

DATE: October 31, 2022

TO: Los Rios Regular Employees

FROM: Nicole Keller, Employee Benefits Supervisor

SUBJECT: 2023 FLEXIBLE SPENDING ACCOUNT OPEN ENROLLMENT

1. Open Enrollment
2. What is an FSA, LUFSA & DCAP Account?
3. Important Points to Consider
4. How To Enroll
5. Third Party Administrator & Claims Processing
6. Questions & Resources

IMPORTANT!!

To participate in the 2023 Medical Expense Flexible Spending Account (FSA), Limited Use FSA or Dependent Care Assistance Program (DCAP),

you MUST enroll ONLINE using the Employee Benefits Supersite by 8:59 p.m. PST on November 18, 2022.

Annual enrollment is required to continue participating in these plans.
If you do not wish to participate, you do not need to take any action.

1. OPEN ENROLLMENT

Open Enrollment for the Medical Expense Flexible Spending Account (FSA), Limited Use Flexible Spending Account (LUFSA), and Dependent Care Assistance Program (DCAP) will begin on **Monday, October 31st and end Friday, November 18th, 2022.** After this date, you will not be able to access the online enrollment page to make or change an election.

Open Enrollment provides you the opportunity to participate in a FSA and/or DCAP account for the upcoming 2023 plan year. Please note that you must re-elect this benefit each year. Your election for a flex plan does not automatically continue into the new year.

2. WHAT IS AN FSA, LUFSA & DCAP ACCOUNT?

A **Medical Expense Flexible Spending (FSA)** account allows you to use pre-tax dollars to pay medical expenses that aren't covered by your health, dental or vision insurance, including **orthodontia, prescriptions and office visit co-pays, dental expenses, prescription eyeglasses (including prescription sunglasses), and over-the-counter medical supplies**, such as bandages and first-aid kits. (Over-the-counter *medicines* are ineligible unless you have a prescription.)

You can elect up to \$3,050 per year to an FSA account and your **full annual election is available to you January 1st**, even though you haven't yet fully-funded the account. You do **not have to be covered by Los Rios health, dental or vision insurance** to participate in our FSA.

Here is some additional information:

- You can use the FSA for expenses related to eligible family members (spouse and children) even if they aren't on your health insurance.
 - Generally, expenses incurred by a domestic partner do not qualify unless the domestic partner is your Federal tax dependent.
- Expenses reimbursed through the account must meet the IRS guidelines outlining what is an eligible expense.
- You will receive a NEW BASIC pacific debit card.
 - **Do not throw away your debit cards** even if you exhaust your account. The cards are valid for up to 4 1/2 years and will be used again if you re-enroll. If you need to replace your cards for any reason, you will be charged a fee.
 - If you or your spouse contributes to a Health Savings Account (HSA), you may not participate in the FSA, but you can participate in the Limited Use FSA for dental and vision expenses. (Participation in a full FSA will make you ineligible to fund your HSA.)

A **Limited Use FSA (LUFSA)** account is just like an FSA account in annual limit, debit cards, etc. except it is *limited to dental and vision expenses* (medical expenses are NOT allowed) and is designed for those who are either enrolled in, or are thinking of enrolling in, a **Health Savings Account (HSA)** with a high deductible health plan. Please note that you cannot enroll in the FSA and LUFSA in the same plan year.

A **Dependent Care Flexible Spending Account (DCAP)** account allows the use of pre-tax dollars for daycare expenses for qualified children or adult tax dependents, as long as the care is custodial in nature and enables you and your spouse to work, look for work, or attend school.

You can elect up to \$5,000 per year toward your DCAP, per individual taxpayer or married couple filing a joint tax return, and funds are available on a monthly basis as your contributions are deposited into your account. (The maximum amount permitted could be reduced for various reasons, including your spouse's income. Please see the plan documents for details.)

