

Prepared For:

Submitted By:

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A. Introduction

A solid Cafeteria / Flex Plan is a great way to expand and enhance the benefit program of an organization. Employers are looking for ways to enhance their current benefit program for a number of reasons:

- **Reduced payroll taxes:** Matching Social Security (FICA) and in some cases federal (FUTA) and state (SUTA) unemployment taxes are reduced for each of the participants.
- **Cost Control:** An employer can control the company's share of medical costs, without limiting employee choices.
- **Addressing the needs of a diverse work force:** An employer can offer individually tailored benefits at little or no additional cost to the company and help to keep and attract quality employees.
- **Positive Image:** An employer is viewed in a positive light by current and prospective employees because a benefit package is being provided to the employees by the company — with their interests in mind.
- **Increased appreciation of benefits:** Employees are directly involved in determining and controlling the cost of their benefits, they are more aware of the value of those benefits.

B. What is a Cafeteria/Flex Plan?

IRS Section 125 allows employees to pay for select benefits on a pretax basis through payroll deduction.

The idea behind flexible benefit plans is quite simple. Each employee enrolled in the plan estimates the amount he or she pays per year for health, dental and vision premiums; medical expenses such as deductibles, co-insurances, etc.; and dependent day care expenses.

This amount is divided equally over the year. That amount is deducted from every paycheck before taxes are taken out and put into a special account, which can be drawn from to cover those expenses.

By using these expenses employees reduce their Federal, State, and Social Security taxes and increase their net take home pay. This results in a **30% plus savings** for the employee; and less taxes for the employer since there is **no FICA tax** on the amounts being withheld.

There are areas in a Section 125 Plan:

1. The Premium Conversion option allows employees to pay their share of the employee's group health insurance premium with pre-tax dollars instead of after-tax dollars. This may include term life insurance (up to \$50,000 covering the employee), disability income insurance (covering the employee), dental insurance, and vision insurance.
2. The Medical Reimbursement account gives employees the ability to use pre-tax dollars to pay for medical expenses not covered by insurance. This popular selection offers more choice and greater savings to both the employees and the employer.
3. Dependent Care Reimbursement accounts let employees set aside up to \$5,000 pre-tax and use it to pay their dependent care expenses for children under the age of 13, the elderly, and the disabled or handicapped. The day care must be directly related to gainful employment.

C. Who is Kabel Business Services?

Thank you for the opportunity to show you our business and services. Kabel Business Services is a Third Party Administrator (TPA) that provides outsourced administration of Cafeteria/Flex Plans throughout Iowa, and the U.S. We have over 20 years of experience and provide full TPA activities (detailed under section D.).

A list of Client References is available upon request. Kabel Business Services is the industry expert on Cafeteria/Flex Plans and prides itself on helping organizations help their people, and also believes that no company is too small to have a flexible benefits program put into place. From two employees to two thousand, our staff ensures Kabel Business Services will help improve our client's image, reduce payroll taxes, and help attract and keep employees who appreciate their benefits, all at absolutely no cost to you. **Our goal is to be an asset to our clients.**

D. What do we offer?

Based upon the installation of a Section 125 Plan offering the employees premium conversion, medical/dental reimbursement, and dependent care reimbursement, Kabel Business Services will provide the following services:

1. We will maintain the "Plan Document," keep it in compliance with all IRS regulations and prepare the Summary Plan Description.
2. We will prepare the annual 5500 tax return (if required) and forward it to you for review and signature prior to the due date, which is seven months after the end of the plan year.
3. We will conduct the employee meetings to educate and answer any questions about the Flex Plan, and provide all of the required documents and enrollment forms.
4. We will perform highly compensated testing to insure compliance with the federal regulations.
5. We will maintain a segregated, segmented bank account for contributions to the plan.
6. We will review employee claims for reimbursement to comply with the plan document and will reimburse the employees **DAILY** for claims received. Checks, or Direct Deposit is available.
7. Debit Cards are available
8. We use a single claim form for medical and dependent care reimbursement. This form is available on our web site.
9. Each reimbursement check issued will contain account information.
10. We will be available to answer any questions the employees may have concerning the plan operation, 1-800-300-9691.
11. We will maintain a website (www.kabelbiz.com) and voice response system (1-866-610-2669) that will allow the participants to check the status of their accounts 24 hours a day, seven days a week.
12. **HIPAA compliance assistance:** The necessary documents that are required by HIPAA: the Policies and Procedures Manual, and the Employee Privacy Notice (fees may apply). These documents are necessary when you offer a Medical Flexible Spending Account to your employees.

