Town of Washington

Town of Washington
10 Reservoir Drive
Millbrook, NY 12545

Town of Washington HRA Plan

Plan Document

Amended and Restated December 01, 2021

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Appendix A

Town of Washington HRA Plan

INTRODUCTION

Town of Washington hereby amends and restates effective December 01, 2021, a health reimbursement arrangement, known as the Town of Washington HRA Plan (the "HRA") with an original effective date of December 01, 2015, the terms of which are set forth in this document. The HRA provides for the reimbursement of expenses as described in the Appendices of this document that have been incurred by Eligible Employees, their spouses and certain eligible Dependents of such Employees.

It is intended that the HRA meet the requirements for qualification under Code Section 105 with respect to Employees, and that benefits paid Employees hereunder be excludible from their gross incomes pursuant to Code Section 105(b).

I. ARTICLE - DEFINITIONS

As used in this HRA, the following words and phrases shall have the meanings set forth herein unless a different meaning is clearly required by the context:

01. **"Plan Administrator"** means the individual(s) or committee appointed by the Employer to carry out the administration of the HRA. In the event the Administrator has not been appointed, or resigns from an appointment, the Employer shall be deemed to be the Administrator.

02. **"Code"** means the Internal Revenue Code of 1986, as amended.

03. **"Coverage Period"** means the period of the current plan year in which the individual is an eligible employee on or after his or her plan entry date.

04. **"Dependent"** means any individual who qualifies as a dependent under Code Section 152 (as modified by Code Section 105(b)). Any child of a Participant who is an "alternate recipient" under a qualified medical child support order under ERISA Section 609 shall be considered a Dependent under this Arrangement.

05. **"Effective Date"** means December 01, 2015.

06. **"Eligible Employee"** means an Employee who is eligible to participate in the Employer's group medical plan. An individual shall not be an "Eligible Employee" if such individual is not eligible for the Employer's group medical plan.

07. **"Employee"** means any person who is employed by the Employer and is regularly scheduled to work a minimum of 30 hours per week. The term "Employee" shall also include any person who is a Leased Employee deemed to be an Employee as provided in Code Section 414(n) or (o).

08. **"Employer"** means Town of Washington, a Government Entity or any successor which shall maintain this HRA and any predecessor which has maintained this HRA. In addition, unless the context requires otherwise, the term "Employer" shall include any Participating Employer which shall adopt this HRA.

09. **"Employer Contribution"** means the amounts contributed to the HRA by the Employer.

10. **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

11. **"HRA"** means the Town of Washington HRA Plan as adopted by the Employer, including all amendments thereto.

12. **"Leased Employee"** means, effective with respect to Plan Years beginning on or after January 1, 1997, any person (other than an Employee of the Employer) who, pursuant to an agreement between the Employer and any other person or entity ("leasing organization"), has performed services for the Employer (or for the Employer and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the Employer. Contributions or benefits provided to a Leased Employee by the leasing organization which are attributable to services performed for the Employer shall be treated as provided by the Employer. Furthermore, compensation for a Leased Employee shall only include compensation from the leasing organization that is attributable to services performed for the Employer.

    A Leased Employee shall not be considered an Employee of the Employer if:

    1. such employee is covered by a money purchase pension plan providing:

        i. a nonintegrated employer contribution rate of at least ten percent (10%) of compensation, as defined in Code Section 415(c)(3), but including amounts contributed

pursuant to a salary reduction agreement which are excludable from the employee's gross income under Code Sections 125, 402(e)(3), 402(h) or 403(b),

ii. immediate participation, and

iii. full and immediate vesting; and

2. leased employees do not constitute more than twenty percent (20%) of the recipient Employer's non-highly compensated workforce.

13. **"Participant"** means any Eligible Employee who has satisfied the requirements of the Section titled: "Eligibility" and has not for any reason become ineligible to participate further in the HRA.

14. **"Permissible Employee Class(es)"** means the permitted classifications for distinguishing among employees defined by law.

15. **"Plan Year"** means the 12-month period beginning December 01 and ending November 30.

16. **"Premiums"** mean the Participant’s cost for any health plan coverage.

17. **"Qualifying Medical Expenses"** means any expenses as described in the Appendices of this document that meets the definition of "qualified medical expenses" (within the meaning of Code Section 213(d) and as allowed under Code Section 105 and the rulings and Treasury regulations thereunder) of the Participant, the Participant’s spouse or a Dependent and that are not otherwise used by the Participant as a deduction in determining the Participant’s tax liability under the Code or reimbursed under any other health coverage, including a health Flexible Spending Account. If the Employer provides Health Savings Accounts for Participants, Qualifying Medical Expenses reimbursed shall be limited to those allowed under Code Section 223.

II. ARTICLE - PARTICIPATION

01. **Eligibility**

    Any Eligible Employee shall be eligible to participate hereunder on the date such Employee is enrolled in the Employer’s group medical plan.

02. **Effective Date of Participation**

    An Eligible Employee who has satisfied the conditions of eligibility pursuant to the Section titled "Eligibility" shall become a Participant effective on the date such Employee is enrolled in the Employer's group medical plan.

03. **Termination of Participation**

    Terminated Employees may not continue to participate in the HRA, and any unused amounts shall be forfeited. In the case of the death of the Participant, any remaining balances may only be paid out as reimbursements for Qualifying Medical Expenses as stated in the Section titled: "Health Reimbursement Arrangement Claims" under the Article titled: "Benefits" and shall not constitute a death benefit to the Participant's estate and/or the Participant's beneficiaries. A Participant shall be permitted at least annually to opt out of the HRA and waive future reimbursements from the HRA.

