

RESOLUTION

RE: Internal Revenue Service, Section 125 Plan Update

WHEREAS, the County Board of Vermilion County, Illinois has a IRS Section 125 Plan that allows payment of certain health insurance and supplemental coverages on a pre-tax basis as flexible benefits for Employees; and,

WHEREAS, it is necessary from time to time to update the policy to allow for certain coverages of new programs allowed under IRS rules; and,

WHEREAS, the S 125 Plan is in need of updating to provide for supplemental insurance coverage.

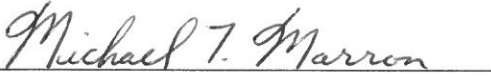
NOW, THEREFORE BE IT RESOLVED by the County Board of Vermilion County, Illinois, that is adopted as set forth in the attached policy plan.

PRESENTED, APPROVED AND RESOLVED by the County Board of Vermilion County, Illinois at the July 11, 2017 A.D. Session.

DATED this 11th day of July 2017 A.D.

AYE 20 NAY _____ ABSTAIN _____

ABSENT 7



Chairman, Vermilion County Board

ATTEST:



Clerk of the County Board

RESOLUTION 17-0702

Approved by Finance Committee Personnel: Steven Fourez (Y) N A

Chairman

Wesley G. Bieritz (Y) N A

Robert Boyd Y N (A)

Larry Baughn Y N (A)

Todd Johnson (Y) N A

Becky Stark (Y) N A

Bruce Stark (Y) N A

Resolution

No. 17-0702

HEALTH CARE PLAN
COUNTY OF VERMILION, ILLINOIS

ARTICLE I. ESTABLISHMENT OF THE PLAN

1.1 THE PLAN.

The County of Vermilion, Illinois (the County) hereby establishes a flexible benefits plan for its Employees. This Plan will be known as the Health Care Plan of the County of Vermilion, Illinois and is effective as of October 1, 1992.

This Plan is designed to provide Employees a means of providing themselves health and supplemental insurance coverages in a tax effective manner.

1.2 LEGAL STATUS.

Under this Plan, Employees will have a choice between cash compensation and nontaxable health and supplemental insurance benefits. Thus, this Plan will constitute a "Cafeteria Plan" under Internal Revenue Code section 125, as amended, and has been reduced to writing in order to comply with Code section 125, as amended, and has been reduced to writing in order to comply with Code section 125. This Plan does not change the health insurance program presently in effect for the County except as necessary to permit the benefits of this Plan to be fully implemented for the Participants.

ARTICLE II. DEFINITIONS AND CONTRUCTION

2.1 PRINCIPAL ENTITIES

- (a) County means the County of Vermilion, Illinois.
- (b) Plan means the Health Care Plan, as amended from time to time.
- (c) Administrator means the person designated to administer this Plan, as provided by Article VI.
- (d) Employee means each permanent employee of the County who works 20 hours a week or more.
- (e) Participant means an Employee who has elected to participate in the Plan in accordance with Article IV.
- (f) Eligible Dependent(s) means those individuals eligible for coverage under the County Health Insurance Program Family Coverage.

2.2 PRINCIPAL TERMS

- (a) Effective Date: December 1, 1992.
- (b) Plan Year means the 12 month period beginning on January 1 and ending December 31.
- (c) Election Period means the period during which a Participant or Employee can elect in accordance with Article IV to convert compensation into Health Care Dollars.
- (d) Health Care Account means a bookkeeping account reflecting the balance of Health Care Dollars available for health insurance premiums during the Plan Year.
- (e) Health Care Dollars means the Participant's credits elected under Article IV credited to his Health Care Account.
- (f) Entry Date means the first day of each Plan Year.
- (g) Health Insurance Program and Health Insurance Policy mean the group health insurance policy or policies available to County Employees during a Plan Year, including any health insurance options or coverages, or combinations of options or coverages available to eligible County Employees and Eligible Dependents of County Employees during an plan year and including health insurance added separately to an Employee's coverage for an Eligible Dependent whether the Eligible Dependent's health insurance is treated as part of one of the group policies or as a non-group policy. When used in this Plan, the phrases "health insurance premiums", "premiums for coverage's selected", and any similar phrases when required by the context, mean the total of all premiums for health insurance obtained by an Employee through the County Health Insurance Program.
- (h) County Share means the amount paid by the County as a non-elective amount towards payment of Participant health insurance premiums as provided by the applicable collective bargaining agreement, or by resolution of the County Board in the case of non-union employees.
- (i) Supplemental insurance and supplemental coverage mean a policy of cancer or intensive care insurance, vision, dental, or similar programs allowable under IRS rules that might be adopted by the County from time to time including but not limited to: accident and health benefits, group-term life insurance coverage other than a health insurance policy as herein defined above, which has been approved for inclusion in the Plan, and which may be purchased by a County employee and paid for with employee's Health Care Dollars.

