

Leap HR Obstacles in a Single Bound.



**BSI•Ameriflex**  
CDHP Administration Services  
Presented to HHIT

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# Company Profile

BSI has recently partnered with Ameriflex to offer a best in class customer service experience to our clients. Established in 1998, Ameriflex specializes in non-traditional financial service transactions that occur behind the scenes to support our clients' HR processes. We proactively identify needs in our market space; and obtain, develop, or refine solutions to meet these needs. We strive to continually improve our technology, service, and operations in order to more efficiently deliver these solutions to our clients, at a competitive price point.



Ameriflex has been recognized within the industry for its commitment to superior service and product innovation. Most notably, Ameriflex has been honored with *Benefits Selling* magazine's "Readers' Choice" award (TPA Offering the Most Comprehensive Service) for each of the nine years that the award category was on the ballot. Ameriflex has also received the prestigious "Most Innovative TPA" and "CEO Leadership" awards from the Institute for Healthcare Consumerism (2014, 2013) and the "Best Benefits Delivery" award from Paybefore Awards (2014) for the Living Wage Card Program.

Thousands of employer-clients and millions of individual participants nationwide experience the Ameriflex difference each day. We look forward to putting our solutions to work for you!



Put Your HR on Autopilot.

# BSI/Ameriflex FSA Guarantee

## PROTECTION AGAINST LOSS IN YOUR FSA PLAN

Our mission is to provide creative, compliant benefits solutions built with our clients' needs in mind—to save you time, help reduce your costs, and maximize the value of your plan for both the employer and the individual participants. It is with this in mind that we are introducing a Fee Guarantee for all health flexible spending account clients.

## HOW IT WORKS

In the event that total annual claims exceed total annual employee contributions, employers will have the option to file a claim in order to recoup the amount of the net aggregate plan year loss. All BSI/Ameriflex FSA clients are eligible for our Guarantee. We recognize that in doing business with us, you hold your plan to a high standard of compliance, and the Guarantee is our way of demonstrating our commitment to maintaining those high standards, and our appreciation for your support and partnership. If you have any questions, please feel free to contact us.



# Flexible Spending Accounts (FSA/DCA/CRA)

## What is a Flexible Spending Account?

Flexible Spending Accounts, also referred to as FSAs, were developed as part of Internal Revenue Code Section 125 to provide employees with tax relief for their out-of-pocket medical and dependent day care costs. FSAs enable employees to utilize pre-tax dollars and save federal, FICA, FUTA and in most cases, state taxes.

With more and more employers shifting benefit dollars, FSAs are becoming the “go-to” benefit offering to help employees not only save money, but also have access to those pre-tax dollars day one of the plan year.

### Medical and Dependent Care FSA

**Medical FSAs** – These accounts let employees use pre-tax dollars to pay for eligible out-of-pocket medical expenses.



Medical FSAs cover an endless list of eligible expenses for which an employee can seek reimbursement. Some examples include:

- Deductibles, co-insurance and office visit co-pays
- Prescription medication
- Prescribed over-the-counter drugs and medications
- Dental and orthodontia services
- Durable medical equipment
- Eyeglasses and contact lenses

### Highlights

- ✓ Employees may only use their funds for eligible expenses as determined by the IRS.
- ✓ Employers are required to fund the reimbursement of an eligible expense up to the full amount of an employee’s annual election, regardless of the funds contributed to date by the employee (meaning, effectively, that all funds are available to the employee on day one of the plan year).
- ✓ The IRS “Use it or Lose it” rule states that the employee forfeits any unused funds at the end of the plan year. However, the employer has the option of requesting either a “grace period”, which allows employees to continue to use funds for two and a half months after the plan year ends; or the option of requesting the \$500 roll-over provision, which allows employees to roll over up to \$500 for use in the following plan year. An employer can request one of the two provisions – not both; or the employer can choose to offer neither. Any unused funds are forfeited to the employer at the end of the year; BSI/Ameriflex does not retain any unused funds.

Also, please note that an employer cannot require an employee who terminates with a negative account balance to pay back the funds.

- ✓ Employers can set the maximum annual contribution limit for the Medical Flexible Spending Account (up to \$2550 for 2016), as well as the employee eligibility period.
- ✓ Employers can elect to make contributions to their employees' accounts provided they satisfy all non-discrimination requirements.

