

GETTYSBURG BOROUGH
ADAMS COUNTY, PENNSYLVANIA

RESOLUTION NO. 051010

A RESOLUTION OF THE BOROUGH OF GETTYSBURG, ADAMS COUNTY, PENNSYLVANIA ADOPTING A HEALTH REIMBURSEMENT ARRANGEMENT .

WHEREAS, the Borough provides various health benefits for its employees and certain retirees and wishes to adopt a Health Benefit Arrangement (HRA) as part of its program of providing health related benefits; and

WHEREAS, the Health Reimbursement Arrangement is attached to this Resolution as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, and it is hereby resolved by the Council of the Borough of Gettysburg that the Health Reimbursement Arrangement attached as Exhibit A hereto, is hereby adopted.

ADOPTED this 10 day of MAY 2010.

ATTEST: _

BOROUGH OF GETTYSBURG

Sara L. Still
Borough Secretary

P. D. B. B. B. B. B.
Resident of Council

Borough of Gettysburg
Health Reimbursement Arrangement

Effective January 1, 2010

INTRODUCTION

Borough of Gettysburg (the "Borough") hereby establishes and maintains the Borough of Gettysburg Health Reimbursement Arrangement (the "HRA") to provide eligible employees and eligible retirees with the opportunity to receive reimbursement of certain health care expenses. This document sets forth the provisions of the HRA, effective as of January 1, 2010.

The Borough reserves the right to alter, amend or modify the HRA in whole or in part, at any time for any reason in a manner consistent with the provisions of Article VI and any applicable collective bargaining agreement. This document, as it may be amended, together with the materials, if any, that this document incorporates by reference, shall constitute the HRA in its entirety.

This HRA is intended to qualify as a "health reimbursement arrangement" and as an "accident and health plan" within the meaning of section 105(e) of the Code, and any other pertinent laws or regulations, so that the benefits provided under the HRA shall be eligible for exclusion from each employee's income for federal income tax purposes under section 105(b) of the Code. The provisions of this HRA shall be interpreted with that intent.

ARTICLE I
DEFINITIONS

When used in the text of this document and any attachment or materials incorporated herein or amendment hereto, the following capitalized words and phrases have the meanings set forth below.

Claim Administrator

Claim Administrator means the person, persons, entity or entities appointed by the HRA Administrator, who shall process all or a designated portion of the claims under the HRA.

COBRA

COBRA means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time, and any comparable law that may be applicable.

Code

Code means the Internal Revenue Code of 1986, as amended from time to time.

Effective Date

Effective Date means January 1, 2010.

Eligible Employee

Eligible Employee means an employee of the Borough who satisfies the following rules.

- (a) An individual shall be an Eligible Employee if, and only if, he is employed by the Borough as a non-uniformed Employee of the Borough and is eligible for Borough monetary entitlement for reimbursement of medical expenditures.

FMLA

FMLA means the Family and Medical Leave Act of 1993, as amended from time to time, or any comparable law that may be applicable.

Health Care Deductible Expenses

Health Care Deductible Expense means an expense for medical care within the meaning of Section 213(d) of the Code which would otherwise be covered under the Borough's insurance plan but is not covered due to the imposition of the deductible under the Borough's insurance plan.

Health Care Expense

Health Care Expense means any amount Incurred by a Participant, his Spouse or Dependent that is an expense for medical care within the meaning of section 213(d) of the Code. The HRA Administrator shall determine whether any other amount constitutes a Health Care Expense that qualifies for reimbursement hereunder.

HRA

HRA means the Borough of Gettysburg Health Reimbursement Arrangement, as described herein. The HRA is set forth in this document, as amended from time to time.

HRA Account

HRA Account means the HRA Account described in Section 3.02.

HRA Administrator

HRA Administrator means the person, persons or committee identified to serve as HRA Administrator in Section 5.01.

Incurred

Incurred means, with respect to Health Care Expenses and Health Care Deductible Expenses, provided with health care services or supplies. Health Care Expenses and Health Care Deductible Expenses are Incurred as of the date they are provided and not the date they are formally billed or charged or the date they are paid.

Participant

Participant means any of the following:

An Eligible Employee who meets the requirements for participation under this HRA and for whom coverage is in effect under this HRA.

Any current or former non-uniformed employee of the Borough who has an unused balance in his HRA Account

Period of Coverage

Period of Coverage shall mean the Plan Year, except that:

- (a) for Eligible Employees who first become eligible to participate, it shall mean the portion of the Plan Year following the date participation commences, as described in Section 2.01; and
- (b) for Participants who are not Eligible Employees , it shall mean the portion of the Plan Year prior to the date participation terminates, as described in Section 2.02.