III. ARTICLE - BENEFITS

01. **Establishment of HRA**

a. The HRA is intended to qualify as a Health Reimbursement Arrangement under Code Section 105 and shall be interpreted in a manner consistent with such Code Section and the Treasury regulations thereunder.

b. Participants in this Health Reimbursement Arrangement will have claims submitted by the group Health Plan Carrier for Qualifying Medical Expenses as defined under the HRA.

c. The Employer shall make available to Participant an Employer Contribution in the amounts listed in the Appendices of this document.

The amounts provided to the HRA by The Employer will be made available on the first day of the plan year.

d. This HRA shall not be coordinated or otherwise connected to the Employer's cafeteria plan (as defined in Code Section 125), except as permitted by the Code and the Treasury regulations thereunder in order for this HRA to be maintained as a Health Reimbursement Arrangement. No salary reduction contributions may be made to this Health Reimbursement Arrangement.

e. If the Employer maintains Health Savings Accounts for Participants, this Arrangement shall be operated in accordance with the restrictions under Code Section 223.

02. **Debit Cards**

Participants may, subject to a procedure established by the Administrator and applied in a uniform nondiscriminatory manner, use debit and/or credit (stored value) cards ("cards") provided by the Administrator and the HRA for payment of prescription drugs from a pharmacy, subject to the following terms:

a. Card only for prescriptions. Each Participant issued a card shall certify that such card shall only be used for prescription drug expenses. The Participant shall also certify that any prescription expense paid with the card has not already been reimbursed by any other plan covering health benefits and that the Participant will not seek reimbursement from any other plan covering health benefits.

b. Card issuance. Such card shall be issued on the Participant's Effective Date of Participation and reissued or remain in effect for each Plan Year the Participant remains a Participant in the HRA. Such card shall be automatically cancelled upon the Participant's death or termination of employment, or if such Participant has a change in status that results in the Participant's withdrawal from the HRA.

c. Maximum dollar amount available. The maximum dollar amount of coverage available shall be the maximum amount for the Plan Year as set forth in the Appendices of this document.

d. Only available for use with certain service providers. The cards may only be used at pharmacy locations as have been approved by the Administrator.

e. Substantiation. All purchases with the cards shall be subject to substantiation by the Administrator, usually by submission of a receipt from a provider describing the product or service, the date and the amount. The Administrator shall also follow the requirements set forth in Revenue Ruling 2003-43 and Notice 2006-69. All charges shall be conditional pending confirmation and substantiation.

f. Correction methods. If a purchase is later determined by the Administrator to not qualify as described in this section, the Administrator, in its discretion, shall use one of the following correction methods to make the HRA whole. Until the amount is repaid, the Administrator may take further action to ensure that further violations of the terms of the card do not occur, up to and including denial of access to the card.

1. Repayment of the improper amount by the Participant;

2. Withholding the improper payment from the Participant's wages or other compensation to the extent consistent with applicable federal or state law;

3. Claims substitution or offset of future claims until the amount is repaid; and

4. If subsections (1) through (3) fail to recover the amount, consistent with the Employer's business practices, the Employer may treat the amount as any other business indebtedness.

03. **Nondiscrimination Requirements**

a. It is the intent of this Health Reimbursement Arrangement to not discriminate in violation of the Code and the Treasury regulations thereunder.

b. If the Administrator deems it necessary in order to avoid discrimination under this Health Reimbursement Arrangement, it may, but shall not be required to reduce benefits provided to "highly compensated individuals" (as defined in Code Section 105(h)) in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner.

04. **Health Reimbursement Arrangement Claims**

a. The group Health Plan Carrier will submit all claims to the Claims Administrator for processing. The Claims Administrator will process your claims according to your Employer's HRA plan design then send your Provider a check for the amount that is eligible for reimbursement through this HRA. You are responsible to pay your Provider for billed amounts not covered by this HRA.

b. Claims of Qualifying Medical Expenses incurred in any Coverage Period shall be paid as soon after a claim has been received as administratively practicable. If any claim is not submitted within 180 days immediately following the end of the Coverage Period (that is, by 05/29), those Medical Expense claims shall not be eligible for reimbursement by the Administrator.

c. Payments under this HRA shall be made directly to the Provider.

d. Reimbursement requests for Terminated Employees must be received within 180 days following the date of termination, or remaining funds will be forfeited.

05. **Recovery of Excess or Mistaken Payments**

If any reimbursement or other payment made under this HRA Plan is subsequently found to have been excessive or made in error, the Plan shall notify the Participant and be entitled to recover the amount of such mistaken payments in accordance with the procedures set forth in this subsection. The Administrator and the Employer shall pursue recovery of mistaken payments utilizing one or more of the following correction methods: (a) Require the Participant or other person receiving the mistaken payment to reimburse the Plan for the amount of the mistaken payment; (b) If the HRA Administrator and the Employer are unable to obtain repayment per (a) above, deny the Participant reimbursement of subsequently submitted claims incurred during the same Plan Year until the amount of the mistaken payment is fully recovered by the Plan; or (c) Take such other action that the HRA Administrator and Employer reasonably deem necessary to ensure recovery of mistaken payments and that such mistaken payments do not recur. If none of the above correction methods are successful in recovering a mistaken payment, the Employer, consistent with its business practice, may treat the amount owed by the Employee as it would any other business debt. To the extent the Employer forgives the debt after requesting payment consistent with collection procedures for other business debt, the Employer shall report the amount of the mistaken payment to the Employee and IRS as taxable wages. Any of the above correction methods shall be pursued only in accordance with and to the extent permitted by applicable law.

