



## 3.530 RCUH Flexible Spending Plan

### I. Policy

It is the policy of the RCUH to provide a flexible spending plan and the necessary information to enroll in such a plan to eligible employees.

The plans provide employees a choice of non-taxable benefits under the provisions of the Internal Revenue Code, Section 125, whereby employees can set aside a portion of their salary as tax-free money and allocate it to either of the two (2) separate Flexible Spending Accounts (FSA). These are a Healthcare Expense Account and a Dependent-Care Expense Account.

### II. Responsibilities

#### **A. RCUH Employee**

1. Enroll in the Flexible Spending Account (FSA) plans via the Electronic Hiring System (EHS) upon hire, or complete the open enrollment form during the open enrollment period.
2. If a Family Status Change event occurs during the plan year (July 1 through June 30), an employee is eligible to make changes to their FSA election amount by completing the RCUH Flexible Spending Enrollment & Change Form (B-5F) and submitting it to RCUH Human Resources within thirty (30) days of the event.
3. Utilize services from the coverage-begin date until the end of the plan year or the date the coverage ends, whichever is earlier. Any unused monies will be forfeited and will remain property of the RCUH.
4. Submit reimbursement claims within ninety (90) days from the end of the plan year. Claims for reimbursement can only be made for expenses incurred within the plan year or prior to the date your coverage ends due to employment termination or loss of eligibility status. There are no exceptions to this IRS-regulated benefit.

#### **B. Principal Investigator**

1. Projects from which the employee's salary is paid will be charged a monthly administrative fee. This cost is expressed on the RCUH Fringe Benefit Schedule.

### III. Applications

Regular-Status employees who are 50% FTE or more are eligible to participate in the RCUH Flexible Spending Account program.

**IV. Details of Policy**

**A. Two (2) Types of Flexible Spending Accounts (FSA)** – The RCUH offers two (2) types of flexible spending accounts. Please see below for the [NBS Flexible Spending Brochure](#) and RCUH Flexible Spending Summary Plan Description. The maximum contribution amount is determined by the IRS for each calendar year.

1. **Healthcare Expense Account:** Allows employees to use this account to pay for IRS-eligible medical, dental, drug, and vision expenses that the employee’s health plan(s) do(es) not cover.
  - a. The maximum salary reduction for the calendar year is pursuant to IRS regulations.
2. **Dependent-Care Expense Account:** Allows employees to pay for childcare services for children under age thirteen (13), including preschool and afterschool care, on a pre-tax basis. Employees may also use this account to pay for care of someone, child or adult, who is physically or mentally incapacitated and who is dependent upon the employee. Dependent-care arrangements that qualify include the following:
  - a. A dependent (day) care center and/or nursing home, provided that if care is provided by the facility for more than six (6) individuals, the facility complies with applicable State and local laws;
  - b. An educational institution for preschool children, day care center, or summer fun. For older children, only expenses for non-school care are eligible;
  - c. An “Individual” who provides care inside or outside the household: The Individual may not be a child of the employee under age nineteen (19) or anyone claimed as a dependent for federal tax purposes.
3. **Reimbursement of Expenses:** Eligible employees who elect to enroll in flexible spending accounts will be provided with a debit card to use for qualified expenses, which will have the employee-elected pre-tax deduction amounts preloaded for the entire plan year (July 1 through June 30). For expenses not allowed via debit card, employees must submit the necessary required documentation and file for reimbursement directly via third-party administrator (National Benefits Services – NBS).

Dependent Care FSA reimbursement per calendar year and/or plan year may not exceed the least of the following:

- a. \$5,000.00 (if employee is married and filing a joint return or is the head of a household);
- b. \$2,500.00 (if the employee is married but files taxes separately from his/her spouse);
- c. Employee’s taxable compensation;
- d. The employee’s spouse’s actual or deemed earned income, if the employee is married.

**B. Effective Date of Coverage**

The effective date of coverage begins on the first day of the month following the employee's date of hire or FTE increase into the eligible class of employees. For example, if the employee's FTE increases to above 50% FTE on June 1, the employee's flexible spending plan (if elected) will begin July 1.

