

## Health Reimbursement Service Agreement for Plan Supervisor

This SERVICE AGREEMENT between the City of Carrollton, (Plan Sponsor) and TML MultiState Intergovernmental Employee Benefits Pool, (Plan Supervisor) will be effective on January 1, 2016.

### WITNESSETH:

#### Section I

##### The Plan

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- 1.1 The City of Carrollton, (Plan Sponsor) has adopted an Health Reimbursement Arrangement (HRA) under Internal Revenue Service Notice 2002-45. This Plan is offered to all eligible employees who are qualified by employment status.
- 1.2 The Plan Participants are the employees enrolled in the Plan.
- 1.3 All contributions to the Plan shall be deposited in the name of the Plan with a Bank designated by the Plan Supervisor subject to approval of the Plan Sponsor if requested by the Plan Sponsor.
- 1.4 The Plan Sponsor agrees that an HRA is a health plan under Title II of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The Plan Sponsor agrees that it is the Plan Sponsor's, and not the Plan Supervisor's, responsibility to ensure that its HRA plan, if any, is compliant with all relevant sections of HIPAA Title II or any other law.

#### Section II

##### The Plan Supervisor

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- 2.1 The Plan Supervisor shall provide consulting services, and shall assist the Plan Sponsor in the administration of the Flexible Benefits Plan.
- 2.2 The Plan Supervisor shall have the full responsibility for maintaining accounts for each eligible person electing to participate in the Plan. The Plan Supervisor shall arrange for eligible claims payments from funds deposited by the Plan Sponsor as directed by their participating employees. The claims payments shall be made by the Plan Supervisor by issuing a check or draft to the participant upon the Plan Bank Account, if such account is provided for this purpose, in an amount equal to the qualified charges from the submitted claim. The claims submitted by the Plan Participants shall be paid within ten days of receipt by the Plan Supervisor. Paper claim submissions on behalf of the Participant must equal or exceed \$25.00 per submission, except in the final month of the Plan Year. *Specifications for the HRA plan are stated in the attached HRA Information sheet.*
- 2.3 To the extent that information is available to the Plan Supervisor, the Plan Supervisor shall assist the Plan Sponsor in the preparation of any report, tax return or similar papers required by state or the Federal Government pertaining to the operation or management of the HRA; however, the ultimate responsibility for filing any governmental document shall be with the Plan Sponsor.
- 2.4 The Plan Supervisor shall render periodic reports to each participant, which shall include the following:
  - a. Receipts of the Plan Contributions;
  - b. Disbursement of Plan Contributions through claims payments; and
  - c. Statements of (a) and (b) above shall automatically be provided each Participant following the submission and payment of a qualified claim.
- 2.5 The Plan Supervisor, shall prepare a Plan Document for the HRA sponsored by the Plan Sponsor. The Plan Sponsor shall assume the responsibility of obtaining legal review of the Plan Document.

- 2.6 Unless otherwise provided, the Plan Supervisor is authorized to do all the things necessary or convenient to carry out the terms and purposes of the Plan.

