

Health Care Flexible Spending Account Dependent Care Assistance Program



Faculty, Professional & Scientific, Supervisory/Confidential Merit (Non-Organized)

This overview covers the following topics:

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What are Flexible Spending Accounts?

The health care flexible spending account (FSA) and dependent care assistance program (DCAP) help you save money on medical and dependent care (typically child care) expenses that you are already incurring. Use these accounts to leverage your household's savings. By contributing a portion of your pay into an FSA or DCAP on a pre-tax basis, you may save from 25% to 40% on the cost of eligible expenses you are already incurring.

There are three types of tax-free accounts that allow:

- Health Care FSA:
 - Essential health care expenses that are not covered, or are partially covered, by your medical, dental and vision insurance plans
 - Out-of-pocket health care expenses, including prescription drug costs, medical, dental, vision and hearing expenses and some approved over-the-counter items
- Health Reimbursement Account (HRA):
 - This account may be created when you select the “no coverage” option for the medical, dental or group basic term life insurance plans. The excess credits from ISU, if available, after medical and dental premiums are paid would go into an HRA or may be designated towards the Dependent Care Assistance Program (DCAP).
- Dependent Care Assistance Program (DCAP):
 - Your child or dependent care expenses, including day care, babysitting, in-home care for older dependents and before & after school care expenses

Date Participation Begins

New Hire:

Participation begins the first day of employment, provided you enroll by your assigned deadline.

The initial enrollment covers expenses incurred from employment date through December 31. Once you receive the Welcome Letter from ASIFlex, indicating your PIN number, incurred expenses may be claimed.

Mid-Year – Family Status Change:

Participation begins first of the month following the qualifying event.

Open Change:

Participation begins January 1. The previous year monthly contribution will automatically become the next year election, unless a change is made during the open change period. Reminder: Determine if you will have any funds, up to \$500, carried over to the next year.

Participation Changes

Once elected, spending account re-election is not required during open change period, but changes in the ISU contribution for the benefits may affect accounts. Once a spending account is elected the employee contribution will continue year after year unless the employee makes a change during the open change period.

Enrollment Information

FSA or DCAP by Election or HRA Default

Accounts are created through two possible methods for Faculty, Professional and Scientific and Supervisory/Confidential Merit:

1. The first method is to create an account by contributing your own funds by pre-tax payroll deduction.
2. The second method is when ISU contributes funds to one of the accounts.
 - This is due to an ISU credit when a “no coverage” option is chosen. When the contribution for ISU medical, dental, life or disability insurance is greater than what was needed to pay for the applicable premium.
 - The default is to HRA. If DCAP is preferred, the indication **must** be made on the benefit enrollment form.
 - The ISU contribution is subject to change and should be reviewed during the open change period each year.
 - If you want to change the default, this may only be changed during the open change period for the next year.

Annual re-enrollment is not required. If you enroll in either flexible spending accounts, your own current contribution will automatically become the next plan year January 1 to December 31 election. **If some or all of the funds are from Iowa State University, those amounts are subject to change.**

During the annual open change period you are required to review and take action **if** you want to start, stop, increase or decrease the employee current election or change the default, if applicable.

Health Care Flexible Spending Account or Health Reimbursement Account:

- If you decide to enroll, estimate anticipated out-of-pocket medical, prescription drug, dental and/or vision expenses for the year (effective date through December 31).
- If you do not incur the total expense prior to December 31st or claim all out-of-pocket expenses by April 30, the health care plan allows a maximum of \$500 in unused health care contributions to be carried over to the next plan year. **The carry over amount will be a combined total of FSA + HRA cannot be greater than \$500, if greater the HRA is reduced or forfeited.** The carry over amount will be available to claim after April 30, adding to the current year available funds.
- If you do not incur expenses for the full amount during the plan year (effective date through December 31); federal regulations mandate that remaining funds, **beyond the \$500 carry over amount, may not be refunded to the employee.** Iowa State University uses forfeited funds to help defray the administrative costs of the plan.

Dependent Care Assistance Program:

- If you decide to enroll, estimate anticipated dependent care expenses for the year (effective date through December 31). The total must divide evenly by the number of months you are paid.
- If you do not incur expenses for the full amount during the plan year (effective date through December 31), Federal regulations mandate that remaining funds may not be refunded to the employee. Iowa State University uses forfeited funds to help defray the administrative costs of the plan.

Contributions

When you enroll in the FSA and/or DCAP, Iowa State University will deduct the amount you designate from your pay in pre-tax dollars. Anyone whose annual budgeted salary is paid on a 9 or 10 month basis will have 10 equal contributions, otherwise you will have 12 equal contributions.

ISU requires a minimum contribution of \$20 per month.

- **For FSA:** ISU allows you to participate up to the annual maximum contribution limit of \$2,600.00 per year. Any excess credits from ISU no coverage options, does not apply to the maximum.
- **For DCAP:** ISU allows you to participate up to the annual maximum contribution limit of \$5,000.00 per year; per tax household.
- **For HRA:** With a no coverage option for medical, dental or group term basic life insurance the ISU employee share difference may create a health reimbursement account or dependent care assistance program.
- The amount you contribute to your spending account is tax exempt.
- **You will not pay Federal or State Income tax or Social Security or Medicare tax on this money.**

Changing Your Election

Once you have established your FSA and/or DCAP elections for the plan year, you may not change your elections except within 30 days of a “**family status change**”, and changes must be compatible to the event.