**C. Changes/Cancellation of FSA Participation**

- A. Loss of Eligibility Due to Change in FTE/Termination: Change in employment status to less than 50% FTE will result in a cancellation of flexible spending plan benefits. The effective date of cancellation is dependent upon the date of the FTE change or termination of employment action. Termination of the plan is generally effective at the end of the pay period in which the change occurred. Employees should receive a Consolidated Omnibus Budget Reconciliation Act (COBRA) notice/election form which will allow them to continue their FSA plan from the date their plan ends due to the FTE change/termination through the end of the normal plan year (i.e., June 30), if applicable.
- B. Loss of Eligibility Due to Authorized Leave Without Pay: During an authorized leave of absence without pay (LWOP) where there are insufficient earnings in a given pay period to deduct the employee's Healthcare Expense Account deductions, employees will be required to "catch up" on any missed Healthcare Expense FSA deductions while on leave. There is no "catch-up" requirement for the Dependent Care Expense Account.

**D. New Enrollments and Changes in Election Amount Due to Family Status Changes**

1. An election may not be changed during the plan year (July 1 to June 30) unless an employee experiences a Family Status Change. Employees may enroll, revoke their election, or change their election amount within thirty (30) days of a Family Status Change event as long as the change is consistent with the Family Status Change event.
2. Family Status Changes:
  - a. Marriage
  - b. Divorce
  - c. Death of spouse or dependent, legal separation, or annulment
  - d. Birth, adoption, or placement for adoption of a child
  - e. Dependent satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance
  - f. Termination or commencement of employment of employee, spouse, or dependent(s)
  - g. Strike or lockout of employee, spouse, or dependent(s)
  - h. Commencement or return from an unpaid leave of absence of employee, spouse, or dependent(s)
  - i. Change in worksite of employee, spouse, or dependent(s)

- j. Change in the place of residence of employee, spouse, or dependent(s) that would lead to a change in status, such as moving out of a coverage area for insurance
  - k. A change in employment status from part-time to full-time or vice versa by employee, spouse, or dependent(s)
  - l. A significant change to the health plan benefit
3. Mid-Year Changes to Dependent Care Reimbursement Expense Plans Include the Following:
- a. Changes in dependent care provider coverage such as provider cost increases; participant gives pay raise; free care becomes available; provider is no longer available. *Example:* An employee initially elected to deduct \$50.00 per pay period towards a Dependent Care Expense account effective July 1. In October, employee learns that a grandparent can now watch the child (child-care services no longer needed).
  - b. Changes to elections due to a cost change imposed by a dependent-care provider who is a relative are not allowed.
  - c. Cancellations of the plan are not allowed; however, a reduction in deductions is allowable.
- E. Reimbursement Requests and Forfeiture of Funds:** If there is money remaining in an employee's flexible spending account at the end of the plan year (June 30) or at the time the employee terminates participation in the plan, he/she will have ninety (90) days after the end of the plan year (September 28) or ninety (90) days after their effective date of termination or loss of eligibility to submit reimbursement requests for expenses incurred within the plan year while he/she was still a participant of the plan up until their effective date of termination or loss of eligibility status. If the reimbursement forms and applicable supporting documentation are not submitted to the insurance carrier after ninety (90) days, the employee will forfeit all rights to that money and the money shall remain the property of RCUH.
- 1. Termination of Employment/Loss of Eligibility: Employees have ninety (90) days from their effective date of termination or loss of eligibility status to submit claims for reimbursement for expenses incurred while active on the plan.
  - 2. For Participants in the Dependent-Care Expense Reimbursement Account: If the employee submits partially completed forms or insufficient supporting documentation, the employee must still submit revised forms/additional documentation PRIOR to the ninety (90) day deadline. An employee may be reimbursed for expenses for any child until the end of the calendar year in which the child reaches age twenty-six (26).
  - 3. For Participants in the Healthcare Expense Reimbursement Account: If the employee submits partially completed forms or insufficient supporting documentation, the employee will have an additional sixty (60) days from the initial submission of forms to correct the incomplete claim.