## Dependent Care Reimbursement Accounts

These accounts let participants use pre-tax dollars to pay for dependent day care expenses for an eligible child or adult dependent up to \$5,000 per family per year. Some qualified expenses include:

- Before- and after-school programs
- Nursery school or pre-school tuition
- Summer day camp
- Care in a home



## Highlights

- ✓ Employees may contribute up to a maximum of \$5,000 per family per year. Employers may also contribute, although any employer dollars will be applied to the \$5,000 maximum.
- ✓ Unlike the medical spending account, employers may choose to make funds available only as they are deducted from payroll and deposited into an employee's account (meaning all funds may not be available day one of the plan year).
- ✓ Generally, a qualifying individual is a dependent child aged 12 or under or a dependent adult (including a spouse) who is mentally or physically incapable of self-care and lives with the taxpayer for more than half of the year.

## Commuter Reimbursement

### **Commuter Reimbursement Accounts also referred to as a "CRA":**

This account is a tax-favored program (Internal Revenue Code Section 132) that allows employees to set aside pre-tax money from their paychecks to pay for eligible transportation and parking expenses.

Employers may also make contributions, though these contributions will be applied to the monthly limits. Eligible expenses include:

- Mass transportation to your place of employment such as the subway or a bus
- Parking near your place of employment
- Parking at or near a location from which you commute to work via mass transit or vanpool





- Transportation to your place of employment via a qualified vanpooling commuter vehicle

Key differences from traditional flexible spending accounts include:

- No Plan Documents or Summary Plan Descriptions (SPD) for distribution to participants
- No required discrimination testing
- Employee elections may be changed throughout the year (usually on a monthly basis)
- Unused election amounts can be rolled over.
- Similar to the Dependent Day Care Reimbursement Account, only the amount that has been deducted to date can be reimbursed to participants.

**Ownership Eligibility Rules:** The IRS prohibits certain owners and their immediate family members from participating in FSAs. Ask your sales manager about adding an HSA to cover anyone who meets the below criteria.

- More than 2% shareholders in a Subchapter S, as well as their spouses, parents, children, and grandchildren.
- Partners in a partnership including LLPs and LLDs that operate under partnership rules (spouses and dependents are eligible).
- Sole proprietors (spouses and dependents are eligible).

*\*Note: While owners may not participate, employees of these types of businesses can participate*

### The Ameriflex Difference: The MyAmeriflex Debit Card

To further enhance the benefits of implementing FSAs, Ameriflex offers the MyAmeriflex MasterCard®. This single-platform debit card allows for the automatic electronic transfer of pre-tax dollars from an FSA when paying for qualified expenses. Most importantly, the MyAmeriflex card can accommodate and administer all spending accounts on the same card without an additional fee.



The MasterCard® system carves the world into more than 1,000 merchant category codes, each code reflecting whether the merchant is a restaurant, department store, pharmacy, doctor's office, etc. Therefore, the card will not work at an unauthorized MasterCard® merchant (e.g. gas station, restaurant, etc.) but it will recognize applicable healthcare, dependent care, and transit merchant category codes (MCC) or SIC codes, allowing Ameriflex to properly adjudicate claims according to IRS guidelines.

When the debit card is used, the system qualifies the expense based on the merchant's codes. Next, it determines if there is an adequate/available balance in the employee FSA account. Finally, pre-authorization occurs at the merchant point of service (POS) terminal. At this point, the merchant will get paid via ACH and the amount of the charge is deducted from the employee's FSA account. It is important for employees to remember that in some cases further substantiation may be required, so they should always save their receipts.

# Our Dedicated Service Includes

## Plan Installation/Takeover

- ✓ Consolidated billing through SIMON
- ✓ Flexible Spending Account Document Preparation
- ✓ MyAmeriflex Card® Account Setup and Installation
- ✓ Summary Plan Description (SPD) and Plan Document Preparation
- ✓ Online Enrollment Capabilities
- ✓ Initial Enrollment Report
- ✓ Coordination with the payroll supervisor to ensure proper deductions



## Consulting

- ✓ A dedicated Account Manager at BSI and Ameriflex supported by a full staff of consultants and claims administrators to manage all aspects of group administration
- ✓ Electronic education and enrollment materials

## Monthly/Annual Administration

- ✓ Tracking of all FSA contributions
- ✓ Daily claims processing and coordination with MasterCard®
- ✓ Online access to claim forms and service documentation
- ✓ Monthly employer reports

## Additional Employer Services Include:

- ✓ EDI File Feeds
- ✓ Plan Document Amendments
- ✓ \$500 Rollover administration
- ✓ 2.5 month grace period administration
- ✓ Discrimination Testing portal access
- ✓ FSA educational tools such as videos, worksheets and more
- ✓ 12-month fee guarantee. Multi-year guarantees available. Contact sales for details.
- ✓ Forms 5500 Support Assistance (Main Form, Schedule C)



