HCSC employees should not directly engage or contract with suppliers or individuals to provide services to the HCSC.
- Contingent Workers who have unescorted building access and/or systems access are required to meet the same background check and substance abuse standards as HCSC employees.
- Certain compliance and safety training is required as part of the on-boarding process for any Contingent Worker requiring systems access. This training must be completed before access is given and must be renewed annually.
- Engagements of Contingent Workers shall be limited to no more than 24 months. After this limit is reached, a six-month continuous break in service is required before another assignment may begin. A six-month term exception to this policy may be approved by the SVP of the managing division. A second six-month term exception may be approved by the SVP Finance and the CHRO. No exceptions will be granted to exceed 36 months within a 42-month timeframe without a six-month break in service.

Discontinuing Use of Contingent Workers

If a Contingent Worker's performance or conduct warrants the suspension or discontinuance or alteration of his or her services, the HCSC Supervisor must advise Procurement before taking any action.

Requirements

Use of Contingent Workers is subject to the following requirements:

- Contingent Workers are not eligible to participate in any of HCSC's employee benefit plans
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and are not eligible for benefits provided under HCSC's policies.

- HCSC employees shall not relay performance-related feedback to Contingent Workers and should instead relay concerns to Procurement.
- Contingent Workers shall not use HCSC titles, sign documents on behalf of HCSC, or otherwise represent themselves in any way as HCSC employees.
- HCSC Supervisors are responsible for ensuring amounts paid by HCSC for contingent workers is accurate with agreed contractual terms and are approved or rejected timely.
- HCSC supervisors are responsible for timely termination (on or before the last day worked) of contingent workers in B-Flex.

HCSC supervisors shall not provide confirming information to any third party regarding contingent workers that is requested in support of the Contingent Worker's immigration status. HCSC supervisors shall direct such inquiries for handling to Procurement.

V. IMPACTED BUSINESS AREAS

1. Procurement
2. Payroll

VI. POLICY REVISION HISTORY

Description of Changes	Revision Date
Annual review	06/18/2025