IV. ARTICLE - ERISA PROVISIONS

01. **Claim for Benefits**

Any claim for Benefits shall be made to the Administrator. The following time frames for claims and the rules below apply:

Notification of whether claim is accepted or denied	30 days
Extension due to matters beyond the control of the Plan	15 days

Insufficient information on the claim:

Notification of	15 days
Response by Participant	45 days
Review of claim denial	60 days

The Administrator will provide written or electronic notification of all claim denials. The notice will state:

1. Information sufficient to identify the claim involved, including the date of service, the health care provider, the claim amount (if applicable), the diagnosis code and its corresponding meaning, and the treatment code and its corresponding meaning.
2. The specific reason or reasons for the adverse determination.
3. Reference to the specific HRA provisions on which the determination is based.
4. A description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary.
5. A description of the HRA's internal review procedures and time limits applicable to such procedures, available external review procedures, as well as the claimant’s right to bring a civil action under Section 502 of ERISA following a final appeal decision.
6. That upon request and free of charge, the following will be provided: a copy of any internal rule, guideline, protocol or other similar criterion that was relied upon in making the adverse determination regarding the claim, and an explanation of the scientific or clinical judgment for a determination that is based on a medical necessity, experimental treatment or other similar exclusion or limit.
7. In the case of a claim involving urgent care, a description of the expedited review process applicable to such claim.
8. The availability of and contact information for an applicable office of health insurance consumer assistance or ombudsman established under PHS Act Section 2793.

When the Participant receives a notice of a decision of denial, the Participant shall have 180 days following receipt of the notification within which to appeal the decision. The Participant may submit written comments, documents, records, and other information relating to the Claim. If the Participant requests, the Participant shall be provided, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claim.

The period of time within which a denial on review is required to be made will begin at the time an appeal is filed in accordance with the procedures of the HRA. This timing is without regard to whether all the necessary information accompanies the filing.

A document, record, or other information shall be considered relevant to a Claim if it:

1. was relied upon in making the claim determination;
2. was submitted, considered, or generated in the course of making the claim determination, without regard to whether it was relied upon in making the claim determination;
3. demonstrated compliance with the administrative processes and safeguards designed to ensure and to verify that claim determinations are made in accordance with HRA documents and that HRA provisions have been applied consistently with respect to all claimants; or
4. constituted a statement of policy or guidance with respect to the HRA concerning the denied claim.

The review will take into account all comments, documents, records, and other information

submitted by the claimant relating to the Claim, without regard to whether such information was submitted or considered in the initial claim determination. The review will not afford deference to the initial denial and will be conducted by a fiduciary of the HRA who is neither the individual who made the adverse determination nor a subordinate of that individual.

After receiving notice of an adverse benefit determination or a final internal adverse benefit determination, a claimant may file with the HRA a request for an external review. A claimant may request from the Administrator additional information describing the HRA's external review procedure.

02. **Named Fiduciary**

The "named Fiduciaries" of this HRA are (1) the Employer and (2) the Administrator. The named Fiduciaries shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under the HRA including, but not limited to, any agreement allocating or delegating their responsibilities, the terms of which are incorporated herein by reference. In general, the Employer shall have the sole responsibility for providing benefits under the HRA; and shall have the sole authority to appoint and remove the Administrator; and to amend or terminate, in whole or in part, the HRA. The Administrator shall have the sole responsibility for the administration of the HRA, which responsibility is specifically described in the HRA. Furthermore, each named Fiduciary may rely upon any such direction, information or action of another named Fiduciary as being proper under the HRA, and is not required under the HRA to inquire into the propriety of any such direction, information or action. It is intended under the HRA that each named Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under the HRA. Any person or group may serve in more than one Fiduciary capacity.

03. **General Fiduciary Responsibilities**

The Administrator and any other fiduciary under ERISA shall discharge their duties with respect to this HRA solely in the interest of the Participants and their beneficiaries and

a. for the exclusive purpose of providing Benefits to Participants and their beneficiaries and defraying reasonable expenses of administering the HRA;

b. with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

c. in accordance with ERISA and the documents and instruments governing the HRA, insofar as such documents and instruments are consistent with ERISA.

04. **Nonassignability of Rights**

The right of any Participant to receive any reimbursement under the HRA shall not be alienable by the Participant by assignment or any other method, and shall not be subject to the rights of creditors, and any attempt to cause such right to be so subjected shall not be recognized, except to such extent as may be required by law.

V. ARTICLE - ADMINISTRATION

01. **HRA Administration**

The operation of the HRA shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the HRA is carried out in accordance with its terms, and for the exclusive benefit of Eligible Employees entitled to participate in the HRA. The Administrator shall have full power to administer the HRA in all of its details, subject, however, to the pertinent provisions of ERISA and the Code. The Administrator's powers shall include, but shall not be limited to the following authority, in addition to all other powers provided by this HRA:

a. To make and enforce such rules and regulations as the Administrator deems necessary or proper for the efficient administration of the HRA;

b. To interpret the HRA, the Administrator's interpretations thereof in good faith to be final and conclusive on all persons claiming benefits under the HRA;

c. To decide all questions concerning the HRA and the eligibility of any person to participate in the HRA and to receive benefits provided under the HRA;

d. To limit benefits for certain highly compensated individuals if it deems such to be desirable in order to avoid discrimination under the HRA in violation of the applicable provisions of the Code;

e. To approve reimbursement requests and to authorize the payment of benefits;

f. To appoint such agents, counsel, accountants, consultants, and actuaries as may be required to assist in administering the HRA; and

g. To establish and communicate procedures to determine whether a medical child support order is qualified under ERISA Section 609.

Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the HRA shall continue to comply with the terms of Code Section 105(h) and the Treasury regulations thereunder.

02. **Examination of Records**

The Administrator shall make available to each Participant, Eligible Employee and any other Employee of the Employer, for examination at reasonable times during normal business hours, such records as pertain to that person's interest under the HRA.

03. **Indemnification of Administrator**

The Employer agrees to indemnify and to defend to the fullest extent permitted by law any Employee serving as the Administrator or as a member of a committee designated as Administrator (including any Employee or former Employee who previously served as Administrator or as a member of such committee) against all liabilities, damages, costs and expenses (including attorney's fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the HRA, if such act or omission is or was in good faith.

VI. ARTICLE - AMENDMENT OR TERMINATION OF HRA

01. **Amendment**

The Employer, at any time or from time to time, may amend any or all of the provisions of the HRA without the consent of any Employee or Participant.

02. **Termination**

The Employer is establishing this HRA with the intent that it will be maintained for an indefinite period of time. Notwithstanding the foregoing, the Employer reserves the right to terminate the HRA, in whole or in part, at any time. In the event the HRA is terminated, no further reimbursements shall be made.

VII. ARTICLE - MISCELLANEOUS

01. **Adoption by Other Employers**

Notwithstanding anything herein to the contrary, and with the consent of the Employer, any other corporation or entity, whether an affiliate or subsidiary or not, may adopt this HRA and all of the provisions hereof, and participate herein and be known as a "Participating Employer", by a properly executed document evidencing said intent and will of such Participating Employer.

02. **HRA Interpretation**

All provisions of this HRA shall be interpreted and applied in a uniform, nondiscriminatory manner. This HRA shall be read in its entirety and not severed except as provided in the Section titled: "Severability".

03. **Gender and Number**

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

04. **Written Document**

This HRA, in conjunction with any separate written document which may be required by law, is intended to satisfy the written HRA requirement of Code Section 105 and any Treasury regulations thereunder.

05. **Exclusive Benefit**

This HRA shall be maintained for the exclusive benefit of the Employees who participate in the HRA.

06. **Not Employment Contract**

This HRA shall not be deemed to constitute an employment contract between the Employer and any Participant or Employee, or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this HRA shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this HRA.

07. **Action by the Employer**

Whenever the Employer under the terms of the HRA is permitted or required to do or perform any act or matter or thing, it shall be done and performed by an authorized representative of the Employer.

08. **No Guarantee of Tax Consequences**

Neither the Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the HRA will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment under the HRA is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Employer if the Participant has reason to believe that any such payment is not so excludable. Notwithstanding the foregoing, the rights of Participants under this HRA shall be legally enforceable.

09. **Indemnification of Employer by Participants**

If any Participant receives one or more payments or reimbursements under the HRA that are not for a permitted Medical Expense such Participant shall indemnify and reimburse the Employer for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payments or reimbursements. However, such indemnification and reimbursement shall not exceed the amount of additional federal and state income tax (plus any penalties) that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, plus the Participant's share of any Social Security tax that would have been paid on such compensation, less any such additional income and Social Security tax actually paid by the Participant.

10. **Funding**

Unless otherwise required by law, amounts made available by the Employer need not be placed in

trust, but may instead be considered general assets of the Employer. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Employer or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Employer from which any payment under the HRA may be made.

11. **Governing Law**

    This HRA and Trust shall be construed and enforced according to the Code , ERISA, and the laws of the state of New York, other than its laws respecting choice of law, to the extent not pre-empted by ERISA.

12. **Severability**

    If any provision of the HRA is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the HRA, and the HRA shall be construed and enforced as if such provision had not been included herein.

13. **Headings**

    The headings and subheadings of this HRA have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

14. **Continuation of Coverage**

    Notwithstanding anything in the HRA to the contrary, in the event any benefit under this HRA subject to the continuation coverage requirement of Code Section 4980B becomes unavailable, each qualified beneficiary (as defined in Code Section 4980B) will be entitled to continuation coverage as prescribed in Code Section 4980B.

15. **Health Insurance Portability and Accountability Act**

    Notwithstanding anything in this HRA to the contrary, this HRA shall be operated in accordance with HIPAA and the regulations thereunder.

16. **Uniformed Services Employment and Reemployment Rights Act**

    Notwithstanding any provision of this HRA to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with USERRA and the regulations thereunder.

17. **HIPAA Privacy Standards**

    a. If this HRA is subject to the Standards for Privacy of Individually Identifiable Health Information (45 CFR Part 164, the "Privacy Standards"), then this Section shall apply.

    b. The HRA shall not disclose Protected Health Information to any member of Employer's workforce unless each of the conditions set out in this Section is met. "Protected Health Information" shall have the same definition as set forth in the Privacy Standards but generally shall mean individually identifiable information about the past, present or future physical or mental health or condition of an individual, including information about treatment or payment for treatment.

    c. Protected Health Information disclosed to members of Employer's workforce shall be used or disclosed by them only for purposes of HRA administrative functions. The HRA's administrative functions shall include all HRA payment functions and health care operations. The terms "payment" and "health care operations" shall have the same definitions as set out in the Privacy Standards, but the term "payment" generally shall mean activities taken to determine or fulfill HRA responsibilities with respect to eligibility, coverage, provision of benefits, or reimbursement for health care.

    d. The HRA shall disclose Protected Health Information only to members of the Employer's workforce who are authorized to receive such Protected Health Information, and only to the extent and in the minimum amount necessary for that person to perform his or her duties with respect to the HRA. "Members of the Employer's workforce" shall refer to all Employees and other persons under the control of the Employer. The Employer shall keep an updated list of those authorized to receive Protected Health Information.

