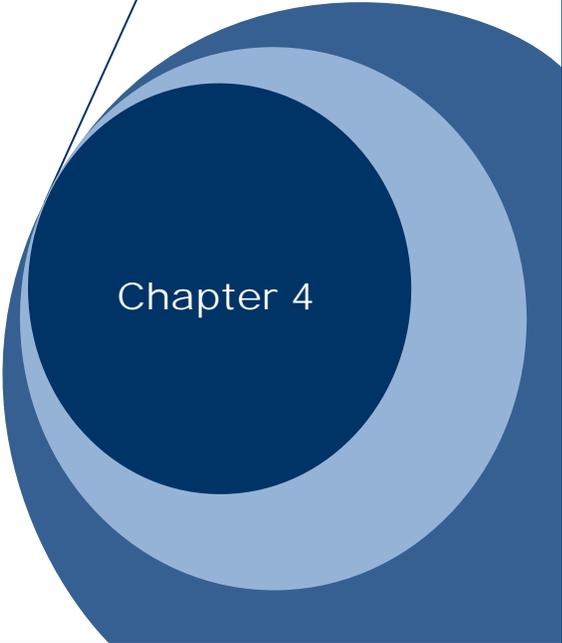


Medical Flexible Spending Arrangement
(FSA) and Dependent Care Assistance
Program (DCAP)



Chapter 4

Medical FSA and DCAP

Medical Flexible Spending Arrangement Overview	3
Eligibility	3
Enrollment	3
Plan Year.....	3
Contribution Amounts.....	3
Grace Period	4
Participation End Dates.....	4
Unspent Funds	5
Resources	5
Dependent Care Assistance Program Overview	6
Eligibility	6
Enrollment	6
Plan Year.....	6
Contribution Amounts.....	6
Payroll Deduction Guidelines	7
Participation End Dates.....	7
Unspent Funds	7
Resources	7

Medical Flexible Spending Arrangement Overview

The Medical FSA is sponsored by the PEBB program and offered through Navia Benefit Solutions. This program is offered in compliance with IRS rules for such accounts.

A Medical FSA is a reimbursement account the employee may use to pay for qualified healthcare expenses. The employee contributes to the Medical FSA on a pre-tax basis. Details about the contribution rates, expenses that can be reimbursed, when coverage ends, and other features of the Medical FSA are available in the *Medical FSA Enrollment Guide*.

Eligibility

All benefit-eligible employees of state agencies and higher education institutions, including community and technical colleges, and the State Board of Community and Technical Colleges are eligible to participate in a Medical FSA. See WAC 182-12-116 for more details.

Enrollment

Newly eligible employees must enroll no later than 31 days after their initial date of eligibility or no later than 60 days after the special open enrollment event occurred that allows enrollment in a Medical FSA. Deductions will begin first of the month following the date the form is received by the agency's personnel, payroll or benefits office. If that day is the first day of the month, enrollment begins on that day. Employees currently eligible for benefits may enroll during annual open enrollment for a January 1 (of the following year) effective date.

All members must renew their enrollment each year during annual open enrollment. Refer to WAC 182-08-197 and WAC 182-08-199 for more details.

Plan Year

January 1—December 31

Contribution Amounts

There is a minimum of \$240 per plan year contribution up to a maximum of \$2,500 for 2016.

Payroll Deduction Guidelines

The employee's paychecks will have the same Medical FSA deductions throughout the calendar year or remainder of the year, if the employee enrolls during the year. If the employee enrolls during annual open enrollment, payroll deductions start with the first paycheck in January.

Grace Period

If an employee is enrolled in a Medical FSA on December 31 of the plan year, there is a grace period from January 1–March 15 in which the employee can incur expenses and use the funds from the previous plan year. Navia Benefit Solutions must receive claims no later than March 31, after the end of the plan year.

