

FlexShare Benefits



Professional tax-favored program administration and processing to make your employee benefit plan easier and more cost effective.

FlexShare Benefits
4000 House Avenue
Cheyenne, WY 82001
Toll Free: 888-557-2230
Fax: 307-632-1654
fsb@bcbswy.com

What Is FlexShare Benefits?

The FlexShare Benefits program had its beginning in 1988 when Blue Cross Blue Shield Wyoming started administering Cafeteria Plans and Flexible Spending Accounts for clients throughout Wyoming and the US. Over the years our organization has been committed to developing and improving tax-favored solutions for multi-national corporations, independent businesses, municipalities, school districts, and more.

The choices, flexibility, and sharing of benefit costs through employer-sponsored cafeteria plans and health reimbursement arrangements are keys to the FlexShare Benefits program. The FlexShare Benefits program offers innovative solutions tailored to meet employer and employee needs.

Our clients have an opportunity to consolidate most or all of their benefit billing and processing by combining these diverse services with one company. Another exciting feature of the FlexShare Benefits program is an online account management for employees and employers.

Our services include:

- ◆ Section 125 Cafeteria Plan Administration and Claims Processing
- ◆ Section 105 Health Reimbursement Arrangement Administration and Claims Processing
- ◆ Plan Document Preparation and Compliance Testing
- ◆ Summary Plan Description Design
- ◆ Adoption Agreement / Corporate Resolution
- ◆ Discrimination Testing
- ◆ Employee Meetings
- ◆ Employee Election Forms
- ◆ Claim Forms
- ◆ Monthly YTD Reports to Employers
- ◆ Quarterly Account Status to Employees
- ◆ AutoPay from group sponsored health insurance
- ◆ Debit Cards
- ◆ Web Enabled Account Management
- ◆ Customer Service Support (8am to 5pm MST)

We appreciate the opportunity to discuss your tax-favored program objectives and how the FlexShare Benefits program might serve your needs. Please contact us with any questions. .

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Section 125 of the IRS Code:

Section 125 of the Internal Revenue Act of 1978 permits the exclusion from wages for qualified medical and dependent care expenses. They are more commonly called Cafeteria Plans, which includes Premium Only Plans and Flexible Spending Accounts. In essence, an employee can voluntarily choose to have pre-tax payroll deductions to pay for employer sponsored insurance programs and to fund spending accounts with the express purpose of receiving reimbursements for:

- ◆ Employer sponsored insurance premiums where an employee must pay a portion of the premium. (POP)
- ◆ Medical expenses not covered by an employer's group health plan such as deductibles and co-pays, prescriptions and over the counter equipment, supplies, and prescribed medicines. (FSA)
- ◆ Supplemental insurance premiums policies purchased by the employee. (FSA)
- ◆ Dependent Care Assistance. (FSA)
- ◆ Adoption Expenses. (FSA)

This plan not only saves the employee significant amounts on their tax withholding, it also reduces the employer's taxable payroll. It is to the advantage of both to participate.

Section 105 of the IRS Code:

Enacted as a result of legislation in June 2002, Section 105 of the IRS code now permits an employer to fund a Health Reimbursement Arrangement (HRA). In this tax-favored plan **only** the employer makes a contribution to the employee's account for reimbursing qualified medical expenses. Unlike FSAs all money may "roll over" from year to year at the employer's option. They are typically set up in conjunction with a high deductible health plan. The money is at the employee's disposal to spend on qualified medical expenses. Employees may also use these funds to pay premiums on ancillary health benefit products.

Employers may see significant savings from reduced premiums on high deductible plans and transfer those savings into an HRA account for an employee.

The overall goal of an HRA is to establish incentives for the consumer to spend their health care resources more wisely. If an employee knows the money will roll over and build up in their spending account then he or she may begin asking about the price of certain medical procedures or prescriptions. This represents a change in thinking about health care management. Theoretically providers will be forced to compete on price. Consumers will have to shop around if they want to preserve more of their resources. For the past few decades there has been little incentive for consumers to spend their medical dollars more carefully.

Plans That Can Literally Pay For Themselves

Premium Only Plans (POP):

A premium only plan allows an employer to reduce payroll taxes by initiating a very simple payroll change. If an employer requires employees to pay a portion of their group health and/or life insurance premiums, those premiums could be paid with a pre-tax deduction. This lowers the taxable portion of an employee's wages and the taxable amount of payroll for the employer. It is truly a win-win situation.

Elections cannot be changed or revoked at any time during the year unless the participant has a change in status, or the required contributions to pay premiums for the elected benefits change significantly during the plan year.

Employee Advantages:

- ◆ Employees don't pay FICA, federal, or where applicable, state or local taxes on money used to pay for their portion of employer-sponsored insurance premiums.
- ◆ Employees' tax savings help defray the cost of insurance premiums.
- ◆ You can allow employees to realize an increase in pay and take credit for a terrific new benefit, while still saving money.

Employer Advantages:

- ◆ Taxable payroll is reduced by the total amount of employee contributions for benefits.
- ◆ Retirement plan expenses may also be reduced, since profit sharing and pension plans may be based on employees' taxable salaries.
- ◆ Health insurance costs may be lowered by combining certain changes to your insurance plan with the installation of one or more tax savings plans.
- ◆ Depending on your benefit structure, you may increase your employees' share of insurance premiums without negatively affecting their take-home pay.
- ◆ Administrative costs are tax deductible.