You can use the DCAP program instead of taking the Child and Dependent Care Credit on your tax return; however, Earned Income Credit may be affected. You will want to compare the two options and consult a tax advisor before deciding which is most advantageous. More information on the IRS Child and Dependent Care Credit is available at:

<https://www.irs.gov/Credits-&-Deductions/Individuals/Child-and-Dependent-Care-Credit>,

or

<https://www.irs.gov/Individuals/Child-and-Dependent-Care-Information>

DCAP accounts are for **daycare expenses**, **NOT for medical, dental or vision expenses for dependents**. Medical, dental and vision expenses, whether for yourself or your dependents, would fall under an FSA account.

3. IMPORTANT POINTS TO CONSIDER

Use It or Lose It Rule:

Medical Expense Flexible Spending, Limited Use Flexible Spending and Dependent Care Assistance Program accounts include a “use it or lose it” provision. Funds in the account at the end of the plan year can only be carried over to the next year during the grace period (see below), and **funds not spent by the end of the grace period are forfeited**. It is very important to accurately estimate your qualified expenses.

Changes Outside of Open Enrollment:

Elections for these plans are irrevocable for the entire plan year, unless a qualifying event occurs. Qualifying mid-year events include, but are not limited to, birth of a child, marriage, divorce, and changes to childcare needs and/or cost; however, the change must be consistent with the type of event and allowed by IRS rules. Employee Benefits and BASIC pacific can help you determine if your situation qualifies you for a mid-year change. Original paperwork to make a mid-year change must be received in the Employee Benefits Department within 31 days of the qualifying event or you will not be allowed to make the change.

Grace Period:

There is a 2½-month grace period for you to spend your money. This will help counter the “use it or lose it” provision by giving you until March 15th of the next calendar year to incur expenses for the prior year's FSA, LUFSA or DCAP account.

Here's how it works:

- If you still have funds remaining in your account after December 31st, you will have until March 15, 2024 to incur expenses.

- You have until March 31, 2024 to file the claim for the 2023 year. **Claims must be received by BASIC pacific by March 31, 2024 or remaining funds will be forfeited.**

Account Funding:

The FSA and DCAP accounts are funded through voluntary salary deferral which is taken in equal installments from each pay warrant in the plan year, beginning with your January 3rd pay warrant, *before your income taxes are calculated*, thus reducing your taxable income.

FSA and LUFSA accounts are pre-funded by Los Rios and your full annual election is available to you January 1st, even though you haven't yet fully funded the account.

DCAP funds are available on a monthly basis as your contributions are deposited into your account.

Save Your Receipts:

Keep all receipts related to debit card and reimbursed expenses. Debit card purchases are paid right away, but BASIC pacific may require receipts to substantiate a claim. All reimbursement requests paid via direct deposit or check require copies of receipts be submitted to BASIC pacific before reimbursements will be processed. Consider these receipts tax documents and retain them.

The **date of service**, not when a bill is paid, is used to help determine if an expense qualifies. The expense must fall between January 1, 2023 and March 15, 2024 to qualify. Be sure to schedule major dental work, orthodontia and other items accordingly.

4. HOW TO ENROLL

- Log into the benefits supersite: www.mybensite.com/losrios
- Click on the "Elections" tab
- Select "Next Year's Benefits"
- Follow the prompts to enroll in the Medical FSA, Limited Use FSA, and/or the Dependent Care FSA
- Once you are finished, be sure to check the box and select "Continue to complete enrollment."
- You will be given the option to generate a Benefit Confirmation Statement (BCS) for your records. *Please review for accuracy.*

5. THIRD PARTY ADMINISTRATOR & CLAIMS PROCESSING

BASIC pacific is the Third Party Administrator (TPA) for the Los Rios Cafeteria Plan. You can use the BASIC card for direct access to FSA (and LUFSA) funds for point-of-sale purchases or doctor's office and/or prescription co-pays, or you can submit requests for reimbursement through BASIC pacific's online portal. You can see your account balance, set up direct deposit, file a claim, determine if something qualifies for reimbursement, and more.

BASIC pacific

(800) 372-3539, Mon - Fri 8:30 a.m. to 4:30 p.m.

<https://www.basiconline.cda/>

6. QUESTIONS & RESOURCES

If you have any questions, please call the Employee Benefits Department at (916) 568-3070 or send an email to benefits@losrios.edu.