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## Chapter 20B — Health Reimbursement Arrangement for Police Employees

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### Article I — Title, Establishment, and General Definitions

§ 20B-101	Short Title. ....	20B-5
§ 20B-102	Establishment. ....	20B-5
§ 20B-103	Definitions—In General.....	20B-5
§ 20B-104	Administrator.....	20B-6
§ 20B-105	[RESERVED]	
§ 20B-106	Code. ....	20B-6
§ 20B-107	Covered Family Member. ....	20B-6
§ 20B-108	Dependent. ....	20B-6
§ 20B-109	Effective Date. ....	20B-6
§ 20B-110	Employer.....	20B-6
§ 20B-111	HRA Account. ....	20B-7
§ 20B-112	HRA Deductible. ....	20B-7
	(a) 2015.+ ....	20B-7
§ 20B-113	Maximum Coverage Amount. ....	20B-7
	(a) 2015.+ ....	20B-7
§ 20B-114	Participant.....	20B-7
§ 20B-115	Period of Coverage.....	20B-7
§ 20B-116	Plan.....	20B-7
§ 20B-117	Plan Year. ....	20B-7
§ 20B-118	Primary Health Plan.....	20B-8
§ 20B-119	[RESERVED]	
§ 20B-120	Qualified Employee.....	20B-8
§ 20B-121	Qualifying Medical Care Expenses.....	20B-8
	(a) In General.....	20B-8
	(b) Medical Care. ....	20B-8
	(c) Exceptions.....	20B-9
§ 20B-122	Related Employee. ....	20B-9
§ 20B-123	Sponsor. ....	20B-9
§ 20B-124	Spouse.....	20B-9

## **Article I — Title, Establishment, and General Definitions**

### **§ 20B-101 Short Title.**

This Chapter shall be known, and may be cited, as the “Borough of Alburtis Health Reimbursement Arrangement for Police Employees.”

### **§ 20B-102 Establishment.**

The Borough of Alburtis hereby establishes a Health Reimbursement Arrangement in order to provide certain employees with reimbursements of certain qualifying medical care expenses that are excludable from gross income under Section 105(b) of the Internal Revenue Code of 1986. This Plan is intended to qualify as a health reimbursement arrangement under IRS Notices 2002-45 and 2013-54, and as an accident or health plan within the meaning of Code §§ 105(e) and 106, as they may be amended from time to time, and is to be interpreted in a manner consistent with the requirements of those provisions, so that the benefits provided under this Plan shall be eligible for exclusion from a participating employee’s gross income for federal income tax purposes under Code § 105(b). This Plan is offered as a supplement to the Employer’s Primary Health Plan, and is integrated with the Primary Health Plan. A Participant must be enrolled in the Primary Health Plan as a condition of participation in this Plan.

### **§ 20B-103 Definitions—In General.**

For purposes of this Chapter, the terms defined in the remaining Sections of this Article I shall have the meanings indicated therein, whether with or without initial capital letters, unless the context in which they are used clearly indicates a different meaning.

**§ 20B-104 Administrator.**

The term “Administrator” shall mean the Plan Administrator described in Article VI.

**§ 20B-105 [RESERVED]****§ 20B-106 Code.**

The term “Code” shall mean the Internal Revenue Code of 1986, as amended (Title 26, U.S. Code). Reference to a section of the Code shall mean that section as it may be amended or renumbered from time to time, or any corresponding provision of any future legislation that amends, supplements or supersedes that section.

**§ 20B-107 Covered Family Member.**

The term “Covered Family Member”, at any given time, shall mean a Participant’s Spouse or Dependent who is covered by this Plan at that time under § 20B-204.

**§ 20B-108 Dependent.**

The term “Dependent” means, with respect to any Participant, any individual who is either—

(a) a dependent of the Participant within the meaning of Code § 152 (determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof), except that any child to whom Code § 152(e) applies (relating to special rule for divorced parents) shall be treated as a “Dependent” of both parents;

(b) a child (as defined in Code § 152(f)(1)) of the Participant who as of the end of the Plan Year has not attained age 27; or

(c) an alternate recipient under a Qualified Medical Child Support Order (as these terms are defined under federal law) with respect to the Participant.

**§ 20B-109 Effective Date.**

The “Effective Date” of this Plan is January 1, 2015.

**§ 20B-110 Employer.**

The term “Employer” shall mean the Sponsor, and all Related Employers which have adopted this Plan and executed a copy of this Chapter.

**§ 20B-111 HRA Account.**

The term “HRA Account” means, for a Participant for a given Plan Year, the HRA Account established for that Participant for that Plan Year under Article III.

**§ 20B-112 HRA Deductible.**

(a) **2015+.** For calendar year 2015 and subsequent calendar years, the term “HRA Deductible (Individual)” shall mean Three Hundred Dollars (\$300.00), and the term “HRA Deductible (Family)” shall mean Six Hundred Dollars (\$600.00).