2.3 CONSTRUCTION. The masculine gender includes the feminine and the singular may include the plural, unless the context clearly indicates to the contrary.

ARTICLE III. ELIGIBILITY

3.1 ELIGIBILITY

- (a) Employees must be enrolled in the health insurance program, or for supplemental insurance, or for both, to participate in the Plan. If an employee does not enroll in the health insurance program or for supplemental insurance, the Administrator may deem an election by the employee under this Plan to be void.
- (b) Employees Currently Enrolled. Employees who are enrolled in the health insurance program on the Effective Date are eligible to elect to participate in the Plan as provided herein.
- (c) New Employee Elections. Employees completing sixty days of continuous employment with the County on or after the Effective Date are eligible to elect to participate in the Plan, as provided in Section 4.1.
- (d) Annual Election Period. County employees with more than sixty days of continuous employment who did not elect to participate under Sections 3.1 (b) or 3.1 (c) may elect to participate in the Plan during the Annual Election Period as provided in Section 4.3.

ARTICLE IV. ELECTION PERIODS

- 4.1 NEW EMPLOYEE ELECTIONS. An employee completing sixty days of continuous employment with the County may elect to participate in the Plan on the first of the month following the sixty days by filing a completed election prior to the date the employee may be enrolled in the health insurance program or for supplemental insurance. The election will be in effect until the end of the Plan Year in which the election is made.
- 4.2 ANNUAL ELECTION PERIOD. The annual election period shall be held no later than each November, for the following Plan Year.
 - (a) Initial Salary Conversation Elections. Any employee who has completed or will complete more than sixty days of continuous employment with the county on or before the Entry Date for a Plan Year may elect to participate in the Plan by filing a completed election form during the Annual Election Period.
 - (b) Subsequent Elections. A participant may elect to change or discontinue his participation in the Plan by filing a completed election form during the Annual Election Period. If a Participant does not file an election form during the Annual Election Period he will be deemed to have elected to participate in the Plan

for the forthcoming Plan Year, and will be deemed to have elected a salary reduction for the forthcoming Plan Year sufficient to cover premium costs for the same health insurance coverages and options, and for any supplemental coverages, in effect for the Participant and his or her Eligible Dependents during the Annual Election Period.

4.3 REVOCABILITY OF ELECTIONS

(a) Elections may be revoked during a Plan Year by written notice to the Administrator within 31 days of the occurrence of one of the following events:

1. Change in family status
 - A) Marriage of employee
 - B) Divorce of employee
 - C) Death of spouse or dependent of employee
 - D) Birth or adoption of child (including obtaining custody pending a final Order of Adoption)
2. Termination or commencement of spouse's employment.
3. Changes from full-time or part-time employment by either the employee or employee's spouse.
4. Significant changes in the employee's or spouse's health insurance coverage under spouse's employer's health insurance benefits.
5. Termination or significant curtailment of insurance benefits.

(b) After revoking an election, an Employee may simultaneously make a new election for the remainder of the Plan year in the following circumstances:

1. An Employee who revoke an election for Individual Coverage may elect Family Coverage in the event of:
 - A) Employee's marriage
 - B) Birth or adoption of a child (including obtaining custody pending a final Order of Adoption)
2. An Employee who revoked an election for Family Coverage may elect Individual Coverage in the event of
 - A) Employee's Divorce
 - B) Employee no longer has eligible dependent's due to death or children reaching limiting age
 - C) If none of the circumstances in Section 4.4 (b) apply to an employee who revoked an election, the employee must wait until the next Annual Election

