

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
3.19
(ID # 5398)

MEETING DATE:

Tuesday, November 14, 2017

FROM : HUMAN RESOURCES:

SUBJECT: HUMAN RESOURCES: Amendment to the Health Care Reimbursement Plan, for County of Riverside active benefit eligible employees, All Districts. [Total Cost - \$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Amendment to the County of Riverside's Health Care Reimbursement Plan document, effective January 1, 2018;
2. Authorize the Chairperson to sign four (4) copies of the attached Amendment; and
3. Direct the Clerk of the Board to retain one (1) copy of the signed document and return (3) copies to Human Resources for distribution.

ACTION: Policy

Michael Stock, Assistant CEO/ Director of Human Resources

11/3/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: November 14, 2017
xc: HR

Kecia Harper-Ihem
Clerk of the Board
B. [Signature]
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$	\$	\$	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS:			Budget Adjustment:	No
			For Fiscal Year:	FY 17/18 and 18/19

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County offers a Flexible Spending Account (FSA) program that allows eligible employees to enroll in Internal Revenue Service's (IRS) Code Section 125 pre-tax Health Care Account (HCA) and Dependent Care Account (DCA) reimbursement plans. The establishment of the FSA program was approved by the Board on August 10, 1999, Item 3.62. Administrative services for the HCA and DCA programs are presently provided by Application Software, Inc. (ASI), pursuant to the administrative services contract originally approved by the Board on September 28, 2010, Item 3.52. The County, through the Human Resources Director, is the Plan Administrator.

The HCA option reimburses eligible participants on a pre-tax basis for out-of-pocket medical expenses incurred during the plan year that are not covered by insurance or a health plan. The DCA option is used to reimburse eligible participants for child day care, or care of an adult dependent who is incapable of self-care and is claimed as a taxable dependent. For eligible participants who participate in the HCA and/or DCA plans, they do not pay taxes on the monies that are elected annually and deducted on a bi-weekly basis. Currently, eligible participants may elect to contribute up to \$2,500 annually for HCA and up to \$5,000 annually for the DCA plan.

Historically, despite the Board approved Health Care Reimbursement Plan, Human Resources has administered the flexible spending plans in accordance with IRS guidelines. For the HCA option, the IRS, under the Patient Protection and Affordable Care Act, imposed a \$2,500 limit on annual salary reductions to Health FSAs offered under Section 125 (Cafeteria) plans, effective for plan years beginning after December 31, 2012. For calendar year 2015 and 2016, the annual IRS limitation on salary reductions was indexed for cost-of-living adjustments and thus increased to \$2,550. Although the IRS annual limit indexed increase to \$2,550, County's HCA annual limit, as administered, remained at 2,500 for these respective years.

In 2017, the annual IRS limitation for HCA program participation was increased to \$2,600. The Human Resources Department is seeking Board approval to amend the County's Health Care Reimbursement Plan Document to adjust the pre-tax annual limit to IRS allowable limit of \$2,600, Attachment A. The County's DCA program will remain at the IRS current allowable limit of \$5,000.

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Prev. Agn. Ref.: 08/10/1999, Item 3.62

Impact on Residents and Businesses

There is no direct impact to residents or private businesses in the County of Riverside.

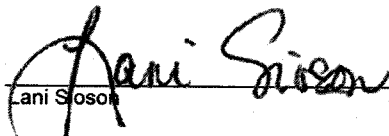
SUPPLEMENTAL:

Contract History

The entire Health Care and Dependent Care FSA Plan Documents are currently being reviewed and updated by AON, the County's benefit consultant. Once the Plan documents are finalized, they will be submitted to the Board of Supervisors for approval. This Form 11 only addresses the increase to the healthcare FSA allowable limit.

ATTACHMENTS

ATTACHMENT A. Amendment to the County of Riverside Health Care Reimbursement Plan


Lani Soson

11/6/2017


Gregory P. Priamos, Director County Counsel

11/6/2017

**AMENDMENT
TO THE COUNTY OF RIVERSIDE HEALTH CARE REIMBURSEMENT PLAN**

This Amendment to The County of Riverside Health Care Reimbursement Plan (hereinafter referred to as "Amendment") is approved by the undersigned Employer, the County of Riverside, a political subdivision of the State of California. This Amendment is effective as of January 1, 2018.

RECITALS

WHEREAS, The County of Riverside Health Care Reimbursement Plan ("Plan") was adopted by the Employer effective January 1, 2000; and

WHEREAS, the purpose of the Plan is to provide reimbursement for certain medical expenses of Participants not otherwise covered by insurance or by the Employer; and

WHEREAS, the Human Resources Director is the Plan Administrator and the express written approval of the Employer is required to amend the Plan;

NOW, THEREFORE, the Employer hereby amends the Plan document as follows:

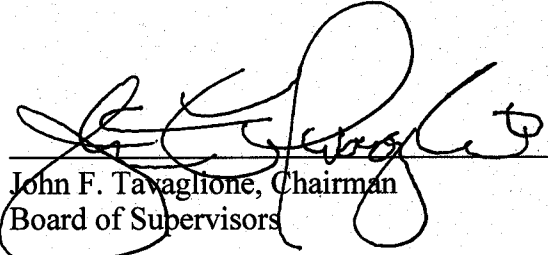
Section 4.5 of the Plan document is deleted in its entirety and replaced with the following:

"Notwithstanding any other provisions of the Plan, no Participant shall receive Medical Reimbursement Benefits in excess of the maximum allowed under federal law. Effective January 1, 2018, no Participant shall elect more than \$2,600 in a Plan Year."

All other terms and conditions of the Plan document not modified herein shall remain unchanged.

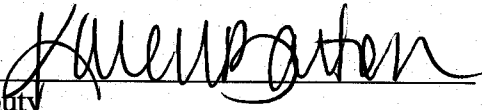
(SIGNATURES ON THE FOLLOWING PAGE)

This Amendment to The County of Riverside Health Care Reimbursement Plan is approved by the Board of Supervisors of the County of Riverside, a political subdivision of the State of California, on this 14th day of November, 2017.



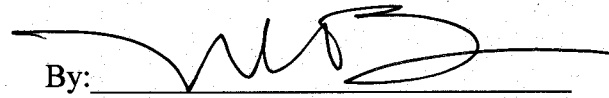
John F. Tavaglione, Chairman
Board of Supervisors

ATTEST:
Clerk of the Board
Kecia Harper-Ihem

By: 

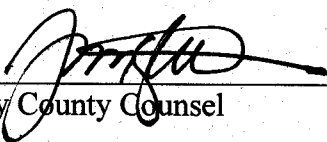
Deputy
Date: NOV 14 2017

RECOMMENDED FOR APPROVAL:

By: 

Michael T. Stock
Asst. County Executive Officer/
Human Resources Director
Date: 10/31/2017

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: 

Deputy County Counsel
Date: 10/31/2017