## Employee/Member Services

- ✓ Online portal and mobile app for on-the-go access to accounts
- ✓ Email notifications such as balance reminders, end of plan year notifications, etc.
- ✓ Paper claims submission via online upload, email, or fax
- ✓ Direct Deposit option for paper claims
- ✓ Employee statement with each claim check
- ✓ Online account access and reporting
- ✓ Toll-free 24/7 interactive voice response (IVR)
- ✓ Live Chat available
- ✓ Dedicated Member Services via toll-free phone
- ✓ One card for all Ameriflex spending accounts
- ✓ Unlimited replacement debit cards for employees and qualified dependents
- ✓ No employee application for the debit cards required
- ✓ Lost or stolen card fraud protection
- ✓ No card transaction fees
- ✓ Access to the [FSAStore](#), a one-stop shopping experience where users can shop for all of their qualified FSA medical supplies

## MyPlanConnect \*optional\*

While substantiation is required per the IRS Section 125 guidelines, the Ameriflex MyPlanConnect technology can take a medical FSA to the next level by increasing auto-substantiation rates and automating claims adjudication. By seamlessly connecting members' insurance EOBs to their Ameriflex FSA account, MyPlanConnect expedites claims processing and limits the amount of substantiation notifications, thereby increasing participation, member satisfaction and company tax-savings. Contact your Sales Manager to see if your carrier is on the carrier integration list.



## Funding & Claims: How it Works

To pay approved claims made by plan participants, employers must set up a funding arrangement with BSI/Ameriflex and provide a bank account from which claims amounts will be debited. BSI/Ameriflex offers two different debit options along with our easy-to-use funding and invoicing tools to deliver a seamless process from beginning to end.

For compliance purposes, BSI/Ameriflex is required to collect a certain amount of funds from the employer, to be set aside as a deposit in a separate funding account. This account is maintained throughout the life of the plan, with the funding deposit balance automatically adjusted as required based on claims activity and total plan elections. To assist our clients with this requirement, BSI/Ameriflex does *not* require a single, upfront prefund of this account at the beginning of the plan year. Instead, with our unique **Preferred Funding** option, we allow employers to build up their funding deposit gradually, over the course of the plan year. To accomplish this, 5% is added onto each participant transaction, and the required funding deposit balance accrues as participants start making claims. The funding deposit grows until it reaches the required balance, and is automatically adjusted at the end of each plan year, as needed, depending on claims activity and changes to total plan elections.

## Invoicing & Settlement: How it Works

Ameriflex offers two different Automated Clearing House (“ACH”) debit options to provide clients with greater flexibility and choice when it comes to payment of participant claims: **Daily Debit** and **Weekly Debit**. Ameriflex will email the employer a notification of a new claims activity report on a daily or weekly basis, depending on the debit option selected. The employer will then be able to log in to the MyAmeriflex Employer Portal through SIMON to view all claims activity prior to settlement. Within 24 hours of receipt of the email notification, Ameriflex will debit the employer’s pre-designated claims account to pay the cumulative claims amount, plus the Preferred Funding Amount, for that period.

# Health Savings Accounts

## Product Features

BSI/Ameriflex provides a complete HSA product including:

- ✓ BSI/Ameriflex Benefit Debit Card
- ✓ Administration, featuring an online contributions deposit tool for employers
- ✓ Marketing support and program implementation management
- ✓ Online enrollment and initial account funding
- ✓ Dozens of investment options through multiple fund families
- ✓ Over-funding tracking in conjunction with contributions tool
- ✓ IRS Reporting

## Funding Options

**Funding** - Funding can occur each pay period as part of payroll deductions and/or as a one-time upfront contribution (often allocated to encourage participation).

- ✓ **ACH** – BSI/Ameriflex can provide a listing of open accounts available for funding or the employer can submit a listing of accounts to fund along with authorization to ACH the total from the employers pre-designated funding account.
- ✓ Employers can utilize the WealthCare Admin funding tools to make contributions to accounts.
- ✓ Checks and wire transfers can also be accepted for funding accounts.

## Administrative Service Highlights

- ✓ Health Savings Account Document Preparation
- ✓ BSI/Ameriflex Card Account Setup and Installation
- ✓ Summary Plan Description (SPD)
- ✓ Dedicated Account Executive at BSI and Ameriflex, supported by a full staff of consultants and claims administrators to manage all aspects of group administration
- ✓ Toll-free customer service hotline for employee questions
- ✓ Tracking of all HSA contributions
- ✓ Daily claims processing and coordination
- ✓ Online access to claim forms and service documentation
- ✓ Direct Deposit option for paper claims
- ✓ Employee statement with each claim check
- ✓ Online account access and reporting, including Live Chat
- ✓ Monthly employer reports
- ✓ Toll-free 24/7 interactive voice response (888-868-3539)
- ✓ Mobile App available for balance and transactions history

### **Additional HSA Participant Benefits Included at No Charge**

- ✓ Money Market Account Option
- ✓ No Close Account Fee
- ✓ Monthly Electronic Statement
- ✓ Employee statement with each claim check
- ✓ Additional cards for spouse or dependent (must be over 18)
- ✓ Bill Payment Option
- ✓ No Minimum Deposit Requirement
- ✓ No Account Rollover Fee

## Health Reimbursement Arrangements

Health Reimbursement Accounts (HRAs) are rapidly becoming the foundation for many consumer-driven health plans. Incorporating the advantages of both Medical Flexible Spending Accounts (FSAs) and Health Savings Accounts (HSAs), HRAs combine the control and cost-saving tools employers are seeking with the flexibility and protection employees need.

