



➤ March 30, 2022

# Benefit Spotlight: FSA Medical and Dependent Care

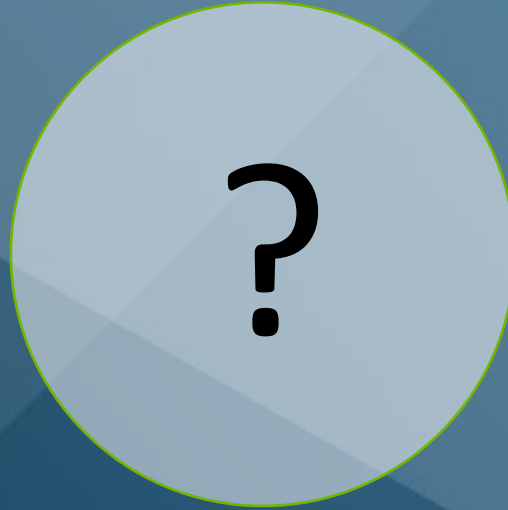


Presentation By:  
Daniel Lopez

# Before We Begin



We are recording today's webinar



Submit your questions at any time



Please complete the exit survey

# Coast to Coast Administration



**BASIC services over  
20,000 employers  
nationwide.**



# Technology Driven HR Solutions to Take Your Company Further

Suite of HR Benefits, Payroll and Leave Management, and Compliance solutions offered individually or bundled.



# Flexible Spending Accounts (FSA)

Medical FSA & Dependent Care FSA

# Flexible Spending Accounts



FSA

Flex

Cafeteria Plan

Dependent Care



Not required

Available for  
1+ employees



Regulated by the  
DOL & IRS



A penalty could also  
be levied against the  
employer for failing  
to withhold income  
tax and FICA

FSA is an employee benefit available to employers who offer a group health plan. It allows employees to contribute tax deferred dollars into an account to pay for out-of-pocket medical expenses, allowing tax savings for the employees and employer.