Crunch the Numbers See How You Can Save Premium Only Plan (POP)

Employer Savings Example with Premium Only Plan (POP)

<u>SAMPLE COMPANY</u>	<u>Without POP</u>	<u>With POP</u>
Annual Payroll =	\$300,000	\$300,000
Annual Pre-Tax Deductions =	\$0	(\$24,000)
Taxable Payroll =	\$300,000	\$276,000
Annual Social Security Tax (7.65%) =	\$22,950	\$21,114
Total Social Security Tax Savings =	\$0	\$1,836

Employee Savings Example with Premium Only Plan (POP)

<u>John Sample, Employee</u>	<u>Without POP</u>	<u>With POP</u>
Annual Salary =	\$30,000	\$30,000
Annual Pre-Tax Contributions =	\$0	\$2,400
Taxable Income =	\$30,000	\$27,600
Estimated Taxes (28%) =	(\$8,400)	(\$7,728)
Annual after-tax Premiums =	(\$2,400)	\$0
Net Take-Home Pay =	\$19,200	\$19,872
Increase in Take-Home Pay =	\$0	\$672

Flexible Spending Accounts (FSAs):

Flexible Spending Accounts are also known as Cafeteria Plans or a Section 125 plans. Employers and employees may both contribute. However, the employee uses pre-tax deductions to fund their portion. FSAs are used for reimbursing the employee for qualified medical and dependent care expenses and reimbursements are received tax-free! Employees realize substantial tax savings on expenses they would have incurred anyway by enjoying reduced federal, state and local payroll taxes with every dollar of employee pre-tax deduction. The reduced tax burden on the employee helps defray the cost of premiums and qualified expenses. Employers will also benefit from the tax savings through reduced payroll taxes. (Refer to the following examples.)

What Benefits can an Employer include in an FSA Plan?

- ◆ Medical expenses not covered by insurance. Typical expenses include but are not limited to: eye exams, eyeglasses, eye surgery, contact lenses and solution, dental visits, orthodontic care, medical exams, mental healthcare, chiropractic services, prescription drugs, many over the counter medicines with prescriptions, co-pays, deductibles, and expenses that are not reimbursed by health insurance or any other benefit plan.
- ◆ Employee paid ancillary insurance premiums. Individually owned policies including dental, disability and accident insurance premiums.
- ◆ Adult and child daycare expenses. The cost to care for a dependent in order to enable the employee and spouse to work.
- ◆ Adoption expenses. Qualified adoption expenses include those fees and related expenses incurred for the adoption of a qualified child.

Important Information on FSAs:

- ◆ Eligible expenses must be incurred during the plan year. Funds elected by participants, but unused at the end of the year, will be forfeited to the employer.
- ◆ Elections cannot be changed or revoked at any time during the year unless the participant has a change in status. Dependent care elections may be modified for changes in daycare providers and significant changes in cost.
- ◆ Employers may establish a grace period of up to 2 ½ months after the plan year to incur claims and a timely filing period.
- ◆ Claims may be entered on the consumer portal and the IRS required documentation uploaded OR by sending in a completed form and documentation via email, fax, or mail. Reimbursements are paid directly to the employee within days.

- ◆ Administrative costs are tax deductible and can be paid by you, your employees or a combination. Employee administration fees may be on a pre-tax basis.
- ◆ Cosmetic surgery, teeth bleaching and vitamin supplements are examples of expenses **not** allowed.

Crunch the Numbers See How You Can Save

Employer Savings Example with Flexible Spending Accounts (FSAs)

<u>SAMPLE COMPANY</u>	<u>Without FSA/POP</u>	<u>With FSA/POP</u>
Annual Payroll =	\$300,000	\$300,000
Annual Pre-Tax Employee Paid Premiums =	\$0	\$24,000
Annual Pre-Tax Employee Unreimbursed Medical Expense Contributions =	\$0	\$5,100
Annual Pre-Tax Employee Dependent Care Expense Contributions =	\$0	\$10,000
Taxable Payroll =	\$300,000	\$260,900
Annual Social Security Tax (7.65%) =	\$22,950	\$19,958.85
Total Social Security Tax Savings =	\$0	\$2,991

Employee Savings Example with Flexible Spending Accounts (FSAs)

<u>John Sample, Employee</u>	<u>Without FSA/POP</u>	<u>With FSA/POP</u>
Annual Salary=	\$30,000	\$30,000
Annual Pre-Tax Unreimbursed Medical Contribution	\$0	\$2,550
Annual Pre-Tax Dependent Care Contribution	\$0	\$5,000
Annual Pre-Tax Employee Paid Premium Contribution =	\$0	\$3,000
Taxable Income =	\$30,000	\$19,450
Estimated Taxes (23%) =	(\$6,900)	(\$4,473)
Annual after-tax Medical and Dependent Care Expenses =	(\$10,550)	\$0
Net Take-Home Pay =	\$12,550	\$14,976
Increase in Take-Home Pay =	\$0	\$2,256

Health Reimbursement Arrangements (HRAs):

In this tax-favored arrangement, only the employer can contribute to an HRA account of an employee. An HRA account may reimburse any or all of the same expenses as a Section 125 Medical FSA. Eligible medical expenses are defined in the IRC Section 213.

Unlike FSAs, all remaining money may “roll over” from year to year at the employer’s option. The money is available to the employee to spend on qualified medical expenses. An HRA can be set up to bridge the gap of the higher deductible, cover a comprehensive list of qualified medical expenses, or limited set of specific expenses. It can also fund ancillary health insurance products such as dental, vision, hospital indemnity policies or long term care.

