



City of Green River  
City Council Meeting  
Agenda Documentation

Preparation Date: April 21, 21016	Department: Human Resources
Meeting Date: May 3, 2016	Department Head: Cari Kragovich
	Presenter: Cari Kragovich

**Subject:**

*Approval to continue the City of Green River Flexible Benefits Plan administered through FlexShare Benefits and authorization for the Mayor to sign the Adoption Agreement 2016.*

**Background/Alternatives:**

*The 2016 Flexible Benefits Plan is a benefit option offered to full-time employees which allows them to contribute pre-tax earnings to a medical flexible spending account (MFSA) and/or a Dependent Flexible Spending Account (DFSA). The annual renewal of this Adoption Agreement governs the rules and responsibilities of the Flexible Benefits Plan and provides for yearly discrimination testing in accordance with IRS Regulations.*

**Attachments:**

*Adoption Agreement 2016 - City of Green River Flexible Benefits Plan*

**Fiscal Impact:**

*Fees associated with the Flexible Benefits Plan renewal are unchanged from the 2015 Flexible Benefits Plan Adoption Agreement and are included as part of the Human Resources budget for Benefits Administration.*

**Staff Impact:**

N/A

**Legal Review:**

*Submitted to City Attorney Galen West for review on April 21, 2016.*

# **Adoption Agreement 2016**

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## **City of Green River Flexible Benefits Plan Plan Year Ending December 31, 2016**

The undersigned Employer, by executing this Adoption Agreement, elects to continue the City of Green River Flexible Benefits Plan by adopting said plan document in full. City of Green River shall make the following elections granted under the provisions of the Plan.

1. **The Name of the Employer, Plan Sponsor and Plan Administrator is City of Green River.**

**City of Green River  
50 East 2nd North  
Green River, WY 82935**

**Telephone #: 307-872-6107**

**EIN: 83-6000065**

The Administrator keeps the records for the Plan and is responsible for the Plan. The Administrator may be contacted and answer any questions regarding the Plan.

2. **Employer's Principal Office:** This Flexible Benefits Plan shall be governed under the laws of the State of Wyoming.
3. **Plan Number (IRS Plan Code): 530**
4. **Plan and Plan Year:** The Name of the Plan shall be the City of Green River Flexible Benefit Plan (the "Plan"). The initial Plan Year shall begin July 1, 2015 and shall end December 31, 2015. Future Plan Years will be based on a full twelve-month period beginning each January 1 and ending each December 31.
5. **Effective Date:**
  - ◆ This Flexible Benefit Plan shall be effective as of January 1, 2016.
6. **Open Enrollment for eligible employees will be:**
  - ◆ Shall follow group health insurance.
7. **Plan Entry Date (Eligible Employees become effective to participate):**
  - ◆ First day of month following date of hire.
8. **Eligible Employees Included in the Plan:**
  - ◆ Employees **eligible** to participate in employer group health insurance plan.

### **PLEASE NOTE: IRS REGULATIONS PROHIBIT ELIGIBILITY FOR THE FOLLOWING INDIVIDUALS:**

- ◆ Self-employed person(s), within the meaning of Code Section 401(c), including independent contractors, a greater than 2% shareholder in a Subchapter S corporation, a partner in a partnership, or any owner or member of a limited liability company that is treated like a partnership for tax purposes AND

- ◆ A relative, within the meaning of IRC Section 318, of one of the above self-employed person(s) AND:
- ◆ Individuals who qualify as an Eligible Individual for a Health Savings Account under Code Section 223(c) and are enrolled.

**9. Change of Election based on Eligible Status Changes:**

A Participant must provide in writing to Human Resources within 30 days of the change in family status. If the Benefit allows for a change in Contribution and Annual Election based on Change of Status, the appropriate forms may be completed for a change in Salary Redirection. Other changes in Elections may only be elected during Open Enrollment or other qualifying events.

**10. Employee Contributions for Participants Entering Mid Year:**

- ◆ Employee annual Election shall be allowed at the full year maximum amount based on payroll and salary availability.

**11. Maximum Allowable Contributions:**

The contributions for this Plan shall be:

- ◆ Premium Only Plan: Employer and Employee contributions shall not exceed annualized insurance premiums adjusted for any rate increases or decreases during the Plan Year.
- ◆ Maximum Allowable Flexible Spending Account Contribution
  - ◆ Healthcare Flexible Spending Account \$2550.00 or cost of living adjustment (COLA)
  - ◆ Dependent Care Assistance Flexible Spending Account \$5000.00\*
    - 1) Subject to Earned Income limitations and
    - 2) \$2500 if filing separate tax returns
    - 3) IRS limitation of \$5000 filing joint return

\*shall not exceed the lesser of the Earned Income limitation described in Code Section 129(b) or (\$5,000 (\$2,500 if a separate tax return is filed by a Participant who is married as determined under the rules of paragraphs (3) and (4) of Code Section 21(e)) or such lesser or greater amount as determined by the Department of Treasury.

Your Social Security benefits may be slightly reduced because you are receiving tax-free benefits under our Plan. Tax-free benefits reduce the amount of taxes you contribute to the Federal Social Security system as well as our contribution to the Social Security system on your behalf.

