

## CITY OF FORT SMITH

**Subject:** Amendment #2 Effective January 1, 2015, for the Patient Protection and Affordable Care Act (the "Affordable Care Act").

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Enclosed you will find your 2015 Benefit Amendment as requested. Based on the information we received, the following assumptions have been made in preparing your amendment:

- You have a combined 100 or more Full-Time Employees and Full-Time Employee equivalents, making you an Applicable Large Employer and subject to the Employer Mandate.
- You do not intend to cover employees who are working less than 30 hours per week, but will be offering coverage to all eligible employees who work on average 30 or more hours per week. You will not be calculating your employee's hours on a monthly basis.
- You will be offering coverage to at least 70% of your Full-Time Employees in 2015 and are working to ensure that coverage is offered to at least 95% of your Full-Time Employees in 2016 (if you are not already satisfying the 95% threshold).
- You will not be offering coverage to any Seasonal Employees (if any) that you employ.
- You have a way to identify all employees who are eligible to participate in your health plan and do not need to utilize a "look-back period" to ensure you are not subject to any applicable penalty.

If any of the above statements are not true, please do not execute this amendment and immediately contact your Client Relationship Manager (CRM) so we can discuss this matter further and ensure your amendment is written to keep your plan in compliance.

As a reminder, any Applicable Large Employer that fails to provide both affordable and comprehensive coverage to their Full-Time Employees will likely be subject to penalties under Internal Revenue Code Section 4980H if one or more of their Full-Time Employee receives subsidized coverage through an exchange.

For more information on the Employer Mandate, including information on how the mandate defines Full-Time Employees and any associated penalties, please refer to our Healthcare Reform Guide.

**SUMMARY OF MATERIAL MODIFICATION  
AND  
AMENDMENT #2  
TO THE  
CITY OF FORT SMITH  
GROUP BENEFIT PLAN  
GROUP NO. 14283**

This Summary of Material Modification and Amendment describes changes to the City of Fort Smith Group Benefit Plan effective January 1, 2014. These changes are effective as of **January 1, 2015** and will remain in effect until amended in writing by the Plan Administrator.

This document should be read carefully and attached to the Plan Document and Summary Plan Description. Please contact the Plan Administrator identified in the Summary Plan Description if you have any questions regarding the changes described in this Summary of Material Modification.

City of Fort Smith (the "Plan Sponsor") is amending the City of Fort Smith Group Benefit Plan (the "Plan") as follows:

**Patient Protection and Affordable Care Act (the "Affordable Care Act")**

*This Summary of Material Modification and Amendment to the City of Fort Smith Group Benefit Plan (the "Plan") is adopted to comply with certain provisions of the Patient Protection and Affordable Care Act (the "Affordable Care Act").*

**1: Prescription Drug Costs and the Annual Out-of-Pocket Maximum**

*The **Calendar Year Out-of-Pocket Maximum** in the **Medical Schedule of Benefits** is hereby deleted and replaced with the following:*

**MEDICAL SCHEDULE OF BENEFITS**

	<b>PARTICIPATING PROVIDERS</b>	<b>NON-PARTICIPATING PROVIDERS</b> (Subject to Usual and Customary Charges)
<b>CALENDAR YEAR OUT-OF-POCKET MAXIMUM</b> (includes Deductible, Coinsurance, Copays and precertification penalties– combined with Prescription Drug Card)		
Single	\$4,350	Unlimited
EE + Spouse	\$8,700	Unlimited
EE + Child(ren)	\$5,550	Unlimited
	(Aggregated for all children)	
Family	\$9,900	Unlimited

	<b>PARTICIPATING PROVIDERS</b>	<b>NON-PARTICIPATING PROVIDERS</b> (Subject to Usual and Customary Charges)
<b>TOTAL OVERALL CALENDAR YEAR MEDICAL AND PRESCRIPTION DRUG OUT-OF-POCKET MAXIMUM</b> (includes Deductible, Copays, Coinsurance and precertification penalties - combined with Prescription Drug Card)		
Single	\$5,800	Unlimited
EE + Spouse	\$11,600	Unlimited
EE + Child(ren) (Aggregated for all children)	\$8,850	Unlimited
Family	\$13,200	Unlimited

The **Prescription Drug Schedule of Benefits** is hereby deleted and replaced as shown in **Exhibit A**.