As eligible expenses, along with proper documentation, are submitted for reimbursement, the balance of the employee’s personal account is reduced, and tax-free reimbursements are paid to the employee within days.

Plan Design Options for an HRA:

- ◆ **Bridge:** The Bridge Plan complements a higher-deductible insurance product. It pays only for deductible items covered by insurance and provides a “bridge” between out-of-pocket expenses and insurance coverage. It may be expanded to cover co-pays and co-insurance, depending on the Employer’s insurance plan and their objectives.
- ◆ **Comprehensive:** The Comprehensive Plan pays for medical expenses not covered by insurance. These expenses include, but are not limited to, dental and vision fees, chiropractic services, co-pays, deductibles, prescriptions and many over the counter medicines with a prescription.
- ◆ **Limited:** The Limited Plan covers only a group of expenses such as dental or vision. It can also be restricted to a single expense like prescriptions.
- ◆ **Insurance Only:** The Insurance Only Plan allows for employees to be reimbursed for ancillary insurance coverage such as vision, dental, disability or long-term care insurance.

Savings with Health Reimbursement Arrangement (HRAs):

Savings with an HRA is achieved differently than with other tax-favored spending accounts. Because HRAs are typically set up in conjunction with a high deductible group health plan, the initial savings are realized in the lower cost of premiums. Theoretically, an employer can

fund the HRA with money saved by switching to a high deductible plan. Since employees will now pay cash and be reimbursed through an HRA for initial amounts of medical services there may be reduced claims against the group health plan. If an employer will allow the unused funds to roll over at year end, employees tend to take better care of their health and seek lower cost providers and prescriptions.

If the spending accounts are structured properly, having an HRA may increase FSA participation. Those employees on the fence about contributing will tend to set aside at least something, knowing they have the cushion of an HRA. Greater participation in the FSA will further reduce the taxable payroll amount for the employer.

Important Information on HRAs:

- ◆ The Employer has discretion over:
 - Contribution levels may be modified during year
 - Plan design
 - Timing of contributions
 - Prorated, monthly, quarterly, annual
 - Roll over provisions
 - Provisions for retirees and terminated employees
- ◆ Your company will save:
 - By combining with a higher deductible insurance plan an HRA may lower your insurance costs
 - Employer retirement benefit costs reduced
 - Administrative expenses are tax deductible
 - HRA contributions are tax deductible.

How an HRA works with an FSA:

Companies are able to set up both types of spending accounts and by doing so have distinct cost advantages. Employers can choose to have the HRA reimburse before or after the FSA. If set up in conjunction with a high deductible health plan, the employer could offer a relatively low cost hospital indemnity plan or accident insurance product, which will help the employees pay their deductibles resulting from a “big” medical event. The premiums for these products can be purchased using pre-tax dollars. Employers can be creative with combinations of benefits such as an HRA and FSA plus a Hospital Indemnity policy in conjunction with a high deductible group health plan.

Employees all have different and individual needs when analyzing their benefits. Combining and offering an HRA and Cafeteria Plan with an FSA and POP, along with ancillary products, allows your employees to have a package of options that are tailored to meet everyone’s needs.

How an HRA works with an FSA Plan

<u>Medical Expenses</u>	<u>Annual Expenses</u>	<u>FSA Reimbursement</u>	<u>HRA Reimbursement</u>
Co-pays	\$300	\$300	
Deductibles	\$1,500	\$500	\$1,000
Glasses	\$500	\$500	
Orthodontics	\$1,250	\$1,250	
Totals	\$3,500	\$2,550	\$1,000

By combining an HRA and FSA an employee can customize the amount to be reimbursed on a tax-free basis. The employee will set aside \$2,550 pre-taxed through the Employer's FSA plan and the Employer will reimburse \$1,000 worth of medical expenses through the HRA plan.

Important Information about Tax-Favored Programs:

- ◆ Your FlexShare Benefits plan must be in writing and a Summary Plan Description (SPD) must be distributed to each plan participant.
- ◆ COBRA continuation forms should be provided to all terminating participants in the medical reimbursement portion of the plan.
- ◆ Caution: employees do not pay any social security tax on income redirected to the plan. An employee close to retirement may have slightly reduced social security benefits because their taxable wages have been reduced.
- ◆ Insurance products with a return of premium feature cannot be paid with pre-tax dollars.
- ◆ The plan may not discriminate in favor of highly compensated or key employees.
- ◆ HRAs and FSAs cannot be "cashed out" upon an employee's termination or retirement. The funds must always be used for qualified expenses.
- ◆ Employers choose whether or not to extend HRA and/or FSA benefits to terminated or retired employees.
- ◆ Employers decide whether or not to roll over unused funds from one year to the next with an HRA.
- ◆ Certain employers maintaining a medical FSA or HRA plan with over 100 participants may be required to file the IRS Form 5500 each year.

Who Can Sponsor a Tax-Favored Plan:

Corporations, partnerships, S corporations, limited liability companies (LLCs), sole proprietors, professional corporations, governmental entities and not-for-profit companies can all save money on taxes by establishing tax-favored plans.

Regulations prohibit a sole proprietor, partner, members of an LLC (in most cases), or individuals owning more than 2% of an S corporation from participating in these tax-favored plans. However, they may still sponsor a plan and benefit from the savings on payroll taxes. "Employee" shareholders of a C Corporation may also participate.

Online Account Management for Employers and Employees:

Employees may access their accounts and upload claims online at <https://bwy.lh1ondemand.com>. Employers may log in, view plan balances and send communications to FSB at <https://bwyemployer.lh1ondemand.com>. Also, a variety of information is available at www.wyomingblue.com. Participants can also request information at FSB@bcbswy.com.

