



City of Madison

Human Resources Department

Date: October 26, 2020

2021 Flexible Spending Account Enrollment

Open Enrollment is October 26, 2020 through November 6, 2020, 4:30 pm

TO: Employees Certified at 50% or More of Full-Time Equivalent Employment and Elected Officials

Participation Eligibility: Permanent full-time employees, permanent part-time employees who work at least 19.38 hours per week, and elected officials (Mayor, Municipal Court Judge, and Alders) are eligible to participate. **Hourly and seasonal employees are not eligible.** Employees in layoff status will have an opportunity to enroll within 30 days of returning to work.

Administrator: ConnectYourCare LLC (CYC) will continue to be the third-party administrator for Healthcare Flexible Spending Accounts (FSA) and Dependent Care Assistance Program (DCAP) accounts for the 2021 plan year.

Plan Year: 1/1/2021 through 12/31/2021. Grace period ends 3/15/2022. Claims must be submitted by 5/31/2022.

When you choose to enroll in a Healthcare FSA or a Dependent Care Assistance Program account, you choose the annual dollar amount you want to contribute to each account based on your estimated eligible expenses for the upcoming Plan Year. Your contributions will be deducted pre-tax in equal amounts from each paycheck throughout the plan year. You will have access to your total Healthcare FSA annual contribution immediately at the start of the plan year. Dependent Care Assistance Program funds are available up to the current account balance only (year-to-date payroll deductions).

Enrollment Forms

A new Flexible Spending Enrollment Form must be completed each year if you want to continue participation. Employees who do not submit a Flexible Spending Enrollment Form for the 2021 plan year will not be enrolled, even if they participated in flexible spending during the 2020 plan year. An enrollment form is included with this packet. Forms are also available at <http://www.cityofmadison.com/human-resources/documents/FlexEnrollment.pdf>.

Online enrollment is not offered at this time.

Return completed enrollment forms to the Human Resources Department, 215 Martin Luther King Jr. Blvd., Suite 261, Madison, WI 53703 by 4:30 pm on Friday, November 6, 2020. Please note that the HR office is currently closed to non-HR staff. You may return forms by inter-departmental mail, USPS, to the drop box located outside the Doty Street entrance to the Madison Municipal Building, via fax to (608) 267-1115, or by email to benefits@cityofmadison.com – if emailing your form, please encrypt your message and attachment(s) – emails sent from a cityofmadison.com email address can be encrypted by typing #secure in the Subject of the message.

It is strongly recommended that you keep a copy of your completed enrollment form for your records.

Payment Card

Once you are enrolled, ConnectYourCare will provide you with an enrollment packet by mail or email and you will receive an FSA payment card (debit card) that may be used for eligible healthcare expenses. **If you participated in an FSA for the 2020 plan year, continue to use the ConnectYourCare FSA payment card that you previously received.**

The CYC payment card is not currently available for use in conjunction with the Dependent Care Assistance Program – eligible dependent care expenses must be paid for with a different method of payment and a reimbursement request must then be filed.

Eligible Expenses

The Internal Revenue Service determines whether an expense is eligible for payment/reimbursement from a Healthcare FSA or DCAP account. Expenses that the IRS does not consider to be eligible cannot be paid for using FSA or DCAP funds. All expenses must be substantiated for eligibility. Eligible expense lists are included with this memo.

Your Healthcare Flexible Spending Account and the Dependent Care Assistance Program account are separate accounts. Funds cannot be transferred from one account to the other. Eligible claims must be incurred during the plan year, during the grace period for the plan year, or during the part of the plan year in which you are actively participating. Per current IRS rules, an expense is incurred when service is actually received, not when you are billed or pay for the service.

Certain Ineligible Expenses

Expenses incurred for grandchildren not claimed by you as a tax dependent are not eligible for reimbursement under this benefit.

Expenses incurred by your domestic partner are not eligible for reimbursement unless you can claim your domestic partner as a tax dependent, as defined in Section 152 of the Internal Revenue Code, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof.

