

Flexible Spending Arrangement and Dependent Care Assistance Program

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Welcome!

- ▶ Help encourage employees to use their paycheck wisely by **saving big** with tax-advantaged benefits that are available to them!
- ▶ **Ice breaker:** What's your most used health care expense(s) throughout the year?
 - ▶ Copay or coinsurance for a medical service?
 - ▶ Copay or coinsurance for a dental service?
 - ▶ Copay or coinsurance for a vision service?
 - ▶ Deductible?
 - ▶ Prescription drug(s)?

Fully Insured Team within Portfolio Management and Monitoring



Kelsie Pele

FSA/DCAP Senior Account
Manager.

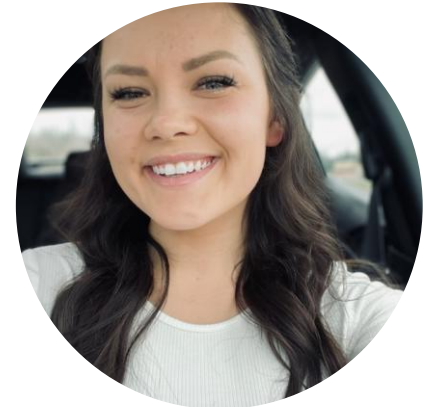
7 years account management
experience on PM&M team



Andrea Philhower

Manager, Fully Insured
Team

5 years at HCA, 3 years as FIT
team manager



Janice McAlpin

Back up FSA/DCAP Senior
Account Manager

8 years account management
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Purpose

- ▶ **Remind** employees they have benefits **available to them** to help them **save money** on expenses they already pay for every year!
- ▶ FSA and Limited Purpose FSA funds are available **right at the beginning of the year**
- ▶ **Know how much to spend on expenses** generally each year to help get the most out of the FSA and DCAP benefits
- ▶ Use these tax-advantaged benefits on **your spouse and other qualifying tax dependents!**
- ▶ Even if participants don't spend all their FSA funds, **funds may carry over** to the next year
- ▶ Gain **knowledge** and **create awareness of the Collective Bargaining Agreement (CBA) FSA employer contribution** so your employees know there are eligible FSA funds to use!

FSA, Limited Purpose FSA and DCAP Benefit Recap

- ▶ Salary Reduction: Public employees select “before tax” benefits funded through their voluntary payroll deductions
 - ▶ **Flexible Spending Arrangement (FSA)**
 - Employees pay for eligible out-of-pocket medical expenses, dental, vision and prescription drug expenses (copays, coinsurance, deductibles, first aid kit, band aids, sunscreen, etc.)
 - ▶ **Limited Purpose FSA**
 - Used to pay for eligible dental and vision expenses (i.e. glasses, fillings, contact lenses, dental copays, orthodontia, etc.)
 - Intended for PEBB employees enrolled in a high-deductible plan with a health savings account (HSA)
 - ▶ **Dependent Care Assistance Program (DCAP)**
 - PEBB employees pay for eligible child and elder care expenses (preschool, daycare, au pair, babysitting)

FSA and DCAP Benefits Overview

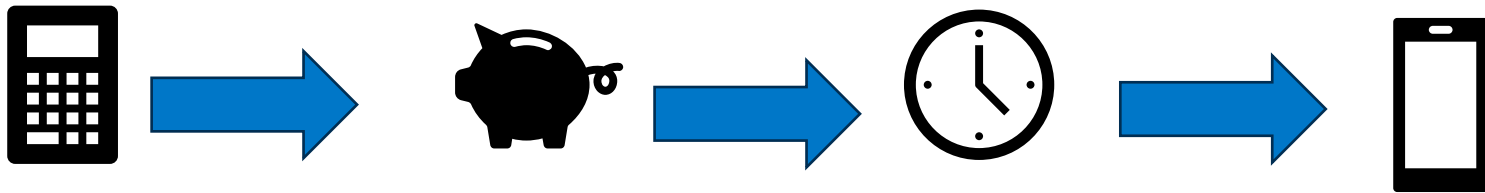
	FSA	Limited Purpose FSA	DCAP
Annual Election Maximum	\$3,400*	\$3,400*	\$7,500 / \$3,750
Annual Election Minimum	\$120	\$120	\$120
Compatible with CDHP/HSA?	No	Yes	Yes
Eligible expenses types	Medical, dental, vision, Rx drugs	Dental, vision	Childcare and eldercare
Allows carryover?	Yes	Yes	No

