Town of Fair Haven THE SLATE CENTER OF THE NATION • CHARTERED OCTOBER 27, 1779

FAX: 265-3176 • MUNICIPAL BUILDING • NORTH PARK PLACE • FAIR HAVEN, VERMONT 05743 • TEL. (802) 265-3010

HRA Account Reimbursement Policy

This policy sets ground rules on the management of the account, the Town is required to maintain, that pays all of the health insurance deductibles for all eligible Town Employees, members of the AFSCME, Council 93 Union. The basic principle of operation shall be to ensure that this account is adequately maintained so as to ensure that eligible Town employees are never placed into the position where there are insufficient funds in the deductible account to pay their medical bills or pharmacy scripts in a timely manner.

Based upon elective criteria, each employee is assigned a finite annual deductible (HRA) in their name. The Town is obligated to budget the entire deductible account each year ($3,500 for single and $7,000 for two-person, parent with child(ren), and family plans, or as otherwise bargained between the Town and the Union for Union employees). For vacant positions, the Town shall budget the "family plan" amount.

Account Management:

- Reports from HealthEquity, or other HRA management firm retained by the Town, are reviewed weekly by the Town Accountant and Town Manager.

- If the balance in the deductible account drops below $5,000 at any time, the Town Accountant or Treasurer shall transfer $5,000 to the deductible account from the general fund account. At no time shall the balance in the deductible account exceed $9,999, unless prior approval is granted by the Selectboard. An e-mail shall be sent to the Selectboard notifying them of the transfer activity. This activity will take place outside of the bi-weekly Warrant process.

- The Town Accountant shall complete a journal entry in NEMRC to record the transfer, that will be approved and signed by the Town Manager. The Town Accountant shall maintain an HRA file with all approved journal entries.

- The Town Accountant and Town Manager shall review the HealthEquity, or other HRA management firm retained by the Town, report totals on a monthly basis, and will charge each department according to which employees used portions of their deductible.

- Bank statements will be reconciled to the HealthEquity, or other HRA management firm retained by the Town, reports on a monthly basis.

- Bi-weekly Finance reporting to the Selectboard shall include:
  - Budgetary balance for Health Reimbursement line item
  - Current status of deductible account

Budgetary Funding:

Each year, the Town of Fair Haven shall budget the expected Town liability for the HRA based on the health plan in which each Town employee elects to participate. The 2014-2015 budgeted liability is $66,500.

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On January 1st of each year, the HRA liabilities for each employee "reset" from the December 31st balance to the new deductible value. The Town does not need to do anything at this time. The deductible account balance will automatically begin funding the new employee deductible(s).

On July 1st of each year, the unused balance of the HRA (from the previous fiscal year) shall contribute to any un-designated surplus as defined by the Town's auditing firm. This surplus is then treated normally through the typical budget and voting process.

Adopted by the Fair Haven Selectboard this 9th day of June, 2014.

Christopher Cole, Chair

Robert Richards

Jeffrey Sheldon, Clerk

David Ward

Rod Holzworth, II