Annual Contribution Maximums/Minimums

Maximum/Minimum Healthcare Flexible Spending Account (FSA)

- \$2,750.00* Maximum allowed annually (per employee, per plan)
- There is no Minimum annual contribution amount

Maximum/Minimum Dependent Care Assistance Program Account (DCAP)

- \$5,000.00* Maximum allowed annually (per family, regardless of number of dependents)
- \$2,500.00* Maximum allowed annually for married individuals filing separately
- There is no Minimum annual contribution amount

*Projected amounts. Actual amounts have not yet been set by the Internal Revenue Service (IRS) as of the date of printing. If you elect the projected maximum amount and the maximum set by the IRS is lower, your election will be adjusted to the maximum allowable amount. If you elect the projected maximum amount and the maximum set by the IRS is higher, Human Resources will contact you and you will have the opportunity to amend your election amount up to the maximum allowable amount.

If you do not yet know whether you will need dependent care in 2021 (or you do not know if you will have dependent care available), it is advisable to not enroll in DCAP during the open enrollment period. You may enroll in a DCAP account within 30 days of the start of dependent care. Once FSA and DCAP contributions have been collected via payroll deduction, they cannot be refunded, even if you determine that you will not incur any eligible expenses in the plan year.

Election Changes

Changes to FSA and DCAP annual election amounts after the plan year has started are not allowed unless you experience a qualifying status change. When you have a status change that alters your coverage needs, you must complete and submit a change form to the Human Resources Department no later than 30 days after the qualifying status change – the change in election amount must correspond with the change in status (For example: If you gain an eligible dependent, you may increase your election amount; if you lose an eligible dependent, you may decrease your election amount). Status changes include:

- Legal Marital Status: Marriage, death of spouse, divorce, legal separation, annulment
- Number of Dependents: Birth, death, adoption, placement for adoption
- Employment Status: Employee, spouse, or dependent termination or start of employment, a strike or lockout, start of or return from unpaid leave of absence
- Dependent Satisfies or Ceases to Satisfy the Requirements for Unmarried Dependents: Student status, dependent no longer qualifies because of age

If a change in election is made, the change will be effective the first of the month following:

- The date the change in status occurs, or
- The date the request form is signed (within 30 days of the event).

Cost or Coverage Changes allow changes to Dependent Care Assistance Program (DCAP) elections only. **These do not apply to Healthcare Flexible Spending Accounts.**

- You may change your DCAP election amount if you begin or stop sending your dependent to daycare.
- You may change your DCAP election amount if the provider changes the cost of the care.
- You may change your DCAP election if you change providers and the new provider charges more (or less) for care.
- You may change your DCAP election if your dependent reaches age 13 and no longer qualifies for Dependent Care reimbursement.

Reimbursements and the ConnectYourCare (CYC) FSA Payment Card

Use your FSA payment card to pay for eligible healthcare expenses that you incur. The card automatically pays for and substantiates many, but not all, eligible expenses at the point of purchase. The majority of pharmacy purchases are able to be auto-substantiated through the Inventory Information Approval System (IIAS). **Payments to your health plan, such as for your annual medical deductible, may not be able to be auto-substantiated due to information-sharing restrictions placed on the health plans by Employee Trust Funds, the City's health insurance program administrator, and may require additional documentation.**

Internal Revenue Code that regulates FSA and DCAP accounts requires that all claims be substantiated for eligibility. Claims that are unable to be auto-substantiated by approved methods will require that supporting documentation be submitted to CYC so that these claims can be manually substantiated and be approved as eligible for reimbursement. **Be prepared to provide supporting documentation to CYC upon request.** In some cases, funds may be released from the FSA account before a claim is able to be manually substantiated and approved as an eligible expense. In these cases, it is still your responsibility to provide documentation so that the claim can be substantiated and approved. **If you do not provide requested documentation by the due date indicated by CYC, your FSA payment card and/or account may be suspended and you may be required to repay reimbursed funds, per Internal Revenue Code.**

If you do not use the FSA payment card to pay for an eligible expense, you may submit a claim for reimbursement via the CYC Mobile App (available for iOS and Android), online Request for Reimbursement form via the CYC website, text message, fax, or mail. **All non-payment card claims require that supporting documentation be provided to CYC for substantiation.** Your reimbursement for an approved claim will be made via the method that you select (direct deposit, paper check). **The default method for reimbursements of manually claimed expenses is a paper check. You may enroll in direct deposit for FSA/DCAP reimbursements through your online account at www.connectyourcare.com** – if you are already enrolled in direct deposit, your settings will carry forward to the 2021 plan year.

