

Recent Changes to Health Care Flexible Spending

In October 2013, the federal law governing flexible spending accounts changed, permitting employers to revise their health care flexible spending plans, allowing employees to carry over as much as \$500 into subsequent plan years. At the May 27, 2014 meeting, the Board of School Directors approved modifications to Radnor Township School District's current plan, matching the new federal maximums. While this is good news for our employees, the actual implementation of the change has proven to be challenging. The information below should help you understand the terms and timelines for the district's health care flexible spending plan.

PLAN YEAR: Time period to incur claims. RTSD's plan year is from July 1 through June 30.

RUN-OUT PERIOD: Length of time following the close of the plan year to submit claims incurred during the plan year. RTSD has a 90-day run-out period from July 1 – September 30 of the subsequent plan year.

IF ELECTED AMOUNTS ARE NOT EXHAUSTED IN THE CURRENT PLAN YEAR:

- Up to \$500 can remain in the plan, regardless of whether an election is made for the subsequent plan year.
- Any remaining funds will be available from the conclusion of the run-out period until either: exhaustion of carried over funds; termination of employment/loss of benefits eligibility.

EMPLOYEES WHO RE-ENROLL IN HEALTH CARE FLEXIBLE SPENDING FOR THE SUBSEQUENT YEAR AND HAVE CARRY OVER FUNDS:

- Newly elected funds are available immediately.
 - Unless newly elected funds are exhausted prior to the conclusion of the run-out period, you should not notice any changes.
 - If newly elected funds are exhausted prior to the conclusion of the run-out period:
 - The Benny Card will be temporarily deactivated for the remainder of the run-out period to ensure that carry-over funds are used to process prior plan year claims before any new plan year claims.
 - A few days following the end of the run-out period, the Benny Card will be reactivated.
 - Claims incurred during the remainder of the run-out period should be submitted to BAS on their reimbursement claim form, for processing on or after October 1.
- Carried over funds will be available from the conclusion of the run-out period until either: exhaustion of carried over funds; termination of employment/loss of benefits eligibility.

EMPLOYEES WHO *DO NOT* RE-ENROLL IN HEALTH CARE FLEXIBLE SPENDING FOR THE SUBSEQUENT YEAR AND HAVE CARRY OVER FUNDS:

- The Benny Card will be temporarily deactivated during the run-out period to ensure that all prior plan year claims are processed before any new plan year claims.
- A few days following the end of the run-out period, the Benny Card will be reactivated.
- Claims incurred during the run-out period should be submitted to BAS on their reimbursement claim form, for processing on or after October 1.
- Carried over funds will be available from the conclusion of the run-out period until either: exhaustion of carried over funds; termination of employment/loss of benefits eligibility.

The above changes are for health care flexible spending only. **The dependent care flexible spending plan is unchanged** and the following rules apply:

- Plan Year: July 1 – June 30
- Grace Period to Incur Claims Ends: July 15
- Run-Out Period to Submit Claims Ends: September 30