



# **FSA & DCAP *Program Overview***

**Presented by PEBB Outreach and Training  
May 28, 2008**

# Pre-Tax Spending Accounts

## Two Types of Accounts:

- Flexible Spending Account (FSA)
  - Pre-tax money for out-of-pocket medical expenses
  - Expenses can be for you, your spouse or any of your tax dependents (regardless of whose insurance the dependent is on)
- Dependent Care Assistance Program (DCAP)
  - Reimbursement for childcare expenses
  - Elder care expenses also eligible

# Our Vendor

- The Health Care Authority uses ASIFlex, based in Missouri.
- The company offers:
  - Toll-free number for customer service
  - E-mail to customer service
  - Toll-free fax number for sending claim forms
  - Direct deposit for reimbursement
  - Debit card for payment of FSA eligible items



# What is the Advantage?

- Most employees save at least 20% on each dollar that is contributed

– For example:

Federal taxes	15%
F.I.C.A	<u>7.65%</u>
Total	22.65%

22.65% x \$100 = **\$22.65** savings

- Check out the *Tax Savings Calculator* at [www.asiflex.com/pebb](http://www.asiflex.com/pebb)



# Flexible Spending Account

# Commonly Claimed Expenses



**Glasses**



**Dental Work**



**Lab Work**



**X-Rays**



**Massage Therapy &  
Chiropractic Care**



**Prescriptions/OTC**

# Qualifying Expenses

- Certain medical expenses
- Qualifying expenses for you and your dependents, even if your dependents are not on your insurance
  - *For example: Your spouse can be on a different employer's insurance program and still have expenses qualify through your plan*
- Any medical service provided during the plan year that insurance does not reimburse

# Election Amount

- Minimum election amount \$240
- Up to \$2400 per plan year per participant
  - If your spouse works for the State of Washington, you may each set aside up to the max
- Annual election amount deducted over the course of the plan year (*January 1 through December 31<sup>st</sup>, plus grace period up to March 15*)
- Full amount is available to you January 1

# How to Use Your Funds

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1. Submit a claim and supporting documentation and receive reimbursement

or

2. Utilize the FSA debit card to pay for certain expenses

# Reimbursement

- ASIFlex can issue direct deposits to a checking or savings account
  - If you are already enrolled for direct deposit, you don't need to set this up again; it will stay the same from year-to-year
- You can receive e-mail letting you know when a reimbursement has come through

# FSA Debit Card

- The debit card is optional to FSA users
  - An application for the card will come with your confirmation of enrollment packet
- Once you have a FlexFunds debit card you do not need to re-apply every year



# FSA Debit Card *(continued)*

- Use the debit card for out-of-pocket medical expenses only
  - Cannot be used to pay for DCAP expenses
- Card use is restricted to use at:
  - Known health care providers
  - Many (but not all) retail outlets



# Known Health Care Providers

- Health Care Providers include:
  - Hospitals
  - Health Clinics
  - Opticians
  - Dental Offices
  - Pharmacies
    - Typically pharmacies within grocery stores do not meet this qualification



# Retail Outlets

- Participating retail outlets have a system that only allows eligible expenses to be paid for with the card
  - *For example, if you buy a six pack of cola and a bottle of aspirin, the card will pay for the aspirin and then you pay separately for the cola*
- No documentation is required for purchases at these stores
- System currently in place at:
  - Wal-Mart
  - Sam's Club
  - Walgreen's
  - Safeway
  - CVS
  - Target
  - Drugstore.com



# Documentation Requirements

- Every debit card transaction will have to be substantiated somehow, either electronically or with a paper claim
- Paper claims must be submitted for all other transactions (*cash, check, credit card*)

*\*Hold on to your receipts for 30 days to give ASIFlex time to request them*



# 2½ Month Grace Period

- 2008 plan year is 1/1/2008 – 12/31/2008
- Expenses for services provided 1/1/2008 – 3/15/2009 can be used to claim 2008 plan year funds
  - Grace period provides extra time to incur expenses if you set aside too much money
- When filing a claim with ASIFlex, expenses will be automatically applied to old year first, unless the participant requests otherwise
  - Reversals between plan years are allowed later, but a written request must be provided by the participant before the claims filing deadline



# Dependent Care Assistance Program

# DCAP moves to HCA

- DRS no longer handles DCAP, it is now managed by HCA
  - Our vendor, ASIFlex, administers the DCAP for services provided starting January 1, 2008

# DCAP

- Provides a tax break on child/elder care expenses incurred while:

Or – You go to work (single parent)

Or – You and your spouse go to work

– You go to work and your spouse:

– Looks for work

– Pursues an educational opportunity full-time

- Other expenses are not eligible

– *For example, getting a babysitter for a Friday night date is not an eligible expense*

# Eligible Dependents

- Children under the age of 13\*
- Older dependents unable to care for themselves
  - Who live in your home at least 8 hours per day

*\*Must be custodial parent with over 50% custody if divorced*

# Eligible Expenses

- Day care services
- General purpose day camps
- Babysitters
- Pre-school



# Ineligible Expenses Include

- Costs of food and transportation if itemized
- Educational expenses
  - Includes private schools
- Overnight camps
- Payments to your spouse or any other dependent
- Payments to your child under 19, even if he/she is not your dependent

# Deduction amount

- Family maximum of \$5,000/year
  - This is an IRS maximum per household
- Example:  
\$2,600 for the plan year contributed each paycheck  
for 26 checks = \$100.00 per check

# Receive Payment

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- Deposit directly into your bank account
- Receive notice of deposit via e-mail

# Important Points to Remember

## Regarding both FSA & DCAP

- Employees must sign up for FSA & DCAP every year, even if they want to set aside the same amounts
- Employees do not have to apply for a new FlexFunds debit card or resubmit direct deposit information
- Unused funds will go back to your employer
  - Use it or lose it
  - Start small if you are unsure of how much you will actually spend
- Keeping track of your account is *very* easy

# Enrollment

Employees may enroll:

- Within their first 31 days of eligibility
- During Annual Open Enrollment
  - All forms must be turned in by November 30<sup>th</sup>
- During a Special Open Enrollment
  - When there has been a change in marital status
  - When there has been a death, birth, or adoption
  - When an employee takes FMLA

*(more opportunities listed in the Enrollment Guide online)*

# Resources

[www.asiflex.com/pebb](http://www.asiflex.com/pebb)

E-mail [asi@asiflex.com](mailto:asi@asiflex.com)

Call 1-800-659-3035

# Questions?

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