Save Your Receipts

It is strongly recommended that you save receipts for all FSA and DCAP expenses, as they may be required to substantiate claims with CYC and/or for tax filing purposes. The Explanation of Benefits (EOB) sent by your health plan after your visit typically contains all of the required information for CYC to substantiate a health insurance related claim.

Grace Period and Forfeiture of Unclaimed Funds

There is a grace period for reimbursement of plan year expenses. You have until March 15, 2022 to **incur** claims against your 2021 FSA and DCAP funds. You have until May 31, 2022 to **submit** claims against your 2021 FSA and DCAP funds. During the grace period, claims for expenses incurred in 2021 should be submitted prior to claims for expenses incurred in 2022. **Any funds unclaimed by May 31, 2022 will be forfeited back to the plan. Forfeited funds will be used to defray the cost of administrative expenses associated with the City's offering of the FSA plan.**

Additional Resources and Questions

Additional resources are available online at <https://www.cityofmadison.com/human-resources/benefits/open-enrollment>. Contact Human Resources Benefits staff at (608) 266-4615 or benefits@cityofmadison.com

Healthcare Flexible Spending Account Worksheet

Start by reviewing prior years' receipts for medical expenses (healthcare, dental, and vision) that you paid for out-of-pocket. This may be helpful in determining your annual Flexible Spending Account election for next year.

Budget only for expenses that are eligible for reimbursement through a medical Flexible Spending Account and that will be incurred during the next plan year.

(Be sure to include expenses for you, your spouse, and other eligible dependents.)

Review list of eligible expenses for more information on whether a specific expense may be reimbursed.

| Type of Service | Number of Visits per Year | Cost per Visit | Mileage Cost per Visit <small>= Average miles per Visit* X Mileage Rate (\$0.17/mile)</small> | Annual Cost <small>= Number of Visits X (Cost per Visit + Mileage Cost per Visit)</small> |
|---|---------------------------|--------------------------------|--|--|
| Office Visits (including Specialists) | <i>Example: 10 visits</i> | <i>Example: \$25 copayment</i> | <i>Example: 20 miles X \$0.17/mile = \$3.40</i> | <i>Example: 10 X (\$25 + \$3.40) = \$284.00</i> |
| Chiropractor Visits | | | | |
| Hospitalization or Surgery | | | | |
| Emergency Room Visits (\$60 copayment**) | | | | |
| Speech, Physical, or Occupational Therapy | | | | |
| Counseling or Therapy Sessions | | | | |
| TOTAL ANNUAL MEDICAL SERVICE COST | | | | |

| Type of Product | Monthly Cost | Annual Cost <small>= Monthly Cost X 12</small> |
|--|--------------|---|
| Prescriptions | | |
| Over-the-counter supplies and equipment (contact lens supplies, diabetic supplies, etc.) | | |
| TOTAL ANNUAL MEDICAL PRODUCT COST | | |

| Other Medical Expenses | Annual Cost |
|--|-------------|
| Other anticipated medical expenses (Dental expenses, Vision expenses, One-time services, One-time prescriptions, etc.) | |
| TOTAL ANNUAL OTHER MEDICAL EXPENSES COST | |

| | |
|---|--|
| TOTAL ANNUAL MEDICAL FLEXIBLE SPENDING ACCOUNT ELECTION <small>= Total Annual Medical Service Cost + Total Annual Medical Product Cost + Total Annual Other Medical Expenses Cost</small> | |
|---|--|

* Average Miles per visit is defined as the average number of miles to and from a medical provider for one visit. This mileage is an eligible expense for reimbursement through a medical Flexible Spending Account.

