

Resolution 2011-4

AMENDMENT TO THE HRA PLAN BY WRITTEN CONSENT ON BEHALF OF THE CITY COUNCIL OF CITY OF RISING SUN

ARTICLE I PREAMBLE

- 1.1 **Adoption and effective date of amendment.** The Employer adopts this Amendment to City Of Rising Sun ("Plan") to reflect certain provisions of the Affordable Care Act of 2010 (the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act). The sponsor intends this Amendment as good faith compliance with the requirements of these provisions. This Amendment shall be effective on or after the date the Employer elects in Section 2.1 below.
- 1.2 **Supersession of inconsistent provisions.** This Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.
- 1.3 **Construction.** Except as otherwise provided in this Amendment, any reference to "Section" in this Amendment refers only to sections within this Amendment, and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to any Plan article, section or other numbering designations.

ARTICLE II ELECTIONS

- 2.1 **Effective Date for Article III.** The provisions of Article III, unless otherwise indicated are effective as of March 30, 2010.

ARTICLE III MISCELLANEOUS PROVISIONS

- 3.1 **Change in Reimbursement.** Effective January 1, 2011, the Plan's definition of "Medical Expenses" under the Health Care Reimbursement Arrangement is amended by the addition of the following:

Notwithstanding anything in the Plan to the contrary, a Participant may not be reimbursed for the cost of any medicine or drug that is not "prescribed" within the meaning of Code Section 106(f) or is not insulin. In addition, only medicine or drugs considered to be prescription drugs under Code Section 106(f) (not "over-the-

counter" drugs obtained under prescription) shall be able to be purchased by debit and/or credit cards (if applicable) issued to be used in conjunction with the Plan.

- 3.2 **Dependent**" means any individual who qualifies as a dependent under Code Section 152 (as modified by Code Section 105(b)). Any child of a Participant who is an "alternate recipient" under a qualified medical child support order under ERISA Section 609 shall be considered a Dependent under this Arrangement.

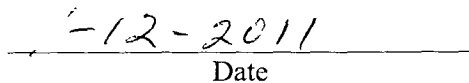
Notwithstanding anything in the Plan to the contrary, a Participant's Child may remain on the Plan until the end of the calendar year in which the dependent attains age 26. A Participant's "Child" includes his natural child, and adopted child, or a child placed with the Employee for adoption. It may also include step children and/or foster children if elected on the Adoption Agreement. A Participant's Child will be an eligible Dependent until reaching the limiting age of 26, without regard to student status, marital status, financial dependency or residency status with the Employee or any other person. When the child reaches the applicable limiting age, coverage will end at the end of the calendar year.

The phrase "placed for adoption" refers to a child whom the Employee intends to adopt, whether or not the adoption has become final, who has not attained the age of 18 as of the date of such placement for adoption. The term "placed" means the assumption and retention by such Employee of a legal obligation for total or partial support of the child in anticipation of adoption of the child. The child must be available for adoption and the legal process must have commenced.

This amendment is effective as of March 30, 2010 and supersedes all previous documents.


Signature


Title


Date



To: FlexBank Clients
From: Cathy Slattery
Date: November 3, 2010
Subject: Required Amendment to your Health Reimbursement Arrangement

Your Section 105(h) Health Reimbursement Arrangement (HRA) is, and continues to be, a valuable benefit that enables you to structure your group medical plan to maximize the benefits while at the same time containing cost.

On March 23, 2010, Congress passed a law called the *Affordable Care Act*. This new law establishes a variety of changes that require you to amend your Plan no later than December 31, 2010 to keep it in compliance with the IRS law.

The changes are:

1. Effective March 30, 2010, the Act permits group health insurance plans to cover children through the calendar year in which the child attains age 26. Under the new rules, employees may pay for their child's group health coverage even if the child isn't technically a tax dependent (i.e. the child is married or is working).
2. Effective January 1, 2011, if your plan permits reimbursement of over-the-counter medicines, an HRA participant must obtain a prescription in order to be reimbursed for an over-the-counter drug or medicine.
3. Effective for plan years beginning on or after September 23, 2010 (i.e. January 1, 2011 for calendar year plans), the non-discrimination rules under Code Section 105(h)(2) have changed. Employers with non-grandfathered fully insured health plans must charge everyone the same premiums for the same coverage. Traditionally, many employers charged the employees a portion of the premiums while providing the coverage to the owners and key employees free of charge or required them to pay less for the coverage than other employees paid for the same coverage.

After health care reform, employers with non-grandfathered fully insured health plans must impose uniform waiting periods and charge all the employees the same amount for the coverage. The employer can charge different amounts for different tiers of coverage (i.e. single vs. family) without violating the discrimination rules.

In an effort to communicate pertinent, accurate information, FlexBank waited as long as possible to notify you of the provisions. The new law is lengthy and has required substantial clarification from the government.

Thank you for your business – we appreciate it.

ACTION REQUIRED: Please send your response by November 19, 2010.

- Yes, amend our Section 105 plan documents for a fee of \$150.00. You will be receiving an invoice stating the date FlexBank will ACH your payment. The amendment will be mailed to you within 30 days of the ACH.
- I have read the enclosed material and will have our plan updated by another source.

Please scan and email this back to your account manager, fax it back to (937) 299-7992, or mail it back to:
FlexBank Administrators, Inc.
1250 W. Dorothy Lane, Suite 107
Dayton, OH 45409

City of Rising Sun
Printed Employer Name
812 438-2475
Phone Number

Rae Ann Gipson
Signature
RAE BAKER GIPSON
Printed Name
11/17/10
Date



HRA UPDATE

Over-the-Counter Medicines

July 20, 2010

GUIDELINES FOR THE USE OF HRA FUNDS TO PURCHASE OVER-THE-COUNTER PRODUCTS AFTER 1/1/11

The recently enacted Patient Protection and Affordable Care Act of 2010 has changed the rules for the purchase of over-the-counter (OTC) products using Health Reimbursement Arrangement (HRA) funds.

The IRS currently allows OTC drugs and medicines to be reimbursed using HRA dollars. However, for **dates of service beginning January 1, 2011:**

- ✓ HRA funds can no longer be used to purchase OTC drugs and medicines (examples noted below), unless you have a Note of Medical Necessity (NMN) or a prescription from your doctor.

| | | | |
|------------------|----------------------|---------------------------|------------------------|
| Acid Controllers | Anti-Itch | Cough, Cold, Flu Products | Laxatives |
| Allergy & Sinus | Insect Bite Products | Digestive Aids | Motion Sickness |
| Anti-Diarrhea | Baby Rash Ointment | Feminine Itch/Anti-Fungal | Pain Relief |
| Anti-Gas | Cold Sore Remedies | Hemorrhoid Remedies | Sleep Aids / Sedatives |

- ✓ It is our understanding that you may be able to use your HRA funds to purchase OTC items that are not considered a drug or a medicine (i.e. contact lens solution, hearing aid batteries).

Debit Card: Where participants have a prescription for an OTC drug, they must pay out of pocket at the time of service and then submit a manual claim to FlexBank for reimbursement. As of January 1, 2011, the debit card will not work for over-the-counter items.



Participants may continue to be reimbursed during the 90 day run-out period for over-the-counter items purchased in 2010.

This change mandates an amendment to your plan document and summary plan description. At this time, we are waiting to amend in an attempt to incorporate all changes at once.

Please note, there is more clarification yet to come on this ruling. We will continue to send you updates as we learn more details.

If you have questions about this update or need more information, please contact
FlexBank Administrators:

By Phone 937.299.5515 ~ 888.677.8373
By Email Info@FlexBank.net