Vigo County Government
Flexible Benefit Plan
Plan Document Amendment effective January 1, 2019

The Plan is hereby modified as follows:

SECTION I
Definitions

"Carry-Over Feature" means allowing the Participant to carry over a balance remaining in their Medical Reimbursement Account from the end of the Plan Year to the following Plan Year.

SECTION III
Benefits Plans, Rules and Costs

Benefit Rules

How the Medical Reimbursement Account Works

An Eligible Employee may establish a Reimbursement Account for predictable medical Expenses, including dental and vision care Expenses. The maximum pretax deferral allowed for the Medical Reimbursement Account during a Plan Year is shown on Schedule A. Once an Eligible Employee has completed the Compensation Reduction Agreement for the Medical Reimbursement Account, the Participant may file a claim for the aforementioned medical Expense incurred on or after their Entry Date, and during the current Plan Year, that have not been reimbursed under their Employer's Plan, another health plan, FSA plan, HSA plan, or HRA plan. Generally, the qualified Expenses are costs a Participant incurred that exceed any Plan deductibles, co-payments and co-insurance as determined as allowable medical Expenses under IRS Code Section 213, and to the limit of the elected Benefit Credits. The Plan Administrator will inform a Participant of the rules that apply to filing claims.

The Expenses covered must be medically necessary or prescribed by a licensed practitioner to qualify. Covered Expenses do not include premiums paid for other health plan coverage, including plans maintained by the employer of a family member, or Expenses for non-reconstructive cosmetic surgery, nor do they include Expenses for personal mileage.

Compensation reduction amounts in the form of Benefit Credits remaining in the Medical Reimbursement Account after all qualified claims have been filed and paid during a Plan Year may be carried forward to the following year as long as the Employee continues to be an eligible Employee in the Plan. A maximum of $500 may be carried over to the following Plan Year. Amounts in excess of $500 will be forfeited.

The Medical Reimbursement Account will be debited in the amount of reimbursement, provided there are sufficient Benefit Credits available. A Participant may not add to or change their contribution amount except as a result of a Change in Status. A Participant may make a new election to change or eliminate the Compensation reduction amounts during the annual open Enrollment Period prior to the beginning of each Plan Year. The Internal Revenue Code Section 125 states that these balances cannot be combined with any other Reimbursement Account in this or any other Plan, or used for purposes other than for which they are originally intended.

Notwithstanding the foregoing, the maximum amount of reimbursement under the Medical Reimbursement Account which is part of this Plan will be available at all times throughout the coverage period in accordance with proposed Treasury regulations Section 1.125-2(A-7)(b)(2).

Reimbursement Accounts. In order to allow this unique opportunity to reduce a Participant's taxable income, the IRS has placed some restrictions on Flexible Benefit Plans.

- Compensation redirection authorized for reimbursement is in effect for the entire year unless the Participant has a change in family status.
- A Participant enrolled in the Medical Reimbursement Account shall be entitled to carry over a maximum amount of $500 in unused Benefits from the Medical Reimbursement Account to the succeeding Plan Year within the limitations provided below. A Participant who has unused Benefits relating to a particular qualified Benefit from the immediately preceding Plan Year, and who incurs Expenses for that same qualified Benefit during the Run Out Period, may be paid or reimbursed for these Expenses from the unused Benefits as if the Expense had been incurred in the immediately preceding Plan Year. Remaining balances up to $500 may be carried over into the following Plan Year. Balances in excess of $500 will be forfeited. The

excess amounts cannot be combined, carried over into the next year, or converted to cash. The Participart may continue to submit claims up to three (3) months after the Plan Year ends for the prior year's Expenses.