**12. Benefits:**

- ◆ Premium Only Plan Benefits
  - ◆ Group sponsored health insurance premiums
  - ◆ Vision care insurance premiums
  - ◆ HSA premiums/contributions
  - ◆ AFLAC

\*Cost of group term life insurance coverage in excess of \$50,000 is includible in gross income.  
Note: Insurance products with a return of premium feature cannot be paid for on a pre-tax basis.
- ◆ Healthcare Flexible Spending Account available to reimburse medical expenses not covered by insurance.
- ◆ Dependent Care Assistance Flexible Spending Account available for eligible adult and child daycare.

### **13. Claims Extension (Grace) Period**

The Plan shall be subject to the terms and conditions of The Plan Document, Claims Extension Period. This extension or grace period allows for an employee to submit claims incurred after the end of the plan year. If an Employee has a remaining balance in the prior plan year, the employee may incur claims during the claims extension (grace) period and still be reimbursed money from the prior plan year. This reduces the “use it or lose it”, by allowing a short period of time to minimize the potential of forfeiting any contributions.

- ◆ Healthcare Flexible Spending Claim Extension (Grace) Period shall be March 15, 2017.
- ◆ Dependent Care Assistance Program Claim Extension Period shall be March 15, 2017.

### **14. Claims Timely Filing Limitation Period For Active Employees:**

The Plan shall be subject to the terms and conditions of The Plan Document, Claims Extension Period.

- ◆ The Employee has until April 15, 2017 **after the Grace Period** to submit claims for the Healthcare Flexible Spending Account and April 15, 2017 **after the Grace Period** to submit claims for the Dependent Care Assistance Program. All claims must be incurred during the plan year and applicable extension (grace) period.

### **15. Claims Timely Filing Limitation Period For Retirees who retire under the Employer’s Retirement Program:**

- ◆ Retiree Healthcare Flexible Spending Timely Filing Limitation Period shall be 30 days from date of retirement to submit claims incurred prior to retirement.

### **16. Claims Timely Filing Limitation Period For non COBRA Terminated Employees for Healthcare Spending Account:**

- ◆ An Employee terminating employment shall have 30 days after termination to submit claims incurred prior to termination.

### **17. Claims Timely Filing Limitation Period For Terminated Employees for Dependent Care Assistance Program Spending Account:**

- ◆ An Employee terminating employment shall have 30 days after termination with the employer to submit claims incurred prior to termination.

### **18. Healthcare FSA COBRA will be administered by:**

- ◆ FlexShare Benefits c/o Blue Cross Blue Shield Wyoming.

### **19. All Employees, other than Retirees, leaving employment for any reason:**

- ◆ Shall be governed by Special COBRA Limited Obligation.

### **20. Special COBRA Limited Obligation Qualifications:**

Certain Employers qualify for COBRA special rules and regulations. Your Employer qualifies:

- ◆ If certain conditions are met, this Health FSA qualifies for Special COBRA rules (1) Maximum Annual Benefit Test; (2) Major Medical Coverage available to all participants; (3) Annual COBRA premium equal or greater than Annual Election.
- ◆ If rules apply, and the employee’s account is under spent at time of qualifying event, COBRA may be offered only through year end with no annual open enrollment rights.

- ♦ If rules apply, and the employee's account is over spent at the time of qualifying event, there is no requirement to offer COBRA.

**21. Regular COBRA Rules Apply:**

- ♦ If the Health FSA is not Excepted Benefits; full COBRA rules may apply. (If any of the three tests do not pass) (1) Maximum Annual Benefit Test; (2) Major Medical Coverage available to all participants; (3) Annual COBRA premium equal or greater than Annual Election.

**22. Experience Gain Options**

If experience gains of the Plan are in excess of the experience losses of the Plan the Employer has elected to:

- ♦ Return surplus gain for the prior year to the Administrator (Employer) to defray experience losses and administrative expenses for the Plan.

**23. Healthcare Flexible Spending Account and Health Reimbursement Arrangement Expense Allocation Order of Benefit Payments:**

If the Employer sponsors a Healthcare Flexible Spending Account in addition to a Health Reimbursement Arrangement for Eligible Employees:

- ♦ Eligible Medical Expenses as defined under Code Section 213(d) for each Eligible Employee are paid under the Healthcare Flexible Spending Account *before* the Health Reimbursement Arrangement.

**24. Healthcare Flexible Spending Account in addition to a Health Savings Account Expense Allocation and Order of Benefit Payments:**

If the Employer sponsors a Healthcare Flexible Spending Account in addition to a Health Savings Account for Eligible Employees: ***CAUTION: only certain type of Medical Spending Accounts may be established in conjunction with a Health Savings Account.***

- ♦ Eligible Medical Expenses (for vision or dental coverage only as defined under Code Section 223(c)) for each Eligible Employee are paid under the Healthcare Flexible Spending Account *before* or commensurate with the Health Savings Account.

**25. Service of Legal Process.** The Administrator is the Plan's agent for service of legal process.

**26. Type of Administration.** This Plan is Employer Administered.

**27. Authorized Signatures:**

By \_\_\_\_\_ Date \_\_\_\_\_  
City of Green River (Authorized Signature)