



Washington State Health Care Authority
Public Employees Benefits Board

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Washington State Health Care Authority
PEBB Employer Notice Number 08-01

Date: September 29, 2008

Applies to: All State Agencies and Higher-Education Institutions

Subject: All Party Responsibilities for Flexible Spending Account (FSA) and Dependent Care Assistant Program (DCAP) in 2009

The Health Care Authority (HCA) will continue its contract with Application Software, Inc. (ASI) for Plan Year 2009 to administer the Dependent Care Assistance Program (DCAP) and the Flexible Spending Account (FSA) for HCA.

There will be a change to the administrative fee for DCAP and FSA for 2009. Agencies and higher-education institutions will pay **\$4.75** per participant per month (PPPM). This is a \$0.50 increase from \$4.25 during Calendar Year 2008. The driver behind the increased fee is HCA's policy decision to increase the maximum allowable deferral from \$2,400 to \$3,600. This increase requires larger reserves to be maintained for cash flow. Employers may use the FICA savings to pay the administrative fees. This fee increase will slightly reduce the FICA savings that accrue to agencies when employees participate in the FSA and DCAP programs. **If a participant enrolls in both the FSA and DCAP programs, HCA will only charge the employer one administrative fee of \$4.75 per participant per month.** The HCA will bill each agency quarterly.

This notice states the responsibilities of the FSA and DCAP administrator (ASI), the state and higher-education payroll systems, the employing state agencies and higher-education institutions (agencies), and the HCA.

FSA/DCAP Administrator Responsibilities

ASI will:

- Provide online enrollment during the PEBB Program's open enrollment period.
- Assist with enrollment activities by providing general information and customer support on its Web site (www.asiflex.com/pebb) and toll-free phone number (1-800-659-3035).
- Participate in the open enrollment benefits 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 for participants to use when they incur medical expenses. **Debit cards are not available for the DCAP program.**

- Offer a toll-free fax number 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.
- Provide an FSA and DCAP summary and worksheet in the new employee packets.

Agency Payroll Systems' Responsibilities

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

- Provide eligibility documentation related to each state agency's and higher-education institution's employees directly to ASI.
- Receive and process payroll deduction files from ASI, and monitor exception reports to reconcile with ASI.
- Deposit actual dollars collected from FSA and/or DCAP payroll deductions in account 165 for DCAP and FSA. The FSA and DCAP accounts will be merged effective 1/1/09. All payroll deductions for FSA and DCAP will need to be deposited to Fund 165.
- Transmit FSA and/or DCAP payroll deduction detail information to ASI.
- Provide all employee data needed to complete the annual IRS mandated non-discrimination testing to ASI.

Employing Agencies' Responsibilities:

Each agency will:

- Provide timely and accurate reconciliations of all eligibility and enrollment discrepancies with ASI.
- Provide FSA/DCAP enrollment forms and educational materials to employees and their dependents upon request. These materials can be downloaded and printed from ASI's Web site at www.asiflex.com/pebb.
- Pay an administrative fee of \$4.75 per participant per month. HCA will bill each agency quarterly. Agencies will pay on time and as instructed by HCA.
- Participate in evaluation meetings held by HCA, if appropriate, to discuss ASI's performance.

HCA's Responsibilities:

The Health Care Authority will:

- Manage the administration of the medical FSA and DCAP programs for the state consistent with Chapter 41.05 RCW.
- Communicate FSA and DCAP programs and 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 ASI the administrative fee in the contract between ASI and HCA.
- Monitor monthly bank account reconciliations and annual forfeiture reports produced by ASI. The HCA will pay any deficits that might occur from the state's medical flexible spending account, established in 2005.
- Schedule evaluation meetings with state agency and higher-education employers to discuss ASI's performance.

Contact information:

If you have any questions, please contact Steve Norsen, PEBB Outreach and Training Manager, at 360-412-4201 or steve.norsen@hca.wa.gov.