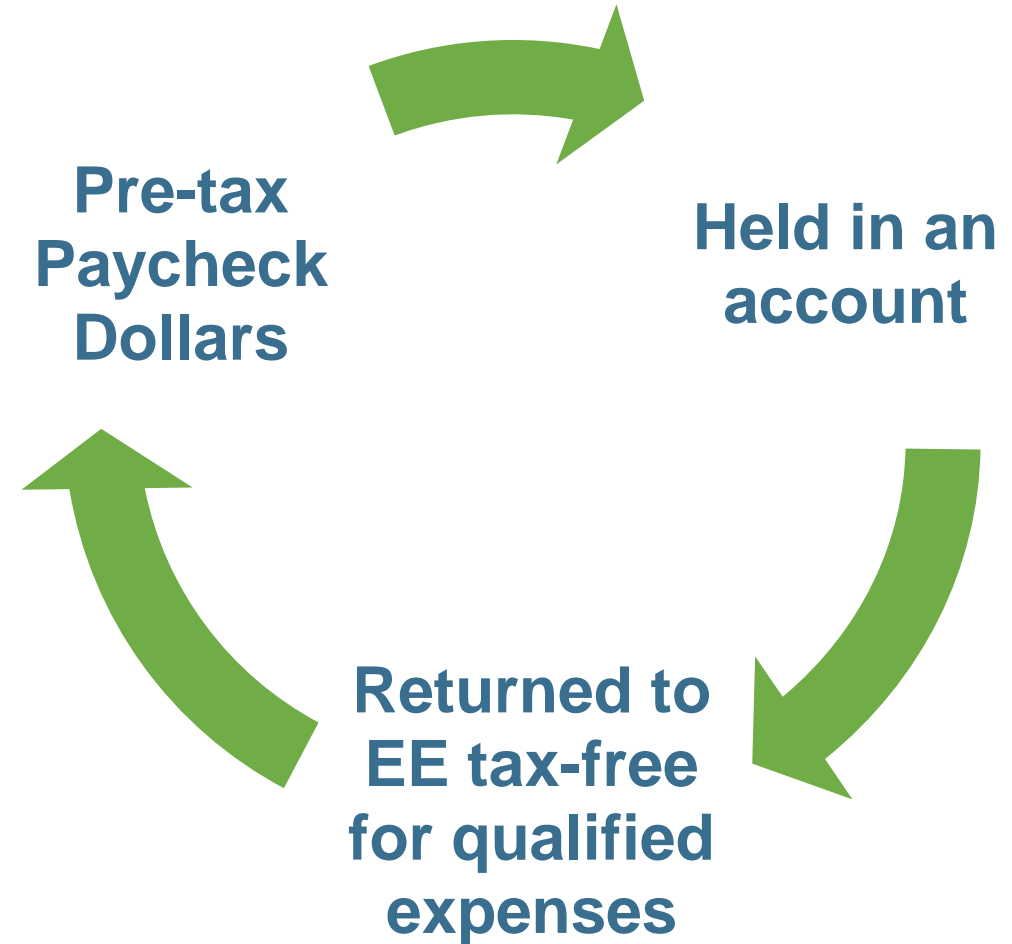


## ➤ What Is an FSA?

- A Flexible Spending Account (FSA) is a benefit program that reimburses specified, incurred expenses with pretax dollars
  - Medical FSAs are governed under §125 of the Code
  - Dependent Care FSAs are governed under §129 of the Code
- Employee contributions to FSAs must be made through a Section 125 cafeteria plan through their employer

# ➤ How Does It Work?

- Employees elect a set amount for medical expenses and a separate amount for dependent care expenses.
- Every dollar put in your FSA plan is **Tax Free**
- Participants do not pay:
  - Federal Taxes
  - State Taxes (and local taxes if applicable)
  - Social Security and Medicare Taxes
- Employers save on FICA Taxes on elected employee contributions.





# ➤ Participant Eligibility

- Employees do not need to be on the employer's health plan in order to participate in FSA plans
- Medical expenses can be incurred by the employee, spouse, employee's children, who have not attained age 27 as of the end of the taxable year, or the employee's other "tax dependents"
- Expenses must be incurred after the employee was a medical FSA participant
- Expenses must be incurred during the plan year

## ➤ FSA Maximum Elections

- **Medical:** \$2,850 for 2022
- **Dependent care:** \$5,000 if married and filing a joint return, or if the participant is filing single and \$2,500 if the participant is married filing separate
- Employers can set an election maximum less than the IRS maximum

# What You Need to Know?



- Medical FSA
  - Employees must sign up at open enrollment
  - They can only change your election in the event of a qualified status change (e.g., marriage, divorce, birth, adoption, or death)
  - Full annual election is available day one

# ➤ Medical FSA Eligible Expenses

- Medical, dental and vision co-pays, deductibles, and coinsurance
- Prescriptions (including mail order)
- Eyeglasses, Lasik, and contact lenses
- Dental expenses including orthodontia
- Nursing care and physical therapy
- Smoking cessation programs and nicotine patches/gum
- Diabetic supplies
- Physical impairments
- Hearing exam, hearing aids, and special batteries
- **Expanded eligibility list can be found here:**
- <https://www.basiconline.com/blog/fsa-eligible-expenses/>

## ➤ Medical Plan Options

- **Grace Period** - up to two and one-half months after the end of the plan year to use funds in an FSA. Claims may be submitted for expenses incurred during the plan year and during the grace period. Grace periods are permissible for all types of FSAs.
- **Carryover** - allows participants to roll over \$570 from one plan year to the next (2022). The \$570 is not calculated into the IRS maximum contribution.
- **Run Out Period** - is the time available following the end of the plan year in which people can submit expense. Can be added to the above options.