***Note:** The grace period is only available for employees who do not change to a CDHP during annual open enrollment. If an employee changes to a CDHP, the Medical FSA balance must be at \$0 when the CDHP becomes effective or there may be tax consequences.*

Participation End Dates

The December 31 end date and grace period do not apply to the following circumstances:

- **Termination of Employment**—Participation ends at the end of the month in which benefits end. The employee may be eligible to elect to continue the Medical FSA through COBRA coverage. See the *Medical FSA Enrollment Guide* for continuation of coverage options.
- **Unpaid Leave (Leave Without Pay)**—Participation ends the last day of the last month in which the employee made a Medical FSA contribution, unless the employee continues the FSA through COBRA coverage. See the *Medical FSA Enrollment Guide* for continuation of coverage options.
- **Family Medical Leave (FMLA) and USERRA**—Employees on FMLA or active military duty (USERRA) may continue the Medical FSA enrollment as long as they continue the contribution to the Medical FSA by either pre-paying or paying during leave.

If Navia Benefit Solutions cancels the employee's Medical FSA during FMLA or USERRA, participation ends the last day of the month in which the employee contributed to the Medical FSA. However, the employee may reinstate the Medical FSA upon return to work. See the *Medical FSA Enrollment Guide* for details.

Unspent Funds

If there are any funds left in the Medical FSA account after the end of the plan year and grace period, those funds are forfeited by the employee to the plan administrator, Health Care Authority. This is in compliance with IRS regulations for flex-spending plans. See RCW 41.05.123 for details.

Resources

- [Medical FSA Enrollment Guide](#)
- Navia Benefit Solutions
 - Website: <http://pebb.naviabenefits.com>
 - Customer Service: 1-800-669-3539

Dependent Care Assistance Program Overview

DCAP is sponsored by the PEBB program and offered through Navia Benefit Solutions. This program is offered in compliance with IRS rules for such accounts.

In general, the purpose of this program is for people to invest, on a pre-tax basis, into a savings account that can be used to pay for the care of a qualified person (qualifying child or relative as defined by the IRS). Details about contribution rates, reimbursable expenses, when coverage ends, and other features of the DCAP are available in the *DCAP Enrollment Guide*.

Eligibility

All benefit-eligible employees of state agencies and higher education institutions, including community and technical colleges and the State Board of Community and Technical Colleges, are eligible to participate in the DCAP program. See WAC 182-12-116 for more details.

Enrollment

Newly eligible employees must enroll no later than 31 days after their initial date of eligibility or no later than 60 days after the special open enrollment event occurred that allows enrollment in DCAP. Deductions will begin with the first paycheck of the month after the *DCAP Enrollment* form is received by the agency's personnel, payroll or benefits office. If that day is the first of the month, enrollment begins that day. Employees currently eligible for benefits may enroll during annual open enrollment for a January 1 (of the following year) effective date.

All members must renew their enrollment each year during annual open enrollment. See WAC 182-08-197 and WAC 182-08-199 for more details.

Plan Year

January 1—December 31

Contribution Amounts

Single employees may not exceed their earned income, up to a maximum of \$5,000 per plan year. Married employees may not exceed the lesser of their earned income or their spouse's earned income, up to a maximum of \$5,000 per plan year (\$2,500 if the individual and his/her spouse file separate tax returns).

A married employee with a student spouse or a spouse needing care is assumed to have a minimum income of \$250 a month (\$500 a month if the enrollee has two or more qualified dependents receiving care). The contribution amount is based on the assumed income or actual income, whichever is greater.

Payroll Deduction Guidelines

The employee's paychecks will have the same DCAP deductions throughout the calendar year or remainder of the year, if the employee enrolls during the year. If the employee enrolls during annual open enrollment, payroll deductions start with the first paycheck in January.

Participation End Dates

Participation will end on December 31 of each year, except for:

Termination of Employment—The enrollee may continue to incur reimbursable expenses (to the extent of the account balance) for the remainder of the calendar year until available funds are exhausted. All claims must be submitted to Navia Benefit Solutions by March 31 of the following year. See the *DCAP Enrollment Guide* for details.

Unspent Funds

If, after the end of the plan year, there are funds left in the DCAP account, those funds are forfeited by the employee to the plan administrator, The Health Care Authority. This is in compliance with IRS regulations for dependent care spending plans. See RCW 41.05.123 for more details.

Resources

- [DCAP Enrollment Guide](#)
- Navia Benefit Solutions
 - Website: <http://pebb.naviabenefits.com>
 - Customer Service: 1-800-669-3539