- The Participant enrolled in the Dependent Care Reimbursement Account must use all the funds in their Reimbursement Account by the end of the Plan Year or he will forfeit them; the balances cannot be combined, carried over nto the next year, or converted to cash. The Participant may continue to submit claims up to three (3) months after the Plan Year ends for the prior year's Expenses.
- Associates who terminate employment or terminate from the Plan due to a qualifying Change in Status during the Plan Year will be given three (3) months from the date of termination in which to submit request for reimbursement for Expenses incurred before termination.

Forfeiture of FSA Accounts; Use-It-or-Lose-It Rule.

(a) Use-It-or-Lose-It Rule. If any balance remains in the Participant's Medical Reimbursement Account that is in excess of $500 or any balance in the Dependent Care Reimbursement Account for a Period of Coverage after all reimbursements have been made for the Period of Coverage, then such balance shall not be carried over to reimburse the Participant for qualified Expenses incurred during a subsequent Plan Year. The Participant shall forfeit all rights with respect to such balances.

(b) Use of Forfeitures. All forfeitures under this Plan shall be used as follows:
(1) to offset any losses experienced by the Employer during the Plan Year as a result of making reimbursements (i.e., providing Benefits) with respect to all Participants in excess of the Contributions paid by such Participants through Benefit Credits;
(2) to reduce the cost of administering the Flexible Benefit Plan during the Plan Year or the subsequent P an Year (all such administrative costs shall be documented by the Plan Administrator); and
(3) to provide increased Benefits or Compensation to Participants in subsequent years in any weighted or uniform fashion that the Plan Administrator deems appropriate, consistent with applicable regulations. In addition, any Reimbursement Account Benefit payments that are unclaimed (e.g., uncashed Benefit checks) by the close of the Plan Year following the Period of Coverage in which the Expense was incurred shall be forfeited and applied as described above.

SCHEDULE A

Schedule of Benefits
Medical Reimbursement Account

Pay Period for Annual Payroll Contributions: bi-weekly

Employee Annual Contribution Limitations:	**Maximum**
Health Care Spending	$2,700.00

Services must be incurred in order to receive reimbursement from this Account. Expenses are considered to be incurred the day the service is rendered, not when a Participant is billed, charged or pays for the service. Reimbursements made during a Plan Year are only made for eligible Expenses incurred during that same Plan Year.

Examples of Expenses for which a Participant may be able to receive reimbursement include:

- Medical and dental Expenses not covered under any other plan,
- Deductibles, co-payments and co-insurance that Participants are responsible for under their primary medical, dental or vision plan, or under any other plan,
- Prescription drugs and medications (including over-the-counter drugs or medicines as long as it is prescribed and there is a written or electronic order for a medicine or drug that meets the legal requirements of a Prescription in the state in which the medical Expense is incurred and that is issued by an individual who is legally authorized to issue a Prescription in that state),
- Eye exams, eyeglasses, contact lenses, and other vision Expenses,
- Orthodontic Expenses,
- Hearing exams, hearing aids, other hearing Expenses,
- Physical therapy (not massage therapy),
- Chiropractic's,
- Acupuncture, and
- Psychotherapy.

Examples of Expenses for which a Participant <u>may not</u> be reimbursed include:

- Custodial care,
- Health insurance premiums that a Participant or their spouse pays for coverage under another health plan,
- Costs for sending a child to a special school for Benefits the child may receive from the course of study and disciplinary methods,
- Health club dues,
- Social activities, such as dance lessons ,
- Bottled water,
- Maternity clothes,
- Diaper service or diapers,
- Cosmetics, toiletries, toothpaste, etc.,
- Vitamins taken for general health purposes, and
- Cosmetic surgery or other similar procedure, unless the surgery or procedure is necessary to ameliorate a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease. Cosmetic surgery means any procedure or drug that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevents or treats illness or disease.

Attest: IN WITNESS WHEREOF, the Vigo County Government Flexible Benefit Plan adopted, by execution hereof, effective as of January 1, 2019.

Approved this 2nd day of July, 2019

By Name _____

Title Brad Anderson, Commissioner

Date 7-2-19