The Internal Revenue Service specifically defines a “family status change” as:

- Marriage
- Divorce
- Death of your spouse or dependent
- Birth or adoption of a child
- Change in child custody
- Change in you or your spouse’s employment status

A family status change, however, will **not allow** you to change the default, nor enroll in the FSA mid-year. You may only change the contribution election you made during the enrollment period. The change must be consistent with the family status change. If you have an HRA and this ends with the event, you may be allowed to establish an FSA.

However, for the DCAP, a qualifying family status change **does allow** you to enroll or make a change in the DCAP account mid-year. The change must be consistent with the family status change.

If you qualify to change your elections due to an event, contact the University Human Resources Service Center by calling 515-294-4800 / 877-477-7485 and ask to speak to the Benefit Consultant to obtain the appropriate form. Remember you must do this within the 30-day time frame.

Making Calculations

When you have the opportunity to enroll and if you decide to enroll:

- **FSA**
 - Estimate anticipated out-of-pocket medical, prescription drug, dental, vision and/or eligible over-the-counter item expenses for the year.
 - Using the FSA to pay for expenses will reduce your out-of-pocket costs significantly.
- **DCAP** estimate anticipated dependent care expenses for the year.

Your personal tax rate may vary, and your savings will vary according to your net tax rate. Use the Tax Savings Calculator found at <http://isu.asiflex.com> to estimate your savings.

The total must be divided evenly by the number of months you are paid (employees whose annual budgeted salary is paid on a 9 or 10 month basis will have 10 equal deductions).

Reimbursement Process

ASIFlex will process Iowa State University employee reimbursement requests.

- Reimbursements will not begin until the first payroll contributions are reported - submit claims after that date.
- You will have until April 30 of the next calendar year to submit a reimbursement request for qualified previous plan year expenses.
- The FSA and DCAP are two separate accounts.
 - If you have funds remaining in one account at the end of the plan year, those funds cannot be transferred to the other account.
- **Carry Over Provision** – after April 30th, the health care plan allows a maximum of \$500 in unused health care contributions to be rolled over to the next plan year. The carry over amount will be available to claim after that date, adding to the current year funds. The carry over amount will be a combined total of FSA + HRA cannot be greater than \$500, if greater the HRA is reduced or forfeited.
- Funds are reimbursed to you when you file a claim for yourself and any eligible dependents.

Claim Submission Options:

- **Online** – <https://my.asiflex.com>
 - Submitting your claim online is easy and convenient! In order to submit your claim via ASIFlex's secure online portal, you will need to create a login and password. Once you are inside the portal, you are allowed to use your University ID to access your account.
- **Toll-free fax - (877) 879-9038**

This option provides easy and fast claims submission. You may submit your claim via ASIFlex's toll-free fax number 24 hours a day, 7 days a week.
- **US Mail**

P.O. Box 6044, Columbia, MO 65205
- Additional claim forms may be obtained by visiting <http://isu.asiflex.com>.

How will I receive reimbursement?

- **Automatic Reimbursement!** Available when enrolled in the ISU medical, prescription drug and dental plans. If you choose to sign up to have claims rollover from your ISU medical, prescription and dental provider to ASIFlex, you will not be required to submit reimbursement requests for eligible deductible, co-insurance and co-pay expenses that are processed through the insurance carrier. These eligible expenses will be automatically transmitted to ASIFlex, who will then initiate reimbursement to you automatically for these expenses. To sign up for this service (or to cancel it) please complete the [Claims Rollover Authorization Form](#).

- **Go Paperless!** Sign up to receive notifications from *ASIFlex* via email, rather than US Mail. By signing up for email notification, you will receive reimbursement notifications, account summary statements and more within one day of processing. Online Account Detail and the Secure Message Center are available 24 hours, 7 days a week at <https://my.asiflex.com>. Complete history, including available funds, year-to-date contributions, year-to-date reimbursements and more are available at online account detail.
- **Self-service mobile app!** It is free to download and use. Just go to the Google Play Store for Android devices or App Store for Apple devices and search for ASIFlex. Or you can scan the appropriate code from the ASIFlex website: <http://isu.asiflex.com>. Use your phone/tablet to review your account and file claims. No need to scan or copy your receipt – simply use the app to take a picture with your device’s camera.
- Sign up for **direct deposit** today! By electing to receive reimbursements via direct deposit, you will **receive your money up to 5 days faster** than waiting for a check to be mailed to your home address. If enrolled in direct deposit, due to Federal banking regulations the effective date of the deposit is typically the banking day following the release of payment of the claim by *ASIFlex*. Direct deposit enrollment forms can be found at <http://isu.asiflex.com>, or by calling customer service.

Leaving ISU

The FSA, DCAP and HRA accounts are active employee benefits. If you terminate your employment with Iowa State University, your contribution into either of the flexible spending accounts will terminate at the end of the month in which your employment ends.

- DCAP does not have a COBRA option.
- FSA - You may elect COBRA coverage. This option allows you to extend your period of participation on a monthly basis up to the remainder of the plan year, but tax savings is eliminated. If you elect COBRA you pay the full monthly contribution and an administration fee.
 - A COBRA application will be mailed to your home address to continue the FSA.
 - Without COBRA, you may request reimbursement only for charges for services incurred prior to your plan termination. You must request reimbursement by April 30 of the following year.