



## STAFF REPORT

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**DATE:** May 11, 2020  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Steve Booth, AVP, Human Resources and Labor Relations  
**SUBJ:** APPROVING THE FIRST AMENDMENT TO THE FLEXIBLE BENEFITS PLAN ALLOWING OVER-THE-COUNTER EXPENSES WITHOUT A PRESCRIPTION

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

The effect of the Board approving the amendment of the Flexible Benefits Plan is that employees will receive the enhanced benefits described below related to their FSAs.

### FISCAL IMPACT

There is no fiscal impact associated with the Contract Amendment of the Flexible Benefits Plan.

### DISCUSSION

Flexible Spending Accounts (FSA) are governed by Internal Revenue Code (IRC) Section 125, and allow an individual to have pre-tax payroll deductions for certain medical and dependent care expenses. A flexible spending arrangement is a form of cafeteria plan benefit, one hundred percent funded by a pre-tax salary reduction, that reimburses employees for expenses incurred for certain qualified expenses. A Healthcare Flexible Spending Account is a pre-tax benefit account that allows a participant to pay for eligible qualified medical expenses. An employee funds the Healthcare FSA through pre-tax deductions which are elected during SacRT's Open Enrollment period and is available for use at the beginning of the following plan year. The maximum amount a participant can contribute is determined by the Internal Revenue Service (IRS). The employer then deducts the election contribution amount (in equal portions) from the employees' paychecks throughout the plan year. Currently, over-the-counter medications are not permitted for reimbursement without a prescription.

As a result of the recently passed Coronavirus Aid, Relief and Economic Security (CARES) Act, employees have the opportunity to retroactively claim deductions from their Flexible Spending Account to pay for Over-the-Counter (OTC) medications as well as menstrual products. Section 3702 of the CARES Act lifts the prescription requirement for certain OTC medical products. Specifically, the CARES Act includes

certain OTC medical products as qualified medical expenses. The law allows FSAs to reimburse OTC medicines and drugs without a prescription and permits menstrual care products as a permitted expense. The First Amendment is contained in Exhibit A which is attached to the Resolution and which contains a Summary of Material Modifications providing details of the Summary of Changes prepared by SacRT's Flexible Benefit Plan provider, Navia Benefit Solutions. Staff recommends that the Board approve the First Amendment as set out in Exhibit A and authorize the General Manager/CEO to execute said Amendment and any other forms, applications, agreements or documents necessary to effectuate the change contemplated in the Summary of Material Modifications.

RESOLUTION NO. 20-05-0027

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

May 11, 2020

**FIRST AMENDMENT TO THE FLEXIBLE BENEFITS PLAN ALLOWING OVER-THE-COUNTER EXPENSES WITHOUT A PRESCRIPTION**

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby approves the First Amendment to the Flexible Benefits Plan, attached hereto as Exhibit A, lifting the prescription requirement for certain Over-the-Counter medical products as defined in Section 3702 of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

THAT, the Board hereby authorizes the General Manager/CEO to execute the First Amendment and to fill out, execute and submit any and all forms, documents and additional agreements, necessary to effectuate the Amendment to the Flexible Benefits Plan herein approved.

\_\_\_\_\_  
STEVE HANSEN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary

**SUMMARY OF MATERIAL MODIFICATIONS  
for the  
Sacramento Regional Transit District**

Flexible Benefits Plan

**I  
INTRODUCTION**

This is a Summary of Material Modifications regarding the Employer Name Flexible Benefits Plan (the “Plan”). This is merely a summary of the most important changes to the Plan and information contained in the Summary Plan Description (“SPD”) previously provided to you. It supplements and amends that SPD so you should retain a copy of this document with your copy of the SPD. If you have any questions, contact the Administrator. If there is any discrepancy between the terms of the Plan, as modified, and this Summary of Material Modifications, the provisions of the Plan will control.

**II  
SUMMARY OF CHANGES**

**Amendment Allowing Over-the-Counter Expenses Without a Prescription.**

Section 3702 of the CARES Act lifts the prescription requirement for certain Over-the-Counter (“OTC”) medical products.

Specifically, the Cares Act includes certain OTC medical products as qualified medical expenses. The law allows FSAs to reimburse over-the-counter medicines and drugs without a prescription and permits menstrual care products as a permitted expense.

This amendment clarifies and amends any contrary language in the plan document or summary plan description as of the Effective Date to permit OTC medical expenses without a prescription and menstrual care products as eligible expenses.

**SACRAMENTO REGIONAL TRANSIT DISTRICT FLEXIBLE BENEFIT PLAN  
AMENDMENT**

**ARTICLE I  
PREAMBLE**

- 1.1 **Adoption and effective date of amendment.** The Employer adopts this Amendment to Sacramento Regional Transit District Flexible Benefits Plan (the "Plan"). The sponsor intends this Amendment as good faith compliance with the requirements of these provisions. This Amendment shall be effective on or after the date the Employer elects in Section 2.1 below.
- 1.2 **Supersession of inconsistent provisions.** This Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.
- 1.3 **Construction.** Except as otherwise provided in this Amendment, any reference to "Section" in this Amendment refers only to sections within this Amendment, and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to any Plan article, section or other numbering designations.

**ARTICLE II  
ELECTIONS**

- 2.1 **Effective Date.** The provisions of this Amendment, unless otherwise indicated are effective as of January 1, 2020 but not earlier than January 1, 2020.
- 2.2 **Amendment Allowing Over-the-Counter Expenses Without a Prescription.**

Section 3702 of the CARES Act lifts the prescription requirement for certain Over-the-Counter ("OTC") medical products.

Specifically, the Cares Act includes certain OTC medical products as qualified medical expenses. The law allows FSAs to reimburse over-the-counter medicines and drugs without a prescription and permits menstrual care products as a permitted expense.

This amendment clarifies and amends any contrary language in the plan document or summary plan description as of the Effective Date to permit OTC medical expenses without a prescription and menstrual care products as eligible expenses.

This amendment has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Name of Employer: \_\_\_\_\_

By: \_\_\_\_\_  
EMPLOYER

**CERTIFICATE OF ADOPTING RESOLUTION**

The undersigned authorized representative of Sacramento Regional Transit District hereby certifies that the following resolutions were duly adopted on January 1, 2020 and that such resolutions have not been modified or rescinded as of the date hereof;

RESOLVED, that the Amendment to the Plan (the Amendment) is hereby approved and adopted, and that an authorized representative of the Employer is hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the amendment.

The undersigned further certifies that attached hereto is a copy of the Amendment approved and adopted in the foregoing resolution.

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

\_\_\_\_\_  
*[print name/title]*