



City of Madison

Human Resources Department

Date: November 1, 2021

2022 Flexible Spending Account Enrollment

Open Enrollment is November 1, 2021 through November 19, 2021, 4:30 pm

TO: Employees Certified at 50% or More of Full-Time Equivalent Employment and Elected Officials

Participation Eligibility: Permanent full-time employees, permanent part-time employees who work at least 19.38 hours per week, and elected officials (Mayor, Municipal Court Judge, and Alders) are eligible to participate. **Hourly and seasonal employees are not eligible.** Employees in layoff status will have an opportunity to enroll within 30 days of returning to work.

Administrator: ConnectYourCare LLC (CYC) will continue to be the third-party administrator for Healthcare Flexible Spending Accounts (FSA) and Dependent Care Assistance Program (DCAP) accounts for the 2021 plan year.

Plan Year: 1/1/2022 through 12/31/2022. Grace period ends 3/15/2023. Claims must be submitted by 4/30/2023.

When you choose to enroll in a Healthcare FSA or a Dependent Care Assistance Program account, you choose the amount you want to contribute per pay period to each account based on your estimated eligible expenses for the upcoming Plan Year. Your contributions will be deducted pre-tax in equal amounts from each paycheck throughout the plan year. You will have access to your total Healthcare FSA annual contribution immediately at the start of the plan year. Dependent Care Assistance Program funds are available up to the current account balance only (year-to-date payroll deductions).

Open Enrollment – Enrolling

Flexible Spending open enrollments must be made online through Employee Self Service (ESS) by logging into your account at ess.cityofmadison.com. Click the arrow icon in the upper-right corner of the screen to enter your login credentials. Your username is your Employee Number, which can be found in the upper-left corner of your paycheck. The first time you log in to ESS, your password will be the last four digits of your Social Security Number. Instructions for making changes through ESS are available on <https://www.cityofmadison.com/humanresources/documents/OpenEnrollmentESS.pdf>

If you unfamiliar with how to access ESS, please contact your payroll clerk to have them guide you through the process. All payroll clerks have been trained to enter the information into ESS. You may also reach out to Central Payroll at payroll@cityofmadison.com or 608-266-4522.

Payment Card

Once you are enrolled, ConnectYourCare will provide you with an enrollment packet by mail or email and you will receive an FSA payment card (debit card) that may be used for eligible healthcare expenses. **If you participated in an FSA for the 2021 plan year, continue to use the ConnectYourCare FSA payment card that you previously received.**

The CYC payment card is not currently available for use in conjunction with the Dependent Care Assistance Program – eligible dependent care expenses must be paid for with a different method of payment and a reimbursement request must then be filed.

Eligible Expenses

The Internal Revenue Service determines whether an expense is eligible for payment/reimbursement from a Healthcare FSA or DCAP account. Expenses that the IRS does not consider to be eligible cannot be paid for using FSA or DCAP funds. All expenses must be substantiated for eligibility. Eligible expense lists are included with this memo.

Your Healthcare Flexible Spending Account and the Dependent Care Assistance Program account are separate accounts. Funds cannot be transferred from one account to the other. Eligible claims must be incurred during the plan year, during the grace period for the plan year, or during the part of the plan year in which you are actively participating. Per current IRS rules, an expense is incurred when service is actually received, not when you are billed or pay for the service.

Certain Ineligible Expenses

Expenses incurred for grandchildren not claimed by you as a tax dependent are not eligible for reimbursement under this benefit.

Expenses incurred by your domestic partner are not eligible for reimbursement unless you can claim your domestic partner as a tax dependent, as defined in Section 152 of the Internal Revenue Code, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof.

