

HEALTH CARE FLEXIBLE SPENDING ACCOUNT

The Health Care Flexible Spending Account provides a unique opportunity to pay certain IRS approved health care expenses with pre-tax dollars.

Eligibility

Employee

Faculty and staff are eligible to participate in the Health Care Flexible Spending Account if they are employed in a "Regular" position with an FTE of .5 or greater or in a "Temporary" position for more than six months with an FTE of .5 or greater.

Dependents

Dependents eligible for reimbursement of Health Care Flexible Spending Account claims as defined by the University of Nebraska include the following:

Spouse

- Husband or wife, as recognized under the laws of the state of Nebraska
- Common-law spouse if the common-law marriage was contracted in a jurisdiction recognizing a common-law marriage

Child

The following dependent children may be eligible for coverage:

- Natural-born or legally adopted child who has not reached the limiting age of 26
- Stepchild who has not reached the limiting age of 26
- Child for whom the employee has legal guardianship and who has not reached the limiting age of 26
- Child with a mental or physical disability who has attained the limiting age of 26 may continue coverage beyond age 26 if proof of disability is provided within 31 days of attaining age 26

Coverage ends when the dependent child turns age 26.

Employee Plus One

University benefits eligibility is extended to an Adult Designee of the same or opposite gender who meets all the following criteria:

- Has resided in the same residence as the employee for at least the past consecutive 12 months and intends to remain so indefinitely;
- Is at least 19 years old;
- Is directly dependent upon, or interdependent with, the employee, sharing a common financial obligation that can be documented in a manner prescribed by the university; and

- Is not currently married to or legally separated from another individual under either statutory or common law.

Additional Employee Plus One information may be found at the Employee Plus One benefits module.

An employee may receive reimbursement for medical care expenses for a qualifying Adult Designee from the Health Care Flexible Spending Account **only under limited circumstances**. An Adult Designee must meet all of the following requirements:

- Shares the same principal place of abode as the employee for the entire calendar year in question. This means that the Adult Designee may be temporarily absent but must reside in the same place as the employee at all other times.
- Is a member of the employee's household for the entire calendar year in question.
- Receives over half of his or her financial support from the employee. Support includes food, shelter, clothing, medical and dental care, education and other similar items. All sources of support are considered, including the Adult Designee's own funds.
- Is **not** a qualifying child of any other person.
- Is a U.S. citizen or national, or a resident of the U.S., Canada or Mexico.

An Adult Designee's dependent child(ren) is not eligible to receive reimbursement from the Health Care Flexible Spending Account.

Initial Enrollment

Employees must enroll for coverage within 31 days of the date of hire or benefits eligibility date (date the employee satisfies the criteria to be benefits-eligible). The 31 day period is not based on the employee's effective date of coverage.

Enrollment after the initial 31-day period is limited to the annual NUFlex enrollment or when a Permitted Election Change Event occurs. (NOTE: In the cases of change events involving an Employee Plus One Dependent, changes other than initial enrollment or the annual NUFlex enrollment are only allowed when that person is considered your federal tax dependent. Related information may be found at the Employee Plus One benefits module.)

Effective Date of Participation

Participation is effective on the first day of the month following the employee's date of hire or eligibility. Participation for employees hired on the first day of the month will be effective on the first day of the month. Participation for employees hired on the first working day of the month will be effective on the actual date of hire (if first working day is Jan. 5, coverage will be effective Jan. 5).

Change in Status Guidelines

Employees may enroll or increase their Health Care Flexible Spending Account contribution during the calendar year when a Permitted Election Change Event occurs. An annual Health Care Flexible

Spending Account election may not be reduced before the end of the calendar year when a Permitted Election Change Event occurs.

Employees must enroll or make a change in contribution within 31 days of the Permitted Election Change Event.

Listed below are several Permitted Election Change Events that may allow an employee to initiate a midyear Health Care Flexible Spending Account change.

- Change in legal marital status
- Change in number of dependent children
- Change in employment status or work schedule that results in a gain or loss of coverage eligibility
- Change in coverage under spouse's employer's benefits plan, if substantial

Effective May 18, 2020, and pursuant to IRS Notice 2020-29, employees may prospectively (1) make a new election, or (2) revoke, decrease, or increase an existing election for the 2020 and 2021 Plan Years. Any election change made pursuant to this paragraph shall be limited so that the new amount elected is not less than the total amount of reimbursements submitted to the Health Care Flexible Spending Account Plan for the 2020 or 2021 Plan Year by the employee as of the date immediately preceding the employee's election change request.

Coverage Effective Date as a Result of a Permitted Election Change Event

Coverage changes due to a Permitted Election Change Event will be effective on the first day of the month following the date of the change. However, changes that occur on the first day of the month will be effective immediately. The employee must provide appropriate documentation to verify the Permitted Election Change Event. Only those expenses incurred after the effective date of the change will be covered or reimbursable.