Customer Service Support:

We also offer customer service support Monday through Friday 8am to 5pm Mountain Time. Participants may call 1-888-557-2230 or fax to 307-432-2916.

How to Get Started:

You can get your company started on the road to tax-favored programs at any time. If you want to transfer existing plans or establish new ones with FlexShare Benefits, complete the appropriate applications for the types of plans you prefer. Our team can help you troubleshoot which plans or options may work best for you. When you have completed your applications submit to FlexShare Benefits.

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FlexShare Benefits

EMPLOYER APPLICATION

1. Legal Name of Company Sponsoring Plan _____
2. Street Address _____ PO Box _____
3. City, State, Zip: _____
4. Contact Person: _____ Title: _____
5. Phone: _____ Fax: _____ E-mail: _____
6. Federal Employer Identification Number (Must be 9 digits): ____ - ____ - ____
7. Number of pay periods in calendar or fiscal year: _____
8. Plan Options: POP FSA HRA
9. Principal Business Activity: _____

10. Principal Office: Plan(s) shall be governed under the laws of the State of _____ County _____

11. Business Entity Type:
- | | | |
|---|---|--|
| <input type="checkbox"/> C Corporation | <input type="checkbox"/> S Corporation* | <input type="checkbox"/> Church |
| <input type="checkbox"/> Sole Proprietorship* | <input type="checkbox"/> Limited Liability Company* | <input type="checkbox"/> Government Entity |
| <input type="checkbox"/> Partnership* | <input type="checkbox"/> Professional Corporation | |
| <input type="checkbox"/> Other _____ | <input type="checkbox"/> Not-For-Profit | |

*** PLEASE NOTE: IRS REGULATIONS PROHIBIT ELIGIBILITY FOR THE FOLLOWING INDIVIDUALS:**

♦ **Self-employed person(s), within the meaning of Code Section 401(c), including independent contractors, a greater than 2% shareholder in a Subchapter S corporation, a partner in a partnership, or any owner or member of a limited liability company that is treated like a partnership for tax purposes AND**

♦ **A relative, within the meaning of IRC Section 318, of one of the above self-employed person(s) AND:**

12. Legal name(s) of Affiliated Company(ies) that will be covered by this Plan: _____

13. IRS Plan Code: (consult last Form 5500, if filing was required): _____

If new Plan(s) POP ONLY (520) FSA ONLY (540) POP & FSA (530) HRA (550)

14. Effective Date: Plan(s) will be:

A. Premium Only Plan

This Premium Only Plan shall be a new plan effective as of (begin date) _____.

Future 12-month plan years will begin _____ and end _____.

This amended and restated Premium Only Plan shall be effective as of _____ and was originally effective on _____.

This Premium Only Plan is a continuation of an existing Plan already in place. The original effective date of the Plan was _____.

B. Flexible Spending Accounts

This Flexible Benefits Plan shall be a new plan effective as of (begin date) _____.

Future 12-month plan years will begin _____ and end _____.

This amended and restated Flexible Benefits Plan shall be effective as of _____ and was originally effective on _____.

This Flexible Benefit Plan is a continuation of an existing Plan already in place. The original effective date of the Plan was _____.

C. Health Reimbursement Arrangement

This Health Reimbursement Arrangement shall be a new plan effective as of (begin date) _____.

Future 12-month plan years will begin _____ and end _____.

This amended and restated Health Reimbursement Arrangement shall be effective as of _____ and was originally effective on _____.

This Health Reimbursement Arrangement is a continuation of an existing Plan already in place. The original effective date of the Plan was _____.

15. Family and Medical Leave Act: Is Employer subject to these provisions? (50 or more employees working for 20 or more weeks in current or preceding year; including public agencies regardless to the number employed.)

Yes No

16. Payment of administrative fees: (MARK ALL APPLICABLE BOXES)

One time fee for New Plan Setup Billed to Employer (POP/FSA/HRA): _____

Participant Monthly Fee Billed to Employer Monthly (FSA/HRA): _____

Annual Renewal and Compliance Billed to Employer for Renewal (POP/FSA/HRA): _____

