

CITY OF COLORADO SPRINGS
HEALTH CARE SPENDING ACCOUNT
PLAN DOCUMENT

Effective January 1, 2014

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ARTICLE I. PURPOSE AND COORDINATION WITH THE CAFETERIA PLAN

- 1.01 This Plan, established for the exclusive benefit of Employees, is intended to reimburse Employees for health care expenses on a tax exempt basis as permitted under section 105(b) of the Code.
- 1.02 This Plan shall be administered in conjunction with the Cafeteria Plan.
- 1.03 This Plan is established with the intent that it be maintained indefinitely, but the City may amend or terminate the Plan at any time.
- 1.04 This Plan shall be interpreted in a manner that is consistent with the Code and any other applicable law.

ARTICLE II. DEFINITIONS

When capitalized, the following words and phrases have the meanings set forth below, and if not set forth below, the capitalized words and phrases have the meanings set forth in the Cafeteria Plan:

- 2.01 “Cafeteria Plan” means the Cafeteria Plan adopted by the City.
- 2.02 “Dependent” means the Participant’s “Spouse” and any other person who is a dependent of the Participant (including but not limited to the Participant’s civil union partner pursuant to C.R.S. Article 15 of Title 14) who satisfy the requirements of Section 152 of the Code, determined without regard to section 152(b)(1), 152(b)(2), and 152(d)(1)(B). “Dependent” includes any child or stepchild of the Participant until the end of month in which the child or stepchild attains age 26. “Spouse” for purposes of this definition of “Dependent” shall be interpreted consistent with IRS Rev. Rul. 2013-17.
- 2.03 “Medical Expenses” means the amount paid for medical care as the term “medical care” is defined in section 213(d)(1)(A) and (B) of the Code.
- 2.04 “Participant” means an Employee who participates in this Plan.
- 2.05 “Plan” means this plan.

- 2.06 “Qualifying Medical Expenses” means Medical Expenses incurred during the Plan Year by the Participant or a Dependent that are substantiated to the satisfaction of the Administrator.

ARTICLE III. PARTICIPATION AND REIMBURSEMENTS

- 3.1 An Employee participates in this Plan by participating in the Cafeteria Plan and electing under the Cafeteria Plan to contribute to this Plan. Termination of participation shall be as specified in the Cafeteria Plan.
- 3.2 The Administrator shall not authorize a reimbursement unless (i) the Participant files an approved, signed claim form for reimbursement with the Administrator not later than March 31 of the year following the Plan Year, (ii) the claim form contains responses and information sufficient for the Administrator to determine whether the expenditures qualify for reimbursement, (iii) the Participant submits a receipt, a bill, or an explanation of benefits from the company, if any, that insures the Participant for the claimed expenditures, (iv) the Participant makes all representations necessary to permit the Administrator to approve the claim, and (v) the Participant submits any other information and makes any other representations that the Administrator determines are appropriate to evaluate the validity of the request.
- 3.3 The Plan will reimburse the Participant for Qualifying Medical Expenses in an amount equal to the lesser of: (i) the amount of the Qualifying Medical Expenses or (ii) the amount of Contributions to this Plan elected by the Participant regardless of Contributions actually made to the date of the reimbursement, less reimbursements previously authorized. The Administrator shall pay the amount to be reimbursed not later than thirty days after the claim for reimbursement is accepted by the Administrator.
- 3.4 If as of the close of the Plan Year the Administrator determines that a reimbursement does not comply with the Code for any reason, the Administrator shall treat the amount reimbursed that does not comply with the Code as a debt of the Employee to the City and shall recover that amount from the Employee as provided under policies established by the City.
- 3.5 As of the Close of the Plan Year, the Administrator shall cause the City to exclude from the reporting of gross income of the Participant for tax purposes the reimbursements to the Participant for Qualifying Medical Expenses.
- 3.6 Any Contributions of a Participant in excess of \$500 (five hundred dollars) remaining after all claims made by the Participant for reimbursement have been paid or denied for the Plan Year shall be forfeited by the Participant and shall be (i) used to pay the costs of administration of this Plan or any other plan or (ii)

distributed to Participants under any method chosen by the Administrator that is permissible under the Code.

- 3.7 A Qualified Reservist, as that term is used in the Heroes Earnings and Relief Tax Act of 2008 (HEART Act), may withdraw all or part of the balance in his or her HCSAP as a "qualified reservist distribution" as that term is defined by Section 114 of the HEART Act and under the conditions specified in that Act.

ARTICLE IV. ADMINISTRATION

- 4.1. The Administrator shall administer the Plan and shall have the power and the duty to take all actions and to make all decisions that are necessary or proper to carry out the intent of this Plan. Actions taken under the Plan by the Administrator with respect to the allowance or disallowance of reimbursements and the inclusion or exclusion of reimbursements from the reporting of gross income for tax purposes shall be consistent with applicable law, and shall be uniform with regard to similarly situated Employees and Participants. The Administrator shall also have the specific powers and duties under this Plan as are granted to the administrator of the Cafeteria Plan.
- 4.2 Article V of the Cafeteria Plan shall apply to this Plan and is incorporated by reference.

ARTICLE V. AMENDMENT AND TERMINATION

- 5.1 Article VI of the Cafeteria Plan shall apply to this Plan and is incorporated by reference.

ARTICLE VI. GENERAL PROVISIONS

- 6.1 Article VII of the Cafeteria Plan shall apply to this Plan and is incorporated by reference.

Effective the first day of January 2014.

Adopted this 3rd day of January, 2014.

Mr. B. Sub

Name

Director, HR

Title