

# LCTCS HUMAN RESOURCES MEMORANDUM

## #2016-6

**TO:** All Employees of Baton Rouge Community College, Bossier Parish Community College, Capital Area Technical College, Central Louisiana Technical Community College, Delgado Community College, L. E. Fletcher Technical Community College, Louisiana Delta Community College, Nunez Community College, River Parishes Community College, South Central Louisiana Technical College, South Louisiana Community College, SOWELA Technical Community College, Northshore Technical Community College, Northwest Louisiana Technical College and Louisiana Community & Technical College System Operations Office.

**FROM:** Frances Killen  
LCTCS Assistant Director of Human Resources

**DATE:** October 17, 2016

**RE:** **Flexible Benefits Annual Enrollment for 2017 Plan Year**

The Office of Group Benefits (OGB) annual enrollment period for Flexible Benefits **ends on November 15, 2016.**

All current full-time employees have the opportunity to select one or more of the listed options for calendar year 2017.

Enrollment in the Flexible Benefit Plan allows employees to save on the amount of federal and state taxes paid during the plan year. The Flexible Benefit Plan options for plan year 2017 are as follows

1. Premium Conversion
2. General Purpose Health Care Flexible Spending Arrangement (FSA)
3. Limited Purpose Health Care Flexible Spending Arrangement (FSA)
4. Dependent Care Flexible Spending Arrangement (FSA)
5. The Health Savings Account (HSA)

Once an employee elects participation in the flexible benefit plan, all benefit options under the flexible benefit plan remain in place for the entire plan year, unless the individual has an IRS Qualifying Event, e.g. change in legal marital status, change in number of dependents, change in employment status, spouse's annual enrollment, or change in leave (FMLA, Military or Unpaid). The election made during this annual enrollment period will apply for the entire 2017 plan year beginning January 1, 2017 and ending December 31, 2017.

## Important Timelines:

**November 15, 2016\*\*** Deadline for Active Employees to enroll via OGB's enrollment portal or submit completed Flexible Benefit Forms to HR

**January 1, 2017** New Benefit Plan Year Begins

\*\*Your institution may establish an earlier deadline in order to meet processing time schedules.

Employees participating in the Flexible Benefit Plan may choose one or more of the following options:

- **Premium Conversion Option (no fee)** employees are automatically enrolled in the Flex Plan and the Premium Conversion option when they enroll in an OGB health plan, life insurance, and/or a voluntary product that is eligible for pre-tax deductions. Once enrolled in the Premium Conversion option, enrollment will automatically continue from year-to-year unless the employee chooses to end participation in all coverage during annual enrollment or due to experiencing an OGB Plan-Recognized Qualified Event.
- **Dependent Care Flexible Spending Arrangement (administrative fee of \$1.50/pay period)** allows money to be deducted from your paycheck on a pre-tax basis for dependent care expenses for a child 12 years of age or younger or an older dependent incapable of self-care. You must re-enroll in this program each year during annual enrollment.
  - ✓ May participate even if **not** enrolled in the premium conversion option
  - ✓ May participate even if **not** enrolled in an OGB health plan
  - ✓ Minimum annual amount is \$600
  - ✓ Yearly maximums are \$2,500 for single parent or married filing separately, \$5,000 for single head of household, or \$5,000 for married filing jointly.
  - ✓ The maximum for the Dependent Care FSA is a "family maximum"
  - ✓ The Dependent Care FSA is not "pre-funded." You can only be reimbursed for an amount up to the total you have deposited in your account at any given point in the year.
  - ✓ Participants in the Dependent Care FSA are required to file an IRS Form 2441 each year.
- **General-Purpose Health Care FSA (administrative fee of \$1.50/pay period)** allows from \$600 to **\$2,550** to be deducted from your paycheck on a pre-tax basis for out-of-pocket medical expenses not covered by your health plan.
  - ✓ You must be a full-time employee and can only enroll during annual enrollment or after an IRS qualifying event
  - ✓ New hires must enroll within their first thirty days of full-time employment. Participation for new hires will be effective the first of the month following a full calendar month of employment.
  - ✓ You must re-enroll in this program each year
  - ✓ You must choose an amount to be deducted from your pay and deposited into your FSA

