

ACTIONS TAKEN AND RESOLUTIONS ADOPTED BY CONSENT OF THE BOARD OF TRUSTEES OF
SEWARD COUNTY COMMUNITY COLLEGE/AREA TECHNICAL SCHOOL
DECEMBER 7, 2010

The undersigned, all being members of the Board of Trustees of Seward County Community College/Area Technical School (the "Employer"), hereby adopt the following Resolution by a majority vote of a quorum of members present and direct that this Consent Resolution be entered into the permanent minutes of the Employer.

WHEREAS, the Employer previously adopted a Code Section 125 plan and a Code Section 105 Health Care Spending Account ("HCSA"), collectively referred to as the Flexible Benefits Plan (the "Plan");

WHEREAS, effective March 30, 2010, Internal Revenue Code Section 105(b) was amended by the Patient Protection and Affordable Care Act of 2010 (the "Act") for purposes of extending tax-free health coverage to children until the end of the calendar year in which they turn age 26; and

WHEREAS, effective January 1, 2011, and regardless of plan year, the Patient Protection and Affordable Care Act of 2010 (the "Act") prohibits reimbursement of over-the-counter drugs and medicines from an HCSA unless they are prescribed by a physician; and

WHEREAS, effective December 7, 2010 the Employer desires to amend the Plan as set forth in the attached amendment and Summary of Material Modifications to make the mandated changes for dependents and over-the-counter drugs and medicines consistent with the requirements set forth in the Act.

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees has hereby reviewed the attached amendment and Summary of Material Modifications and does hereby approve the adoption of the amendment as set forth therein;

BE IT FURTHER RESOLVED that the Administration of the Employer are authorized and directed to take any and all action as may be necessary to effectuate this Resolution.



Dr. Steve Cauble, Chairman-Board of Trustees



Mr. Ron Oliver, Vice-Chairman-Board of Trustees

(SEAL)

AMENDMENT TO THE FLEXIBLE BENEFITS PLAN

This Amendment to the Flexible Benefits Plan (the "Plan") is adopted by Seward County Community College/Area Technical School (the "Employer"), effective as of the dates set forth herein.

NOW, THEREFORE, effective as set forth below, the Plan is amended as follows:

A. Effective January 1, 2011, the definition for *Eligible Medical Expenses* in Section 1.14 shall be deleted in its entirety and replaced with the following:

Eligible Medical Expenses means those expenses incurred by the Employee, or the Employee's Spouse or Dependents, after the date of the Employee's participation in the URM and during the Plan Year (plus an applicable grace period extension as described in SPD) to the extent that the expense satisfies the conditions set forth in the Summary Plan Description and are for "medical care" as defined by Code Section 213(d). For purposes of this Plan, the following expenses are not considered *Eligible Medical Expenses* even if they otherwise constitute "medical care" under Code Section 213(d): i) expenses for qualified long term care services (as defined in Code § 7702B(c)); ii) expenses incurred for health insurance premiums; and iii) over-the-counter drugs and medicines that are not prescribed by a physician. For purposes of this Plan, an expense is "incurred" when the Participant or beneficiary is furnished the medical care or services giving rise to the claimed expense, regardless of when the expense is paid.

Seward County Community College/Area Technical School

BY:



TITLE:

DEAN - ADMIN SERVICES

SUMMARY OF MATERIAL MODIFICATIONS TO THE FLEXIBLE SPENDING ACCOUNT PLAN (the "Plan")

This document summarizes important changes to your [Flexible Benefits Plan] (the "Plan") and Medical Care Reimbursement Plan ("URM"). If you have any question regarding the changes summarized in this Summary of Material Modifications ("SMM"), you should contact Ms. Deborah Weilert, Human Resources Director. You should keep a copy of this SMM with your Summary Plan Description for future reference.

Changes to Eligibility for Reimbursement under the URM

The IRS's definition of a *dependent* for purposes of reimbursement through the URM has changed. Effective March 30, 2010, the IRS now includes children, until the end of the calendar year in which they turn age 26, among the dependents for whom eligible medical expenses can be reimbursed through a health flexible spending account like the URM. This rule applies regardless of such child's marital status, student status, employment status, tax dependent status, or residency.

What does this mean for URM participants?

Effective March 30, 2010, any Eligible Medical Expense incurred for a URM participant's child, until the end of the calendar year in which the child turns age 26, can be reimbursed through the participant's URM. This applies to any person who is the participant's son, daughter, stepchild, legally adopted child, or eligible foster child, regardless of such child's marital status, student status, employment status, tax dependent status, or residency.

IMPORTANT NOTICE REGARDING OVER-THE-COUNTER DRUGS AND MEDICINE

IRS rules have changed with regard to over-the-counter (OTC) medicines and drugs. Effective January 1, 2011, OTC medicines and drugs that are not prescribed by a physician will not qualify as an Eligible Medical Expense under the URM. This change is effective regardless of any grace period under the plan. If you wish to use your URM to purchase OTC medicines and drugs that have not been prescribed by your doctor, you will need to do so prior to January 1, 2011.

Note that this change may affect the types of items you can purchase with your URM electronic payment card, if you have one. Because the URM electronic payment card is unable to differentiate between when an OTC medicine or drug has been prescribed and when it is purchased without a prescription, you will no longer be able to use your URM electronic payment card to purchase OTC medicines or drugs as of January 1, 2011, even if prescribed by a physician. You will have to keep your receipt and follow the procedures for filing a paper claim, as set forth in Appendix I of your Summary Plan Description.