

**ORDINANCE NO. 116-20**

**AN ORDINANCE ADOPTING THREE AMENDMENTS TO THE CITY OF MEDINA SECTION 125 PLAN, AND DECLARING AN EMERGENCY.**

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MEDINA, OHIO:**

- SEC. 1:** That the amendments to the City of Medina Section 125 Plan are hereby adopted.
- SEC. 2:** That a copy of Amendments are marked Exhibits A, B & C, attached hereto and incorporated herein.
- SEC. 3:** That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law.
- SEC. 4:** That this Ordinance shall be considered an emergency measure necessary for the immediate preservation of the public peace, health and safety, and for the further reason to allow employees to make changes immediately if necessary; wherefore, this Ordinance shall be in full force and effect immediately upon its passage and signature by the Mayor.

**PASSED:** June 22, 2020

**SIGNED:** John M. Coyne, III  
President of Council

**ATTEST:** Kathy Patton  
Clerk of Council

**APPROVED:** June 23, 2020

**SIGNED:** Dennis Hanwell  
Mayor

ORD 116-20

Section 125  
Amendment to Increase the Carryover to \$550

**Carryover increase.**

The carryover amount for FSAs has increased from \$500 to \$550 to account for inflation. Employers must adopt a plan amendment by Dec. 31, 2020, and this can be retroactive to the 2020 plan year.

City of Medina with a cafeteria plan year ending on 12/31/2020  
(Company Name) (Month & Year)

Dennis Hanwell  
Signature Dennis Hanwell

Mayor  
Title

June 23, 2020  
Date

ORD 116-20

Section 125  
Amendment to Make Mid-Year Cafeteria Plan Changes

**Cafeteria plans**

A cafeteria plan sponsor, although not required to do so, may amend its plan to permit employees to make the following prospective mid-year changes:

- Make a new election to participate in employer-sponsored health coverage if they initially declined such coverage
- Revoke a previous election for employer-sponsored health coverage and enroll in other employer-sponsored coverage OR provide in writing that they are covered by non-employer-sponsored coverage
- Revoke an election, make a new election, or increase or decrease an election to a healthcare flexible spending account (FSA) or dependent care assistance FSA (DCA)

This special accommodation will apply retroactively to mid-year changes made after Jan. 1, 2020, and expires on Dec. 31, 2020.

City of Medina with a cafeteria plan year ending on 12/31/2020  
(Company Name) (Month & Year)

Dennis Hanwell  
Signature Dennis Hanwell

Mayor  
Title

June 23, 2020  
Date

ORD. 116-20

Section 125

Amendment to Permit an Extension of 2019 Claims Through December 31, 2020

**Healthcare FSAs and DCAs**

- **Grace period extension.** Employers may amend their plans to allow employees to use unused amounts in their FSAs and DCAs as of Dec. 31, 2019, to pay for expenses incurred before Dec. 31, 2020 – thereby extending the grace period a full year. The extension for incurring claims is available to both cafeteria plans that have a grace period and plans that also provide a carryover.

**Note:** This extension may be problematic for employees who have also contributed to a health savings account (HSA) in 2020. Those with unused 2019 FSA amounts as of the date of the grace period could use those funds to pay for healthcare expenses below the HSA-eligible HDHP deductible amount in 2020, thus making them ineligible to make HSA contributions.

City of Medina with a cafeteria plan year ending on 12/31/2020  
(Company Name) (Month & Year)

Dennis Hanwell  
Signature Dennis Hanwell

Mayor  
Title

June 23, 2020  
Date