**If the IRS announces an increase to the maximum before the end of Open Enrollment, this amount will change*

Common Eligible FSA Expenses

Acupuncture	Drug addiction treatment	Orthodontia
Allergy & sinus medicine	Fertility treatment	Pain relievers
Blood pressure monitor	Flu shots	Physical exams
Breast pump	Hearing aids & supplies	Physical therapy
Chiropractic services	Home medical equipment	Pregnancy test
Bandages/first aid kits	Individual counseling	Prenatal vitamins
Coinurance	Lab work	Prescription drugs
Cold/cough medication	Lactation consultant	Prescription glasses/reading glasses
Copays	Laser eye surgery	Sunscreen SPF 15 or more
CPAP machine	Lice treatment products	Smoking cessation Programs
Deductibles	Menstrual care products	Thermometer
Dental services	Naturopathic visits	Vision care

How do the benefits work?



Employees enrolls for an annual election amount (during Open Enrollment, as a new employee or during a special open enrollment event)

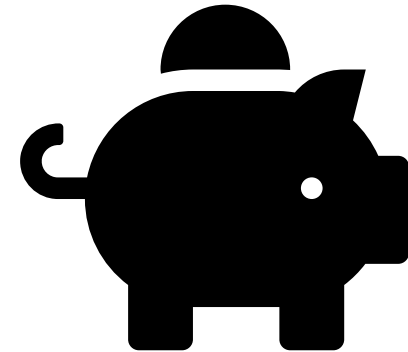
Money deducted from every paycheck

Funds available immediately for FSA/LPFSA. DCAP funds will be available as payroll deductions are taken

Pay with Navia Benefits Debit Card or submit claims online

How does enrolling in the FSA and DCAP save money?

- ▶ FSA and DCAP deductions from your paycheck are **exempt from federal taxes** and **reduce** taxable income
- ▶ You **don't pay FICA** (7.65%) and **federal income tax** (10-37%) on your elected dollars
 - ▶ For example, if someone elects \$800 in their FSA, and spend that \$800 on eligible medical and prescription expenses for the year, they will save around \$96 on annual taxes



**Tax results may vary, example uses 12% tax rate*

Open Enrollment

- ▶ The most common time to enroll or re-enroll in the FSA and DCAP Benefits is during annual open enrollment (**10/26/2026 - 11/23/2026**)
- ▶ Two ways for employees to enroll:
 - ▶ Navia PEBB Portal
 - ▶ UW and WSU employees use Workday
 - ▶ 2027 Open Enrollment Form

Change requests outside of Open Enrollment or SOE event

- ▶ Requests to make changes outside of Open Enrollment or an SOE event should be denied by the employer, with guidance provided to the employee that they can **appeal the decision** via the steps in **WAC 182-16-2050**.
- ▶ Changes outside of OE or an SOE event can include the employee enrolling in the wrong benefit (i.e. Limited Purpose FSA instead of FSA), enrolling in error (i.e. enrolling in DCAP with no dependents), requests to change the election amount, or no longer wanting the benefit.

IRS FSA Annual Election Announcement

- ▶ If the IRS announces the 2027 FSA and/or DCAP prior to the end of Open Enrollment, the HCA will accept the updated IRS Annual Election Maximum
- ▶ IRS usually announces the new max until in October or November. If the announcement is later, some OE materials may not have the updated maximum listed, however, the employee can attest to the maximum amount or chose a set contribution amount

PEBB 2027 Open Enrollment Form for Flexible Spending Arrangements (FSA) & Dependent Care Assistance Program (DCAP)

Only use this form during the PEBB Program's annual open enrollment, October 26

through November 23, 2026. (University of Washington and Washington State University employees must enroll online in Workday.) Forms received after November 23 will not be accepted. ***Note:** If the IRS announces an increase to the 2027 FSA, Limited Purpose FSA, and/or DCAP maximum contribution limit before the last day of open enrollment, the PEBB Program will adopt the increase for 2027.



Benefit	Enroll:	2027 Annual Election Amount
FSA Minimum of \$120, maximum of \$3,400* per year.	☐ Yes ☐ No	☐ I am choosing the maximum annual contribution limit for the FSA for 2027 (currently \$3,400*) and a possible increase. ☐ I am choosing a set annual contribution amount: \$ _____



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FSA Carryover Plan Design

- ▶ Allows unspent funds up to be carried over and available for use in the next plan year
 - ▶ 2024 → 2025 Carryover limit: \$640
 - ▶ 2025 → 2026 Carryover limit: \$660
 - ▶ **2026 → 2027 Carryover limit: \$680**
 - ▶ **2027 → 2028 Carryover limit: announced by IRS in Oct or Nov**
- ▶ To receive carryover funds:
 - ▶ Participants must be enrolled in either the Limited Purpose FSA or FSA for the following plan year
 - ▶ *CBA FSA eligibility counts as an enrollment*
 - ▶ **Or** have at least \$120 left in their account on December 31
- ▶ Per IRS rules, any amount over the carryover limit is retained by the Health Care Authority (HCA)
- ▶ Carryover does not apply to DCAP