Period to make an election

- D) A revocation must be on account of and consistent with the reason for the revocation.
- (1). A revocation of an election for health insurance shall be deemed “on account of and consistent with the reason for the revocation” if:
 - A) revocation and new election, a newly eligible dependent is added to the Health Insurance program
 - B) by revocation and new election a dependent no longer eligible is deleted from the Health Insurance program
 - C) the employee is married, or the employee’s spouse begins employment, or changes from part-time to full-time or the employee changes from full-time to part-time, and the revocation is to permit the employee to join the spouse’s employer’s group Health Insurance plan.
 - (2). A revocation will generally not to be deemed “on account of and consistent with the reason for revocation” if:
 - A) an employee with a new dependent does not elect health insurance for the new dependent under the Plan:
 - B) an employee who has one or more dependents no longer eligible, does not elect to continue health insurance previously elected for the employee and the employee’s remaining dependents;
 - C) the employee seeks to revoke for one of the reasons in Section 4.4 (a) (1) A, (a) (2), (a) (3), or (a) (4), and does not intend to add health insurance coverage for dependents under this plan or to join the employer sponsored group health plan of the employee’s spouse.
 - (3). Revocations during a plan year for the purpose of obtaining cash in lieu of the health insurance benefit elected are prohibited, even if the employee intends to use the cash for private health insurance. The Plan Administrator may, however, deem a revocation “on account of and consistent with the reason” for (a) (2) or (a) (3), and the plan administrator finds that denial of revocation would result in genuine financial hardship.
 - (4). Notwithstanding any of the provisions of Sections 4.4 (d) (1), (2) or (3), revocation of an election for supplemental insurance shall only be deemed “on account of and consistent with the reason for revocation” if:
 - A) the revocation is to permit an election adding coverage for new dependents;

- B) the revocation is to permit an election deleting dependents no longer eligible, and continuing coverage for the employee and remaining dependents who were previously covered; or
- C) the employee seeks to revoke for one of the reasons in Sections 4.4 (a) (2) or (a) (3), And the Plan Administrator finds that denial of revocation would result in genuine financial hardship to the employee.

(5). The Plan Administrator is authorized to approve or disapprove revocations requested during a plan year according to the facts of each case, the guidance provided in this Section 4.4 (d), and applicable law. Revocations during a plan year are not effective until approved by the plan administrator , and shall in no event be effective until the employee's first pay period following such approval.

4.4 INSUFFICIENT CONTRIBUTIONS

The Administrator is authorized to increase or reduce the amount of a Participant's salary conversion by the amount necessary to cover changes in health

ARTICLE V. SPENDING HEALTH CARE DOLLARS

5.1 AVAILABLE BENEFITS

Health Care Dollars can be used to pay required health and supplemental insurance premiums for the Participant's selected coverage under the County's Plan (Section 5.2).

5.2 DETAILS OF THE PLAN

A Participant may elect, in accordance with Article IV, to pay his health and supplemental insurance premiums due on or after the Effective Date of the Plan with his Health Care Dollars. The benefits available under the health insurance policy and available supplemental insurance are incorporated herein by reference. The Administrator will upon request provide each Participant with a free copy of this Plan, and a written description of the health insurance policy and available supplemental insurance policies detailing the benefits available to the Participant.

Health Care Dollars are collected by salary reduction in the amount of the health and supplemental insurance premiums for the coverage selected by the employee less the County share for health insurance, if applicable. The maximum amount so determined by the Administrator to be sufficient to pay premiums for the Participant's selected coverage.

ARTICLE VI. GENERAL PROVISIONS

6.1 ALLOCATION OF RESPONSIBILITY FOR ADMINISTRATION:

The Vermilion County Human Resources Director is hereby designated the Administrator of the Plan, and shall have only those powers, duties, responsibilities and obligations as are specifically given under this Plan.

The County shall have the sole responsibility for making the contributions provided for under Article IV, and shall have the sole authority to amend, in whole or in part, this Plan at any time with the approval of the County Board.

The Administrator shall have the sole responsibility for the administration of this Plan which responsibility is specifically described in this Plan.

The Administrator warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan authorizing or providing for such direction, information or action. Furthermore, the Administrator may rely upon any such direction, information or action of another Employee of the County as being proper under this Plan, and is not required under this Plan to inquire into the propriety of any such direction, information or action. It is intended under this Plan that the Administrator shall be responsible for the proper exercise of the powers, duties, responsibilities and obligations under this Plan and shall not be responsible for any act or failure to act of another Employee of the County. Neither the Administrator nor the County makes any guarantee to any Participant in any manner for any loss or other event because of the Participant's participation in this Plan.

6.2 ADMINISTRATIVE EXPENSES. The Plan shall be administered by the Administrator. All usual and reasonable expenses of administration of the Plan will be paid by the County. The Administrator or any other designated representative of the County who is an Employee of the County shall not receive any compensation with respect to services hereunder except as such person may be entitled to benefits under this Plan.