Proposal

Kabel Business Services, Inc. proposes to work with and offer all of the benefits of a full Cafeteria / Flex Plan to all of the eligible employees. Kabel Business Services will provide all of the activities and resources detailed in previous sections, in a manner consistent with your wishes. The only responsibilities will have is to:

1. **Plan Documents.** Secure legal review of the Flexible Benefit Plan Documents and amendments and the Summary Plan Description from Employer's legal counsel.
2. **Enrollment.** Schedule employee meetings and assist in employee enrollment.
3. **Payroll.** Set up pre-tax deductions in your payroll system.
4. **Employee Contributions.** Employee contributions are transferred electronically by ACH from your bank account one day prior to your pay date. These funds will be transferred to our bank account for an amount equal to the employees' contributions to their flexible spending accounts.
5. **Eligibility Changes.** Notify Kabel Business Services of any changes in employee eligibility at least 5 business days prior to the first payroll date effected by the change. Complete the HRA Change Form and email or fax it to Kabel Business Services.
6. **Year-end Information.** Provide demographic information as requested for the annual 5500 tax return.
7. **Highly Compensated Employees.** Annually provide an updated list of all highly compensated individuals to be used in our testing.
8. **Discriminatory Plans.** Initiate any action required if the plan(s) become discriminatory.

Summary Statement

This proposal is based upon the installation of a Section 125 Plan offering the employee premium conversion, medical/dental reimbursement, and dependent care reimbursement.

Fees

Our fees for the first year of administration are \$ _____, plus \$ _____ per spending account per month. Our fees for the second years are \$ _____, plus \$ _____ per spending account per month.

Debit Cards

Guarantee

At no time will the cost of the administration become greater than the FICA tax savings realized from the insurance premium conversion, medical/dental reimbursement, and dependent care reimbursement. Should your FICA tax savings be less than our fee, we will reduce our fee to match your FICA savings.

References: Available upon request



Health Reimbursement Arrangement Plan Proposal and Program Information

August 27, 2015

Prepared For:
City of Windsor Heights

Submitted By:
Larry Morgan

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A. Introduction

A solid Health Reimbursement Arrangement (HRA) is a great way to expand and enhance the benefit program of an organization. Employers are looking for ways to enhance their current benefit program for a number of reasons:

- **Cost Control:** An employer can control the company's share of medical costs, without limiting employee choices.
- **Addressing the needs of a diverse work force:** An employer can offer individually tailored benefits at little or no additional cost to the company and help to keep and attract quality employees.
- **Positive Image:** An employer is viewed in a positive light by current and prospective employees because a benefit package is being provided to the employees by the company – with their interests in mind.
- **Increased appreciation of benefits:** When employees are directly involved in determining and controlling the cost of their benefits, they are more aware of the value of those benefits.

B. What is an HRA?

Health Reimbursement Arrangements, sometimes referenced as defined contribution plans, HRAs pay the unreimbursed medical expenses of employees and carry forward any unused funds. The reimbursements are tax deductible at both an employee level and a corporate level. The "use-it-or-lose-it" rule utilized for Health FSAs within a Section 125-cafeteria plan does not apply to HRAs. An HRA account reimburses the same expenses as a Health FSA. Expenses defined in IRC Section 213(d) as "medically necessary" include co-pays, deductibles, office visits, vision care expenses, prescriptions, and most dental expenses. Expenses related to cosmetic services, such as teeth bleaching or face-lifts would not be eligible for reimbursement. Employees may request reimbursement for medical expenses at the time services are rendered, accumulate them for reimbursement in the future, or save the funds in the HRA for retiree health benefits. Services for eligible expenses must be provided while the employee is covered by the HRA, but the request for reimbursement need not occur until months or even years later. Because funds may be allowed to accumulate from year-to-year, the employee decides when and how to best spend their medical benefit dollars.

