

ATTACHMENT IX-E

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Flex Insurance Account

Suggested Motion:

Starting in the 2020 plan year, the district will pay for the monthly administration fee for Flexible Spending Account for enrolled members.

Recommended Action:

Approve the motion

Insurance committee along with representatives from Gallagher meet on February 6, 2019. The insurance committee discussed and it is being proposed that the district would cover the monthly cost of the administration fee for the Flexible Spending Account starting in 2020. Currently anyone enrolled in this program is responsible for the monthly administration fee which has the potential to hinder staff participation. Increased staff participation has the potential for increased tax savings for the district. The tax saving benefit of increased participation will pay for the cost of the administration fees.



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Health Care Flexible Spending Account (HCFSA)

What expenses qualify for Health Care FSA reimbursement?

- Medical deductibles
- Co-pays
- Glasses
- Contact lenses
- Vision exams
- Dental expenses
- Prescription drugs
- Office visits
- Diabetic supplies
- Chiropractic expenses
- ... and much more

What is a Health Care Flexible Spending Account?

A Health Care FSA (HCFSA) is a program that saves you money by allowing you to pay for eligible medical, dental and vision expenses for you, your spouse and your dependents (including children to age 26), using **pre-tax dollars**. That means the money you set aside for your HCFSA is not subject to federal income tax, Social Security, Medicare and, in most cases, state and local taxes. Using a HCFSA can save you approximately 20-30% in taxes on your expenses!

How does it work?

During your employer's open enrollment period, you calculate your annual expenses and determine an election amount that you are comfortable with. Your employer will take pre-tax deductions from your paychecks in equal amounts throughout the entire plan year. Ex: You elect \$1,300 and you are paid 26 times per year. Your employer will deduct \$50 pre-tax from each paycheck over the course of the plan year. The plan year is the timeframe in which services need to be rendered to qualify for reimbursement. Check your enrollment materials for the plan year your employer has chosen.

When you have an eligible expense to be reimbursed, you simply file a claim with DBS. Services must be incurred within the plan year to be eligible for reimbursement.

How am I reimbursed for expenses?

Filing a claim is **easy!** Once you have incurred an eligible expense, file a claim with DBS online at DBSbenefits.com, on your mobile phone or via mail or fax. You need to provide documentation showing the date of service, description of the expense incurred, name of the service provider and the amount of the expense. Dates of service need to be within the HCFSA plan year.

A great benefit of the plan is that you have access to your entire election amount on the first day of the plan year. This means that if you have an expense at the beginning of the plan year, you can be reimbursed up to your entire election amount, even though you have not yet contributed that amount, easing the financial burden on you.

Why should I enroll?

- Improve your cash flow and increase your spendable income
- Save approximately 20-30% in taxes on your expenses

Need more information? Contact DBS at **(800) 234-1229** to speak with a representative. You can review plan balance, claims and reimbursement information online at DBSbenefits.com

What if I don't use my entire election amount by the end of the plan year?

It is uncommon for participants to have money remaining in their account at the end of the plan year but it is important to plan carefully. If you do have remaining funds, the unused funds may be forfeited and become the property of your employer, depending on the provisions of the plan. This is known as the use-or-lose provision.

Some employers offer a carryover provision, allowing you to carry over up to \$500 of unused funds into the new plan year, while others offer a grace period that allows additional time to incur expenses. If you are unsure if your plan offers either option, please contact DBS at **(800) 234-1229**.

What is a run-out period?

The run-out period is the period of time that you have after the end of the plan year to submit claims for expenses incurred during the plan year. Please check your enrollment materials for the runout period your employer has chosen.