Birth of a Dependent Child

Coverage changes due to a birth of a child will be effective on the dependent's date of birth. The applicable premium will begin on the first day of the month following the date of birth. The employee must provide appropriate documentation to verify the Permitted Election Change Event.

Adoption or Legal Guardianship

Coverage changes due to a dependent child who is added as a result of adoption or legal guardianship will coincide with the earlier of: 1) the date of placement for adoption, or 2) the date of entry of an order granting legal guardianship or custody of the child. Placement generally means when the adoptive parents have taken legal responsibility for the child. Premiums will begin on the first day of the month following the event. The employee must provide appropriate documentation to verify the Permitted Election Change Event.

Marriage

Coverage changes due to marriage will be effective on the first day of the month following the date of marriage. Changes in coverage for a marriage occurring on the first day of the month will be effective immediately. The employee must provide appropriate documentation to verify the Permitted Election Change Event.

Divorce or Legal Separation

Coverage changes due to a Nebraska divorce will be effective the first day of the month following the date the divorce decree is entered. Coverage changes due to a Nebraska legal separation will be effective the first day of the month following the date of the court order or separation agreement.

Coverage changes due to an Iowa divorce will be effective the first day of the month following the date the divorce decree is final. Coverage changes due to an Iowa legal separation will be effective the first day of the month following the date of the court order or separation agreement.

The employee must provide appropriate documentation to verify the Permitted Election Change Event.

Termination of Coverage

Participation terminates on the last day of the month following the date of termination or date the employee is no longer eligible for coverage. If the date of termination or employee's coverage ineligibility is the last day of the month, coverage will terminate immediately.

Leave of Absence

Health Care Flexible Spending Account participation may be continued while the employee is on an approved leave of absence through the end of the calendar year.

Active Military Duty Leave of Absence

An employee who commences a leave of absence for active duty in the military may cancel Health Care Flexible Spending Account participation during the leave. Upon return from active duty, the employee may re-enroll for coverage. The employee must provide appropriate documentation to support the date military service ended.

Annual NUFlex Enrollment

Participation in the Health Care Flexible Spending Account does not automatically renew each year. Employees may enroll in the Health Care Flexible Spending Account during the annual NUFlex enrollment.

COBRA Continuation of Coverage

COBRA coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." COBRA continuation coverage is offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the Plans because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the Plans, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you lose coverage under the Plans because of either one of the following qualifying events:

- (1) Your hours of employment are reduced; or
- (2) Your employment ends for any reason other than gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you lose coverage under the Plans because of any of the following qualifying events:

- (1) Your spouse dies;
- (2) Your spouse's hours of employment are reduced;
- (3) Your spouse's employment ends for any reason other than gross misconduct;
- (4) Your spouse becomes enrolled in Medicare (Part A, Part B or both); or
- (5) You become divorced [or legally separated] from your spouse. If an employee cancels coverage for his or her spouse in anticipation of a divorce [or legal separation] and a divorce [or legal separation] later occurs, then the divorce [or legal separation] will be considered a qualifying event even though the ex-spouse lost coverage earlier. If the ex-spouse notifies the COBRA Plan Administrator within 60 days of the decree of dissolution of marriage date and can establish that the employee canceled the coverage earlier in anticipation of the divorce [or legal separation], then COBRA coverage may be available for the period after the divorce [or legal separation].

Your dependent children will become qualified beneficiaries if they lose coverage under the Plans because of any of the following qualifying events happens:

- (1) The parent-employee dies;
- (2) The parent-employee's hours of employment are reduced;
- (3) The parent-employee's employment ends for any reason other than gross misconduct;
- (4) The parent-employee becomes enrolled in Medicare (Part A, Part B or both);
- (5) The parents become divorced [or legally separated]; or
- (6) The child stops being eligible for coverage under the plan as a "dependent child."

The Plans offer COBRA continuation coverage to qualified beneficiaries only after the COBRA Plan Administrator has received timely notice that a qualifying event has occurred, including the end of employment or reduction of hours of employment, death of the employee, or enrollment of the employee in Medicare (Part A, Part B or both).

Benefits Summary

WageWorks is the plan administrator for the Flexible Spending Account (FSA) program. The Health Care Flexible Spending Account can be used to pay for eligible medical, dental, vision, and prescription drug expenses which are not reimbursed by the health insurance plan (excludes most cosmetic services). Employees determine how much they want to set aside for health care expenses during the year. As health care expenses are incurred, reimbursement from the Health Care Account is made by filing claims.

Contributions

Employees may contribute \$480 to \$2,750 (for 2021) annually to the Health Care Flexible Spending Account.

Contributions are withheld on a pre-tax basis and are exempt from both state and federal income taxes and Social Security.

Participating employees are required to make contributions through Dec. 31 of each year.