# DEPENDENT CARE

Flexible Spending Accounts

# ➤ Dependent Care Eligible Expenses

- Employee and spouse, if any, must be working, looking for work, or a full-time student
- Expenses for care of qualifying dependents (i.e., the primary purpose is to ensure the individual's well-being and protection)
- Qualifying dependents are:
  - A dependent child who has not attained the age of 13; or
  - A spouse or other dependent who is physically or mentally incapable of caring for himself/herself and who has the same principal residence as the participant for more than half the year

**Expanded eligibility list can be found here:**

<https://www.basiconline.com/wp-content/uploads/2020/04/CDA-110-BASIC-Dependent-Care-FSA.pdf>



## ➤ Dependent Care Plan Options

- **Grace Period** - up to two and one-half months after the end of the plan year to use funds in an FSA. Claims may be submitted for expenses incurred during the plan year and during the grace period. Grace periods are permissible for all types of FSAs.
- **Run Out Period** - is the time available following the end of the plan year in which people can submit expense. Can be added to the above option.

# What You Need to Know?



- Dependent Care FSA
  - Employees must sign up at open enrollment
  - They can change your election if your cost or care changes
  - Pay-as-you-go account

# BASIC'S SOLUTION

Consumer Driven Accounts (CDA)

# ➤ Consumer Driven Accounts (CDA)

- New integrated system allows employers and participants to manage all their benefit plans on **one card, one website, and one mobile app**
- Choose from a wide range of healthcare benefit accounts like FSA, Simple HRA, or HSA
  - Combine with Dependent Care, Transit, Wellness Rewards, and Education Reimbursement accounts



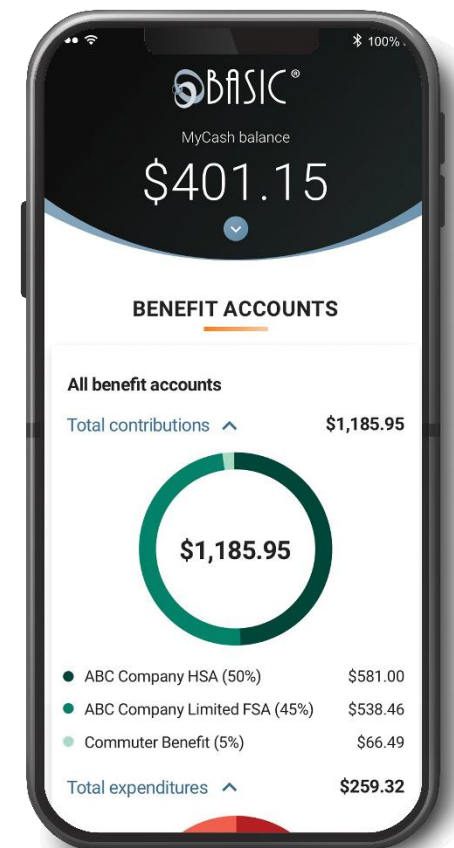
## ➤ BASIC Card

- Smart benefits card with access to all participant benefit accounts and MyCash
- Eliminates the need for reimbursement requests
- **Proprietary technology** instantly withdraws funds from the appropriate account(s)