With an HRA, employers fund individual reimbursement accounts for their employees and define what those funds can be used for – i.e., specified out-of-pocket expenses such as deductibles and co-pays. HRAs allow an employer to realize substantial savings by migrating from first dollar coverage to a High Deductible Health Plan (HDHP) option without having to increase their employees' out-of-pocket exposure. Many employers use the premium dollars saved from a benefits downgrade to fund the employees' account making the change cost-neutral or possibly providing a savings to the benefits budget. As an extra advantage to the employer, HRA contributions and administrative costs are tax deductible, further enhancing the savings associated with an HRA plan design.

In addition to this innovative plan design, BSI/AmeriFlex offers our Convenience Card, creating a clear win-win circumstance for both employer and employee. This single-platform debit card allows for the automatic electronic transfer of pre-tax dollars from an HRA when paying for qualified expenses. Most importantly, the BSI/AmeriFlex Convenience Card® can accommodate and administer Flexible Spending Accounts (FSAs) on the same card. An HRA/FSA combination has become a popular strategy for companies that seek to provide their employees with a broad range of benefits and control without raising costs or increasing their exposure.

## Key Conditions and Requirements:

- ✓ An HRA must be funded solely with employer contributions.
- ✓ The HRA can only reimburse substantiated medical care expenses incurred by employees or former employees (including retirees) and their spouses and tax dependents (as defined in Code 152). The HRA coverage must be in effect for such person(s) at the time the expense is incurred and cannot reimburse a medical expense attributable to a prior year.
- ✓ HRAs can reimburse both out-of-pocket medical expenses and health insurance premiums as described in IRC 213(d)(1)(D) but cannot reimburse expenses for qualified long-term care services as defined in IRC 7702B(c).
- ✓ Unused HRA amounts cannot be cashed out, nor can any participant receive any other taxable or nontaxable benefit other than reimbursement of medical care expenses. It is permissible, however, to let terminated employees spend down the balance in their HRA after their employment terminates.
- ✓ The IRS prohibits certain owners and their immediate family members from participating in the HRA. These include:
  - ✓ More than 2% shareholders in a Subchapter S, as well as their spouses, parents, children, and grandchildren.
  - ✓ Partners in a partnership including LLPs and LLDs that operate under partnership rules (spouses and dependents are eligible).
  - ✓ Sole proprietors (spouses and dependents are eligible).
  - ✓ *\*Note: While owners may not participate, employees of these types of businesses can participate.*

## Employer Benefits:

- ✓ Employer retains ownership of the funds if an employee terminates (COBRA may be required).
- ✓ Employer does not pay matching F.I.C.A. and F.U.T.A. taxes, disability, and Workers' Compensation insurance premiums (varies state by state) on funds contributed to an HRA.
- ✓ Administrative costs are tax deductible.
- ✓ Implementing an HRA helps control insurance costs by allowing the employer to select a less expensive health plan without compromising coverage.
- ✓ An employer can utilize an HRA to reduce specific costs by customizing the account to pay for only certain medical expenses such as prescription co-pays.
- ✓ Depending on an employer's benefit strategy, unused employee account balances can either be rolled forward each year or forfeited back to the employer.
- ✓ HRA programs, when combined with a Flexible Spending Account plan, can enhance FSA participation levels and increase tax savings.
  - ✓ Unlike HSAs, HRAs do not require the implementation of a qualified high-deductible health plan and they do not necessitate any plan design change.

# CDHP Administration Fees

Account Setup Fee (one-time)	\$300 – <b>waived for HIHIT</b>
Annual Renewal Fee	\$175 – <b>waived for HIHIT</b>
Premium Only Plan Document	\$169.68
FSA/DCA/CRA/HRA/HSA Only	\$6.22 ppm
Additional CDHP Coverage Line	\$1.13 ppm
Monthly Minimum	\$75 – <b>waived for HIHIT</b>
Enrollment Materials (PDF via email)	Included

**\*Optional\* MyPlanConnect - \$1.13 ppm enrolled via the online participant portal**

Thank you for letting us present our solution to you!

*If you have questions about this information please contact:*

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