        1. An authorized member of the Employer's workforce who receives Protected Health Information shall use or disclose the Protected Health Information only to the extent necessary to perform his or her duties with respect to the HRA.

        2. In the event that any member of the Employer's workforce uses or discloses Protected Health Information other than as permitted by this Section and the Privacy Standards, the incident shall be reported to the HRA's privacy officer. The privacy officer, or the

Employer, shall take appropriate action, including:

i. investigation of the incident to determine whether the breach occurred inadvertently, through negligence or deliberately; whether there is a pattern of breaches; and the degree of harm caused by the breach;

ii. appropriate sanctions against the persons causing the breach which, depending upon the nature of the breach, may include oral or written reprimand, additional training, or termination of employment;

iii. mitigation of any harm caused by the breach, to the extent practicable; and

iv. documentation of the incident and all actions taken to resolve the issue and mitigate any damages.

e. The Employer must provide certification to the HRA that it agrees to:

1. Not use or further disclose Protected Health Information other than as permitted or required by the HRA documents or as required by law;

2. Ensure that any agent or subcontractor to whom it provides Protected Health Information received from the HRA, agrees to the same restrictions and conditions that apply to the Employer with respect to such information;

3. Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or Employee benefit plan of the Employer;

4. Report to the HRA any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by this Section, or required by law;

5. Make available Protected Health Information to individual HRA members in accordance with Section 164.524 of the Privacy Standards;

6. Make available Protected Health Information for amendment by individual HRA members and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;

7. Make available the Protected Health Information required to provide an accounting of disclosures to individual HRA members in accordance with Section 164.528 of the Privacy Standards;

8. Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the HRA available to the Department of Health and Human Services for purposes of determining compliance by the HRA with the Privacy Standards;

9. If feasible, return or destroy all Protected Health Information received from the HRA that the Employer still maintains in any form, and retain no copies of such information, when no longer needed for the purpose for which disclosure was made, or, if and only if such return or destruction is not feasible, limit further uses and disclosures to those permitted purposes that make the return or destruction of the information infeasible; and

10. Ensure adequate separation between the HRA and members of the Employer's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy Standards and set out in (d) above.

18. **HIPAA Electronic Security Standards**

If this HRA is subject to the Security Standards for the Protection of Electronic Protected Health Information (45 CFR Part 164.300 et. seq., the "Security Standards"), then this Section shall apply as follows:

a. The Employer agrees to implement reasonable and appropriate administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of Electronic Protected Health Information that the Employer creates, maintains or transmits on behalf of the HRA. "Electronic Protected Health Information" shall have the same definition as set out in the Security Standards, but generally shall mean Protected Health Information that is transmitted by or maintained in electronic media.

b. The Employer shall ensure that any agent or subcontractor to whom it provides Electronic Protected Health Information shall agree, in writing, to implement reasonable and appropriate security measures to protect the Electronic Protected Health Information.

c. The Employer shall ensure that reasonable and appropriate security measures are

implemented to comply with the conditions and requirements set forth in the Section titled: "HIPAA Privacy Standards".

d. The HRA shall not disclose Protected Health Information to any member of Employer's workforce unless each of the conditions set out in this Section is met. "Protected Health Information" shall have the same definition as set forth in the Privacy Standards but generally shall mean individually identifiable information about the past, present or future physical or mental health or condition of an individual, including information about treatment or payment for treatment.

e. Protected Health Information disclosed to members of Employer's workforce shall be used or disclosed by them only for purposes of HRA administrative functions. The HRA's administrative functions shall include all HRA payment functions and health care operations. The terms "payment" and "health care operations" shall have the same definitions as set out in the Privacy Standards, but the term "payment" generally shall mean activities taken to determine or fulfill HRA responsibilities with respect to eligibility, coverage, provision of benefits, or reimbursement for health care.

f. The HRA shall disclose Protected Health Information only to members of the Employer's workforce, who are authorized to receive such Protected Health Information, and only to the extent and in the minimum amount necessary for that person to perform his or her duties with respect to the HRA. "Members of the Employer's workforce" shall refer to all Employees and other persons under the control of the Employer. The Employer shall keep an updated list of those authorized to receive Protected Health Information.

    1. An authorized member of the Employer's workforce who receives Protected Health Information shall use or disclose the Protected Health Information only to the extent necessary to perform his or her duties with respect to the HRA.