Annual Contribution Maximums/Minimums

Maximum/Minimum Healthcare Flexible Spending Account (FSA)

- \$2,750.00 Maximum allowed annually (per employee, per plan)
- There is no Minimum annual contribution amount

Maximum/Minimum Dependent Care Assistance Program Account (DCAP)

- \$5,000.00 Maximum allowed annually (per family, regardless of number of dependents)
- \$2,500.00 Maximum allowed annually for married individuals filing separately
- There is no Minimum annual contribution amount

If you do not yet know whether you will need dependent care in 2022 (or you do not know if you will have dependent care available), it is advisable to not enroll in DCAP during the open enrollment period. You may enroll in a DCAP account within 30 days of the start of dependent care. Once FSA and DCAP contributions have been collected via payroll deduction, they cannot be refunded, even if you determine that you will not incur any eligible expenses in the plan year.

Election Changes

Changes to FSA and DCAP annual election amounts after the plan year has started are not allowed unless you experience a qualifying status change. When you have a status change that alters your coverage needs, you must complete and submit a change form to the Human Resources Department no later than 30 days after the qualifying status change – the change in election amount must correspond with the change in status (For example: If you gain an eligible dependent, you may increase your election amount; if you lose an eligible dependent, you may decrease your election amount). Status changes include:

- Legal Marital Status: Marriage, death of spouse, divorce, legal separation, annulment
- Number of Dependents: Birth, death, adoption, placement for adoption
- Employment Status: Employee, spouse, or dependent termination or start of employment, a strike or lockout, start of or return from unpaid leave of absence
- Dependent Satisfies or Ceases to Satisfy the Requirements for Unmarried Dependents: Student status, dependent no longer qualifies because of age

If a change in election is made, the change will be effective the first of the month following:

- The date the change in status occurs, or
- The date the request form is signed (within 30 days of the event).

Cost or Coverage Changes allow changes to Dependent Care Assistance Program (DCAP) elections only.

These do not apply to Healthcare Flexible Spending Accounts.

- You may change your DCAP election amount if you begin or stop sending your dependent to daycare.
- You may change your DCAP election amount if the provider changes the cost of the care.
- You may change your DCAP election if you change providers and the new provider charges more (or less) for care.
- You may change your DCAP election if your dependent reaches age 13 and no longer qualifies for Dependent Care reimbursement.

Reimbursements and the ConnectYourCare (CYC) FSA Payment Card

Use your FSA payment card to pay for eligible healthcare expenses that you incur. The card automatically pays for and substantiates many, but not all, eligible expenses at the point of purchase. The majority of pharmacy purchases are able to be auto-substantiated through the Inventory Information Approval System (IIAS). **Payments to your health plan, such as for your annual medical deductible, may not be able to be auto-substantiated due to information-sharing restrictions placed on the health plans by Employee Trust Funds, the City's health insurance program administrator, and may require additional documentation.**

Internal Revenue Code that regulates FSA and DCAP accounts requires that all claims be substantiated for eligibility. Claims that are unable to be auto-substantiated by approved methods will require that supporting documentation be submitted to CYC so that these claims can be manually substantiated and be approved as eligible for reimbursement. **Be prepared to provide supporting documentation to CYC upon request.** In some cases, funds may be released from the FSA account before a claim is able to be manually substantiated and approved as an eligible expense. In these cases, it is still your responsibility to provide documentation so that the claim can be substantiated and approved. **If you do not provide requested documentation by the due date indicated by CYC, your FSA payment card and/or account may be suspended and you may be required to repay reimbursed funds, per Internal Revenue Code.**

If you do not use the FSA payment card to pay for an eligible expense, you may submit a claim for reimbursement via the CYC Mobile App (available for iOS and Android), online Request for Reimbursement form via the CYC website, text message, fax, or mail. **All non-payment card claims require that supporting documentation be provided to CYC for substantiation.** Your reimbursement for an approved claim will be made via the method that you select (direct deposit, paper check). **The default method for reimbursements of manually claimed expenses is a paper check. You may enroll in direct deposit for FSA/DCAP reimbursements through your online account at www.connectyourcare.com – if you are already enrolled in direct deposit, your settings will carry forward to the 2022 plan year.**

Save Your Receipts

It is strongly recommended that you save receipts for all FSA and DCAP expenses, as they may be required to substantiate claims with CYC and/or for tax filing purposes. The Explanation of Benefits (EOB) sent by your health plan after your visit typically contains all of the required information for CYC to substantiate a health insurance related claim.