PREMIUM ONLY PLAN (POP) APPLICATION

1. **Total Number of Employees:** _____ **Eligible to Participate:** _____
2. **Open Enrollment:** Employee has a open window prior to Plan Entry date where new elections may be made or changes to existing elections:
 Open Enrollment for eligible employees will be _____ days prior to beginning of plan year.
 Shall follow health insurance open enrollment and any other applicable benefit open enrollment.
3. **Plan Entry Date:** Employees eligible to participate may become Participants:
 Same as Employer's group health insurance plan for Premium Only Plan.
 _____ days after date of hire for Premium Only Plan.
 Date of hire for Premium Only Plan.
 First day of month following date of hire for Premium Only Plan.
 First day of plan year following date of hire for Premium Only Plan.
4. **Eligible Employees Included in the Plan:**
 Employees **enrolled** under the Employer group health insurance plan are eligible for the POP Plan.
 Employees **eligible** to participate in the Employer group health insurance plan are eligible for the POP Plan.
 Part-time Employees expected to work more than _____ (hrs/wk) are eligible for the POP Plan.
 Any Employee who is temporary or seasonal working for the Employer more than _____ months of the year are eligible for the POP Plan.
 Commissioned Employees are eligible for the POP Plan.
 Employees covered by a collective bargaining agreement of which this plan must be a part are eligible for the POP Plan.
 Leased Employee are eligible for the POP Plan.
 Nonresident Aliens are eligible for the POP Plan.
 Other _____ are eligible for the POP Plan.
5. **Election Changes based on Eligible Change in Status:**
A participant must notify and provide to human resources in writing, documentation supporting the qualifying change in status. A change in status form will be provided to FSB. If a specific Benefit allows for a change in contribution and annual election, the status change must be made with _____ days of the qualifying event. All other changes in elections may only be elected during Open Enrollment or other qualifying events.
6. **Employee/Employer Contribution toward Insurance Premiums**
Both Employee (Salary Redirection) and Employer POP contributions of which the Employer contributions shall not exceed the applicable annualized insurance premium expense, adjusted for premium rate increases or decreases during the Plan Year.
 Employer pays employee premiums only, employee pays for spouse and/or dependents
 Employer pays dollar amount \$ _____ for all employees
 Employer pays dollar amount \$ _____ for single; \$ _____ for family
 Other: _____
7. **Benefits:** The benefits selected below shall be included in the POP plan:
 Group sponsored health insurance premiums (POP) Dental insurance premiums (POP)
 Cancer insurance premiums (POP) Vision care insurance premiums (POP)
 Critical illness insurance premiums (POP) Group-term life insurance premiums* (POP)
 Accidental death/dismemberment premiums (POP) Hospital indemnity insurance premiums* (POP)
 Other (please specify) (POP) HSA premiums/contributions (POP)
* Group-term life insurance up to \$50,000 coverage.
Note: Insurance products with a return-of-premium feature cannot be paid for on a pre-tax basis.
8. **Retirees**
 Shall be eligible to continue participation in the Plan upon retirement.
 Shall not be eligible to continue participation in the Plan upon retirement.

Authorized Signature _____ Title _____ Date _____

Printed Name _____

District Manager _____ Print Name _____ Date _____

Email, Fax or mail this form to
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fsb@bcbswy.com Fax (307)632-1654 Phone (307) 432-2788 or 1-888-557-2230

FLEXIBLE SPENDING ACCOUNT (FSA) APPLICATION

1. **Total Number of Employees:** _____ **Eligible to Participate:** _____
2. **Open Enrollment:** Employee has a time frame prior to Plan Entry date where new elections may be made or changes to existing elections:
 - Open Enrollment for eligible employees will be _____ days prior to beginning of plan year.
3. **Plan Entry Date:** Employees eligible to participate may become Participants:
 - Same as Employer's group health insurance plan for FSA Spending Accounts.
 - Date of hire for FSA Spending Accounts.
 - First day of month following date of hire for FSA Spending Accounts.
 - First day of plan year following date of hire for FSA Spending Accounts.
 - _____ days after date of hire for FSA Spending Accounts.
 - Other _____ for FSA Spending Accounts
4. **Eligible Employees Included in the Plan:**
 - Employees **enrolled** under Employer group health insurance plan are eligible for the FSA Spending Accounts.
 - Employees **eligible** to participate in employer group health insurance plan are eligible for the FSA Spending Accounts.
5. **Election Changes based on Eligible Change in Status:**

A participant must notify and provide to human resources in writing, documentation supporting the qualifying change in status. A change in status form will be provided to FSB. If a specific Benefit allows for a change in contribution and annual election, the status change must be made with _____ days of the qualifying event. All other changes in elections may only be elected during Open Enrollment or other qualifying events.
6. **Employee Contributions for new Participants entering mid year:**
 - Employee Annual Election shall be prorated based on months remaining in the Plan Year on the effective date of enrollment.
7. **Employer Contributions for new Participants entering mid year:**
 - Employer Annual Contribution shall be prorated based on months remaining in the Plan Year on the effective date of enrollment.
 - Not Applicable.
8. **Maximum allowable contribution for the plan year (Annual Election):**
 - A. Employee Contribution (Salary Redirection) for FSA spending accounts include (pro-rated from plan entry date):
 - Healthcare flexible spending account is subject to an annual limit of \$ _____, including Employer contributions, if applicable.
 - Dependent care assistance spending account is subject to an annual limit of \$ _____, including Employer contributions, if applicable.
 - Adoption assistance spending account is subject to an annual limit of \$ _____, including Employer contributions, if applicable
 - Ancillary Premium expense for other insurance premium spending account is subject to an annual limit of \$ _____, including Employer contributions, if applicable.
 - B. Employer Contribution for FSA spending accounts shall not exceed
 - \$ _____ per participant per plan year.
 - No Employer Contribution
9. **Benefits: The benefits selected below shall be included in the FSA plan:**
 - Health care spending account available to reimburse medical expenses not covered by insurance.
 - Dependent care assistance spending account available for eligible adult and child daycare.
 - Adoption assistance spending account available for child adoption expenses.
 - Ancillary premiums spending account (select coverage below):
 - Accidental death/dismemberment prem(FSA)
 - Dental insurance premiums (FSA)
 - Cancer insurance premiums (FSA)
 - Vision care insurance premiums (FSA)
 - Critical illness insurance premiums (FSA)
 - Group-term life insurance premiums (FSA)*
 - Other (please specify)(FSA) _____
 - Hospital indemnity insurance premiums (FSA)

* Group-term life insurance up to \$50,000 coverage.

Note: Insurance products with a return-of-premium feature cannot be paid for on a pre-tax basis.

