Items of Interest From:

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Special points of interest:

- ✓ Quality Care Changes
- ✓ Additional Benefits of Life Policy
- ✓ Understanding Flexible Spending Plans
- ✓ Other Notes

CHANGES INVOLVING THOSE ON QUALITY CARE

Last month Diann Reed sent an email indicating that CIGNA will no longer be using the HealthLink network effective January 1, 2014. Several doctors and hospitals were dropped from the CIGNA network. CIGNA is in the process of signing contracts with many of those providers. **For the State of Illinois plans including the Local Government Health Plan,** the OSF network of doctors and hospitals is **still** in-network even though they are not available to the rest of CIGNA's groups. CIGNA only has a contract with the OSF network for the state. The CIGNA network on-line does not include the OSF network because it would be confusing to their other groups.

Please let me know if you have questions or you can call CIGNA directly for more information at 800/962-0051. If you call CIGNA please tell them you are using the **State of IL network**, so the customer services representatives will look at the correct network.

DID YOU KNOW???........

Your Standard Life Insurance Policy contains some added benefits you may not be aware of or maybe you have forgotten. The policy includes access to MedEx Travel Assist and Horizon Health Employee Assistance Program. Benefits for each are as follows:

MEDEX

⇒ **Pre-trip assistance** such as Consulate and Embassy locations, currency exchange information, health hazards advice and inoculation requirements, passport and visa information, weather information, and locations of hotels, airports, etc.

⇒ **Medical assistance** including locating medical care, case communications, repatriation of remains, translation and interpreters, hotel convalescence arrangements, medical insurance assistance, and prescription drug assistance

⇒ **Emergency transportation services** which include emergency evacuation, medically necessary repatriation, family or friend travel arrangements, return of dependent children, vehicle return

⇒ **Travel assistance services** such as emergency credit card and ticket replacement, emergency passport and document replacement, emergency cash and payment assistance, emergency message service, missing baggage assistance, locating legal services, and bail bond services

⇒ **Personal security services** including real-time security intelligence and security evacuation services

Employee Assistance Program

⇒ **HorizonCare** services can help with the following issues, among others:

* Child and Elder Care	Stress and anxiety
* Alcohol and drug abuse	Depression
* Life improvement	Personal Achievement
* Difficulties in relationships	Emotional well being
* Financial and legal concerns	Grief and loss

⇒ **WorkLife Services** provide referrals for the following:

* Child and Elder Care	Education
* Adoption Services	Pet Care
* Daily Living	Travel

These services are confidential and include consultation by telephone, online and up to three face-to-face assessments and counseling services. Please find the brochures on the insurance tab at www.montswcd.com.

WHAT IS A FLEXIBLE SPENDING ACCOUNT?—From Wikipedia

A flexible spending account (FSA), also known as a flexible spending arrangement, is one of a number of tax-advantaged financial accounts that can be set up through a cafeteria plan of an employer in the United States. An FSA allows an employee to set aside a portion of earnings to pay for qualified expenses, most commonly for medical expenses, but often for dependent care or other expenses. Money deducted from an employee's pay into an FSA is not subject to payroll taxes, however, the money must be used up by the end of the plan year or it will be lost to the employer, known as the "use it or lose it" rule.

There are two types of flexible spending accounts; one is for qualified medical expenses and the other is for dependent care expenses. Participation in one type of FSA doesn't affect participation in another type of FSA, but funds cannot be transferred from one FSA to another.

The Health FSA is the most common and is used to pay for medical and dental expenses not covered by insurance, usually deductibles, copays and coinsurance for the employee's health plan. It can also be used to pay for prescription meds and other over the county medical supplies.

Prior to the enactment of the Patient Protection and Affordable Care Act (PPACA) the IRS permitted employers to enact any maximum annual election for their employees. The PPACA amended section 125 such that FSAs may not allow employees to choose an annual election in excess of a limit of $2,500 for the first plan year beginning after December 31, 2012. The IRS will index subsequent plan years' limits for cost-of-living adjustments, and employers have the option to limit their employee's annual elections further. The limit is applied to each employee, without regard to dependents.

FSAs can also be established to pay for certain expenses to care for dependents who live with someone while that person is at work. While this most commonly means child care for children under the age of 13, it can also be used for children of any age who are physically or mentally incapable of self-care, as well as adult day care for senior citizen dependents who live with the person, such as parents or grandparents. Additionally, the person or persons on whom the dependent care funds are spent must be able to be claimed as a dependent on the employee's federal tax return.

