

Flexible Spending Account (FSA)

Overview

The Flexible Spending Account (FSA) sponsored by the PEBB program is offered through ASIFlex, Inc. PEBB sponsors and ASIFlex offers this program 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 certain kinds of health care and related expenses. Because the money is deposited on a pre-tax basis, a person purchases health care services at a discount. The real impact of the discount depends upon the person's tax rate, but in general, 25% is a reasonable estimate of the savings. Details about the contribution rates, expenses that can be reimbursed, when coverage ends, and other features of the administration of FSA accounts are described in materials provided by ASIFlex and through the ASIFlex web site, <http://pebb.asiflex.com>.

Eligibility

All employees of state agencies, higher education, community and technical colleges, and the state board of community and technical colleges who are eligible for PEBB benefits, are eligible to participate in an FSA. PEBB eligible employees of K-12, ESDs, and employer groups are not eligible for the FSA account through PEBB.

Enrollment

New employees must enroll within 31 days of their initial eligibility for PEBB coverage or during annual open enrollment. The start date for new employees is determined by where the enrollee works. For enrollees employed by WSU, CWU, and WWU, the effective date when enrolling within the first 31 days of eligibility is the first of the month after the signed enrollment form is completed and returned to the benefits office. For all other enrollees, the effective date is the first of the month after the signed, completed enrollment forms are received and approved by ASIFlex. Enrollment during the annual open enrollment period is effective January 1.

All members must renew their enrollment each year during the annual open enrollment.

Plan Year

January 1 – December 31*

**Note: The plan year offers a grace period through March 15 of the following year to use any remaining balance in your FSA.*

Plan Limits

\$240 minimum plan year contribution

\$3,600 maximum plan year contribution (as of January 1, 2009)

Payroll Deduction Guidelines

The employee's paychecks will have the same FSA deductions throughout the calendar year, or part of the year remaining after the start date of coverage. Payroll deductions start with the first paycheck of the New Year if enrollment is during the annual open enrollment, or the first paycheck of the month after the enrollee completes the enrollment form and ASIFlex receives the

form. (See the Enrollment section above for UW, CWU, and WWU procedures.)

Coverage End Dates

Coverage will end on December 31 of each year, with an allowance for the grace period described below, except for:

Termination of Employment – Coverage ends the last day of the month in which the employee made an FSA contribution, unless the employee elects to continue the FSA through COBRA coverage. See the FSA Enrollment Guide for details.

Unpaid Leave (Leave without Pay) – Coverage ends the last day of the last month in which the employee made an FSA contribution unless the employee elects to continue FSA through COBRA coverage. See the FSA Enrollment Guide for details.

Family Medical Leave (FMLA) and Military Leave – Participants on FMLA or military leave may continue the FSA enrollment as long as they contribute to the FSA either by payroll deduction or direct payment to ASIFlex.

If ASIFlex cancels the participant's FSA during FMLA or military leave, coverage ends the last day of the month in which the participant contributed to the FSA. However, the employee may reinstate the FSA upon return to work. See the FSA Enrollment Guide for details.

Grace Period

If a person is enrolled in FSA on December 31st of the plan year, there is an extended grace period from January 1st through March 15th in which they can incur expenses and use the funds from the previous plan year. ASIFlex must receive claims no later than March 31st, after the end of the plan year.

Unspent Funds

If, after the end of the plan year and the grace period there are any funds left in the FSA account, those funds are forfeited by the employee to the State of Washington. This is in compliance with IRS regulations for flex spending plans.