Plan Year

Plan Year means the 12-consecutive month period beginning January 1, 2010 and on each anniversary thereof.

USERRA

USERRA means the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended from time to time, and any comparable law that may be applicable.

ARTICLE II
PARTICIPATION

2.01 Participation

An Eligible Employee shall commence participation in the HRA on the first day of the month following the date he becomes an Eligible Employee.

2.02 Termination Date of Coverage

An individual's participation in the HRA shall terminate as of the earliest of:

- (a) the date of termination of this HRA;
- (b) the date as of which this HRA is amended to terminate benefits with respect to a classification of employees of which the individual is a member; or
- (c) For Participants who are not Eligible Employees, the date as of which there is no further unutilized balance in his HRA account.

2.03 Coverage while on FMLA or USERRA Leave

Notwithstanding any provision to the contrary in this HRA, if a Participant is on qualifying leave (as described in the FMLA, USERRA or other applicable law), then to the extent required by such applicable law, the Borough will continue to maintain Participant's benefits under the HRA on the same terms and conditions as if the Participant were still an active Eligible Employee in the HRA.

2.04 Leaves of Absence

An Eligible Employee who takes a leave of absence, other than a leave of absence described in Section 2.03, from the Borough shall continue to be an Eligible Employee to the extent and only to the extent provided in the personnel policies and practices of the Borough.

ARTICLE III
HRA REIMBURSEMENT BENEFITS

3.01 Provision of Benefits

- (a) The benefits available under the HRA for a Period of Coverage shall take the form of reimbursements for Health Care Expenses and Health Care Deductible Expenses Incurred during the Period of Coverage.
- (b) The Borough shall bear the entire expense of providing the benefits set forth in this Section 3.01. All payments shall be made from the general assets of the Borough, and no assets shall be earmarked or segregated for purposes of providing benefits. The Borough may establish rules, in addition to those hereunder, for minimum and maximum contributions that may be made on an annual, monthly, payroll period, or other basis. This Section 3.01(b) is subject to any limitations or modifications provided in any applicable collective bargaining agreement

3.02 Establishment of HRA Accounts

- (a) The HRA Administrator will establish and maintain an HRA Account with respect to each Participant but will not create a separate fund or otherwise segregate assets for this purpose, The HRA Account established hereunder will merely be a recordkeeping account.
- (b) An Eligible Employee's HRA Account will be credited annually, at the beginning of each year with an amount equal to the dollar amount applicable to that individual as determined by the Borough and set forth in Appendix A to this document.. Amounts unused at the end of any Plan Year may be carried forward to the succeeding Plan Year.

3.03 Expense Reimbursement Procedure

Reimbursement of Health Care Expenses and Health Care Deductible Expenses shall be made in accordance with the following rules:

- (a) To receive reimbursement for Health Care Expenses or Health Care Deductible Expenses, a Participant must submit a request for reimbursement to the Claim Administrator not later than March 31 of the Plan Year following the Plan Year in which such Health Care Expenses or Health Care Deductible Expenses were Incurred and in accordance with such rules as the Claim Administrator may specify.
- (b) The Claim Administrator reserves the right to verify to its satisfaction all claimed Health Care Expenses and Health Care Deductible Expenses prior to reimbursement.

Each request for HRA reimbursement shall include such substantiation as required by the Claim Administrator, which, shall include the information set forth in (iii) below and may include the information in (i)(ii) and (iv) below if deemed necessary by the Claim Administrator:

- (i) the name, Social Security number, and address of the Participant for whom the Health Care Expense or Health Care Deductible Expense was Incurred;
- (ii) the name and address of the person, organization or other provider to whom the Health Care Expense or Health Care Deductible Expense was or is to be paid;
- (iii) a written receipt from the health care expense provider setting forth the type, purpose, date and amount of the Health Care Expense or Health Care Deductible Expense for which reimbursement is requested; and
- (iv) a statement that the Participant has not been reimbursed nor is reimbursable for the Health Care Expense or Health Care Deductible Expense by insurance or otherwise, and that the Participant has not been allowed a deduction for such Health Care Expense or Health Care Deductible Expense under section 213 of the Code.

The Claim Administrator may require the Participant to furnish a bill, receipt, or other written evidence or certification of payment or of obligation to pay Health Care Expenses or Health Care Deductible Expenses. The Claim Administrator reserves the right to require the Participant to provide, to the Claim Administrator's satisfaction, further proof of any of the above-described information and other information reasonably necessary to determine the eligibility for and amount of any reimbursement under the HRA. The Claim Administrator may require the Participant to provide written authorization to obtain information from any group medical, HMO, dental, vision care, prescription drug, or other health benefit plans in which Participant or his Dependents are enrolled.