An annual Health Care Flexible Spending Account election may not be reduced before the end of the calendar year when a qualified change in status occurs.

Carryover Benefits

Effective January 1, 2021, employees will be able to carry over any unused amounts remaining in the employee's Health Care Flexible Spending Account at the end of the prior plan year (the "Carryover Benefits"). The maximum amount of the Carryover Benefits will be subject to IRS and plan limitations in future years.

Reimbursements for expenses incurred in the current plan year will be reimbursed first from any unused contributions the employee has elected for the current plan year, and then from any Carryover Benefits. Reimbursements are paid according to this procedure to maximize the amounts available for reimbursement.

Any Carryover Benefits will be reduced by amounts used for previous plan year reimbursements and current plan year reimbursements during the run-out period ending on March 31.

Amounts left in an employee's account at the end of the plan year that exceed future Carryover Benefits limits will be forfeited if a claim for reimbursement is not provided by March 31 after the plan year ends.

Employees may waive their right to receive the Carryover Benefits by providing a signed waiver to the campus benefits office prior to the beginning of the next Plan Year (e.g., waiver provided by employee in December, 2020 for Carryover Benefits from the 2020 plan year to the 2021 plan year). An employee may want to waive the Carryover Benefits if the employee wants to make contributions to a Health Savings Account ("HSA") for an upcoming plan year.

Example: You elect salary reductions of \$2,500 during open enrollment for the Plan Year beginning on January 1, 2021. On December 31, 2020, you have \$800 of unused amounts in your Health Care Flexible Spending Account because of a scheduled non-emergency procedure that was postponed.

You have \$800 you can use for claims occurring during the plan year ending on December 31, 2020 that you can submit for reimbursement by March 31, 2021 (i.e., the end of the run-out period for the 2020 plan year).

If you did not incur any additional claims for the remaining \$800 in available funds, you have up to \$3,300 (\$2,500 salary reduction contributions for plan year 2021, plus \$800 of Carryover Benefits) that you can use for claims occurring during the Plan Year beginning on January 1, 2021.

Between January 1, 2021 and March 31, 2021, you submit and are reimbursed for a claim for \$2,700 of expenses incurred on January 4, 2021. Under the ordering rules, the expense is paid first from your

January 1, 2021 \$2,500 salary reduction contribution, and second from your Carryover Benefits in the amount of \$200.

After the submission of this claim, you only have \$600 (\$800 - \$200) available to pay expenses that you incurred during the plan year ending on December 31, 2020.

On February 1, 2021, you submit and are reimbursed for one claim for \$350 of expenses incurred on December 5, 2020. As of April 1, 2021, you have \$250 (\$600 - \$350) that can be used to pay for expenses incurred in the 2021 plan year. If you submitted no further claims for reimbursement for 2021, you could carry over \$250 in Carryover Benefits to 2022.

Claim Guidelines/Filing Claims for Reimbursement

Only expenses for services received during the calendar year and after the effective date of coverage may be reimbursed, provided such services were incurred in a benefits-eligible status. Expenses are "incurred when the participant is provided with the medical care that gives rise to the medical expenses, and not when the participant is formally billed or charged for, or pays for the medical care."

Contributions not used by the end of the calendar year will be forfeited, except for Carryover Benefits.

Employees who participate in both the Health Care and Dependent Care Accounts may not use money from one account to cover expenses in the other account.

Employees may file health care claims at any time during the year with WageWorks by mail, fax, online, or EZ mobile application. Flexible Spending Account Claim Forms may be downloaded from this webpage or the WageWorks website.

WageWorks provides several different methods to receive your Health Care Flexible Spending Account reimbursement. They include "Pay Me Back", "Pay My Provider" and a Health Care Card. Complete details can be found on the WageWorks website.

All health care expenses must be submitted for reimbursement by Mar. 31, following the year in which the expense was incurred. After Mar. 31, any remaining unreimbursed amounts will be forfeited, except for any remaining Carryover Benefits.

Qualifying Health Care Expenses

For an expense to be reimbursable under the Health Care Flexible Spending Account, it must meet two types of requirements: (1) it must be for medical care, as defined in Internal Revenue Code Section 213, and (2) it must meet additional health Flexible Spending Account restrictions under Internal Revenue regulations. Generally, expenses which are eligible for reimbursement are those which would be deductible on a federal income tax return. **Employees should verify qualifying expenses which can be reimbursed through the Health Care Flexible Spending Account on the WageWorks FSA website.**

WageWorks Customer Service and Contact Information

Participants may call WageWorks for account information and questions at (855) 428-0446.

Customer Service representatives are available Monday through Friday, 7 am to 7 pm CST.

WageWorks contact information for submitting FSA claims or questions.

Phone Number – (855) 428-0446

Fax Number – (855) 291-0625

Mailing Address – Attention Claims Administrator, P.O. Box 14326, Lexington, KY 40512

Website – www.wageworks.com