

RESOLUTION NO. R-20-16

A RESOLUTION ADOPTING CHANGES TO THE DEFINITION OF MEDICAL EXPENSES WITHIN THE CITY OF GLADSTONE'S FLEXIBLE BENEFITS PLAN.

WHEREAS, the City of Gladstone has established a Section 125 flexible benefits plan for employees to provide reasonable health insurance options for its employees by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the City of Gladstone has determined that the continuance of the flexible benefits plan, in accordance with IRS requirements, will serve these objectives and Section XI of the Section 125 Flexible Benefits Plan ("Plan) permits amendments to the Plan; and

WHEREAS, the City of Gladstone desires to amend the Plan to include changes in the definition of medical expense related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:

THAT, the City of Gladstone hereby restates and amends the City's flexible benefits plan, as set forth by the IRS, and as presented:

1. Section 8.04 (a) is amended by removing that Section in its entirety and in its place including the following: "(a) Eligible Medical Expense in General. The phrase 'Eligible Medical Expense' means any expense incurred by a Participant or any of his Dependents (subject to the restrictions in Sections 8.04(b) and (c)) during a Plan Year that (i) qualifies as an expense incurred by the Participant or Dependents for medical care as defined in Code Section 213(d) and meets the requirements outlined in Code Section 125, (ii) is excluded from gross income of the Participant under Code Section 105(b), and (iii) has not been and will not be paid or reimbursed by any other insurance plan, through damages, or from any other source. Notwithstanding the above, capital expenditures are not Eligible Medical Expenses under this Plan.
2. Section 8.05 introductory language is amended by removing that portion of the Section in its entirety and in its place including the following: "8.05 USE OF DEBIT CARD: In the event that the Employer elects to allow the use of debit cards ("Debit Cards") for reimbursement of Eligible Medical Expenses under the Medical Expense Reimbursement Plan, the provisions described in this Section shall apply.

FURTHER, THAT, this amendment is effective for medical expenses incurred after December 31, 2019, and other than changes made herein, the Plan shall remain in full force and effect.

FURTHER, THAT, the City Manager of the City of Gladstone, Missouri, is hereby authorized to execute a contract with American Fidelity Assurance Company via the partnership with Midwest Public Risk for the administration of the City's Flexible benefits plan for the FY 2020 plan year.

INTRODUCED, READ, PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 13th DAY OF APRIL 2020.



Mayor Carol J. Suter

ATTEST:



Ruth E. Bocchino, City Clerk



Request for Council Action

RES # R-20-16

BILL # City Clerk Only

ORD # City Clerk Only

Date: 4/6/2020

Department: General Administration

Meeting Date Requested: 4/13/2020

Public Hearing: Yes Date: [Click here to enter a date.](#)

Subject: City of Gladstone Flexible Benefits Plan

Background: The City of Gladstone is a member of Midwest Public Risk (MPR) – a public entity self-insurance pool providing health, dental and vision insurance to its membership of local governments, agencies and school districts. MPR services includes a partnership with a flexible benefits plan vendor, also known as a “flexible spending account” (Section 125 Plan) vendor, i.e., American Fidelity Assurance Company (AFA). Generally, the flexible benefits plan allows employees to deduct select healthcare premiums from gross earnings before taxes are computed. More specifically, a Flexible Spending Account (FSA) provision allows employees to elect an amount to be withheld from their paycheck each month and held in a separate account. The funds in this account are then made available to eligible employees to use their contributions to pay for eligible out-of-pocket expenses (medical, dependent care and limited health). Typically this gives employees more spendable income because current after-tax expenses, such as health care premiums, expenses and benefits, can be paid with pre-tax dollars. The Coronavirus Aid, Relief and Economic Security Act (CARES Act) is intended to ease the economic impacts stemming from the COVID-19 outbreak by providing emergency economic relief to families. This legislation impacts employer-sponsored benefit plans; it removes the prescription requirement for over-the-counter (OTC) drug reimbursements that previously applied to Healthcare Flexible Spending Accounts (FSAs) as well as to Health Savings Accounts (HSAs). In addition, menstrual care products will now qualify as medical care for purposes of reimbursement or tax-free distribution. We wish to restate the current provisions of the City of Gladstone’s Flexible Benefit Plan through an agreement with AFA for administration, recognizing the revised definition of medical expenses for the 2019/2020 policy year. Therefore, we respectfully request authorization from the Council to execute the restated plan through an agreement with AFA. Thank you for the opportunity to assist with this important employee benefit.

Budget Discussion: Funds are budgeted in the amount of \$ 0 from the N/A Fund. Ongoing costs are estimated to be \$ 0 annually. Previous years’ funding was \$

Public/Board/Staff Input:

Provide Original Contracts, Leases, Agreements, etc. to: City Clerk and Vendor

Charlene Leslie
Department Director/Administrator

City Attorney

SW
City Manager

RCA DUE TO CITY CLERK WEDNESDAY 12:00 PM