Chapter 20C — Health Reimbursement Arrangement for Dental and Vision Expenses

Article I — Title, Establishment, and General Definitions

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§ 20C-101 Short Title.

This Chapter shall be known, and may be cited, as the "Borough of Alburtis Health Reimbursement Arrangement for Dental and Vision Expenses."

§ 20C-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 Sections 105(b) and/or 106(a) 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, as an accident or health plan within the meaning of Code §§ 105(e) and 106, and, in part, as an employer payment plan under Rev. Rul. 61-146 and IRS Notice 2013-54, 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) and/or 106(a).

§ 20C-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.

§ 20C-104 Administrator.

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

§ 20C-105 [RESERVED]

§ 20C-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.

§ 20C-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 § 20C-204.

§ 20C-108 Dependent.

The term "Dependent" means, with respect to any Participant for any given calendar month, 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; or

(b) a child (as defined in Code § 152(f)(1)) of the Participant who has not attained age 26 as of the last day before the beginning of that calendar month.

§ 20C-109 Effective Date.

The "Effective Date" of this Plan is April 1, 2015.

§ 20C-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.

§ 20C-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.

§ 20C-112 HRA Deductible.

(a) 2015+. For Plan Years beginning in 2015 or subsequent years, the term "HRA Deductible (Individual)" shall mean Zero Dollars ($0.00), and the term "HRA Deductible (Family)" shall mean Zero Dollars ($0.00).

§ 20C-113 Maximum Coverage Amount.

(a) 2015. For Plan Years beginning in 2015, the term "Maximum Coverage Amount" shall mean One Thousand One Hundred Twenty-five Dollars ($1,125.00).

(b) 2016+. For Plan Years beginning in 2016 or subsequent years, the term "Maximum Coverage Amount" shall mean One Thousand Five Hundred Dollars ($1,500.00).

§ 20C-114 Participant.

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

§ 20C-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.

§ 20C-116 Plan.

The term "Plan" shall mean the **Borough of Alburtis Health Reimbursement Arrangement for Dental and Vision Expenses**, as set forth in this Chapter, and as it may be amended from time to time.

§ 20C-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. However, the first Plan Year under this Plan shall be the period from April 1, 2015 through December 31, 2015, inclusive.

§ 20C-118 [RESERVED]

§ 20C-119 [RESERVED]

§ 20C-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 as a police officer (other than the Chief of Police) and whose customary employment is at least thirty-five (35) hours per week (including permitted paid time off).

§ 20C-121 Qualifying Medical Care Expenses.

(a) In General. Except as provided otherwise in this § 20C-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, *provided* such Medical Care constitutes either Dental Care, Vision Care, or Qualified Insurance. Qualifying Medical Care Expenses shall be deemed to be incurred at the time the services to which the expenses relate are rendered, or, in the case of insurance premiums, during the coverage period to which those premiums relate.

(b) Medical Care. For purposes of this § 20C-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) Dental Care. For purposes of this § 20C-121, the term "Dental Care" shall mean expenses for dental preventive care (such as cleaning, routine X-Rays, routine oral examinations, fluoride, and sealants), dental restorative care (such as fillings and crowns), endodontics (such as root canals), oral surgery (including tooth removal and minor surgical procedures such as tissue biopsy and drainage of minor oral infections), orthodontics (such as braces and retainers), periodontics (such as scaling, root planning, and management of acute infections or lesions), and prosthodontics (such as dentures and bridges).

(d) Vision Care. For purposes of this § 20C-121, the term "Vision Care" shall mean expenses for routine non-medical eye examinations or the refractive portion of medical eye examinations, prescription eyeglass lenses, eyeglass frames, contact lenses, and refractive surgery (such as LASIK).

(e) Qualified Insurance. For purposes of this § 20C-121, the term "Qualified Insurance" shall mean premiums for insurance covering only Medical Care, substantially all of whose benefits are for treatment of the eyes and/or mouth, and primarily covering Dental Care and/or Vision Care.

(f) Exceptions. Notwithstanding anything to the contrary in this section, "Qualifying Medical Care Expenses" shall *not* include 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), including but not limited to the Employer's health/medical/hospitalization plan under § 12-403(a) or corresponding provisions of a collective bargaining agreement (with particular attention to pediatric vision and dental benefits under that plan), any insurance for which some or all of the premiums were reimbursed under this Plan, and any other group or individual insurance contract or self-funded arrangement.

§ 20C-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.

§ 20C-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.

§ 20C-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.