

City of Cumberland

- Maryland -

RESOLUTION

No. R2011-07

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF CUMBERLAND, MARYLAND, ADOPTING AN AMENDMENT TO THE CITY OF CUMBERLAND FLEXIBLE SPENDING PLAN TO ENSURE COMPLIANCE WITH HEALTH CARE REFORM AND RECENT LEGISLATION REGULATING OVER-THE-COUNTER DRUGS AND REDEFINING DEPENDENT CHILDREN TO INCLUDE CHILDREN UP TO THE AGE OF 26.

WHEREAS, the Mayor and City Council of Cumberland elect to adopt an Amendment to the “City of Cumberland Flexible Spending Plan” (the Plan) to reflect certain provisions of Health Care Reform and conform to the Affordable Care Act of 2010; and

WHEREAS, the Amendment shall supersede the provisions of the existing Plan to the extent those provision are inconsistent with the provision of this Amendment; and

WHEREAS, the Plan, as amended, shall disallow Over-the-Counter (OTC) drugs, except insulin, from the eligible list of expenses unless prescribed by a doctor, and shall include children up to the age of 26 as allowed dependents, without regard to student statues, marital status, financial dependency, or residency status.

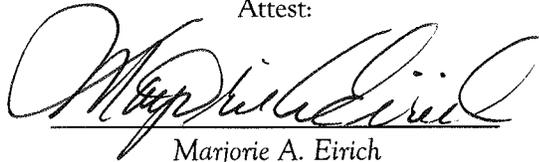
NOW, THEREFORE, BE IT RESOLVED, THAT the “2010 Health Care Reform Provisions Amendment” to the City of Cumberland Flexible Spending Plan, effective June 1, 2011, attached as Exhibit I, presented to this meeting, is hereby approved and adopted; and

BE IT FURTHER RESOLVED, THAT the duly authorized agents of the Mayor and City Council of Cumberland are hereby authorized and directed to execute and deliver to the Administrator of the Plan, one or more counterparts of the amendment.

MAY 10 2011

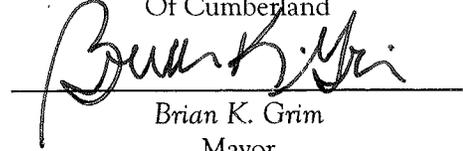
*Given under our Hands and Seals this 10th day of May, 2011, with the
Corporate Seal of the City of Cumberland hereto attached,
duly attested by the City Clerk.*

Attest:



Marjorie A. Eirich
City Clerk

Mayor and City Council
Of Cumberland



Brian K. Grim
Mayor

2010 HEALTH CARE REFORM PROVISIONS AMENDMENT

**ARTICLE I
PREAMBLE**

- 1.1 **Adoption and effective date of amendment.** The Employer adopts this Amendment to

June 1, 2011

(enter name of plan) ("Plan") to reflect certain provisions of the Affordable Care Act of 2010 (the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. The sponsor intends this Amendment as good faith compliance with the requirements of these provisions. This Amendment shall be effective on or after the date the Employer elects in Section 2.1 or 2.2 below.

- 1.2 **Supersession of inconsistent provisions.** This Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.
- 1.3 **Construction.** Except as otherwise provided in this Amendment, any reference to "Section" in this Amendment refers only to sections within this Amendment, and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to any Plan article, section or other numbering designations.

**ARTICLE II
ELECTIONS**

- 2.1 **Effective Date for Article III.** The provisions of Article III, unless otherwise indicated are effective as of January 1, 2011.

**ARTICLE III
MISCELLANEOUS PROVISIONS**

- 3.1 **Change in Reimbursement.** Effective January 1, 2011, the Plan's definition of "Medical Expenses" under the Health Care Reimbursement Arrangement or Health Flexible Spending Account is amended by the addition of the following:

Notwithstanding anything in the Plan to the contrary, a Participant may not be reimbursed for the cost of any medicine or drug that is not "prescribed" within the meaning of Code Section 106(f) or is not insulin.

- 3.2 **Dependent.** The Plan's definition of "Dependent" is amended by the addition of the following:

"Dependent" shall include any child of a Participant who is covered under an Insurance Contract, as defined in the Contract, or under the Health Flexible Spending Account as allowed by reason of the Affordable Care Act.