    2. In the event that any member of the Employer's workforce uses or discloses Protected Health Information other than as permitted by this Section and the Privacy Standards, the incident shall be reported to the HRA's privacy officer. The privacy officer, or the Employer, shall take appropriate action, including:

        i. investigation of the incident to determine whether the breach occurred inadvertently, through negligence or deliberately; whether there is a pattern of breaches; and the degree of harm caused by the breach;

        ii. appropriate sanctions against the persons causing the breach which, depending upon the nature of the breach, may include oral or written reprimand, additional training, or termination of employment;

        iii. mitigation of any harm caused by the breach, to the extent practicable; and

        iv. documentation of the incident and all actions taken to resolve the issue and mitigate any damages.

g. The Employer must provide certification to the HRA that it agrees to:

    1. Not use or further disclose Personal Health Information other than as permitted or required by the HRA documents or as required by law;

    2. Ensure that any agent or subcontractor, to whom it provides Protected Health Information received from the HRA, agrees to the same restrictions and conditions that apply to the Employer with respect to such information;

    3. Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or Employee benefit plan of the Employer;

    4. Report to the HRA any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by this Section, or required by law;

    5. Make available Protected Health Information to individual HRA members in accordance with Section 164.524 of the Privacy Standards;

    6. Make available Protected Health Information for amendment by individual HRA members and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;

    7. Make available the Protected Health Information required to provide an accounting of disclosures to individual HRA members in accordance with Section 164.528 of the Privacy Standards;

8. Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the HRA available to the Department of Health and Human Services for purposes of determining compliance by the HRA with the Privacy Standards;

9. If feasible, return or destroy all Protected Health Information received from the HRA that the Employer still maintains in any form, and retain no copies of such information when no longer needed for the purpose for which disclosure was made, or, if and only if such return or destruction is not feasible, limit further uses and disclosures to those permitted purposes that make the return or destruction of the information infeasible; and

10. Ensure the adequate separation between the HRA and members of the Employer's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy Standards and set out in (d) above.

Appendix A - HRA Plan Benefit

Employee Class
- Individual

Qualified benefits
- Deductible for medical plan
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Plan Coverage
- Medical

Reimbursement Schedule
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Unused HRA Funds
- Unused benefits at the end of the coverage period shall be forfeited.

Appendix A - HRA Plan Benefit

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Unused HRA Funds
- Unused benefits at the end of the coverage period shall be forfeited.

Execution Agreement

IN WITNESS WHEREOF, Town of Washington has caused its authorized officer to execute this amended and restated Plan document as of _____, the same to be effective **December 01, 2021**, unless otherwise indicated herein.

Town of Washington

By: _____

Name: _____

Title: _____

CERTIFICATE OF RESOLUTION

The undersigned authorized representative of **Town of Washington** (the Employer) hereby certifies that the following resolutions were duly adopted by the governing body of the Employer on _____, and that such resolutions have not been modified or rescinded as of the date hereof:

RESOLVED, that the form of amended and restated Welfare Benefit Plan, effective December 01, 2021, presented to this meeting (and a copy of which is attached hereto) is hereby approved and adopted, and that the proper agents of the Employer are hereby authorized and directed to execute and deliver to the Administrator of said Plan one or more counterparts of the Plan.

RESOLVED, that the Administrator shall be instructed to take such actions that the Administrator deems necessary and proper in order to implement the Plan, and to set up adequate accounting and administrative procedures for the provision of benefits under the Plan.

RESOLVED, that the proper agents of the Employer shall act as soon as possible to notify the employees of the Employer of the adoption of the Plan and to deliver to each employee a copy of the Summary Plan Description of the Plan, which Summary Plan Description is attached hereto and is hereby approved.

The undersigned further certifies that attached hereto as Exhibits, are true copies of Town of Washington's Benefit Plan Document and Summary Plan Description approved and adopted at this meeting.

Town of Washington

By: _____

Name: _____

Title: _____

Town of Washington

Town of Washington
10 Reservoir Drive
Millbrook, NY 12545

Town of Washington HRA Plan

Summary Plan Description

Amended and Restated December 01, 2021

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IV. ADDITIONAL HRA INFORMATION

01. Your Rights Under ERISA
02. How Claims Are Submitted

INTRODUCTION

This is the Summary Plan Description (the "SPD") for the Town of Washington HRA Plan, a Health Reimbursement Arrangement (the "HRA"). This SPD summarizes your rights and obligations as a participant (or beneficiary) in the HRA.

Read this SPD carefully so that you understand the provisions of our HRA and the benefits you will receive. You should direct any questions you have to the Plan Administrator. There is a plan document on file, which you may review if you desire. In the event there is a conflict between this SPD and the plan document, the plan document will control.

I. ELIGIBILITY

01. **What Are the Eligibility Requirements for this HRA?**

    You will be automatically enrolled in the HRA when you enroll in the Employer's group medical plan, unless you have opted out of the HRA.

02. **When is My Entry Date?**

    Your entry date is the date you satisfy the eligibility requirements of and enroll in the Employer's group medical plan.

03. **Are There Any Employees Who Are Not Eligible?**

    Yes, employees who are not eligible to receive medical benefits under the group medical plan, or who are not enrolled in that plan, are not eligible to join the HRA.

II. BENEFITS

01. **What Benefits Are Available?**

    The HRA allows for reimbursement for expenses as described in the Appendices of this document. The expenses that qualify are those permitted by Section 213(d) of the Internal Revenue Code.

    The amounts provided to the HRA by your employer will be made available on the first day of the plan year.

    Expenses are considered "incurred" when the service is performed, not necessarily when it is paid for. Any amounts reimbursed under the HRA may not be claimed as a deduction on your personal income tax return or reimbursed by other health plan coverage.

    If the maximum amount available for reimbursement for a Coverage Period is not utilized in its entirety, refer to Appendix A for information on how these funds will be handled.

02. **What is the "Plan Year"?**

    The "Plan Year" begins December 01 and ends November 30.

03. **What is the "Coverage Period"?**

    The period of the current "Coverage Period" in which the individual is an eligible employee on or after his or her plan entry date.