** Waived if admitted as an inpatient directly from the emergency room or for observation for 24 hours or longer.



Flexible Spending Enrollment Form



RETURN THIS FORM TO CITY OF MADISON HUMAN RESOURCES

Employee (Participant) Name: _____

Employee ID Number (MUNIS EE#)*: _____

Date of Birth (MM/DD/YYYY): _____ **Last 4 Digits of SSN:** XXX-XX-_____

Department Name: _____

Employee (Participant) Address:

Street Number and Name _____

City, State, Zip _____

Email Address:** _____

Primary Phone Number:** _____

Alternate Phone Number: _____

Participant's Plan Effective Date: **01/01/2021**

*You can find your Employee ID Number on your paycheck/direct deposit advice. Your Employee ID Number will also be used as your ConnectYourCare Participant ID.

**Required to access your account online or via your mobile phone, or to receive personal account notifications. Information is confidential and is not used for marketing purposes.

ELECTION AMOUNTS

Prior to completing your election amounts, refer to the instructions and frequently asked questions on page 2.

I request the following amount(s) to be deducted pre-tax from my pay:

Annual Election Amount***

- 1. Medical (Out of Pocket) Expenses (\$2,750 max.)** \$ _____
This amount is usually paid per year towards deductible and co-insurance portions of health insurance, dental expenses, orthodontia expenses, eye care, and other healthcare related expenses.
- 2. Dependent Day Care (\$5,000 max.)** \$ _____
Amount paid for day care expenses per year.



***Indicate the amount that you want to contribute for the full year. Your employer will calculate the amount per paycheck.

AUTHORIZATION

I agree to have my pay reduced by the election/deduction amount(s) stated above. I understand amounts remaining in my flexible spending account(s) not used for qualified expenses incurred during the Plan Year will be forfeited in accordance with current Plan provisions and tax laws. I further understand that the Flexible Spending deduction(s) will be in effect for the entire Plan Year and cannot be changed or revoked except as permitted by federal law. I understand that my election will be automatically deducted before taxes. I understand additional Flex Spending Cards issued to my spouse or dependent will provide the named individual with access to my flexible spending account(s). I accept all responsibility for card transactions incurred by the named individual and will submit supporting documentation, as requested, for those transactions. I agree that upon inappropriate or fraudulent use of the Flex Spending Card or termination of employment, I will immediately return all Flex Spending Cards to my Employer. I certify the above information to be true to the best of my knowledge and that the children for whom I will be claiming dependent or child care expenses either reside with me in a parent-child relationship or are legally dependent on me for their support.

Signature _____ Date _____

CYC • 307 International Circle Suite 200 • Hunt Valley, MD 21030 • 877-292-4040 • Fax: 443-681-4601 • www.connectyourcare.com

ENROLLMENT FORM INSTRUCTIONS

1. Complete each applicable line on the enrollment form, sign, and date. Please print legibly.
2. Return the completed and signed form to your employer: Human Resources Department, Suite 261, Madison Municipal Building, 215 Martin Luther King Jr. Blvd., Madison, WI 53703. Forms may be faxed to (608) 267-1115 or emailed to benefits@cityofmadison.com (please use email encryption).
3. For enrollment assistance, contact Human Resources at (608) 266-4615 or benefits@cityofmadison.com.
4. **Healthcare Flexible Spending Account Expenses:** The annual amount elected is typically paid toward eligible deductible and co-insurance portions of health insurance, dental expenses, orthodontic expenses, eye care, and other miscellaneous healthcare expenses. Per IRS regulations, a Participant may salary reduce the **maximum of \$2,750 for the 2021 plan year**. There is no minimum election. Indicate your full annual election amount. Write 0.00 on the Medical (Out of Pocket) Expenses line if you do not wish to participate in the Healthcare FSA for the 2021 plan year.
5. **Dependent Care Assistance Program:** Amount paid for eligible dependent care expenses per year. The maximum allowable amount under IRS regulations is \$5,000 per calendar year per family. The annual maximum for married individuals filing as single is \$2,500. There is no minimum election. Indicate your full annual election amount. Write 0.00 on the Dependent Day Care line if you do not wish to participate in the Dependent Care Assistance Program for the 2021 plan year.