- (c) Expenses eligible for coverage under any group medical, HMO, dental, vision care, prescription drug, or other health plans in which the Participant is enrolled must be submitted first to all appropriate claim administrators for such plans in accordance with the rules of those plans, and be finally adjudicated under those plans, before submitting the expenses to the Borough for reimbursement under the HRA

3.04 Coordination with Other Sources, Including Health Care Flexible Spending Accounts

Reimbursement of Health Care Expenses or Health Care Deductible Expenses under this HRA shall be permitted only to the extent that such Health Care Expenses or Health Care Deductible Expenses have not been previously reimbursed and are not reimbursable from another source. To the extent that a Health Care Expense or Health Care Deductible

Expense is reimbursable from another source, the other source shall provide reimbursement prior to any reimbursement from this HRA.

ARTICLE IV
PAYMENT OF BENEFITS

4.01 Application for Benefits

To be entitled to reimbursement under the HRA, a Participant must comply with the rules established for claiming such reimbursements. The Participant must also furnish any pertinent information requested by the HRA Administrator.

4.02 Assignment of Benefits

No benefits shall be assignable, transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise, and none of the following shall be liable for, or subject to, any obligation or liability of any Participant (e.g., through garnishment, attachment, pledge or bankruptcy): the HRA, the HRA Administrator, the Claim Administrator, and the Borough.

4.03 Payment to Representative

In the event that a guardian, conservator, committee, insurance company or legal representative has been appointed for a Participant entitled to any payment under the HRA, any payment due the Participant may be made to the legal representative making the claim. If a Participant dies while benefits under the HRA remain unpaid, the HRA Administrator may direct the Claim Administrator to make direct payment to the executors or administrators of the Participant's estate. Payment in the manner described above shall be in complete discharge of the liabilities of this HRA and the obligations of the HRA Administrator, the Claim Administrator, and the Borough.

4.04 Participant's Responsibilities

Each Participant shall be responsible for providing the HRA Administrator or the Borough with his current address. Any notices required or permitted to be given to a Participant hereunder shall be deemed given if directed to the address most recently provided by the Participant and mailed by first class United States mail. Neither the HRA Administrator nor the Borough shall have an obligation or duty to locate a Participant.

Any benefit payment made directly to a Participant or a Participant's representative (as described in Section 4.03) for a Health Care Expense or Health Care Deductible Expense shall completely discharge all liability of this HRA, the Claim Administrator, the HRA Administrator, and the Borough. In the event a Participant becomes entitled to payment under the HRA and such payment cannot be made for any reason, the amount of such payment, if and when made, shall be determined under the provisions of the HRA without any consideration to interest payments which may have accrued.

4.05 Overpayments

If, for any reason, any benefit under the HRA is erroneously paid or exceeds the amount payable on account of a Participant's Health Care Expenses or Health Care Deductible Expense, the Participant shall be responsible for refunding the overpayment to the HRA. The refund shall be in the form of a lump-sum payment, a reduction of the amount of future benefits otherwise payable under the HRA, or any other method as agreed upon by the parties.

ARTICLE V
ADMINISTRATION OF THE HRA

5.01 Administration of the HRA

The Plan shall be administered by the HRA Administrator which shall be appointed by Borough Council. In the event that Council does not appoint an HRA Administrator, the HRA Administrator shall be the Borough Manager.

5.02 Appointment of Claim Administrator

The HRA Administrator may appoint one or more Claim Administrators to process all or a designated portion of the HRA reimbursement claims in accordance with the terms of this HRA. The person, persons, entity or entities serving as Claim Administrator shall serve at the pleasure of the HRA Administrator. Each Claim Administrator shall have the authority and discretion to interpret the HRA with respect to its duties and to decide questions and disputes arising under the HRA with respect to such duties, which interpretations and decisions shall be final and binding for purposes of the HRA, subject to any right of Participants to appeal the interpretation and decisions under this HRA. In the absence of a duly appointed Claims Administrator, the HRA Administrator shall serve as Claims Administrator.

5.03 Powers of the HRA Administrator

The HRA Administrator is specifically given the discretionary authority and such powers as are necessary for the proper administration of this HRA, including, but not limited to, the following:

- (a) to make claim decisions and benefit payments with respect to the HRA, or to direct the Claim Administrator to process all or a designated portion of claims and to make benefit payments to or on behalf of Participants entitled to benefits under the HRA;
- (b) to have the authority and discretion to interpret the HRA, to decide questions and disputes, to supply omissions, to correct defects, and to resolve inconsistencies and ambiguities arising under the HRA;
- (c) to resolve interpretation inconsistencies between the HRA and the terms of any group health plan maintained by the Borough;
- (d) to authorize its agents to execute or deliver any instrument or make payments on the HRA Administrator's behalf;
- (e) to obtain from Participants and others, such information as shall be necessary for the proper administration of this HRA;
- (f) to appoint other committees with such authority and powers as the HRA Administrator deems necessary;