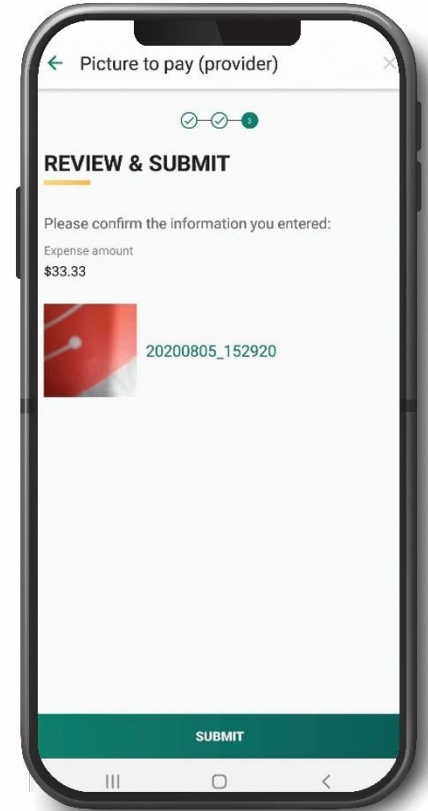
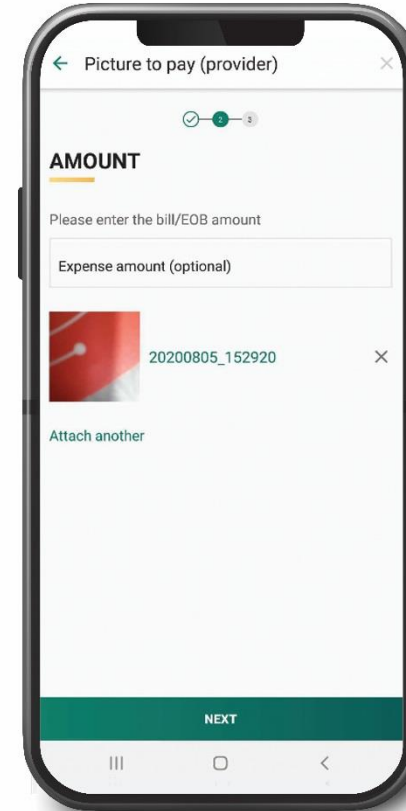
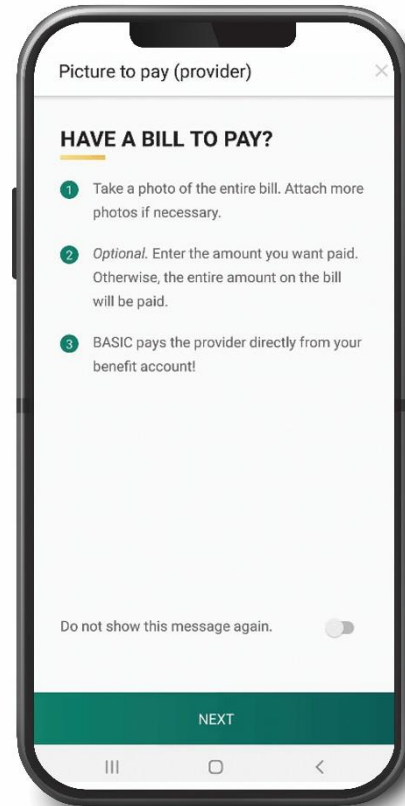
# ➤ BASIC Benefits App

- Participants can track and manage all their BASIC benefit accounts with a single app – **anywhere, anytime!**
- Access account information
- Request reimbursement
- Expense eligibility check
- Mobile card lock if BASIC card is lost or stolen



# ➤ Picture to Pay

- Take a picture of an eligible benefit expense/bill, then submit via the BASIC Benefits App
- No forms to fill out and no need to sign-in to a website
- Just click and submit and we'll take care of the rest





# ➤ Client Reports

Client reports can display a single benefit account or aggregated reports combining all the benefit accounts.

- **Enrollment Report** – lists current participants enrolled by plan and election
- **Funding Report** – ties to a funding event and shows detail of ACH (PVR/POD events)
- **Request Payment Detail** – lists claims paid for each employee (does not show service provider)

## ➤ Next Level Service

- BASIC has been building our reputation on superior customer service for over 30 years!
- Employers can access all Plan information through their online portal. Running reports is simple!
- Participants have access to self-service features and our toll-free direct customer service line, with average hold times of fewer than 30 seconds



# Before Q&A



Slides are in  
the handout  
section



Receive an email  
tomorrow with  
the recording



Please  
complete the  
exit survey

# QUESTIONS

View our current webinar schedule at  
[www.basiconline.com/webinar](http://www.basiconline.com/webinar).