The **Dispense as Written** provision and the definition of **Preventive Drug** under the **Prescription Drug Card Program** are hereby deleted and replaced with the following:

## **PRESCRIPTION DRUG CARD PROGRAM**

### **Dispense as Written**

The Plan requires pharmacies dispense Generic Drugs when available unless the Physician specifically prescribes a Preferred or Non-Preferred Drug and marks the script "Dispense as Written" (DAW). Should a Covered Person choose a Preferred or Non-Preferred Drug rather than the Generic equivalent when the Physician allowed a Generic Drug to be dispensed, the Covered Person will be responsible for the cost difference between the Generic and Preferred or Non-Preferred Drug in addition to the Preferred or Non-Preferred Drug Copay. The cost difference is not covered by the Plan and will not accumulate toward your Out-of-Pocket Maximum.

**Preventive Drug** means items which have been identified by the U.S. Department of Health and Human Services (HHS) as a preventive service. You may view the guidelines established by HHS by visiting the following website:

<https://www.healthcare.gov/what-are-my-preventive-care-benefits>

For a paper copy, please contact the Plan Administrator.

### **2: Hours of Service to be Eligible for Coverage**

The **Employee Eligibility** section under **Eligibility for Participation** is hereby deleted and replaced with the following:

## **ELIGIBILITY FOR PARTICIPATION**

### **Employee Eligibility**

A full-time Employee of the Employer who regularly works 30 or more Hours of Service per week will be eligible to enroll for coverage under this Plan once he/she completes a waiting period of 60 days from the date he or she completes at least one hour of service with the Employer. Participation in the Plan will begin as of the first day of the month following completion of the waiting period provided all required election and enrollment forms are properly submitted to the Plan Administrator. If your waiting periods ends on the first day of the month, your coverage will not begin until the first day of the following month.

You are not eligible to participate in the Plan if you are a part-time, temporary, leased or Seasonal Employee, an independent contractor or a person performing services pursuant to a contract under which you are designated an independent contractor (regardless of whether you might later be deemed a common law employee by a court or governmental agency) elected officials, or a person covered by a collective bargaining agreement that does not provide for participation in this Plan.

**3: Definitions**

The following definitions are added alphabetically to the Plan:

**DEFINITIONS**

**Hour(s) of Service** means each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer (or a related Employer) and each hour for which an Employee is paid, or entitled to payment by the Employer (or a related Employer) for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence, but excluding Hours of Service to the extent that the compensation for those services constitutes income from sources outside the United States or performed as (1) a bona fide volunteer (as defined in Treas. Reg. Section 54.4980H-1(a)(7)) or (2) part of a Federal or State work study program. For purposes of this definition, a related Employer is any entity that must be treated as part of the same "applicable large employer" as the Employer for purposes of Code Section 4980H, as determined at the time that the applicable Hour of Service is performed or credited.

For Employees paid on an hourly basis, an Employer must calculate actual Hours of Service from records of hours worked and hours for which payment is made or due (the "actual method"). For Employees paid on a non-hourly basis, the Employer must calculate Hours of Service based on the actual method or, provided doing so does not substantially understate the Employee's hours, using an equivalency method where the Employee is credited with either (1) 8 Hours of Service for each day for which the Employee would be required to be credited with one Hour of Service or (2) 40 Hours of Service for each week for which the Employee would be required to be credited with at least one Hour of Service.

**Seasonal Employee** is an Employee who is hired into a position that recurs annually at about the same time each year for which the customary annual employment is 6 months or less.

**4: Minimum Essential Coverage**

The following section is hereby added to the **Miscellaneous Information** section of the Plan:

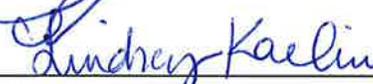
**MISCELLANEOUS INFORMATION**

**Minimum Essential Coverage**

Refer to the Employer's Summary of Benefits and Coverage (SBC) for determination as to whether the Plan provides "minimum essential coverage" within the meaning of Code Section 5000A(f) and any accompanying regulations or guidance and whether it provides "minimum value" within the meaning of Code Section 36B(2)(c)(ii) and any accompanying regulations or guidance (e.g. the Plan provides at least 60% actuarial value).