4. There Is No Exception to This Rule: It is important that the employee correctly estimate his/her expenses for the Plan Year **PRIOR** to enrolling in the plan and ensure he/she meets pre-determined deadlines for reimbursement submittal.
- F. **Pretax Transportation Benefits Plan (PTBP)** – Provides employees a choice of non-taxable benefits under provisions of the Internal Revenue Code, Section 132 (f). With the Pretax Transportation Benefits Plan (PTBP), employees can set aside a portion of their salary and allocate it towards qualified transportation expenses such as parking and transit (e.g., bus passes). The [3.530A Addendum RCUH Flexible Spending Plan](#) is an overview of the provisions of this benefit plan.
- G. **FSA Program Is Subject to Change or Termination** – This program may be modified or terminated at the discretion of the RCUH Board of Directors.
- H. **Terms and Conditions of This Benefit May Be Found in the Provider Contract/Administrative Plan Document** – This policy is an overview of the provisions of this benefit plan. Specific terms and conditions and other provisions will be found in the provider contract and/or administrative plan document.
- I. **The RCUH Manages the Flexible Spending Plan Benefit**
  1. The RCUH Determines the Plan/Provider: The RCUH Human Resources Department conducts periodic reviews of the provider service contracts in order to ensure that the most cost-effective program is being provided. These reviews may lead to plan modifications, changes in provider, and internal administrative practices.
  2. Use of a Third-Party Plan Administrator: The RCUH utilizes the services of a third-party plan administrator to assist in administering the flexible spending plan offered through RCUH.

## V. Procedures

- A. **Initial Enrollment Upon Hire** – All eligible new hires must complete their flexible spending account enrollments via the RCUH Electronic Hiring System (EHS). Upon the RCUH Human Resources department's receipt of the enrollment, the employee **will not** be permitted to change his/her original enrollment election until the RCUH Annual Open Enrollment period or if the employee experiences a Family Status Change as defined in this policy.
- B. **Annual Open Enrollment** – In the event an employee does not join the flexible spending plan at the time of hire or at the time of employment eligibility, he/she may do so during the next annual open enrollment period. The flexible spending plan year begins July 1 and ends on June 30 of the following year (given that the employee is in an eligible class during this period). **Enrollment into the new plan year will not be automatic for the Healthcare Expense FSA nor the Dependent Care FSA plans. Employees must submit an election form each year (July 1 through June 30) in order to be enrolled into the flexible spending plan.**
- C. **Changes or New Enrollments in Election Amount Due to Family Status Changes** – Employees must complete the RCUH Flexible Spending Enrollment/Change Form (B-

5F) to update/change their elections, and submit to RCUH Human Resources department within thirty (30) days of the status change.

**VI. Contact**

RCUH Benefits: (808) 956-2326  
[rcuh\\_benefits@rcuh.com](mailto:rcuh_benefits@rcuh.com)

**VII. Relevant Documents**

**A. Forms**

[RCUH Group Flexible Spending Enrollment/Change Form \(Form B-5F\)](#)

[All NBS Forms](#) (including the following):

- NBS Flexible Spending Account (FSA) Claim Form
- NBS Health Care Expense Worksheet
- NBS Dependent Care Receipt
- NBS Direct Deposit Form

**B. Additional Information**

[NBS Flexible Spending Brochure](#)

[RCUH Flexible Spending Summary Plan Description](#)

[National Benefits Services Website](#)

[NBS Benefits Mobile App Guide](#)

**C. Other Policies**

[Policy 3.530A Addendum RCUH Flexible Spending Plan](#)

[Policy 3.510 Fringe Benefit Schedule](#)

[Policy 3.650 Leave of Absence Without Pay](#)

**OPEN ENROLLMENT 2020 -2021**

[RCUH Flexible Spending Account Overview 2020 - 2021](#)

[RCUH Flexible Spending Enrollment & Change Form \(OEB-5F\)](#)

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