10. **Optional Grace Period or Medical FSA Rollover:**

A. Optional **Grace Period** allows up to 75 day grace period to incur claims in current plan year with prior year plan money, if employee has funds available. Period can't exceed 75 days, may be shorter or not offered or a rollover may be offered for Health care spending.

- Health care spending account with grace period of 2 months 15 days or specify number of days_____.
- Day care spending account with grace period of 2 months 15 days or specify number of days_____.
- Adoption Assistance spending account with grace period of 2 months 15 days or specify number of days_____.
- Ancillary Premium spending account with grace period of 2 months 15 days or specify number of days_____.

B. Optional **Rollover** for Health Care Spending only up to \$500

- Health care spending** rollover

In subsequent years, if no current year enrollment in a Health care spending account, the **Employer or Participant** (circle one) will pay for the monthly admin fee in.

11. **Claims filing limitations for Active Employees:**

A. Health Care Spending Account

- Employee has _____ days after **end** of plan year to submit claims.
- Employee has _____ days after **grace** period to submit claims.

B. Day Care Spending Account

- Employee has _____ days after **end** of plan year to submit claims.
- Employee has _____ days after **grace** period to submit claims.

C. Adoption Assistance Spending Account

- Employee has _____ days after **end** of plan year to submit claims.
- Employee has _____ days after **grace** period to submit claims.

D. Ancillary Premium Expense Spending Account

- Employee has _____ days after **end** of plan year to submit claims.
- Employee has _____ days after **grace** period to submit claims.

E. Rollover for Active Employees:

- Employee has _____ days after **end** of plan year to submit claims.

12. **Retirees**

- Shall** be eligible to continue participation in the Plan upon retirement.

Health care spending account retiree shall continue participating

through the end of the current Plan Year, grace period and timely filing limitations with claims incurred prior to retirement.

through the end of the current Plan Year, grace period and timely filing limitations with claims incurred through the end of the plan year.

_____ days after retirement.

Dependent care assistance spending account retiree shall continue participating

through the end of the current Plan Year, grace period and timely filing limitations with claims incurred prior to retirement.

through the end of the current Plan Year, grace period and timely filing limitations with claims incurred through the end of the plan year.

_____ days after retirement.

Adoption Assistance and Premium Expense spending accounts retiree shall continue participating

through the end of the current Plan Year, grace period and timely filing limitations with claims incurred prior to retirement.

through the end of the current Plan Year, grace period and timely filing limitations with claims incurred through the end of the plan year.

_____ days after retirement.

- Shall not** be eligible to continue participation in the Plan upon retirement.

13. All Employees, **other than Retirees**, leaving employment for any reason:

- Shall be governed by COBRA guidelines.
- Shall be governed by State mandated mini-COBRA guidelines.
- Other continued eligibility benefits apply as follows: _____

14. **Claims filing limitations for Terminated Employees who were active in Health Care Spending Account:**
- Terminated employee not on COBRA, has _____ days after termination to submit claims incurred prior to termination.
 - Terminated employee not on COBRA, has _____ days after end of plan year to submit claims incurred prior to termination.
 - Terminated employee not on COBRA, has _____ days after grace period to submit claims incurred prior to termination.
15. **Claims filing limitations for Terminated Employees who were active in Dependent Care Spending Account:**
- Terminated employee has _____ days after termination to submit claims incurred prior to termination.
 - Terminated employee has _____ days after end of plan year to submit claims incurred prior to termination.
 - Terminated employee has _____ days after grace period to submit claims incurred prior to termination.
16. **Claims filing limitations for Terminated Employees who were active in Adoption Assistance Spending Account:**
- Terminated employee has _____ days after termination to submit claims incurred prior to termination.
 - Terminated employee has _____ days after end of plan year to submit claims incurred prior to termination.
 - Terminated employee has _____ days after grace period to submit claims incurred prior to termination.
17. **Claims filing limitations for Terminated Employees who were active in Premium Expense Spending Account:**
- Terminated employee has _____ days after termination to submit claims incurred prior to termination.
 - Terminated employee has _____ days after end of plan year to submit claims incurred prior to termination.
 - Terminated employee has _____ days after grace period to submit claims incurred prior to termination.
18. **COBRA Administration:**
- FlexShare Benefits shall administer Health Care FSA COBRA benefits to qualifying participants.
 - Employer will administer Healthcare FSA COBRA benefits.
 - A third party vendor will administer Healthcare FSA COBRA benefits.
19. **COBRA Obligation for Health Care FSA:**
- Special COBRA limited obligation applies.
 - ◆ Maximum Annual Benefits Test.
 - ◆ Major Medical Coverage Available to all participants.
 - ◆ Annual COBRA premium equal or greater than Annual Election.
 - Standard COBRA rules apply.
 - State Mandated Mini-COBRA rules apply. (Currently Healthcare FSA is not included in Mini-Cobra rules.)
20. **Election Surplus (Gain):**
- Return surplus gain for the prior year to the Administrator (Employer) to defray reasonable administrative expenses for the Plan.
 - Reduce required contributions for all eligible employees for the next plan year. It is permissible to allocate gains on a per capita basis or on a weighted average basis, based on different levels of coverage.
 - Allocate surplus gain for the prior year to participants electing to participate in the current plan year. Increase annual coverage amount to reimburse claims incurred above the elected annual election of the Employee in the next plan year as long as such reimbursements are made in a nondiscriminatory manner. Plan document must address the situation where an employee may go over the maximum annual election set forth in the Adoption Agreement.
21. **Employer payment plan to FlexShare Benefits (FSB):**
- Employer holds contributions and reimburses FSB for claims paid monthly. Payment **EFT or Check** (circle one) is due within five days of receipt of invoice (reimbursing claims paid may result in an advance deposit). A contribution schedule **MUST** be enclosed with check or emailed for EFT's including social security number, employee name, pay period date and contribution amount.
- First Payroll Deduction Date _____
- Contribution Schedule sent in: Weekly Bi-weekly Semi-monthly Monthly
22. **Healthcare Flexible Spending Account and Health Reimbursement Arrangement Expense Allocation Order of Benefit Payments:**
- If the Employer sponsors a Health Care Flexible Spending Account in addition to a Health Reimbursement Arrangement for Eligible Employees:
- Eligible Medical Expenses as defined under Code Section 213(d) for each Eligible Employee are paid under the Healthcare Flexible Spending Account (*before/after*) the Health Reimbursement Arrangement.
 - Not Applicable.