QUESTIONS FREQUENTLY ASKED BY EMPLOYEES

1. **What does participating in a Healthcare FSA or Dependent Care Assistance Program (DCAP) account do for me?** These accounts offer you a choice to pay for certain eligible expenses on a pre-tax basis. Paying for eligible expenses with pre-tax dollars reduces the amount you pay in taxes and increases your take-home pay. Every dollar paid on a pre-tax basis results in a savings to you.
2. **Is there any cost or fee to me, as an employee, to participate?** No, any administrative fees are paid by the employer.
3. **Must I participate in my employer's health insurance program in order to participate in flexible spending?** No. Healthcare FSAs and DCAPs are not tied to any insurance plan or company. You may participate in a Healthcare FSA or DCAP regardless of your particular insurance provider.
4. **What are qualified medical expenses?** Qualified expenses include dental care, prescriptions, eyeglasses, and out-of-pocket medical expenses not covered by insurance. However, vitamins and other dietary supplements taken for general health purposes are not eligible. Purchases of over-the-counter (OTC) medicines and drugs (with the exception of insulin) are only reimbursable if accompanied by a prescription or Prescription Order Form from your medical practitioner. Below are some *examples* of eligible OTC health related expenses:
Examples of OTC items that require a prescription or Prescription Order Form: Acid Controllers; Allergy and Sinus Medication; Antibiotic Products; Cough, Cold, and Flu Medication; Digestive Aids; Pain Relief Medication; Respiratory Treatments; Sedatives; and Stomach Remedies
Examples of OTC items that are eligible and need no physician authorization: Bandages; Blood Pressure Kits; Contact Lenses; Contact Lens Solution; Diabetes Testing Supplies; Durable Medical Equipment; Hearing Aid Batteries; Heating Pads; Insulin; Nebulizers; and Walkers and Wheelchairs
5. **How does the Dependent Care Assistance Program (DCAP) account compare with the tax credit available on the individual Form 1040?** The circumstances that determine which option offers greater savings vary from family to family. As such, the decision to choose the tax credit or the DCAP deduction may be made on a case by case basis only. Participation in the DCAP results in an immediate savings on Federal, State, and Social Security tax, whereas the Federal credit will affect Federal Income Tax only and will be taken at year-end.
6. **How does a Cafeteria Plan, such as a Healthcare Flexible Spending Account, affect Social Security benefits?** Reduction of your Social Security benefits will be minimal and is offset by the tax savings and lower healthcare costs made possible by FSA participation. To compensate for this minimal reduction, you may want to consider increasing your retirement plan funding.
7. **Under what circumstances may the annual election amounts be changed?** The elections may be changed only if there is a change in family or employment status, as defined by Section 125 of the Internal Revenue Code.
8. **What is the Use-or-Lose Rule?** To avoid an account balance at year-end, be conservative when making your annual elections. Any funds left at the end of the Plan Year grace period are forfeited.
9. **Who determines the rules and regulations of Healthcare FSAs and Dependent Care Assistance Program accounts?** These accounts are regulated by the IRS. Plan administrator documentation guidelines are intended as a means to ensure eligibility of your requests for reimbursement. It is the Participant's responsibility to comply with these guidelines and to avoid duplication of requests or submission of ineligible charges. Failure to adhere to established requirements could lead to payment delays or denial of expense reimbursement. In the event of an error or omission in the course of administering the Plan on behalf of the employer, ConnectYourCare will notify and remedy the error or omission. The employer and employees agree to ConnectYourCare's procedures for making any corrections, including but not limited to payroll reduction. An error by the employer or ConnectYourCare does not constitute an assumption of liability for the amount of the error.

(FLEXIBLE SPENDING ACCOUNT)

FSA ELIGIBLE EXPENSES



ELIGIBLE EXPENSE EXAMPLES

There are thousands of eligible expenses for tax-free purchase with your account funds, including prescriptions, doctor's office copays, health insurance deductibles, and coinsurance. Many over-the-counter (OTC) treatments are also eligible.