Additional Health Care FSA Information

- If you are enrolled in a HCFSA, you are not able to contribute to a Health Savings Account (HSA) during the plan year. This applies to you and your spouse's HSA.
- Participation in a Health Care FSA may slightly affect your Social Security retirement benefit because you are lowering your annual gross income. For most people, the effect is minimal.
- If you are a highly compensated employee, an owner of the company or a family member of an owner, federal law may impose limits on your eligibility to participate in the plan.
- Expenses reimbursed from the HCFSA cannot be reimbursed through any other source. This includes any insurance company, insurance plan, other Flexible Benefit Plan, Medical Savings Account (MSA), Health Reimbursement Arrangement (HRA), Health Savings Account (HSA) or another reimbursement plan.

Can I change my Health Care FSA election during the plan year?

In certain situations, you may modify your election amount upon a "change in status" such as those listed below. There are several conditions and/or limitations that apply. Contact your employer if you believe that you may qualify for an election change.

- **Change in marital status (marriage, divorce, death of spouse)**
- **Change in number of dependents (birth, adoption, death of dependent)**
- **Change in employment status**
- **Change that causes your dependent to no longer meet dependent eligibility**
- **You take leave under FMLA**

DBSbenefits.com

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Flex Spending Account

North Boone CUSD 200
Board of Education Meeting
March 19, 2019

Health Care Flexible Spending Account

Program that allows staff to pay for eligible medical, dental and vision expenses for staff, spouse and dependents using pre-tax dollars.

Examples include:

Medical deductibles

Co-pays

Glasses, vision exams

Dental expenses

Prescription drugs

Diabetic supplies

Dependent Care Flexible Spending Account

Program that allows staff to pay for qualified dependent care expenses using pre-tax dollars.

Examples include:

Dependent care/child care

Pre-school

Summer day camp

Before and after school programs

Elder care

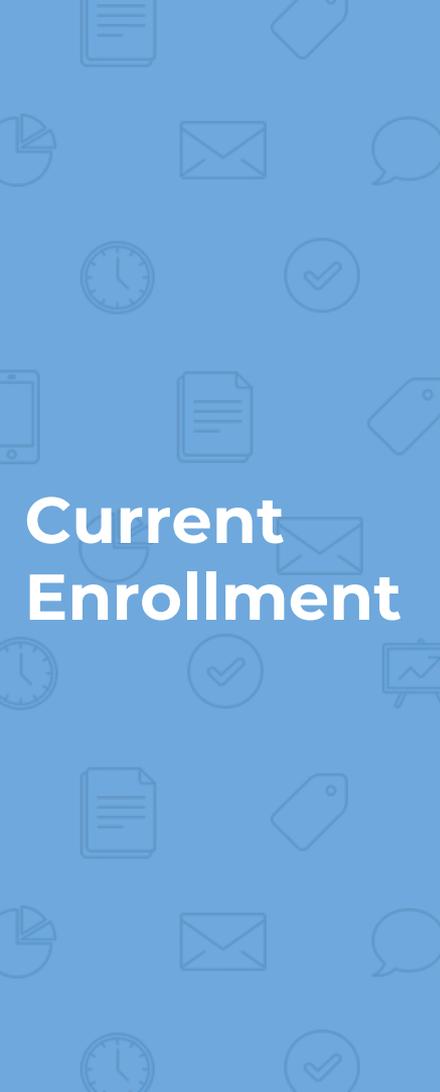
Nursery school

Benefits

*Staff can save up to 20-30% in taxes on expenses (per DBS)

*School District saves money on tax savings

*Staff can roll \$500 of their remaining funds to the next plan year.



Current Enrollment

*District offers Flexible Spending Account for employees working over 20 hours per week

*Plan year runs from January-December

*Currently 6 staff are enrolled

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Employees are responsible for fees associated with their account

\$4.50 a month

\$1.00 for debit card

*This has been noted as a possible discouragement for staff along with use-or-lose on unused funds.

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*District saved about \$1,258 on taxes in plan year 18

Proposal to cover enrolled members monthly fee starting in the next plan year (2020). There is potential for increased staff participation along with district tax saving.



Questions