6.3 RECORDS AND REPORTS. The Administrator shall exercise such authority and responsibility deemed appropriate in order to comply with the terms of the Plan relating to the records of the Participants and the balances which are maintained under this Plan. The Administrator shall be responsible for complying with all reporting, filing and disclosure requirements established by the Internal Revenue Service for Section 125 Plans. After the close of each Plan Year the Administrator shall provide to each Participant a statement of his participation.

6.4 OTHER POWERS AND DUTIES OF THE ADMINISTRATOR. The Administrator shall have such duties and powers as may be necessary to discharge the duties specified hereunder, including, but not by way of limitation, the following:

- (a) to construe and interpret the Plan, decide all questions of eligibility and the effect of elections made hereunder;
- (b) to prescribe procedures to be followed by Participants filing elections;
- (c) to prepare and distribute, in such manner as the Administrator determines to be appropriate, information explaining the Plan;
- (d) to receive from the County and from Participants such information as shall be necessary for the proper administration of the Plan; and
- (e) to furnish the county such annual reports with respect to administration of the Plan as are reasonable and appropriate.

The Administrator shall have no power to add to, subtract from or modify any of the terms of the Plan, or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility under the plan.

6.5 RULES AND DECISIONS. The Administrator may adopt such rules as are necessary, desirable or appropriate. All rules and decisions of the Administrator shall be uniformly and consistently applied to all Participants in similar circumstances. When making a determination or calculation, the Administrator shall be entitled to rely upon information furnished by a Participant, the County or the legal counsel of the County.

6.6 AUTHORIZATION OF BENEFIT PAYMENTS. The Administrator shall issue directions to the County concerning all employee contributions which are to be paid from the County's general assets pursuant to the provisions of the Plan, and warrant that all such directions are in accordance with the Plan.

6.7 APPLICATION AND FORMS FOR BENEFITS. The Administrator may require a Participant to complete and file with the Administrator such forms as may be approved by the Administrator, and to furnish all pertinent information requested by the Administrator. The Administrator may rely upon all such information so furnished, including the Participant's current mailing address.

6.8 INDEMNIFICATION OF THE ADMINISTRATOR. The Administrator shall be indemnified by the County against any and all liabilities arising by reason of any act or failure to act made in good faith pursuant to the provisions of the Plan, including expenses reasonably incurred in the defense of any claim relating thereto.

VII. MISCELLANEOUS

- 7.1 **NONGUARANTEE OF EMPLOYMENT.** Nothing contained in this Plan shall be construed as a contract of employment between the County and any Employee, or as a right of any Employee to be continued in the employment of the County, or as a limitation of the right of the County to discharge any of its Employees, with or without cause.
- 7.2 **NO RIGHTS TO COUNTY'S ASSETS.** No Employee or beneficiary shall have any right to, or interest in, any assets of the County upon termination of employment or otherwise.
- 7.3 **NONALIENATION OF BENEFITS.** Health Care Dollars under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishments, execution, or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse of former spouse, or for any other relative of the Employee; any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The county shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.
- 7.4 **DIVESTMENT OF BENEFITS.** Subject only to the specific provisions of this Plan, nothing shall be deemed to divest a Participant of a right to the benefit to which the Participant becomes entitled in accordance with the provisions of this Plan.

VIII. AMENDMENTS AND ACTION OF COUNTY

- 8.1 **AMENDMENTS.** The County reserves the right to make from time to time any amendment or amendments to this Plan, provided, however, that the County may make any amendment it determines necessary or desirable, with or without retroactive effect, to comply with the laws.
- 8.2 **ACTION BY COUNTY.** Any action by the County under this Plan may be by resolution of its Board.

ARTICLE IX. PLAN TERMINATION

- 9.1 RIGHT TO TERMINATE. In accordance with the procedures set forth in this Article, the County may terminate the Plan at any time, subject to any requirements of any collective bargaining agreement to which the County may be a party.
- 9.2 PLAN TERMINATION. Upon the termination of the Plan, the rights of all Participants affected thereby shall become payable as the Administrator may direct. Such direction may include:
- (a) a continuation of the Plan in order to pay balances in accordance with Article V, or
 - (b) a distribution of the balances remaining to the Participant's credit, after payment of any expenses properly chargeable thereto.

IN WITNESS WHEREOF, the County has caused this Plan to be Executed and its County seal attached thereto by its duly authorized officers on this ____ day of _____ but effective as of _____.