The dependent care FSA is federally capped at $5,000 per year, per household. Married spouses can each elect an FSA, but their total combined elections cannot exceed $5,000.

Unlike medical FSAs, dependent care FSAs are not "pre-funded"; employees cannot receive reimbursement for the full amount of the annual contribution on day one. Employees can only be reimbursed up to the amount they have had deducted during the plan year.

If married, both spouses must earn income for the Dependent Care FSA to work. The only exception is when the non-earning spouse is disabled or a full-time student. If one spouse earns less than $5,000 then the benefit is limited to whatever that spouse earned.

An FSA's coverage period ends either at the time the plan year ends for one's plan or at the time when one's coverage under that plan ends. An example of such an event is the loss of coverage due to a separation from the employer. In 2005, the IRS authorized an optional grace period of up to 2 1/2 months that employers can use in their plans, allowing use of the funds for up to 2 1/2 months after the end of the plan year.

(Continued on page 3)

(Continued from page 2)

One consideration regarding medical FSAs is that the participating employee's entire annual contribution is available at the start of the plan year, commonly January 1, or after the first contribution to the FSA is received by the FSA vendor, depending on the plan. Therefore, if the employee experiences a qualifying event during the first period, the entire amount of the annual contribution can be claimed against the FSA benefits. If the employee is terminated, quits, or is unable to return to work, he or she does not have to repay the money to the employer.

The employee contributes to the FSA in small increments throughout the year, but taken together, all employees of a company contribute the full average amount during any given period, and no real risk is incurred by the employer. In addition, instead of paying payroll taxes to the government, the employer typically pays only a small administrative fee to the plan of $4-10 per participating employee. This is much less than the employer would have paid for its share of payroll taxes. In addition any money that is not used by the end of the plan year (or grace period) is returned to the employer. This is estimated to be up to 14% of the total employee contribution, which can be a substantial boon to the employer's bottom line.

Any money left unspent at the end of the coverage period is forfeited and can be applied to future plan administrative costs or can be equally allocated as taxable income among all plan participants; this is commonly known as the "use it or lose it" rule. Under most plans, the coverage period generally ceases upon termination of employment whether initiated by the employee or the employer, unless the employee continues coverage with the company under COBRA or other arrangement.

A second requirement is that all applications for refunds must be made by a date defined by the plan. If funds are forfeited, this does not eliminate the requirement to pay taxes on these funds if such taxes are required. For example, if a single person elects to withhold $5,000 for child care expenses and gets married to a non-working spouse, the $5,000 would become taxable. If this person did not submit claims by the required date, the $5,000 would be forfeited but taxes would still be owed on the amount.

Also, the annual contribution amount must remain the same throughout the year unless certain qualifying events occur, such as the birth of a child or death of a spouse.

This is just a brief overview of how the spending accounts work. For more information, refer to the Internal Revenue Service Pub 502 or seek assistance from a local bank, insurance or investment representative.

ANNYCE WINTERS AND I HAVE BOTH RECEIVED MANY INQUIRIES INTO DEVELOPING OR FINDING A WAY FOR ALL DISTRICTS TO PARTICIPATE IN A "STATE WIDE PLAN". THE SIMPLE ANSWER TO THIS IS THAT THE BEST WAY TO ENROLL YOUR DISTRICT EMPLOYEES IN A FLEXIBLE SPENDING ACCOUNT IS TO SEEK A PLAN PROVIDER LOCALLY. THERE ARE MANY OPTIONS TO THESE PLANS AND RULES ARE ALWAYS CHANGING. THE BEST THING TO DO WOULD BE TO ENROLL LOCALLY WITH A BANK OR INSURANCE COMPANY YOU CAN TRUST AND KEEP IN CONSTANT COMMUNICATION WITH. THIS PROCESS HAS BEEN DIFFICULT IN THE PAST, BUT HAS BECOME MUCH EASIER IN RECENT YEARS.

THERE HAS BEEN DISCUSSION OF HOLDING SOME TRAINING ON FLEXIBLE SPENDING PLANS AT AN UPCOMING TRAINING SESSION, POSSIBLY WINTER TRAINING. Please watch for further updates.

Things you gotta remember not to forget!!

—Payments need to be mailed to the Montgmery County SWCD rather than the AISWCD.

—Payments and invoices are due by the **15th of January, April, July and October**

—Payments must be made via a District check, I cannot accept personal checks

—Enrollment and termination paperwork should be submitted in a very timely manner.