



Washington State Health Care Authority
Public Employees Benefits Board
P.O. Box 42684 • Olympia, Washington 98504-2684
360-725-0440 • TTY 711 • FAX 360-725-0771 • www.pebb.hca.wa.gov

Washington State Health Care Authority
PEBB Employer Notice Number 13-01

Date: October 1, 2013

Applies to: All State Agencies and Higher-Education Institutions

Subject: All Party Responsibilities for Flexible Spending Arrangement (FSA) and Dependent Care Assistance Program (DCAP) in 2014

Effective January 1, 2014, Flex-Plan Services will administer the Dependent Care Assistance Program (DCAP) and the Flexible Spending Arrangement (FSA) for HCA.

The Health Care Authority (HCA) will discontinue its contract with Application Software, Inc. (ASIFlex) for Plan Year 2014. However, ASIFlex will continue to provide FSA and DCAP third party administrative services for the claims run-out period January 1, 2014 through March 31, 2014.

The employee FSA maximum contribution amount for 2014 will remain the same at \$2,500 with a minimum enrollment amount of \$240. The amount is set by the health reform legislation in the Patient Protection and Affordable Care Act (PPACA).

The employer administrative fee for DCAP and FSA for 2014 will decrease by \$.75 cents. State agencies and higher-education institutions will pay **\$3.50** per participant per month. Forfeitures are retained in the HCA administrative fund and will continue to be used to lower the administrative fee that HCA charges agencies.

Employers may use the FICA savings to pay the administrative fees. **If a participant enrolls in both the FSA and DCAP programs, HCA will continue to only charge the employer one administrative fee of \$3.50 per participant per month.** The HCA will bill each agency quarterly.

This notice lists the responsibilities of the FSA and DCAP administrator, Flex-Plan Services, the state and higher-education payroll systems, the employing state agencies, higher-education institutions, and the HCA.

FSA/DCAP Administrator Responsibilities

Flex-Plan Services will:

- Provide paper and online enrollment during the Public Employees Benefits Board Program (PEBB) annual open enrollment period which will be held in November.
- Assist with enrollment activities by providing general information and customer support on its Web site (www.pebb.flex-plan.com) and toll-free phone number (1-800-669-3539).
- Provide an FSA and DCAP summary in the new Employee Enrollment Guide.
- Participate in the PEBB annual open enrollment benefit fairs sponsored by the HCA.
- Accept eligibility documentation from the employing agencies.
- Check enrollment forms and deduction amounts, and transmit the deduction amounts to the appropriate payroll system for each employing agency.
- Offer an FSA debit card (Benny Card) for participants to use when they incur medical expenses. **Debit cards are not available for the DCAP program.**
- Offer fax numbers (1-425-451-7002 or toll-free 1-866-535-9227) to send claims and other correspondence.
- Process and pay claims.
- Provide the HCA with monthly bank account reconciliations, annual forfeiture reports, and other reports as needed.

Agency Payroll Systems' Responsibilities

The state central payroll and higher-education payroll systems will:

- Provide eligibility documentation related to each state agency and higher-education institution's employees directly to Flex-Plan Services.
- Receive and process payroll deduction files from Flex-Plan Services.
- Deposit actual dollars collected from FSA and/or DCAP payroll deductions in account 165 for DCAP and FSA.
- Transmit FSA and/or DCAP payroll deduction detail information to Flex-Plan Services.
- Provide all employee data needed to complete the annual IRS mandated non-discrimination testing to Flex-Plan Services.

Employing Agencies' Responsibilities

Each agency will:

- Provide timely and accurate reconciliations of all eligibility and enrollment discrepancies with Flex-Plan Services.
- Provide FSA and DCAP enrollment forms and educational materials to employees and their dependents upon request. These materials can be downloaded and printed from Flex-Plan Services Web site at www.pebb.flex-plan.com.
- Pay an administrative fee of \$3.50 per participant per month. HCA will bill each agency quarterly. Agencies will pay on time as instructed by HCA.
- Participate in evaluation meetings held by HCA, if appropriate, to discuss Flex-Plan Services performance.

HCA's Responsibilities

The HCA will:

- Manage the administration of the medical FSA and DCAP programs consistent with Chapter 41.05 RCW.
- Communicate FSA and DCAP programs and PEBB annual open enrollment information to all eligible employees.
- Determine annually the required FSA and/or DCAP program administrative fee to charge to the agencies.
- Invoice agencies for the monthly FSA and/or DCAP program administrative fee. The HCA will bill each agency quarterly.
- Pay Flex-Plan Services the administrative fee in the contract between Flex-Plan Services and HCA.
- Monitor monthly bank account reconciliations and annual forfeiture reports produced by Flex-Plan Services. The HCA will pay any deficits that might occur from the state's medical flexible spending account, established in 2005.
- Schedule evaluation meetings, if appropriate, with state agency and higher-education employers to discuss Flex-Plan Services performance.

Contact Information:

If you have any questions, please contact Amy Corrigan, PEBB Outreach and Training Manager, at 360-725-0826, or amy.corrigan@hca.wa.gov.