All other provisions of this Plan shall remain unchanged.

In Witness Whereof, City of Fort Smith has caused this Amendment to take effect, be attached to, and form a part of their Group Benefit Plan.

  
\_\_\_\_\_  
Authorized Signature  
  
\_\_\_\_\_  
Witness  
1/15/2015  
\_\_\_\_\_  
Date  
1/15/15  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Title  
HR Coordinator  
\_\_\_\_\_  
Title

## EXHIBIT A

### PRESCRIPTION DRUG SCHEDULE OF BENEFITS

BENEFIT DESCRIPTION	BENEFIT
<b>NOTE:</b> There is no coverage under the Plan for Prescription Drugs obtained from a Non-Participating Provider.	
<b>CALENDAR YEAR OUT-OF-POCKET MAXIMUM</b> (includes Copays – combined with major medical)	
Single	\$1,450
EE+Spouse	\$2,900
EE + Child(ren) (Aggregated for all children)	\$3,300
Family	\$3,300
<b>TOTAL OVERALL CALENDAR YEAR MEDICAL AND PRESCRIPTION DRUG OUT-OF-POCKET MAXIMUM</b> (includes Deductible, Copays, Coinsurance and precertification penalties - combined with Prescription Drug Card)	
Single	\$5,800
EE + Spouse	\$11,600
EE + Child(ren) (Aggregated for all children)	\$8,850
Family	\$13,200
BENEFIT DESCRIPTION	BENEFIT
<b>Retail Pharmacy: 30-day supply</b>	
Generic Drug	20% Copay (\$10 minimum/\$125 maximum)
Generic Drug – Align Pharmacy	10% Copay (\$5 minimum/\$75 maximum)
Preferred Drug	30% Copay (\$25 minimum/\$125 maximum)
Non-Preferred Drug	40% Copay (\$40 minimum/\$125 maximum)
Preventive Drug (Prescription Drugs classified as a Preventive Drug by HHS)	\$0 Copay (100% paid)
<b>Align Retail Pharmacy: 90-day supply</b>	
Generic Drug	10% Copay (\$12.50 minimum/\$225 maximum)
Preferred Drug	30% Copay (\$62.50 minimum/\$225 maximum)
Non-Preferred Drug	40% Copay (\$100 minimum/\$225 maximum)
Preventive Drug (Prescription Drugs classified as a Preventive Drug by HHS)	\$0 Copay (100% paid)

**NOTE:** Diabetic supplies must be purchased through Edgepark Medical Supplies after a one month supply at the pharmacy.

**Dispense as Written**

The Plan requires pharmacies dispense Generic Drugs when available unless the Physician specifically prescribes a Preferred or Non-Preferred Drug and marks the script "Dispense as Written" (DAW). Should a Covered Person choose a Preferred or Non-Preferred Drug rather than the Generic equivalent when the Physician allowed a Generic Drug to be dispensed, the Covered Person will be responsible for the cost difference between the Generic and Preferred or Non-Preferred Drug in addition to the Preferred or Non-Preferred Drug Copay. The cost difference is not covered by the Plan and will not accumulate toward your Out-of-Pocket Maximum.

**Specialty Pharmacy Program**

Specialty drugs are high cost drugs used to treat chronic diseases, including, but not limited to: HIV/Aids, Rheumatoid Arthritis, Cancer, Hepatitis, Hemophilia, Multiple Sclerosis, Infertility and Growth Hormone Deficiency. Specialty drugs must be obtained directly from the specialty pharmacy program. For additional information, please contact the Prescription Drug Card Program Manager.

**Preventive Drug** means items which have been identified by the U.S. Department of Health and Human Services (HHS) as a preventive service. You may view the guidelines established by HHS by visiting the following website:

<https://www.healthcare.gov/what-are-my-preventive-care-benefits>

For a paper copy, please contact the Plan Administrator.