- ✓ Acupuncture
- ✓ Alcoholism treatment
- ✓ Ambulance
- ✓ Artificial limb
- ✓ Birth control pills
- ✓ Blood pressure monitoring device
- ✓ Breast pumps and related supplies
- ✓ Chiropractic care
- ✓ Contact lenses and related materials
- ✓ Dental treatment
- ✓ Dentures
- ✓ Diagnostic services
- ✓ Drug addiction treatment
- ✓ Eye examination, eye glasses, and reading glasses
- ✓ Family planning items
- ✓ Fertility treatment
- ✓ Flu shot
- ✓ Hearing aids
- ✓ Hospital services
- ✓ Immunization
- ✓ Insulin and diabetic supplies
- ✓ Laboratory fees
- ✓ Laser eye surgery
- ✓ Medical testing devices
- ✓ Menstrual care products
- ✓ Nursing services
- ✓ Obstetrical expenses
- ✓ Orthodontia (not for cosmetic reasons)
- ✓ Over-the-counter (OTC) treatments containing medicine—cold treatments, ointments, pain relievers, stomach remedies, etc.
- ✓ Over-the-counter (OTC) treatments without medicine—bandages, wraps, medical testing devices, etc.
- ✓ Oxygen
- ✓ Physical exam
- ✓ Physical therapy
- ✓ Prescription drugs
- ✓ Psychiatric care
- ✓ Smoking cessation program and medications
- ✓ Surgery
- ✓ Sunscreen & sun block (SPF 15+, broad spectrum)
- ✓ Transportation for medical care
- ✓ Weight loss program necessary to treat a specific medical condition
- ✓ Wheelchair, walkers, crutches, and canes

INELIGIBLE EXPENSE EXAMPLES

These items are not generally eligible for tax-free purchase with your account funds.

- ✗ Concierge service fees (billed for future services; no treatment provided)
- ✗ Cosmetics and cosmetic surgery
- ✗ Deodorant
- ✗ Exercise equipment
- ✗ Fitness programs
- ✗ Funeral expenses
- ✗ Hair transplants
- ✗ Household help
- ✗ Illegal operations and treatments
- ✗ Maternity clothes
- ✗ Teeth whitening

DUAL PURPOSE ITEMS

Items that can be used for a medical purpose or for general health and well-being are considered "dual purpose" and are eligible only with a prescription, doctor's directive or letter of medical necessity. Examples include:

- ✓ Dietary and weight loss supplements
- ✓ Fiber supplements
- ✓ Orthopedic shoes and inserts
- ✓ Snoring cessation aids
- ✓ Vitamins and herbal supplements



For more information visit connectyourcare.com

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(DEPENDENT CARE ASSISTANCE PROGRAM)

DCAP ELIGIBLE EXPENSES



ELIGIBLE EXPENSE EXAMPLES

Dependent Care Assistance Program funds cover care costs for your eligible dependents to enable you to work.

- ✓ Before school or after school care (other than tuition)
- ✓ Qualifying custodial care for dependent adults
- ✓ Licensed day care centers
- ✓ Nursery schools or pre-schools
- ✓ Placement fees for a dependent care provider, such as an au pair
- ✓ Child care at a day camp, nursery school, or by a private sitter
- ✓ Late pick-up fees
- ✓ Summer or holiday day camps

INELIGIBLE EXPENSE EXAMPLES

These items are not eligible for tax-free purchase with Dependent Care Assistance Program funds.

- ✗ Expenses for non-disabled children 13 and older
- ✗ Educational expenses including kindergarten or private school tuition fees
- ✗ Amounts paid for food, clothing, sports lessons, field trips, and entertainment
- ✗ Overnight camp expenses
- ✗ Registration fees
- ✗ Transportation expenses
- ✗ Late payment fees
- ✗ Payment for services not yet provided (payment in advance)
- ✗ Medical care



For more information visit connectyourcare.com

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