There are many different options an employer can incorporate in an HRA. The following categories of expenses qualify for reimbursement under the Plan:

- **Comprehensive.** All medical and dental expenses not otherwise covered by insurance (e.g., co-pays, deductibles, etc.).
- **Bridge.** Only those expenses that are covered under insurance, but subject to a deductible. Coverage will be provided for out-of-pocket costs.
- **Limited.** Only those expenses that are not otherwise covered by insurance (e.g., co-pays, deductibles, etc.).
- **Premium Only.** Including Health, Dental, Disability, and Long-Term Care insurance premiums.

C. Who is Kabel Business Services?

Thank you for the opportunity to show you our business and services. Kabel Business Services is a Third Party Administrator (TPA) that provides outsourced administration of Cafeteria/Flex Plans throughout Iowa and the U.S. We have over 20 years of experience and provide full TPA activities (detailed under section D.). A list of Client References is available upon request. Kabel Business Services is the industry expert on Cafeteria/Flex Plans and prides itself on helping organizations help their people, and also believes that no company is too small to have a flexible benefits program put into place. From two employees to two thousand, our staff ensures Kabel Business Services will help improve our client's image, reduce payroll taxes, and help attract and keep employees who appreciate their benefits, all at absolutely no cost to you. **Our goal is to be an asset to our clients.**

D. What do we offer?

Based upon the installation of a HRA Plan, Kabel Business Services will provide the following services:

1. We will maintain the "Plan Document," keep it in compliance with all IRS regulations, and prepare the Summary Plan Description.
2. We will prepare the annual 5500 tax return, (if required) and forward it to you for review and signature prior to the due date, which is seven months after the end of the plan year.
3. We will conduct the employee meetings to educate and answer any questions about the HRA, and provide all of the required documents.
4. We will perform highly compensated testing to insure compliance with the federal regulations.
5. We will review employee claims for reimbursement to comply with the plan document and will reimburse the employees **DAILY** for claims received.
6. We will prepare and furnish, employee account statements to the client, two months prior to the end of the plan year.
7. We will be available to answer any questions the employees may have concerning the plan operation.
8. We will maintain a website (www.kabelbiz.com) that will allow the participants to check the status of their accounts 24 hours a day, seven days a week.

Proposal

Kabel Business Services, Inc. proposes to work with City of Windsor Heights and offer all of the benefits of an HRA Plan to all of the eligible employees. Kabel Business Services will provide all of the activities and resources detailed in previous sections, in a manner consistent with your wishes. The only responsibilities City of Windsor Heights will have is to:

1. **Plan Documents.** Secure legal review of the HRA Plan Documents and amendments and the Summary Plan Description from Employer's legal counsel.
2. **Enrollment.** Provide a listing of participants, names, addresses, social security numbers and contribution amounts.
3. **Employer Contributions.** Employer contributions can be handled in one of three ways:
 - a) We will write checks from our bank account and bill the employer at the end of the month for any checks written during the month. (One month's deposit may be required depending on payments made by Kabel.)
 - b) You will authorize us to prepare checks from your bank account. If this option is chosen we will need an authorized signature that can be added onto the checks. We will mail the checks directly to the participants. You will be faxed a check register of the checks written weekly. No direct deposit of reimbursements is available with this option.
 - c) We will fax you a list of checks for you to prepare from your bank account.
4. **Fee Payments.** Kabel Business Services will bill you monthly for the administrative fees.
5. **Eligibility Changes.** Notify Kabel Business Services of any changes in employee eligibility at least 5 business days prior to the employer contribution date affected by the change. Complete the HRA Change Form and email or fax it to Kabel Business Services.
6. **Highly Compensated Employees.** Annually provide an updated list of all highly compensated individuals to be used in our testing.
7. **Discriminatory Plans.** Initiate any action required if the plan(s) become discriminatory.
8. **Reports and Data.** All reports and data remain the property of the Employer. Kabel Business Services will provide the Employer all data, upon request, in the electronic or printed format used by Kabel Business Services in its administrative procedure.

Summary Statement

This proposal is based upon the installation of a HRA Plan offering.

Fees

Our fees for the first year of administration are \$350.00, plus \$5.00 per spending account per month. Our fees for the second year of administration are \$350.00, plus \$5.00 per spending account per month. (Plans with maximum annual reimbursements in excess of \$5,000.00 are subject to CMS reporting fees.)