04. **How are payments made from the HRA?**

    The group Health Plan Carrier will submit requests for reimbursement of expenses you have incurred during the course of a Coverage Period for Qualified Medical Expenses as described in Appendix A. All claims need to be submitted for reimbursements no later than 180 days after the end of the Coverage Period (that is, no later than 05/29). If the request qualifies as a benefit or expense that the HRA has agreed to pay, the claims processor will pay your Provider direct. You are responsible to pay your Provider for any expenses not covered by this HRA.

    Remember, reimbursements made from the HRA are generally not subject to federal income tax or withholding. Nor are they subject to Social Security taxes.

05. **What Happens If I Terminate Employment?**

    If your employment is terminated during the Plan Year for any reason, your participation in the HRA will cease on the date of your termination, and you will not be eligible to be reimbursed for any expenses incurred past that date. You must submit claims for any expenses incurred prior to your termination of employment within 180 days after you terminate employment. Any unused amounts will be forfeited.

06. **Uniformed Services Employment and Reemployment Rights Act (USERRA)**

    If you are going into or returning from military service, the Uniformed Services Employment and Reemployment Rights Act of 1994 may give you special rights to health care coverage under the HRA. These rights can include extended health care coverage. If you may be affected by this law, ask your Plan Administrator for further details.

07. **Newborn and Mothers Health Protection Act**

    Group health plans generally may not, under Federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, Federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under Federal law, require that a provider obtain authorization from the HRA or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

08. **Qualified Medical Child Support Order**

    A medical child support order is a judgment, decree or order (including approval of a property settlement) made under state law that provides for child support or health coverage for the child of a participant. The child becomes an "alternate recipient" and can receive benefits under the health plans of the Employer, if the order is determined to be "qualified." You may obtain, without charge, a copy of the procedures governing the determination of qualified medical child support orders from the Plan Administrator.

III. GENERAL INFORMATION ABOUT OUR HRA

This Section contains certain general information, which you may need to know about the HRA.

01. **General HRA Information**

"Town of Washington HRA Plan" is the name of the Plan.

Your Employer has assigned Plan Number 515 to your Plan.

This HRA is integrated with a group health plan entitled the "Town of Washington Health Plan ", which has been assigned policy number 424492.

The company amends and restates this Plan as of December 01, 2021 with an original effective date of December 01, 2015.

Your Plan's records are maintained on the basis of a period of time known as the "Plan Year." The Plan Year begins on December 01 and ends November 30 (the "Plan Year").

02. **Employer Information**

Your Employer's name, address, and identification number are:

Town of Washington
10 Reservoir Drive
Millbrook, NY 12545
EIN: 14-6002492

03. **Plan Administrator Information**

The name and address of your Plan Administrator are:

MVP Health Care
PO Box 2207
Schenectady, NY 12301

The Plan Administrator will also answer any questions you may have about our HRA. The Plan Administrator has the exclusive right to interpret the appropriate HRA provisions. Decisions of the Plan Administrator are conclusive and binding. You may contact the Plan Administrator for any further information about the HRA.

04. **Agent for Service of Legal Process**

Should it ever be necessary, you or your personal representative may serve legal process on the agent for service of legal process for the HRA. The HRA Agent of Service is:

Town of Washington
10 Reservoir Drive
Millbrook, NY 12545

Legal process may also be served on the Plan Administrator.

05. **Type of Administration**

The HRA is a health reimbursement arrangement. The HRA is not funded or insured. Benefits are paid from the general assets of the Employer.

06. **Claims Administrator Information**

The name and address of your Claims Administrator are:

MVP Health Care
PO Box 2207
Schenectady, NY 12301

The Claims Administrator keeps the claims records for the HRA and is responsible for the claims administration of the HRA. The Claims Administrator will also answer any claims-related questions you may have about the HRA.

IV. ADDITIONAL HRA INFORMATION

01. **Your Rights Under ERISA**

HRA Participants, eligible employees and all other employees of the Employer may be entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. These laws provide that Participants, eligible employees and all other employees are entitled to:

a. Examine, without charge, at the Plan Administrator's office, all HRA documents, including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the HRA with the U.S. Department of Labor (also, available at the Public Disclosure Room of the Employee Benefits Security Administration).

b. Obtain copies of all HRA documents and other HRA information upon written request to the Plan Administrator. The Plan Administrator may charge a reasonable fee for the copies.

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time frames.

If you have a claim for benefits, which is denied or ignored, in whole or in part, you may file suit in a state or Federal court; provided, such suit may be filed only after the plan's review procedures described herein have been exhausted and only if filed within 90 days after the final decision on review is provided, or, if a later date is specified in a booklet, certificate or other documentation for a particular Welfare Program, only if filed by such later date.

Under ERISA there are steps you can take to enforce the above rights. For instance, if you request materials from the HRA and do not receive them within thirty (30) days, you may file suit in a Federal court. In such a case, the court may request the Plan Administrator to provide the materials and pay you up to $112 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits, which is denied or ignored, in whole or in part, you may file suit in a state or Federal court.

In addition, if a HRA Participant disagrees with the HRA's decision or lack thereof concerning the qualified status of a medical child support order, he or she may file suit in federal court.

In addition to creating rights for HRA Participants, ERISA imposes obligations upon the individuals who are responsible for the operation of the HRA. The individuals who operate the HRA, called "fiduciaries" of the HRA, have a duty to do so prudently and in the interests of the HRA Participants and their beneficiaries. No one, including the Employer or any other person, may fire a HRA Participant or otherwise discriminate against a HRA Participant in any way to prevent the HRA Participant from obtaining benefits under the HRA or from exercising his or her rights under ERISA.