Carryover Example 1

▶ Less than \$120 remaining

- ▶ Sharon has \$100 left in her FSA on December 31 (less than the \$120 minimum). If she enrolls in an FSA for the next year, the \$100 will carry over and be added to her FSA election for the next plan year.
- ▶ If she enrolls in a CDHP for the next plan year, she cannot enroll in an FSA. However, if she enrolls in a Limited Purpose FSA, her remaining \$100 will carry over and be added to her Limited Purpose FSA election for the next plan year.
- ▶ If she does not enroll in an FSA for the next plan year, the \$100 will be forfeited because it is below the \$120 minimum.

Carryover Example 2

▶ **Between \$120 and \$680 Remaining**

- ▶ Jerry has \$300 left in his FSA on December 31 (between the carryover minimum and maximum amounts). If he enrolls in an FSA, the \$300 will carry over and be added to his FSA election for the next plan year. If he does not enroll in an FSA, the \$300 will still carry over to establish an FSA for his use in the next plan year.
- ▶ If he enrolls in a CDHP and a Limited Purpose FSA, the \$300 will carry over and be added to his Limited Purpose FSA election for the next plan year. If he does not enroll in an FSA, the \$300 will still carry over to establish a Limited Purpose FSA for his use in the next plan year.

Carryover Example 3

► Over \$680 remaining

- ▶ Taylor has \$700 left in their FSA on December 31 (over the \$680 maximum that can be carried over). If they enroll in an FSA, \$680 of the \$700 will carry over and be added to their FSA election for the next plan year; the remaining \$20 will be forfeited. If they do not enroll in an FSA, \$680 will still carry over to establish an FSA for their use in the next plan year.
- ▶ If they enroll in a CDHP and a Limited Purpose FSA, \$680 of the \$700 will carry over and be added to their Limited Purpose FSA election for the next plan year; the remaining \$20 will be forfeited. If they do not enroll in an FSA, \$680 will still carry over to establish a Limited Purpose FSA for their use in the next plan year.

Remember these deadlines!

December 31 – last day to incur expenses

March 31 of the following year – last day to submit claims for reimbursement to Navia

When employment ends

- ▶ Employees enrolled in an FSA or Limited Purpose FSA who end employment, retire or go on unpaid leave that is not approved FMLA or military leave, they can no longer contribute to their FSA/DCAP.
- ▶ Employee must complete the FSA Termination Form and send to their payroll or benefits office within 30 days of coverage ending.
- ▶ **Stop participation:** Deductions and participation will stop at the end of the month in which the employee was benefit eligible (they can be reimbursed only for services incurred on or before the term date)
- ▶ **Continue participation:**
 - ▶ Accelerate contributions (if offered by employer) – pay the remaining contributions for the plan year from last paycheck
 - ▶ COBRA – continue payments on an after-tax basis

PEBB Program CBA FSA Employer Contribution

2025-27 Bargaining Cycle

- ▶ HCA designs this benefit to ensure compliance with the collective bargaining agreement (CBA) and contracts with Navia Benefit Solutions to administer benefits
- ▶ Navia Benefit Solutions creates and manages participant accounts
- ▶ PEBB organizations and PEBB Program labor unions play a key role in communicating this benefit
- ▶ Eligible recipients do **not** need to actively enroll in an FSA to receive the \$300 FSA
- ▶ The \$300 FSA will **not** be deducted from the recipient's paycheck
- ▶ Eligible CBA FSA recipients **cannot** be enrolled in the UMP High-Deductible Health Plan with a health savings account
- ▶ This agreement was funded by the legislature in the 2025-2027 budget

CBA FSA Eligibility Criteria

- ▶ Employees must be participating in PEBB Program benefits and a member of a union belonging to the health care coalition described in [RCW 41.80.020\(3\)](#)
- ▶ Rate of pay on November 1 of the prior plan year is **\$68,004 or less** for a full-time equivalent PEBB benefits-eligible position
- ▶ On January 1 of the plan year, employee must meet other eligibility criteria as described in the health care coalition agreement:
 - ▶ Must be eligible for PEBB benefits
 - ▶ Cannot have waived medical coverage (except to be a dependent on another PEBB Program medical plan)
 - ▶ Cannot be enrolled in a high-deductible health plan with a health savings account (HSA)