Grace Period and Forfeiture of Unclaimed Funds

There is a grace period for reimbursement of plan year expenses. You have until March 15, 2023 to **incur** claims against your 2022 FSA and DCAP funds. You have until April 30, 2023 to **submit** claims against your 2022 FSA and DCAP funds. During the grace period, claims for expenses incurred in 2022 should be submitted prior to claims for expenses incurred in 2023. **Any funds unclaimed by April 30, 2023 will be forfeited back to the plan. Forfeited funds will be used to defray the cost of administrative expenses associated with the City's offering of the FSA plan.**

Additional Resources and Questions

Additional resources are available online at <https://www.cityofmadison.com/human-resources/benefits/open-enrollment>. Contact Human Resources Benefits staff at (608) 266-4615 or benefits@cityofmadison.com

Healthcare Flexible Spending Account Worksheet

Start by reviewing prior years' receipts for medical expenses (healthcare, dental, and vision) that you paid for out-of-pocket. This may be helpful in determining your annual Flexible Spending Account election for next year.

Budget only for expenses that are eligible for reimbursement through a medical Flexible Spending Account and that will be incurred during the next plan year.

(Be sure to include expenses for you, your spouse, and other eligible dependents.)

Review list of eligible expenses for more information on whether a specific expense may be reimbursed.

| Type of Service | Number of Visits per Year | Cost per Visit | Mileage Cost per Visit <small>= Average miles per Visit* X Mileage Rate (\$0.17/mile)</small> | Annual Cost <small>= Number of Visits X (Cost per Visit + Mileage Cost per Visit)</small> |
|---|---------------------------|--------------------------------|--|--|
| Office Visits (including Specialists) | <i>Example: 10 visits</i> | <i>Example: \$25 copayment</i> | <i>Example: 20 miles X \$0.17/mile = \$3.40</i> | <i>Example: 10 X (\$25 + \$3.40) = \$284.00</i> |
| Chiropractor Visits | | | | |
| Hospitalization or Surgery | | | | |
| Emergency Room Visits (\$60 copayment**) | | | | |
| Speech, Physical, or Occupational Therapy | | | | |
| Counseling or Therapy Sessions | | | | |
| TOTAL ANNUAL MEDICAL SERVICE COST | | | | |

| Type of Product | Monthly Cost | Annual Cost <small>= Monthly Cost X 12</small> |
|--|--------------|---|
| Prescriptions | | |
| Over-the-counter supplies and equipment (contact lens supplies, diabetic supplies, etc.) | | |
| TOTAL ANNUAL MEDICAL PRODUCT COST | | |

| Other Medical Expenses | Annual Cost |
|--|-------------|
| Other anticipated medical expenses (Dental expenses, Vision expenses, One-time services, One-time prescriptions, etc.) | |
| TOTAL ANNUAL OTHER MEDICAL EXPENSES COST | |

| | |
|---|--|
| TOTAL ANNUAL MEDICAL FLEXIBLE SPENDING ACCOUNT ELECTION <small>= Total Annual Medical Service Cost + Total Annual Medical Product Cost + Total Annual Other Medical Expenses Cost</small> | |
|---|--|

* Average Miles per visit is defined as the average number of miles to and from a medical provider for one visit. This mileage is an eligible expense for reimbursement through a medical Flexible Spending Account.

** Waived if admitted as an inpatient directly from the emergency room or for observation for 24 hours or longer.

(FLEXIBLE SPENDING ACCOUNT)

FSA ELIGIBLE EXPENSES



ELIGIBLE EXPENSE EXAMPLES

There are thousands of eligible expenses for tax-free purchase with your account funds, including prescriptions, doctor's office copays, health insurance deductibles, and coinsurance. Many over-the-counter (OTC) treatments are also eligible.