- (g) to retain counsel, employ agents, and provide for such clerical, accounting, actuarial, consulting, claims processing, and other services as it deems necessary or desirable to assist it in the administration of this HRA;
- (h) to make and to retain the right, authority, and discretion to make claim determinations and to review and make determinations upon review of any claim denial;
- (i) to prescribe forms and procedures for claim filing and other administrative purposes under the HRA and to require their use for such purposes and, notwithstanding anything in this HRA to the contrary, to the extent permitted by applicable law, to establish and maintain a procedure whereby any election or other submission requiring a written form may be made telephonically or electronically and whereby elections or submissions made in accordance with such procedure shall be deemed to have been made as if on the applicable written form;
- (j) to adopt rules for the administration of the HRA; and
- (k) to maintain records of administration of the HRA.

No determination of the HRA Administrator or the Claim Administrator in one case shall create a bias or retroactive adjustment in any other case. Expenses for the administration of the HRA shall be paid by the Borough or, at the Borough's discretion, the HRA, to the extent such expenses are attributable to the HRA.

5.04 Claims Procedure

With respect to claims arising under this HRA, a Participant shall submit claims to the HRA Administrator as soon as possible following the occurrence of the event on which the claim is based.

Any claims by a Participant shall be filed in writing with the HRA Administrator. Any decision by the HRA Administrator denying a claim by a Participant for benefits under the Plan shall be communicated in writing to the Participant, setting forth the specific reasons for such denial. Any such Participant whose claim has been denied, or his duly authorized representative may (i) appeal to the Borough Council in writing within 90 days after the decision by the HRA Administrator; (ii) review pertinent documents; and (iii) submit issues and comments in writing. The decision by the Council following such review shall be made no later than 60 days after the date of receipt by the Council of the request for review, and shall be conclusive as to all persons affected thereby. Such decision shall be in writing and shall include both specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based. Participant may appeal any final decision hereunder to a court of competent jurisdiction under 2 Pa. C.S. section 752.

5.05 Records

The Claim Administrator and HRA Administrator shall maintain all such books, accounts, records and other data as may be necessary for the proper administration of this HRA.

ARTICLE VI
DURATION AND AMENDMENT OF THE HRA

6.01 Right to Terminate

Subject to collective bargaining agreement limitations, if any, should this HRA ever be terminated, each Participant shall be entitled to benefits for Health Care Expenses or Health Care Deductible Expenses Incurred prior to the date of termination.

ARTICLE VII
MISCELLANEOUS

7.01 Effect on Employment

Nothing in this HRA shall be construed as a contract of employment between the Borough and any of its employees. Participation in this HRA shall not lessen or otherwise affect the responsibilities of such an employee to perform his duties in a satisfactory and businesslike manner, nor shall it affect the Borough's right to discipline, discharge, or take any other action with respect to such an employee.

7.02 Effect on Benefits

Nothing in this HRA shall be construed as a guarantee that the Borough will continue to provide benefits to employees in the future.

7.03 Adjustments and Legal Compliance

Notwithstanding anything in this HRA to the contrary, the Borough may prospectively limit, reallocate or deny any benefit for a Participant or any group of Participants to the extent necessary to avoid discrimination under or otherwise, comply with any pertinent provision of the Code or other applicable law.

7.04 Governing Law

This HRA shall be governed by and construed in accordance with applicable federal laws and, to the extent not superseded, with the laws of the Commonwealth of Pennsylvania. Benefits provided under this HRA are intended to be exempt from taxation under section 105 of the Code. The HRA is intended to comply with any other Code sections as may be applicable for purposes of retaining any such tax exemption.

7.05 No Guarantee of Tax Consequences

Notwithstanding any provision of this HRA to the contrary, neither the Borough nor the HRA Administrator make any commitment or guarantee that any amounts paid to or for the benefit or coverage of a Participant under this HRA shall be excludable from the Participant's gross income for federal, state or local income tax purposes, or that any other particular federal, state or local tax treatment shall apply or become available to any Participant as a result of the operation of this HRA.

By accepting coverage under this HRA, a Participant agrees to be liable for any tax that may be imposed with respect to coverage or benefits hereunder, plus any interest or penalties that may be imposed in connection with the tax.

7.06 Invalid Provisions

If any provision of this HRA shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision, and this HRA shall be construed and enforced as if such provision had not been included.

Executed this 10 day of MAY, 2010.

By: Sara L. Stull
Borough of Gettysburg

APPENDIX A

For the 2010 Plan Year, each Eligible Employee's HRA Account shall be credited with an amount equal to \$ 0.

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