How the CBA FSA employer contribution works

- ▶ In late January to early February 2027, Navia Benefit Solutions will send a welcome letter to the CBA FSA recipients that explains how to use the funds and manage their account
 - ▶ New recipients will also get a debit card that they can use to spend their FSA funds on eligible expenses right away
 - ▶ Participants will be able to use Navia's portal to manage their FSA benefits and can submit claims for reimbursement
- ▶ If the recipient is already enrolled in an FSA for 2027, the \$300 contribution will be added to their existing account
 - ▶ i.e., If an eligible participant enrolled during open enrollment for the maximum election amount of \$3,400, the \$300 is added to that making a total of \$3,700 available in FSA funds

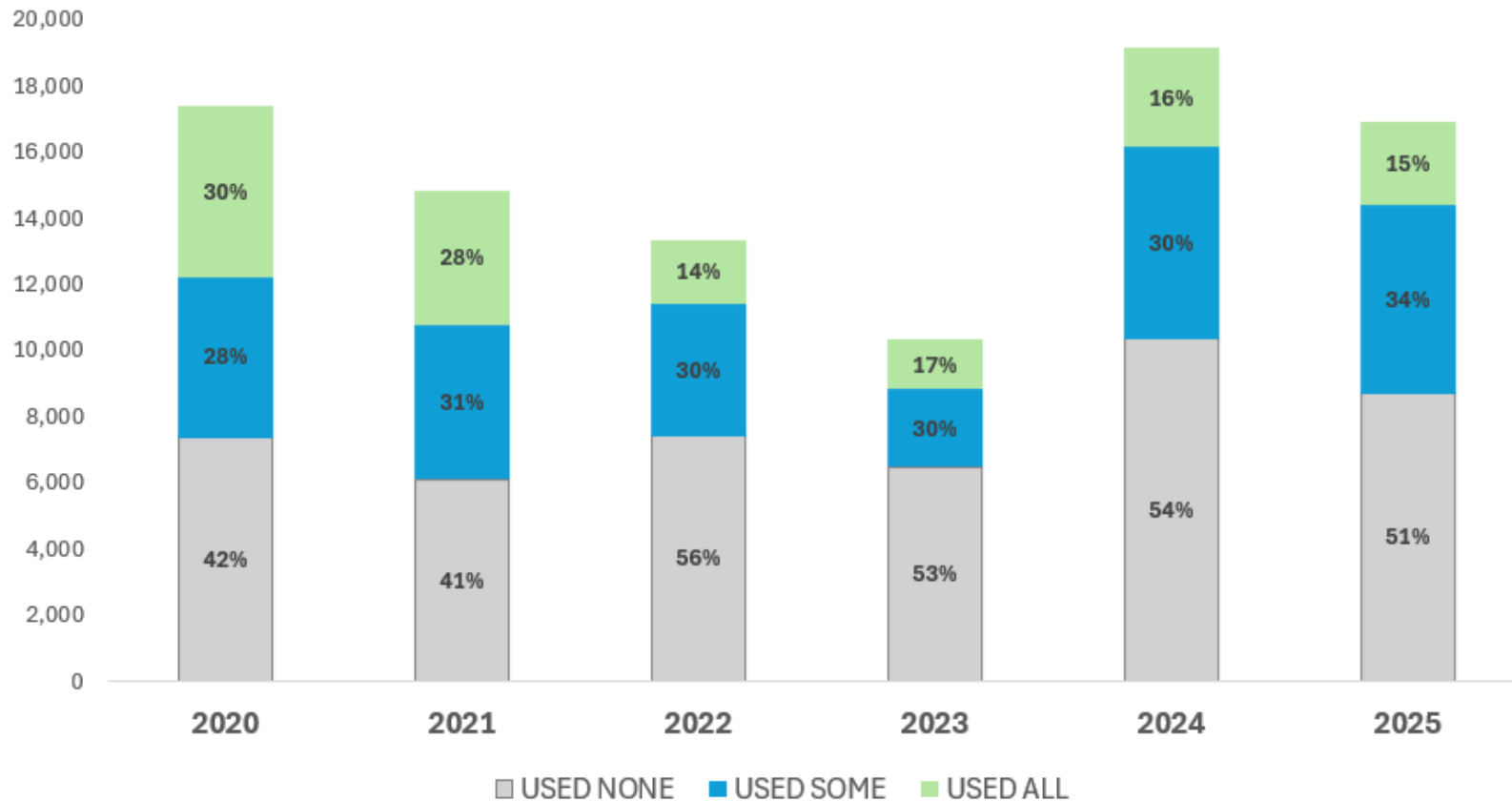
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Debit Card Design