### Section III

#### Procedure for Making and Payment of Claims for Benefits from the Fund

- 3.1 Any covered person may make application for benefits from the Plan as provided by the Plan upon the form or forms provided by the Plan Supervisor. The applicant shall fully and truthfully complete such application for benefits and the applicant shall supply all such pertinent information including copies of paid receipts, as may be required under the Internal Revenue Code and specified by the Plan Supervisor.
- 3.2 The Plan Supervisor shall accept copies of any application for benefits made in the appropriate manner, shall duly investigate and verify the statements made on the application and determine benefit eligibility. If the facts as stated in such application entitle the covered person to receive payment of benefits from the Plan, the Plan Supervisor shall forthwith arrange for the proper payment.
- 3.3 Claim filings shall be mailed/faxed to the person or department designated by the Plan Supervisor. If appropriate, claims could be submitted through the debit card transaction. Claims checks are processed each week. Only paper claims that equal or exceed twenty-five dollars (\$25.00) or more shall be filed with the Plan Supervisor unless said claim is being submitted during the last Plan Month of the Plan Year. During the last month, eligible claims of any amount shall be processed by the Plan Supervisor.
- 3.4 All Plan benefits processed by the Plan Supervisor shall be mailed to the qualified Plan Participant within ten (10) days of approval.  
If the Plan Supervisor finds that the Plan Participant is not entitled to a claim payment under the Plan, the claim application shall be denied, all or in part, and returned to the Plan Participant with the Plan Supervisor's reason for denial. The Plan Participant may appeal a denial by the Plan Supervisor to the Plan Sponsor. The Plan Sponsor's determination is final and conclusive upon the covered person.
- 3.5 The Plan Supervisor shall not be liable for any failure or refusal to pay or honor any application for benefits made pursuant to this Agreement; and the Plan Supervisor must be indemnified by the Plan Sponsor for any liability related to its duties herein, and shall be reimbursed by the Plan Sponsor for any expense, loss, damage, or legal fees incurred by the Plan Supervisor in defending any claims or demands made against the Plan Sponsor, the Plan Supervisor or the Plan. This paragraph will not apply for any loss due to the gross negligence or willful misconduct of the Plan Supervisor.

### Section IV

#### Costs of Administrator

- 4.1 The Plan Supervisor shall be entitled to a fee or fees for its service to the Plan and, under this Agreement, the fee shall be paid in the form of an advance start-up costs, a pass through of printing or printing preparation costs and monthly service fee.

Item	Cost	Payable
Setup Fee	\$50.00/Group	One time <sup>(1)</sup>
Monthly Service Fee <sup>(2)</sup>	\$3.70/Participant Debit   \$5.00/Participant Paper	Monthly
Special Reports <sup>(3)</sup>	As agreed upon	30 days following receipt of report

- (1) One time set up fee for each group that enrolls in the HRA Plan.
- (2) Monthly Service Fee includes:
- a) processing contribution;
  - b) processing claims (review and verification);
  - c) paying claims (direct mail to employee);
  - d) paying dependent premium (if applicable);
  - e) employee fund balance statement with each reimbursement; and statement of fund balances and projected year-end balance at close of Plan Year fourth quarter.
- (3) Normal Reports to the Plan Sponsor, at no additional cost are:
- a) initial enrollment verification;
  - b) quarterly fund balance; and
  - c) projected year-end fund balance at the close of the Plan Year fourth quarter.

- 4.2 Spenddown period administration shall be available from the Plan Supervisor for a period of up to twelve (12) months following cessation of contributions to the Plan by the Plan Sponsor provided the Plan Sponsor continues to pay the Monthly Service Fee stated above.

## **Section V**

### **The Plan Sponsor**

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- 5.1 As of the effective date of this Agreement, the Plan Sponsor shall provide the Plan Supervisor with a complete list of all employees who are eligible for benefits under the Plan. The Plan Sponsor shall arrange for enrollment meetings and, with the Plan Supervisor's assistance, complete Plan enrollment.
- 5.2 The Plan Sponsor shall remit contributions to the Plan Supervisor on a monthly (or pay period) basis.
- 5.3 The Plan Sponsor shall forward the appropriate service fees to the Plan Supervisor on the first (1<sup>st</sup>) of each calendar month or in conjunction with the monthly plan fund collections.
- 5.4 The Plan Sponsor shall assist in the enrollment of eligible employees in the Plan, notify the Plan Supervisor of any change of eligibility, cooperate with the Plan Supervisor with regard to proper claim settlement, transmit to the Plan Supervisor proper claim settlement and transmit to the Plan Supervisor all inquiries pertaining to the Plan.
- 5.5 The Plan Sponsor shall be responsible for filing any documents required by the Internal Revenue Service.