- ✓ Your entire annual election amount is available to you on the first day of the plan year, even if it exceeds your year-to-date deposits to the account
  - ✓ The General-Purpose Health Care FSA and the Dependent Care FSA are separate accounts and money cannot be transferred between them
  - ✓ Eligible dependents are your spouse and/or any unmarried dependent children younger than 27, or disabled or handicapped children who depend primarily upon you for support
  - ✓ Doctor's prescriptions and receipts are needed for reimbursement of eligible over-the-counter drugs and medicines
  - ✓ May participate even if **not** enrolled in the premium conversion option
  - ✓ May participate even if **not** enrolled in an OGB health plan
- **Limited-Purpose FSA (administrative fee of \$1.50/pay)** allows you to set aside from \$600 to **\$2,550** to be deducted from your paycheck for eligible out-of-pocket dental and vision expenses only.
    - ✓ You must be a full-time employee and can only enroll during annual enrollment or after an IRS qualifying event
    - ✓ New hires must enroll within their first thirty days of full-time employment. Participation for new hires will be effective the first of the month following a full calendar month of employment.
    - ✓ You must re-enroll in this program each year
    - ✓ You must choose an amount to be deducted from your pay and deposited into your FSA
    - ✓ **Can** be used with a Health Savings Account; but **cannot** be used with a General-Purpose FSA
    - ✓ Eligible dependents are your spouse and/or any unmarried dependent children younger than 27, or disabled or handicapped children who depend primarily upon you for support
    - ✓ May participate even if **not** enrolled in the premium conversion option
    - ✓ May participate even if **not** enrolled in an OGB health plan
    - ✓ An employee **cannot participate in the GPFSA and the LPFSA options at the same time**. However, an employee who enrolls in the Pelican Health Savings Account (HSA) 775 can participate in the LPFSA option. This is a HIPAA-accepted benefits option. You must re-enroll each year if you wish to continue participation.

**The “Use it or Lose it” Rule** applies to all flexible spending accounts (FSAs). This means that monies remaining in the account will not be refunded to the individual.

- There is a **Grace Period** during which participants have from January 1, 2017 to March 15, 2017 to incur eligible expenses and be reimbursed from funds remaining in their FSA accounts at the end of the preceding plan year ending December 31, 2016.
- There is also a **Run-Out Period** from March 16, 2017 to April 30, 2017 during which participants are allowed to submit claims for eligible expenses incurred during the preceding plan year ending December 31, 2016 and the Grace Period ending March 15, 2017 for claim payment.

- **The Health Savings Account (HSA)** option allows a plan member and his or her employer to contribute pre-tax dollars to an HSA. Active employees can contribute to an HSA option only when they choose the OGB Pelican HSA 775 health plan and are not covered by other disqualifying non-high-deductible health plan coverage.
- ✓ The HSA allows you to use pre-tax dollars to pay eligible medical and pharmacy expenses for you and your family until you meet your deductible for the plan year. It can also help you save for future health care expenses.
- ✓ **Matching dollar-for-dollar** - If enrolled in an HSA, the state employer will contribute \$200 per plan year to help jumpstart your savings and will match your tax-free contributions made through payroll deduction dollar-for-dollar, up to an additional \$575 per plan year. For the 2017 calendar year, the U.S. Internal Revenue Service limits total tax-free HSA contributions to \$3,400 for employee only coverage and \$6,750 for family coverage -- plus additional \$1,000 if you are age 55 or older. To receive these matching dollars, you must set up an HSA through your agency's human resources section. The HSA will be set up through The Bancorp Bank, which is affiliated with the Blue Cross administrator.
- ✓ Unlike a Health Care Flexible Spending Arrangement (FSA) with a use-or-lose rule, you are not required to spend your entire annual HSA contribution. Instead, your money can remain in our HSA and earn interest -- tax free -- from year-to-year.
- ✓ **Yours to keep** – If you change health plans or jobs, or you retire, the HSA is yours to keep. At age 65 on, you can use your HSA dollars for any health care or non-health care expense with no penalty, although any amount used for non-health care expenses will be taxable as income.

More information and forms for the 2017 flexible spending benefits options may be found at <http://annualenrollment.groupbenefits.org/flex.html>.

\*\*\*\*\* Flexible Benefits Plan Administrator \*\*\*\*\*

**Discovery Benefits** is the third party administrator of the OGB Flexible Benefits Plan.

**Discovery Benefits** [www.discoverybenefits.com](http://www.discoverybenefits.com)

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