An extra line form information



COBRA Administration Proposal and Program Information

Prepared For:

City of Windsor Heights

Submitted By:

Larry Morgan

Kabel Business Services

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Kabel Business Services is a Third Party Administrator (TPA) that provides outsourcing solutions for a wide range of employee benefits programs. We have been serving our clients for over 20 years, providing peace of mind and compliance assurance to our valued customers.

KBS currently offers the following services to our clients:

- COBRA Administration
- FMLA Administration
- Cafeteria Flex Plan Administration
- Health Savings Account Administration
- Health Reimbursement Arrangement Administration
- Payroll Services
- Time and Attendance
- HR Services
- Background Checks

Our experienced and dedicated staff work hard to uphold our reputation of quality service and reliability. We provide individualized, professional consultation to ensure that our clients are making the best benefit decisions for their organizations, no matter the size.

From two employees to two thousand, let us help you take the pain out of managing your employee benefit programs. Kabel Business Services will help you to attract and keep employees who appreciate their benefits, remain compliant with the ever-changing rules and regulations, and allow you to focus your time and energy on business objectives.

COBRA Administration Services

Kabel Business Services offers paperless administration options for convenient and accessible COBRA processing.

Our online system offers a secure environment for your COBRA data that is easy-to-use and loaded with functionality so you can easily view and manage everything related to your Plan:

- Enter Participating Qualified Beneficiary (PQB)
 - Personal demographic information
 - Eligible benefits
 - Dependent information
 - View PQB List
 - Personal information
 - Employment status
 - Coverage history
 - Eligibility dates
 - Payment records
 - Dependent information
 - COBRA notice mailing date
 - Enter New Employees
 - View Existing Employee List
 - Personal information
 - Initial date of coverage
 - Search for COBRA Eligible Employees
- 



Compliance

Kabel Business Services takes the burden from employers and provides peace of mind that their COBRA administration is in complete compliance with all federal rules and regulations.

In order to be compliant under COBRA, employers, or third party administrators on the employer's behalf, must comply with several time sensitive deadlines. Those deadlines relate specifically to "Qualified Beneficiary" notification, election dates, and premium payment dates if applicable.

Compliance Services Include:

- Recording and maintaining of documents on all COBRA activity
- Proof of qualifying event notification
- Establishment of election and payment receipt deadlines
- Maintenance of records on all COBRA correspondence

We at Kabel Business Services adhere to the highest ethical standards and are fully compliant with all I.R.S., state, and federal regulations. Our staff is fully trained, efficient, and personable. We strive to always live up to our motto: ***Service with a personal touch.***



COBRA Administration Proposal

One Time Set up Fee (based on a single location) Includes: <ul style="list-style-type: none"> • Initial establishment of the Plan on our software • Initial mailing of General Rights Notices to all covered employees 	\$75.00
Annual Renewal Fee Applied to each Plan renewal invoice, beginning with your second Plan Year Includes: <ul style="list-style-type: none"> • Adjustments to rate tables for all covered health plans • Delivery of open-enrollment forms with complete instructions to any former employee on COBRA 	\$70.00
Administration Fee (per Benefit Enrolled Participant, per month) Monthly Minimum Administration Fee	\$1.25 \$50.00
Includes: <ul style="list-style-type: none"> • Mail Qualifying Event Notifications to Qualified Beneficiaries • Mail General Rights Notices to newly hired covered employees • Process and Adjudicate COBRA Elections • Process Monthly Premium Collections • Issue monthly insurance premium payment to Employers • Toll-free Employer and Qualified Beneficiary support and consultation 	
Qualified Beneficiary Takeover Fee (One-time charge per participant) Includes: <ul style="list-style-type: none"> • Audit/Takeover of current and pending COBRA participants • Coordination of collection of premiums from current Qualified Beneficiaries 	\$35.00
Initial General Rights Notices (Per Letter, one-time charge at take-over) <ul style="list-style-type: none"> • Mail General Rights Notice to each covered employee 	\$2.00

Administrator Processing Fee

Kabel Business Services will charge and retain a 2% administration fee to COBRA Qualified Beneficiaries to include Retirees where allowed by law.

Questions?

Please contact Larry Morgan @ (515)224-9400 or by email larrym@kabelbiz.com