- ✓ Acupuncture
- ✓ Alcoholism treatment
- ✓ Ambulance
- ✓ Artificial limb
- ✓ Birth control pills
- ✓ Blood pressure monitoring device
- ✓ Breast pumps and related supplies
- ✓ Chiropractic care
- ✓ Contact lenses and related materials
- ✓ Dental treatment
- ✓ Dentures
- ✓ Diagnostic services
- ✓ Drug addiction treatment
- ✓ Eye examination, eye glasses, and reading glasses
- ✓ Family planning items
- ✓ Fertility treatment
- ✓ Flu shot
- ✓ Hearing aids
- ✓ Hospital services
- ✓ Immunization
- ✓ Insulin and diabetic supplies
- ✓ Laboratory fees
- ✓ Laser eye surgery
- ✓ Medical testing devices
- ✓ Menstrual care products
- ✓ Nursing services
- ✓ Obstetrical expenses
- ✓ Orthodontia (not for cosmetic reasons)
- ✓ Over-the-counter (OTC) treatments containing medicine—cold treatments, ointments, pain relievers, stomach remedies, etc.
- ✓ Over-the-counter (OTC) treatments without medicine—bandages, wraps, medical testing devices, etc.
- ✓ Oxygen
- ✓ Physical exam
- ✓ Physical therapy
- ✓ Prescription drugs
- ✓ Psychiatric care
- ✓ Smoking cessation program and medications
- ✓ Surgery
- ✓ Sunscreen & sun block (SPF 15+, broad spectrum)
- ✓ Transportation for medical care
- ✓ Weight loss program necessary to treat a specific medical condition
- ✓ Wheelchair, walkers, crutches, and canes

INELIGIBLE EXPENSE EXAMPLES

These items are not generally eligible for tax-free purchase with your account funds.

- ✗ Concierge service fees (billed for future services; no treatment provided)
- ✗ Cosmetics and cosmetic surgery
- ✗ Deodorant
- ✗ Exercise equipment
- ✗ Fitness programs
- ✗ Funeral expenses
- ✗ Hair transplants
- ✗ Household help
- ✗ Illegal operations and treatments
- ✗ Maternity clothes
- ✗ Teeth whitening

DUAL PURPOSE ITEMS

Items that can be used for a medical purpose or for general health and well-being are considered "dual purpose" and are eligible only with a prescription, doctor's directive or letter of medical necessity. Examples include:

- ✓ Dietary and weight loss supplements
- ✓ Fiber supplements
- ✓ Orthopedic shoes and inserts
- ✓ Snoring cessation aids
- ✓ Vitamins and herbal supplements



For more information visit connectyourcare.com

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(DEPENDENT CARE ASSISTANCE PROGRAM)

DCAP ELIGIBLE EXPENSES



ELIGIBLE EXPENSE EXAMPLES

Dependent Care Assistance Program funds cover care costs for your eligible dependents to enable you to work.

- ✓ Before school or after school care (other than tuition)
- ✓ Qualifying custodial care for dependent adults
- ✓ Licensed day care centers
- ✓ Nursery schools or pre-schools
- ✓ Placement fees for a dependent care provider, such as an au pair
- ✓ Child care at a day camp, nursery school, or by a private sitter
- ✓ Late pick-up fees
- ✓ Summer or holiday day camps

INELIGIBLE EXPENSE EXAMPLES

These items are not eligible for tax-free purchase with Dependent Care Assistance Program funds.

- ✗ Expenses for non-disabled children 13 and older
- ✗ Educational expenses including kindergarten or private school tuition fees
- ✗ Amounts paid for food, clothing, sports lessons, field trips, and entertainment
- ✗ Overnight camp expenses
- ✗ Registration fees
- ✗ Transportation expenses
- ✗ Late payment fees
- ✗ Payment for services not yet provided (payment in advance)
- ✗ Medical care



For more information visit connectyourcare.com

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