**§ 20B-113 Maximum Coverage Amount.**

(a) **2015+.** For calendar year 2015 and subsequent calendar years, the term “Maximum Coverage Amount (Individual)” shall mean Two Thousand Dollars (\$2,000.00), and the term “Maximum Coverage Amount (Family)” shall mean Four Thousand Dollars (\$4,000.00).

**§ 20B-114 Participant.**

The term “Participant” shall mean any person who participates in this Plan in accordance with Article II.

**§ 20B-115 Period of Coverage.**

The term “Period of Coverage” shall mean the Plan Year, except that for a person who is not a Participant during the entire Plan Year, the “Period of Coverage” shall mean the portion of the Plan Year that the person is a Participant.

**§ 20B-116 Plan.**

The term “Plan” shall mean the **Borough of Alburdis Health Reimbursement Arrangement for Police Employees**, as set forth in this Chapter, and as it may be amended from time to time.

**§ 20B-117 Plan Year.**

The term “Plan Year” shall mean any 12 consecutive month period beginning on January 1 and ending on the following December 31.

### § 20B-118 Primary Health Plan.

The term “Primary Health Plan” shall mean the health/medical/ hospitalization coverage plan provided from time to time under § 12-403 (relating to Personnel Policies—Benefits—Health & Hospitalization). As of January 1, 2015, the Primary Health Plan is the product known as Healthy Benefits PPO 2000 . 0 PD . Rx \$0, as offered to the Borough of Alburtis and renamed from time to time by Capital Advantage Assurance Company (or other affiliate of Capital Blue Cross which takes over that product), but the specific plan and/or the coverages available under the plan may change from time to time.

### § 20B-119 [RESERVED]

### § 20B-120 Qualified Employee.

The term “Qualified Employee” shall mean, as of any given date, any person who is receiving remuneration for personal services rendered to the Employer (other than as an independent contractor) as a police officer (including the Chief of Police) and whose customary employment is at least thirty-five (35) hours per week (including permitted paid time off).

### § 20B-121 Qualifying Medical Care Expenses.

(a) **In General.** Except as provided otherwise in this § 20B-121, the term “Qualifying Medical Care Expenses” means expenses incurred by a Participant or his/her Covered Family Member, for Medical Care of the Participant during the time he/she is a Participant or for Medical Care of a Participant’s Covered Family Member during the time he/she is a Covered Family Member, and which are applied to a deductible under the Primary Health Plan. Qualifying Medical Care Expenses shall be deemed to be incurred at the time the services to which the expenses relate are rendered.

(b) **Medical Care.** For purposes of this § 20B-121, the term “Medical Care” shall mean amounts paid (within the meaning of Code § 213(d) and the regulations and rulings thereunder):

(1) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body (including medicine and drugs purchased without a physician’s prescription, but not dietary supplements that are merely beneficial to general health, *see* Rev. Rul. 2003-102);

(2) for transportation primarily for and essential to medical care referred to in paragraph (1); *or*

(3) amounts paid for lodging (not lavish or extravagant under the circumstances, and not more than \$50 per night per individual) while away from home primarily for and essential to medical care referred to in paragraph (1) if the medical care referred to in paragraph (1) is provided by a physician (as defined in section 1861(r) of the Social Security Act, 42 U.S.C. § 1395x(r)) in a licensed hospital (or in a medical care facility which is related to, or the equivalent

of, a licensed hospital), and there is no significant element of personal pleasure, recreation, or vacation in the travel away from home.

(c) **Exceptions.** Notwithstanding anything to the contrary in this section, “Qualifying Medical Care Expenses” shall *not* include—

(1) any expenses to the extent that the Participant or other person incurring them is reimbursed or entitled to reimbursement for the expense through insurance or otherwise (other than under this Plan), *except* that this restriction shall not apply to any reimbursements under Chapter 20 (relating to Medical Expense Reimbursement Plan) used to reimburse expenses which are not reimbursable by this Plan by virtue of § 20B-405 (relating to HRA Deductibles); *or*

(2) any premium paid for other health coverage, including but not limited to employee contributions toward the coverage provided under a health/medical/hospitalization plan of the Employer, such as the payments required under § 12-403(c)(2), (3) (relating to Personal Policies—Benefits—Health & Hospitalization—Employee Contributions to Premiums) or corresponding provisions of a collective bargaining agreement.

### § 20B-122 Related Employee.

The term “Related Employer” shall mean any—

(a) corporation which is a member of a controlled group of corporations (as defined in Code § 414(b)) which includes the Sponsor;

(b) trade or business (whether or not incorporated) which is under common control (as defined in Code § 414(c)) with the Sponsor;

(c) member of an affiliated service group (as defined in Code § 414(m)) which includes the Sponsor; and

(d) any other entity required to be aggregated with the Sponsor pursuant to Code § 414(o) and the regulations thereunder.

### § 20B-123 Sponsor.

The term “Sponsor” shall mean the **Borough of Alburtis**, Lehigh County, Pennsylvania, a Pennsylvania borough and municipal corporation, and its predecessors and successors.

### § 20B-124 Spouse.

The term “Spouse” shall mean a person recognized as the spouse of a Participant under the rules established or or recognized by the Internal Revenue Service.