

RESOLUTION 11-003

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO
AMENDING THE MEDICAL HEALTH REIMBURSEMENT ARRANGEMENT
(HRA) PLAN DOCUMENTS.**

WHEREAS, the City of Ketchum has previously adopted Resolution No. 07-087 entering into a HRA Plan Service Agreement to obtain services associated with preparing and maintaining the City of Ketchum Medical HRA Plan, as well as all other administration services required for such Medical HRA Plan; and

WHEREAS, that the Administrator of the Plan was instructed to take such actions that were necessary and proper in order to implement the Plan, and to set up adequate accounting and administrative procedures to provide benefits under the Plan; and

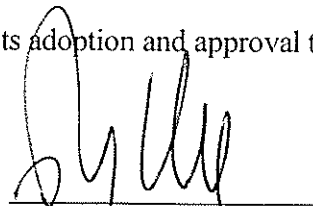
WHEREAS, certain changes are now required to the plan documents; and

WHEREAS, that attached hereto are true copies of the Medical Health Reimbursement Arrangement (HRA) Plan Amendment and the Summary of Material Modification regarding the Patient Protection and Affordable Care Act of 2010 (PPACA); and

WHEREAS, effective January 1, 2011 the Medical HRA Administration fee will increase from \$2/Monthly/Participant Fee (Minimum of \$40/Month) to \$2.25/Monthly/Participant Fee (Minimum of \$50/Month).


NOW THEREFORE BE IT RESOLVED, that the Ketchum City Council authorizes amending the Medical HRA Plan to include the Patient Protection and Affordable Care Act of 2010 (PPACA) Amendment and authorizes the Mayor to sign the Medical HRA Plan Amendment and approve the Administration Fee Increase.

This Resolution will be in full force and effect upon its adoption and approval this seventh (7th) day of February 2011.



Randy Hall
Mayor

ATTEST:



Sandra Cady, CMC
City Treasurer/Clerk

**HRA PLAN AMENDMENT
FOR THE
CITY OF KETCHUM HRA PLAN**

**ARTICLE I
PREAMBLE**

- 1.1 **Adoption and effective date of amendment.** The Employer adopts this Amendment to City of Ketchum HRA Plan ("Plan"). This Amendment is intended to cover certain provisions of the Affordable Care Act of 2010 (the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. (PPACA)). The Employer intends this Amendment as good faith compliance with the requirements of these provisions. This Amendment shall be effective on or after the dates indicated 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.

**ARTICLE II
PATIENT PROTECTION AND AFFORDABLE CARE ACT OF 2010 (PPACA)**

- 2.1 **Change in Reimbursement.** Effective January 1, 2011, the Plan's definition of "Medical Expense" under the Health Care Reimbursement Arrangement and Health Flexible Spending Account 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 issued to be used in conjunction with the Plan.

- 2.2 **Claims for Reimbursement:** Non-prescription drug costs incurred during the Grace Period related to the 2010 Plan Year shall not be reimbursed.
- 2.3 **Effective Date.** The Section below is effective for Plan Years beginning on and after September 23, 2010 unless otherwise stated.
- 2.4 **Dependent:** The Plan's definition of "Dependent" is amended by the addition of the following:

"Dependent" shall include any child of a Participant who is covered under an Insurance Contract, as defined in the Contract, or under the Health Flexible Spending Account or Health Reimbursement Arrangement as allowed by reason of the Affordable Care Act.

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, stepchild, foster child, adopted child, or a child placed with the Participant for adoption. An Employee'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 Participant 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 Participant 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.

- 2.5 **Dependent.** The Plan's Change in Status provisions are amended by the addition of the following:

Notwithstanding anything in this Section to the contrary, the gain of eligibility or change in eligibility of a child up to the end of the year in which a child attains age 26, as allowed under Code Sections 105(b) and 106 and IRS Notice 2010-38, shall qualify as a change in status.

Note: Qualified Reservist Distributions

Effective July 16, 2008, an Active Military Participant may request a Qualified Reservist Distribution. Since the HEART provisions are optional, please notify us if you would like to amend your Plan by adding this language to your current Plan Document.

IN WITNESS WHEREOF, this Amendment has been executed to the Cafeteria Plan this 7th
day of February, 2010.

City of Ketchum
Name of Employer

By:



Employer

SUMMARY OF MATERIAL MODIFICATIONS
FOR
CITY OF KETCHUM

THE PATIENT PROTECTION AND AFFORDABLE CARE ACT OF 2010 (PPACA) AMENDMENT

(1) *General.* This is a Summary of Material Modifications (SMM) regarding your Cafeteria Plan ("Plan"). This is being provided to comply with the provisions of The Patient Protection And Affordable Care Act of 2010 (PPACA). This Summary of Material Modifications supplements and amends the Summary Plan Description (SPD) previously provided to you. You should retain this document with your copy of the SPD. If you have any questions, contact the Administrator. If there is any discrepancy between the terms of the Plan, as modified, and this Summary of Material Modifications, the provisions of the Plan will control.

(2) *Description of Modifications.* The Employer has amended your Plan as of the dates listed under each section to allow the following:

Patient Protection & Affordable Care Act of 2010 (PPACA)

Definition of "child":

(Effective September 26, 2010)

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. If a child gains or regains eligibility due to these new rules, that qualifies as a change in status to change coverage.

Qualified Medical Expense

(Effective January 1, 2011)

A Participant may not request reimbursement for the cost of any medicine or drug that is not "prescribed" as defined in Code Section 106(f) or is not insulin. You may be reimbursed for "over the counter" drugs only if those drugs are prescribed for you for treatment of a medical condition. You cannot use debit and/or credit cards to obtain "over-the-counter" drugs even with a prescription. If you incur "over the counter" drug costs during the Grace Period, you may not be reimbursed for those amounts.

If you have any questions regarding the application of these provisions, contact the Plan Administrator.