If it should happen that HRA fiduciaries misuse the HRA's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees; for example, if it finds your claim is frivolous.

If you have any questions about the HRA, you should contact the Plan Administrator. If you have any questions about your rights under ERISA or the Health Insurance Portability and Accountability Act (HIPAA), or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

02. **How claims are submitted**

Your group Health Plan Carrier will submit all claims to the Claims Processor for processing. All claims with be processed in accordance with the HRA plan design contained in Appendix A of this document.

A Claim is defined as any request for a HRA benefit, made by a claimant or by a representative of a claimant that complies with the HRA's reasonable procedure for making benefit Claims. The times listed are maximum times only. A period of time begins at the time the Claim is filed. Unless otherwise specified, decisions will be made within a reasonable period of time appropriate to the circumstances. "Days" means calendar days.

Notification of whether claim is accepted or denied	30 days
Extension due to matters beyond the control of the Plan	15 days

Insufficient information on the claim:

Notification of	15 days
Response by Participant	45 days
Review of claim denial	60 days

The Claims Administrator will provide written or electronic notification of any Claim denial. The notice will state:

1. Information sufficient to identify the claim involved, including the date of service, the health care provider, the claim amount (if applicable), the diagnosis code and its corresponding meaning, and the treatment code and its corresponding meaning.
2. The specific reason or reasons for the adverse determination.
3. Reference to the specific HRA or Welfare Program provisions on which the determination is based.
4. A description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary.
5. A description of the HRA's internal review procedures and time limits applicable to such procedures, available external review procedures, as well as the claimant's right to bring a civil action under Section 502 of ERISA following a final appeal.
6. Upon request and free of charge, a copy of any internal rule, guideline, protocol or other similar criterion that was relied upon in making the adverse determination regarding the claim, and an explanation of the scientific or clinical judgment for a determination that is based on a medical necessity, experimental treatment or other similar exclusion or limit.
7. In the case of a claim involving urgent care, a description of the expedited review process applicable to such claim.
8. The availability of and contact information for an applicable office of health insurance consumer assistance or ombudsman established under PHS Act Section 2793.

When you receive a denial, you will have 180 days following receipt of the notification in which to appeal the decision to the Claims Administrator. You may submit written comments, documents, records, and other information relating to the Claim. If you request, you will be provided, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claim.

The period of time within which a denial on review is required to be made will begin at the time an appeal is filed in accordance with the procedures of the HRA. This timing is without regard to whether all the necessary information accompanies the filing.

A document, record, or other information shall be considered relevant to a Claim if it:

1. was relied upon in making the Claim determination;
2. was submitted, considered, or generated in the course of making the Claim determination, without regard to whether it was relied upon in making the Claim determination;
3. demonstrated compliance with the administrative processes and safeguards designed to ensure and to verify that Claim determinations are made in accordance with HRA documents and HRA provisions have been applied consistently with respect to all claimants;
4. or constituted a statement of policy or guidance with respect to the HRA concerning the denied Claim.

The review will take into account all comments, documents, records, and other information submitted by the claimant relating to the Claim, without regard to whether such information was submitted or considered in the initial Claim determination. The review will not afford deference to the initial denial and will be conducted by a fiduciary of the HRA who is neither the individual who made the adverse determination nor a subordinate of that individual.

After receiving notice of an adverse benefit determination or a final internal adverse benefit determination, a claimant may file with the HRA a request for an external review. A claimant may request from the Plan Administrator additional information describing the HRA's external review procedure.

IF YOU HAVE QUESTIONS

For more information about your rights under the Employee Retirement Income Security Act of 1974 (ERISA), including the Patient Protection and Affordable Care Act and other laws affecting group health plans, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at www.dol.gov/ebsa or call their toll-free number at 1-866-444-3272.

For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.

KEEP YOUR PLAN ADMINISTRATOR INFORMED OF ADDRESS CHANGES

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator or its designee.

Appendix A - HRA Plan Benefit

Employee Class
- Individual

Qualified benefits
- Deductible for medical plan
- Rx drugs - Health (prescriptions)

Plan Coverage
- Medical

Reimbursement Schedule
- The HRA will pay $5,550.00 of qualifying expenses up to a max benefit limit of $5,550.00.

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SAMPLE NOTICE for Eligible Employees

Must be provided 90 days in advance of beginning of plan year to each eligible employee, or when newly eligible.

This notice is intended to inform you of the Health Reimbursement Arrangement provided by _____ Company for eligible employees as of the new benefit year, _____.

The Reimbursement Amount for the _____ benefit year is:

Employee	$_____
Employee & Spouse	$_____
Employee & Child(ren)	$_____
Family	$_____

A Participant must submit a claim and appropriate documentation (e.g. explanation of benefits, itemized bill) for out-of-pocket, Medical, Dental, Vision expenses before he/she can be reimbursed.

Pursuant to IRS regulations, a Participant/Employee must notify the Marketplace, Health Insurance exchange or state-based exchange for any employee applying for advance payment of premium assistance tax credit of this benefit information.

Details of this benefit will be included in the Employee's W-2 provided by the Employer and as required, will be reported to the IRS for each employee covered under the benefit.

Important Notice to Participants/Employees: If an employee is not covered under minimum essential coverage for any month during this benefit year, the participant may be subject to tax under Section 5000A of IRC, for such month and reimbursements under the HRA arrangement may be includible in gross income.

This benefit is subject to the terms of the Employer's Health Reimbursement Arrangement, as amended from time to time, shall be governed by and construed in accordance with applicable laws.

For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.