## **Section VI**

### **Termination of the Agreement**

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- 6.1 This Agreement may be terminated by the Plan Sponsor or the Plan Supervisor by written notice of intention to terminate given to the other party, to be effective as of an annual plan anniversary date. Said written notice shall be given not less than thirty (30) days prior to such termination. The thirtieth (30th) day shall coincide with the last day of a calendar month. The Plan Supervisor may also terminate this agreement following the termination of any medical, dental, or vision coverage provided by the Plan Supervisor to the Plan Sponsor, to be effective upon ten (10) days written notice sent to the Plan Sponsor, effective on the date specified in the notice. All obligations of the Plan Supervisor related to the relevant rights of the covered Participant to payments of benefits from the Plan will be terminated and extinguished on the effective date of termination given in the notice whether or not the claim for such benefits arose prior to or following the termination of this Agreement. Absent a written notice of termination this agreement will annually renew on the effective date set forth at inception. In no case shall termination by the Plan Supervisor relieve the Plan Sponsor of its obligation to maintain the Plan.

## **Section VII**

### **Qualifications**

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- 7.1 To qualify the Plan Sponsor must have on file a current Interlocal Agreement with the TML MultiState Intergovernmental Employee Benefits Pool. The Plan Sponsor must have ten (10) percent of the eligible employees participate in the Plan. Should these qualifications not be met, or maintained, the Plan Supervisor may terminate this agreement pursuant to Section VI.

## **Section VIII**

### **Miscellaneous Provisions**

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- 8.1 In the event of resignation or inability to serve as the Plan Supervisor, the Plan Sponsor may appoint a successor.
- 8.2 If during the operation of the Plan, the United States Government, the government of any state or any instrumentality or either shall assess any tax against the Plan and the Plan Supervisor is required to pay such tax, the Plan Supervisor shall report the payment to the Plan Sponsor who will reimburse the Plan Supervisor for such tax or assessment.

- 8.3 The Plan Supervisor shall incur no liability to the Plan Sponsor or to an employee or dependent of the Plan Sponsor for any act or failure to act not directly connected with processing and payment of claims as provided in this Agreement, except where the liability is proximately caused solely by the gross negligence or willful misconduct of the Plan Supervisor. To the extent allowed by law, the Plan Sponsor shall hold the Plan Supervisor harmless from and indemnify it against any and all liability, claims, damages (including punitive or consequential damages), costs, expenses, or fees (legal or otherwise) incurred or paid in connection therewith which might be asserted by the Plan, the Plan Sponsor's employees or other persons for which the Plan Supervisor would not be liable to the Plan Sponsor as set forth above.
- 8.4 Where the context of the Agreement requires, the singular shall include the plural and the masculine gender shall include the feminine.
- 8.5 This Agreement may be amended by the Plan Sponsor and the Plan Supervisor at any time by mutual written consent of said parties.
- 8.6 The Plan Sponsor hereby is designated the agent for service of legal process on behalf of the Plan, in its principal office.
- 8.7 Funding for the HRA/RRA will be distributed (mark one):
  - Monthly
  - Annually

If Employer funds Annually, any Employees hired mid-plan year will be funded as follows (mark one):

- The full Annual funded amount at date of hire
- A pro-rated amount (mark one):
  - Annual rate divisible by twelve (12) months (not to exceed 102% of active rate) \$ \_\_\_\_\_
  - Only the Administrative fee of \$3.70
  - Other \$ 1/2 of annual deposit amount for 7/1 or after eff. date

If Employer funds Annually and TML MultiState IEBP administers Continuation of Coverage (COC), terminated employees will be billed one of the following for monthly fee (mark one):

- Annual rate divisible by twelve (12) months (not to exceed 102% of active rate) \$ \_\_\_\_\_
- Only the Administrative fee of \$3.70
- Other (not to exceed 102% of active rate) \$ \_\_\_\_\_

IN WITNESS THEREOF, the Plan Sponsor and the Plan Supervisor have executed this Agreement this

29 day of December, 2015.