- ▶ New FSA participants, CBA FSA recipients and/or Dependent Care Assistance Program (DCAP) participants and existing participants with an expired debit card are issued a debit card



PEBB Program CBA FSA Utilization Year after Year



CBA FSA Key Messages

- ▶ When communicating about the \$300 FSA contribution to employees, we will include the following messages:
 - ▶ What an FSA is and how to use the funds
 - ▶ Eligibility criteria for the CBA benefit
 - ▶ How the benefit was established (union-negotiated benefit during collective bargaining)
 - ▶ How carryover works and what happens to unused funds at the end of the plan year
 - ▶ Recipients will be automatically enrolled in the CBA FSA if eligible; no action is required to receive the contribution
 - ▶ The benefit does not come out of the employee's paycheck
 - ▶ New recipients will receive a debit card and instructions in an unmarked envelope for security
 - ▶ Who to contact with questions (Navia Benefit Solutions for FSA questions or their employer for eligibility questions)

Efforts to Expand Awareness

▶ **PEBB CBA FSA Toolkit**

- ▶ Posted on the HCA website for BAs
- ▶ Gov-delivery message to BAs and email Union Representatives will be sent in October

▶ **CBA FSA materials translated into Spanish**

- ▶ Working with O&T to translate all toolkit materials in Spanish
- ▶ Upload final copies to PEBB BA webpage
- ▶ New hire letter, CBA FSA FAQ and CBA Welcome letter also translated in Tagalog and Tigrinya

▶ **Presentations**

- ▶ PEBB Labor Union Meetings, Benefit Administrator Forum, PEB Board Meetings

PEBB CBA FSA Toolkit Communication Materials

► Flexible Spending Arrangements and Dependent Care Assistance Program | Washington State Health Care Authority

Toolkit Materials:

- **New hire letter** : Provide during a new hire orientation or in a welcome packet to raise awareness about this benefit.
- **PEBB Navia Benefits Debit Card Image** : Show what the Navia Benefits Debit Card looks like so recipients can keep an eye out for their card.
- **Shareable messaging** : Pre-drafted messaging to post on social media, copy into the body of an email, or to share on another platform you have available for communicating with employees. We have suggested times of year to share the messaging included in the document.
- **CBA FSA employer contribution FAQ** : This document addresses some frequently asked questions and provides information about the administration of FSAs and the contribution.
- **FSA video** : Post on social media, copy in the body of an email to employees, play during new employee orientation presentations, or share on another platform you have available for communicating with employees.
- **CBA FSA employer contribution flowchart images**: This chart helps an employee to navigate whether they may be eligible to receive the CBA FSA contribution. Please feel free to use on your website, in an email or social media, or in print materials such as a newsletter.
 - **Vertical CBA FSA employer contribution flowchart** 
 - **Horizontal CBA FSA employer contribution flowchart** 

Recent and Upcoming Communications

- ▶ **Midyear letter (July):** PEBB Program mailed a letter to CBA FSA recipients who have not yet used the benefit as a reminder to spend their funds
- ▶ **Toolkit (early October):** PEBB Program provides updated materials to benefit administrators (BAs) and labor unions to help increase employee knowledge and use of the CBA FSA funds
- ▶ **Likely eligible letter (early October):** PEBB Program mails letter to those who may be eligible for the CBA FSA benefit in January 2027 based off salary and union status as of September 2026

Upcoming Communications (cont.)

- ▶ **October newsletter:** PEBB Program mails newsletter to PEBB Program employees to create awareness of the benefit and remind subscribers about important deadlines
- ▶ **Forwardable email message (October):** PEBB Program sends emails to benefit administrators with messaging to share with employees during open enrollment to create awareness about the CBA benefit
- ▶ **Welcome letter (January):** Navia sends eligible CBA FSA recipients a welcome letter to notify them of their CBA FSA funds
 - ▶ PEBB Program shares with benefits administrators before the mailing

Navia FSA & DCAP Open Enrollment Webinar

- ▶ Navia's account management team will present on upcoming FSA and DCAP changes for 2027 on **Oct 15th from 1:00-2:00 pm**
- ▶ [Upcoming training schedule](#)
- ▶ [Registration link](#) for Navia FSA/DCAP OE Webinar

Where to go for more information?

- ▶ **Navia Benefit Services for benefits administrators only:**

- ▶ **Phone:** 425-452-3488

- ▶ **Email:** pebbadmin@naviabenefits.com

- ▶ Visit the HCA PEBB Benefit Administrator [Webpage](#)



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Questions?

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