A Participant's "Child" includes his natural child, stepchild, foster child, adopted child, or a child placed with the Participant for adoption. An Employee's Child will be an eligible Dependent until reaching the limiting age of 26, without regard to student status, marital status, financial dependency or residency status with the Participant or any other person. When the child reaches the applicable limiting age, coverage will end at the end of the calendar year.

The phrase "placed for adoption" refers to a child whom the Participant intends to adopt, whether or not the adoption has become final, who has not attained the age of 18 as of the date of such placement for adoption. The term "placed" means the assumption and retention by such Participant of a legal obligation for total or partial support of the child in anticipation of adoption of the child. The child must be available for adoption and the legal process must have commenced.

- 3.3 **Dependent.** The Plan's Change in Status provisions are amended by the addition of the following:

Notwithstanding anything in this Section to the contrary, the gain of eligibility or change in eligibility of a child up to the end of the year in which a child attains age 26, as allowed under Code Sections 105(b) and 106 and IRS Notice 2010-38, shall qualify as a change in status.

This amendment has been executed this _____ day of _____, **2011**.

Name of Employer: **City of Cumberland**

By: _____
EMPLOYER

2010 HEALTH CARE REFORM PROVISIONS AMENDMENT

ARTICLE I PREAMBLE

- 1.1 **Adoption and effective date of amendment.** The Employer adopts this Amendment to

June 1, 2011

(enter name of plan) ("Plan") to reflect certain provisions of the Affordable Care Act of 2010 (the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. The sponsor intends this Amendment as good faith compliance with the requirements of these provisions. This Amendment shall be effective on or after the date the Employer elects in Section 2.1 or 2.2 below.

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ARTICLE II ELECTIONS

- 2.1 **Effective Date for Article III.** The provisions of Article III, unless otherwise indicated are effective as of January 1, 2011.

ARTICLE III MISCELLANEOUS PROVISIONS

- 3.1 **Change in Reimbursement.** Effective January 1, 2011, the Plan's definition of "Medical Expenses" under the Health Care Reimbursement Arrangement or Health Flexible Spending Account is amended by the addition of the following:

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Notwithstanding anything in this Section to the contrary, the gain of eligibility or change in eligibility of a child up to the end of the year in which a child attains age 26, as allowed under Code Sections 105(b) and 106 and IRS Notice 2010-38, shall qualify as a change in status.

This amendment has been executed this 10th day of May, 2011.

Name of Employer: City of Cumberland

By: Bun K. Hill
EMPLOYER

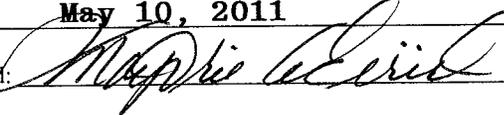
CERTIFICATE OF ADOPTING RESOLUTION

The undersigned authorized representative of City of Cumberland (the Employer) hereby certifies that the following resolutions were duly adopted by Employer on May 10, 2011, and that such resolutions have not been modified or rescinded as of the date hereof;

RESOLVED, that the Amendment to the City of Cumberland Flexible Spending Plan Plan (the Amendment) is hereby approved and adopted, and that an authorized representative of the Employer is hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the amendment.

The undersigned further certifies that attached hereto is a copy of the Amendment approved and adopted in the foregoing resolution.

Date: May 10, 2011

Signed: 

Marjorie A. Eirich, City Clerk

[print name/title]

**SUMMARY OF MATERIAL MODIFICATIONS
for the**

City of Cumberland Flexible Benefit Plan
(Name of Plan)

**I
INTRODUCTION**

This is a Summary of Material Modifications regarding the **City of Cumberland Flexible Benefit Plan** ("Plan"). This is merely a summary of the most important changes to the Plan and information contained in the Summary Plan Description ("SPD") previously provided to you. It supplements and amends that SPD so you should retain a copy of this document with your copy of the SPD. If you have any questions, contact the Administrator. If there is any discrepancy between the terms of the Plan, as modified, and this Summary of Material Modifications, the provisions of the Plan will control.

**II
SUMMARY OF CHANGES**

Medical expenses:

Effective January 1, 2011, you may not request reimbursement of "over the counter" drugs unless the drug is insulin or the drug is prescribed for you for treatment of a medical condition.

Definition of "child":

Effective **June 1, 2011**, you may be reimbursed for medical expenses for any child until the end of the calendar year in which the child reaches age 26. A child is a natural child, stepchild, foster child, adopted child, or a child placed with you for adoption. If a child gains or regains eligibility due to these new rules, that qualifies as a change in status to change coverage.