City of Carrollton

TML MultiState Intergovernmental Employee Benefits Pool

By Crystal Davis  
Name Crystal Davis  
Title Workforce Services Director  
Address 1945 Jackson Rd.  
Carrollton, TX 75006

By Susan L. Smith  
Name Susan L. Smith 12.31.15  
Title Executive Director

The HRA Plan Year is January 1, 2016 to December 31, 2016.

## Retirement Reimbursement Arrangement Addendum

The City of Carrollton, has authorized continued participation by retirees (as defined by the Employer's retirement plan) in the foregoing Health Reimbursement Arrangement (HRA) by means of a Retirement Reimbursement Arrangement (RRA). All funds in the HRA at the time of the retirement shall be transferred into the RRA. The operation of the RRA will continue on the same terms and conditions as the HRA with the following employer decisions regarding the Retiree Reimbursement account:

1. Responsibility of the \$3.70 Retiree Reimbursement administration fee  
 Retiree is responsible for the administration fee of \$3.70.  
 Employer will be responsible for the administration fee.
2. Employer Retiree Reimbursement contribution  
 Employer will not make contribution to the RRA.
3. Employer will make monthly contribution to the RRA in the amount of \$\_\_\_\_\_.  
Monthly contributions to the RRA shall be made in an amount authorized, paid and deposited by Employer.

In the case of the death, divorce, or other qualifying event (as defined by federal law) of the retiree, any surviving, previously RRA enrolled dependents of the retiree may elect any legally required continuation of coverage (COC) of the remaining benefits from the RRA, reduced by the monthly fee described above. In no case shall the liability of the Employer for the combined RRA/COC benefits of the qualified beneficiaries exceed the balance of the RRA at the time of the retiree's death.

### ADOPTED:

City of Carrollton

By Chrystal Davis  
(Signature)

Name Chrystal Davis

Title Workforce Services Director

Address 1945 Jackson Rd.

Carrollton, TX 75006

Date 12-29-15

**Adopting Employer Information**

Employer Name: <b>City of Carrollton</b>		Employer E-mail Address chrysal.davis@cityofcarrollton.com	
Street Address <b>1945 Jackson Rd. Carrollton TX 75006</b>			
Mailing Address <b>City</b>		State <b>TX</b>	
Mailing Address <b>City</b>		Zip Code <b>75006</b>	
Employer Phone Number <b>972-466-3093</b>		Employer Fax Number <b>972-466-4789</b>	
Contact Person <b>Chrysal Davis</b>		Title	
Contact Phone Number <b>972-466-3093</b>	Contact Fax Number <b>972-466-4789</b>	Contact E-mail Address chrysal.davis@cityofcarrollton.com	
Original Effective Date		Initial Short Plan Year	

**Name of Plan**

Plan Year	Employer Contribution Amount	Employer Contribution Timing	Plan Order	Employee Termination Options	Investment Guidelines: Plan Participant, Participant, Other	Benefit Definitions
2015	\$625 ee only \$1250 all others for effective dates prior to 7/1. 7/1 and after \$312.50 ee only, \$625 all others	Earlier of 1/1 or the employees effective date of participation in Blue (HRA) Plan. Funded in full on this date.	FSA first, then HRA	COC eligible. Converts to RRA at eligible retirement.	N/A	Definition of Employee:
						Open Enrollment Procedures/Enrollment Procedures and Time Guidelines:
						Adding Dependent Procedures and Time Guidelines:
						Claim Filing Deadline:
						Appeal Filing Deadline:
						Carry Forward HRA Balance Guidelines:
						COBRA/Spenddown Options:

Employer Signature: Chrysal Davis

TML MultiState IEBP Signature: [Signature]

Date: 12-29-15

Date: 12-31-15