23. **Healthcare Flexible Spending Account in addition to a Health Savings Account Expense Allocation and Order of Benefit Payments:**

If the Employer sponsors a Healthcare Flexible Spending Account in addition to a Health Savings Account for Eligible Employees: **CAUTION: only certain type of Medical Spending Accounts may be established in conjunction with a Health Savings Account. If you or your spouse have an HSA you will want to be sure to verify your eligibility in the Healthcare Flexible Spending Account.**

- Eligible Medical Expenses (for vision or dental coverage only as defined under Code Section 223(c)) for each Eligible Employee are paid under the Healthcare Flexible Spending Account *before* or commensurate with the Health Savings Account;
- Eligible Medical Expenses for each Eligible Employee will be paid under the Healthcare Flexible Spending Account, but only *after* the Health Savings Account deductible has been met.
- Not Applicable.

Authorized Signature _____ Title _____ Date _____

Print Name _____

District Manager _____ Print Name _____ Date _____

Email, Fax or mail this form to
FlexShare Benefits; P. O. Box 2266; Cheyenne, Wyoming 82003
fsb@bcbswy.com, Fax (307)632-1654, Phone (307) 432-2788 or 1-888-557-2230

3/9/2018

FlexShare Benefits

HEALTH REIMBURSEMENT ARRANGEMENT (HRA) APPLICATION

If you need assistance completing this form, call 1-888-557-2230. Complete this form and the census/employee profile. Fax: 1-307-632-1654

1. **Total Number of Employees:** _____ Eligible to Participate: _____
2. **Open Enrollment:** Employee has a time frame prior to Plan Entry date where new elections may be made or changes to existing elections:
 - Open Enrollment for eligible employees will be _____ days prior to beginning of plan year.
3. **Plan Entry Date:** Employees eligible to participate may become Participants:
 - Same as Employer's group health insurance plan for HRA.
 - Date of hire for HRA.
 - _____ days after date of hire for HRA.
 - First day of month following eligibility requirements for HRA.
 - First day of plan year following eligibility requirements for HRA.
4. **Eligible Employees Included in the Plan:**
 - Employees **enrolled** under Employer group health insurance plan
 - Employees **eligible to** participate in employer group health insurance plan
5. **Negative Enrollment Option:**
 - Employer shall use Negative Enrollment during open enrollment by using BCBS Wyoming claims processing systems (BOLTS). Names, addresses and all relevant information will be retrieved from BOLTS. Additions, changes and terminations shall be updated monthly from BOLTS.
 - Enrollment forms shall be completed during open enrollment. Monthly coverage changes including additions, changes and terminations in coverage by the employer shall be updated monthly by using BOLTS.
 - Enrollment forms shall be completed during open enrollment. Monthly coverage changes including any additions, changes and terminations in coverage by the employer shall be updated monthly directly from the Employer.
6. **Election Changes based on Eligible Change in Status:**

A participant must notify and provide to human resources in writing, documentation supporting the qualifying change in status. A change in status form will be provided to FSB. If a specific Benefit allows for a change in contribution and annual election, the status change must be made with _____ days of the qualifying event. All other changes in elections may only be elected during Open Enrollment or other qualifying events.
7. **Employer Annual Election** (mark all applicable):
 - Single \$ _____
 - Adult w/Dependents \$ _____
 - All Employees same amount \$ _____
 - 2-Party \$ _____
 - Family \$ _____
8. **Access to Contributions Funding by Participants** (Timing of funding determines availability of funds):
 - On an annual basis at the beginning of the Plan Year.
 - On a quarterly basis at the beginning of each quarter within the Plan Year.
 - On a monthly basis at the beginning of each month within the Plan Year.
 - On a pro-rata basis, coordinating with employee pay dates, within a Plan Year.
 - Other basis _____
9. **Contributions for employee enrolled mid year will be funded for:**
 - Entire annual election
 - Prorated share based on effective date
 - Other _____
10. **Contribution/Benefits Rollover:** Contributions remaining at end of plan year may be rolled forward to be used in subsequent year(s), to the extent not fully utilized in the year of contribution:
 - None of the contribution will roll to subsequent year(s).
 - All remaining balances not fully utilized not to exceed \$ _____ over _____ years.
 - No maximum limit shall be set
 - Maximum limits for HRA beginning balance cannot exceed if rolled \$ _____

11. **Plan Design Options** (select one):

- A. **Bridge:** Medical expenses covered under insurance, but subject to deductibles, co-insurance and co-pays. Mark X in all appropriate boxes.

