



# City of Madison

Human Resources Department

Date: November 4, 2019

## 2020 Flexible Spending Account Enrollment

Open Enrollment is November 4, 2019 through November 15, 2019, 4:30 pm

**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 2020 plan year.

**Plan Year:** 1/1/2020 through 12/31/2020. Grace period ends 3/15/2021. Claims must be submitted by 3/31/2021.

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 and Payment Card

**A new Enrollment form must be completed each 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 15, 2019.** Due to the volume of forms received, Human Resources may not be able to confirm receipt of your form prior to the enrollment deadline if it is not dropped off in-person at our office. It is recommended that you keep a copy of your completed enrollment form for your records.

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 2019 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.

### Participation Eligibility and Certain Ineligible Expenses

Eligible City employees are those who are permanent full-time or permanent part-time employees or elected officials who work at least 19.38 hours per week. **Hourly and seasonal employees are not eligible.**

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.

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.

## **Annual Contribution Minimums/Maximums**

### *Minimum/Maximum Healthcare Flexible Spending Account (FSA)*

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

### *Minimum/Maximum 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). 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.

## **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 event. 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).

Election Changes Based on 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 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 amount if you begin or stop sending your dependent to daycare.
- Dependent is age 13 and no longer qualifies for Dependent Care reimbursement.

**If you do not know whether you will need dependent care in 2020, 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.**

### **Reimbursements and the ConnectYourCare (CYC) FSA Payment Card**

As you incur eligible expenses, simply swipe your FSA payment card to pay for the purchase. The card automatically pays for and substantiates many 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 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).

### **Save Your Receipts**

It is 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 for the plan year expenses. You have until March 15, 2021 to **incur** claims against your 2020 FSA and DCAP funds. You have until March 31, 2021 to **submit** claims against your 2020 FSA and DCAP funds. During the grace period, claims for expenses incurred in 2020 should be submitted prior to claims for expenses incurred in 2021. ***Any funds unclaimed by March 31, 2021 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.***

### **Questions**

Additional resources are available from the City Human Resources office in Suite 261 of the Madison Municipal Building, online at <https://www.cityofmadison.com/human-resources/benefits/open-enrollment>, or from your payroll clerk.

Contact Human Resources Benefits staff at (608) 266-4615 or [benefits@cityofmadison.com](mailto: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 (\$0.23/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 \$0.23/mile = \$4.60</i>	<i>Example: 10 X (\$25 + \$4.60) = \$296.00</i>
Chiropractor Visits				
Hospitalization or Surgery				
Emergency Room Visits (\$60 copayment**)				
Speech, Physical, or Occupational Therapy				
Counseling or Therapy Sessions				
<b>TOTAL ANNUAL MEDICAL SERVICE COST</b>				

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.)		
<b>TOTAL ANNUAL MEDICAL PRODUCT COST</b>		

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

<b>TOTAL ANNUAL MEDICAL FLEXIBLE SPENDING ACCOUNT ELECTION</b> <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.