

AMENDMENT #1

**To Plan Document Dated September 1, 2002
and Restated September 1, 2005**

SOUTH TEXAS HEALTH COOPERATIVE EMPLOYEE MEDICAL BENEFIT PLAN

The following changes to the Plan Document are effective January 18, 2006:

1. Reinstatement of Coverage, page 77, is deleted in its entirety and replaced with the attached revised page 77.
2. Continuation of Group Health Coverage (COBRA), USERRA Continuation of Coverage, page 82, is deleted in its entirety and replaced as follows:

CONTINUATION OF COVERAGE UNDER USERRA

This section summarizes continuation of coverage under this Plan for employees absent from work due to military service. The Plan intends to provide benefits as a result of military leave of absence as mandated by USERRA, as it may be amended from time to time.

As an Employee you have a right to choose this continuation of coverage if you are absent from work due to service in one of the uniformed services of the United States. "Service" means: active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty and absence from work to determine the Employee's fitness for any of the designated types of duty.

Employees who are dishonorably discharged from the military are not eligible.

Under the law, the Employee must give the Employer written or verbal advance notice of the military leave, if it is practical to do so, and failure to do so may result in the departing Employee's coverage being cancelled, unless the Employee is excused from giving advance notice of service under USERRA's provisions because it was impossible, unreasonable, or precluded by military necessity. A designated, authorized officer of the branch of the military in which the Employee will be serving may also provide such notice directly to the Employer.

Coverage also may be cancelled if a departing Employee leaves for a period of service that exceeds thirty (30) days and gives advance notice of service, but fails to elect continuation coverage. However, should the Employee pay all unpaid amounts due within sixty (60) days from the date the Employee leaves for such service, then the Employee will be retroactively reinstated with uninterrupted coverage to the Employee's date of departure.

If the Employee chooses Continuation of Coverage under USERRA, the Employer is required to offer coverage identical to that provided under the Plan prior to the Employee's military leave. If the Employee takes military leave on or after December 10, 2004 and the Employee loses coverage due to that military service, the Employee has the right to elect to extend coverage for the Employee, the Employee's spouse and the Employee's dependents who are covered by the Plan for up to twenty-four (24) months while the Employee remains on active duty, or during the period that the Employee's reemployment rights are protected. During the first thirty (30) days of leave, the cost of the coverage the Employee elects is the same as the rate that the Employee paid as an employee. After that time, the rate is the same rate that the Plan charges for COBRA continuation coverage. If the Employee or another member of the Employee's family covered by the Plan becomes disabled during the first sixty (60) days of such coverage, and the Employee provides to the Plan a copy of the Social Security Administration determination of disability before the end of the twenty-four (24) months of coverage,

the coverage by the Plan for the Employee, as well as the Employee's spouse and other family members can be extended to twenty-nine (29) months. The Employee will have to pay a higher rate for this additional five (5) months of coverage. In addition, if there is an event that would allow the Employee's spouse or dependent to receive thirty-six (36) months of COBRA coverage, as described above under the COBRA continuation coverage provisions, then the Employee's spouse or dependent will be entitled to elect such coverage if they notify the Plan within sixty (60) days after the event occurs.

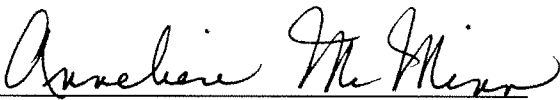
If the Employee does not make timely premium payments, then the Plan will provide the Employee with 30 days written notice to pay the premiums. If the Employee fails to pay the requested premium(s) within the 30 days, the Plan has the right to cancel the Employee's continuation of coverage.

If an Employee's or a dependent of an Employee's health plan coverage was terminated by reason of service in the uniformed services, that coverage must be reinstated upon reemployment, unless the Plan imposes an exclusion or waiting period as to illnesses or injuries determined by the Secretary of Veterans Affairs to have been incurred in, or aggravated during, the performance of service.

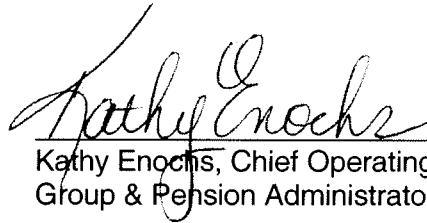
If you feel you might have continuation rights under USERRA, please contact Human Resources as soon as possible.

In all other respects, the Plan Document remains unchanged.

Acknowledged by:



Anneliese McMinn, Co-op Board President
South Texas Health Cooperative



Kathy Enoch, Chief Operating Officer
Group & Pension Administrators, Inc.

Date: _____

Date: 8-15-06

COVERAGE DURING LEAVE OF ABSENCE

If, after depletion of sick leave and vacation time, active work ceases due to approved Personal Leave of Absence or approved Family and Medical Leave Act (FMLA) or approved Family, Medical, Disability and/or other temporary leave required by applicable state law, the Plan Administrator may, while the Plan is in force, continue the Employee's coverage (Employee and Dependent) during the period after cessation of active work based on the Leaves and Absences Policy of the applicable member school district.

If a condition upon which an approved Leave of Absence would be based starts during a district sponsored holiday period, the approved Leave of Absence will start on the 1st day the district reconvenes school.

If Employee has not returned to Full-time Employment after completion of an approved Family and Medical Leave or approved Family, Medical, Disability and/or other temporary leave required by applicable state law, or if Employee notifies Employer that he/she will not be returning to Full-Time Employment following the Family and Medical Leave or approved Family, Medical, Disability and/or other temporary leave required by applicable state law, coverage under the Plan terminates without the need for further action, subject to COBRA continuation rights. See Continuation of Group Health Coverage (COBRA) section. Failure of Employee to make any required Employee contributions for continued coverage under the Plan during an approved FMLA or other leave of absence will also result in termination of coverage.

Family and Medical Leave is subject to the requirements of the Family and Medical Leave Act (FMLA).

ACTIVE DUTY IN THE ARMED FORCES

If a Covered Employee and/or his/her covered Dependent(s) would lose Plan coverage as a result of the Employee being called for active duty in the armed forces of the United States, such a reduction in hours (or termination of employment) would be a COBRA Qualifying Event. Any coverage mandated under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), as amended by the Veterans Benefits Improvement Act of 2004 will run concurrently with federally mandated COBRA coverage. For additional information, see the sections entitled Continuation of Group Health Coverage (COBRA) and Continuation of Coverage under USERRA.

REINSTATEMENT OF COVERAGE

A terminated Employee on COBRA who is rehired and returns to work does not have to satisfy the Pre-existing Condition Exclusion provisions of the Plan.

An Employee whose coverage would terminate due to active duty in the Uniformed Services of the United States, and qualifies for Military Leave under Uniformed Services Employment and Reemployment Rights Act (USERRA) will be reinstated on the date he/she resumes employment with the Company provided that such resumption of employment is within the time period specified in USERRA. The Pre-existing Condition Exclusion Limitation will not apply to an Employee who is entitled to and is reinstated immediately after military service under USERRA. (This waiver does not provide coverage for an Illness or Injury incurred in or aggravated during the performance of military service as determined by the Veterans Administration).

The Reinstatement procedures following a USERRA military leave are subject to the requirements of USERRA.