



Request for City Council Committee Action from the Department of Human Resources

Date: November 19, 2013

To: Betsey Hodges, Ways & Means / Budget Committee

Referral to: City Council

Subject: Amendments to the City of Minneapolis Health Reimbursement Arrangement Plan ("HRA") and City of Minneapolis Amended and Restated Health Reimbursement Arrangement Trust Agreement ("HRA Trust").

Recommendation:

Authorize the execution of amendments to the City of Minneapolis Health Reimbursement Arrangement Plan and City of Minneapolis Amended and Restated Health Reimbursement Arrangement Trust Agreement to comply with federal health care reform legislation.

Previous Directives:

HRA: Adoption of the City of Minneapolis Health Reimbursement Arrangement Plan, as Amended and Restated Effective January 1, 2006. Adoption of First Amendment effective January 1, 2009, adoption of Second Amendment effective January 1, 2010, adoption of Third Amendment effective January 1, 2011, adoption of Fourth Amendment effective May 1, 2011, and adoption of Fifth Amendment effective January 1, 2013.

HRA Trust: Adoption of Amended and Restated Health Reimbursement Arrangement Trust Agreement with U.S. Bank effective July 1, 2005.

Department Information

Prepared by: Joyce Traver and Susan Trammell

Approved by: _____
Patience Ferguson
Director Human Resources

Paul W. Aasen
City Coordinator

Presenters in Committee: Joyce Traver and Susan Trammell

Financial Impact

- No financial impact

Supporting Information

Effective January 1, 2014 HRAs must comply with "market provisions" of the Affordable Care Act such as the requirement to cover preventive services without cost share and the prohibition against annual benefit limits. These types of provisions are contrary to the

nature of account-based plans such as the City's HRA/VEBA under which eligible health care expenses are reimbursed up to the amounts available in participants' accounts.

In September 2013, the Department of Labor and the Internal Revenue Service issued guidance that outlines how HRAs can comply with the market provisions of the Affordable Care Act. An HRA that is properly integrated with a group health plan which provides minimum value will not be required to separately comply with the Affordable Care Act's market provisions. With a few minor amendments, the City's HRA will be properly integrated with the City's group health plan.

The Amendment to the HRA will:

- Add a definition of "eligibility date" that is the same as the medical plan definition of eligibility date.
- Provide that, in the event of a forfeiture following the death of an HRA member who has no surviving spouse or qualified dependents, the amount forfeited will be used to pay future administrative expenses.
- Add a provision allowing an employee (or former employee) to permanently opt out of and waive future reimbursements from the HRA at least annually and upon termination of employment.

The Amendment to the HRA Trust will:

- Add a representation and warranty stating that the HRA complies with the Affordable Care Act and acknowledging that U.S. Bank has no duty to "question, determine or monitor" such compliance.