

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

July 14, 2020

FROM

DIANE RUNDLES, Director, Human Resources Department

SUBJECT

Tax Savings Plan Documents

RECOMMENDATION(S)

1. Approve amended plan document for the Section 125 Premium Conversion Plan.
 2. Approve amended plan document for the Medical Expense Reimbursement Plan.
 3. Approve amended plan document for the Dependent Care Assistance Plan.
- (Presenter: Diane Rundles, Director, 387-5570)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Improve County Government Operations.

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The requested actions are administrative in nature with minimal financial impact. Sufficient appropriation is included in the Human Resources 2020-21 budget for minimal administrative costs related to the amendment of these plans.

BACKGROUND INFORMATION

The proposed amendments to the plan documents implement new provisions that are permitted under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Internal Revenue Service (IRS) regulations and guidance, and changes to memoranda of understandings.

The IRS Notice 2020-29, issued on May 12, 2020, provides tax relief through increased flexibility for taxpayers in a Section 125 Cafeteria Plan, Health Flexible Spending Account (FSA) and Dependent Care Assistance Programs. Based on this recent IRS Notice, the Section 125 Premium Conversion plan document, Medical Expense Reimbursement plan document, and the Dependent Care Assistance Program plan document are amended to add a new "National Emergency" section and allow for the following prospective mid-year election changes due to COVID-19:

Section 125 Premium Conversion Plan

- Make a new health coverage election if health coverage was initially declined.
- Switch health coverage options.
- Revoke a current health coverage election (subject to an employee attestation of enrollment in other coverage).

Medical Expense Reimbursement Plan

- Make, revoke, decrease or increase health FSA elections.
- Allow for the extension of claims incurred in the 2019-20 plan year to be filed through December 31, 2020 as opposed to the current plan year end date of July 17, 2020.
- Increase the 2020-21 plan year roll over amount from \$500 to \$550.

Dependent Care Assistance Program

- Make, revoke, decrease or increase dependent care FSA elections.

The recently passed CARES Act repeals the Affordable Care Act requirement that over-the-counter medication must be prescribed in order to be reimbursed under a Flexible Spending Account and deems other specific sanitary products as qualified medical expenses. The Medical Expense Reimbursement Plan document is amended to include the reimbursement of over-the-counter medication and menstrual care products, as qualified medical expenses, effective January 1, 2020. This provision is effective for expenses incurred and/or paid after December 31, 2019.

In addition to the national emergency and CARES Act inclusion for the amended documents, the Section 125 Premium Conversion Plan document will also include side-by-side healthcare trust fund(s) plan changes to stipulate the County will maintain the Section 125 Premium Conversion plan as the plan administrator.

The respective plan documents were reviewed for compliance with regulations by Human Resources, Employee Benefits and Services Division staff with the assistance of Mercer Benefits Consulting.

PROCUREMENT

Not applicable

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on June 23, 2020; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on June 23, 2020; County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on June 24, 2020.

Tax Savings Plan Documents
July 14, 2020

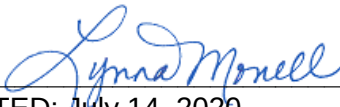
Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales
Ayes: Robert A. Lovingood, Janice Rutherford, Curt Hagman, Josie Gonzales
Absent: Dawn Rowe

Lynna Monell, CLERK OF THE BOARD

BY



DATED: July 14, 2020



cc: HR- Rundles w/attach
File- Human Resources Employee Benefits w/attach
la 07/17/2020