MEDICAL		DENTAL		VISION		PRESCRIPTION	
Deductibles		Deductibles		Deductibles		Deductibles	
Co-insurance		Co-insurance		Co-insurance		Co-insurance	
Co-pays		Co-pays		Co-pays		Co-pays	

- 1) Incurred Dates eligible to be applied to HRA (may choose box 1 or 2 and 3):
- Apply deductible, co-insurance, co-pay from beginning of HRA plan year.
 - Apply deductible, co-insurance, co-pay from January 1 of current HRA plan year to coincide with insurance deductible.
 - Apply carry forward deductible, co-insurance, co-pay from last year that may apply to current year to coincide with insurance carry forward.
- 2) Benefits under this Plan shall be paid:
- BEFORE** the employee is responsible for his portion of deductible limit.
 - AFTER** the employee's portion of the deductible limit is paid.
 - \$_____ of deductible/co-insurance/co-pay must be paid by employee prior to HRA reimbursement.
- 3) Calculation of HRA out of pocket prior to reimbursement:
- Collectively for all participants under one contract.
 - Single contract or collectively the family as a whole meets out of pocket.
 - Separate for the contract holder and each dependent.
- B. **Comprehensive:** All medical and dental expenses not otherwise covered by insurance, including deductibles, co-insurance and co-pays, except as otherwise described _____
- C. **Limited:** Medical expenses not covered by insurance such as deductibles, co-insurance and co-pays AND:
- Dental Expenses
 - Vision Expenses
 - Prescription Drugs
 - Other: _____
- D. **Premium Insurance Only**
- Individually owned Health Insurance Premiums
 - Dental Insurance Premiums
 - Disability Insurance Premiums
 - Long-term Care Insurance Premiums
 - Other: _____

12. **Order of Benefit Payments:**

- Eligible medical and dental expenses must be paid under Section 125 FSA Plan **before** this Plan.
- Eligible medical and dental Expenses must be paid under Section 125 FSA Plan **after** this Plan.
- Applicable health insurance premiums are paid under this Plan **before/after** paid under the Section 125 FSA Plan.
- Employee may select Plan that will pay first.
- N/A – no Section 125 Plan available.

13. **Benefit Payments from prior year:**

- Contributions from any plan year may pay for **any** plan year claims reimbursement, subject to participant's eligibility. (Current contributions may pay for prior year and current year claims based on contribution availability.)
- Contributions from current plan year may **only** pay for current year claims, subject to participant's eligibility. (Current contributions may not pay for prior year claims.)

14. **Run Off Periods for current employees:**

- Claims will be accepted as long as they are processed through the group insurance plan.
- Employee will have _____ days to use HRA contributions from a prior plan year.
- End of plan year is the last day available to use HRA contributions.
- N/A as all funds roll from prior year to current year.

15. **Run off Periods for retired employees** (Retiree shall only be considered as those employees who have satisfied the Employer's terms and conditions for retirement.

- Retiree will have _____ days from retirement date to submit claims incurred prior to retirement. (**Same as termed employee**)
- Retiree will have _____ days from retirement date to submit claims incurred during plan year. (**Same as termed employee**)
- Retiree will have _____ days from end of plan year to submit claims incurred prior to retirement.

- Retiree will have _____ days from end of plan year to submit claims incurred during plan year.
- Retiree will have unlimited access to HRA money deposited prior to retirement. No further contributions will be made by the Employer. Funds will be available until depleted.
- Retirees are not eligible to participate after retirement.
- Other _____

16. All Employees, **other than Retirees**, leaving employment for any reason:

- Shall be governed by COBRA guidelines.
- Shall be governed by State mandated mini-COBRA guidelines. (Currently HRA's are not included in mini-COBRA.)
- Other continued eligibility benefits apply as follows: _____

17. **Run Off Periods for terminated employees not accepting COBRA:**

- Employee will have _____ days from termination date to submit claims incurred prior to termination.
- _____ days from end of plan year to submit claims incurred prior to termination.
- Other _____

18. **COBRA Administration:**

- FlexShare Benefits shall administer the HRA COBRA benefits to qualifying participants.
- Employer will administer the HRA COBRA benefits.
- A third party vendor will administer the HRA COBRA benefits.

19. **COBRA offering for this Health Reimbursement Arrangement** may be inclusive with the COBRA offering of the employer's plan sponsored health insurance or may be offered completely separate. Insurance plan documents and HRA plan documents should both support the selection of this option.

- COBRA offering for the HRA will be inclusive of the group sponsored health insurance plan. (If a terminated employee chooses COBRA for their health insurance, they must also choose COBRA for their HRA and be responsible for all applicable premiums.)
- COBRA offering for the HRA will be exclusive of the group sponsored health insurance plan. (A terminated employee may choose COBRA for HRA and not health insurance or visa versa.)
- COBRA offering for the HRA will be optional for the employee choosing COBRA for the group sponsored health insurance plan. An employee not choosing COBRA for group sponsored health insurance plan will not be eligible to choose COBRA HRA. (If a terminated employee chooses COBRA health insurance, the terminated employee has the option of choosing COBRA HRA. If COBRA for health insurance is declined, COBRA HRA is not available.)

20. **Claims Reimbursement**

- Employer holds contributions and reimburses FSB for claims paid monthly. Payment **EFT or Check** (circle one) is due within five days of receipt of invoice (reimbursing claims paid may result in an advance deposit). A contribution schedule **MUST** be enclosed with check or emailed for EFT's including social security number, employee name, contribution date and amount.

First Contribution Date _____

Contribution Schedule sent in: Monthly Quarterly Semi-Annually Annually

Authorized Signature _____ Title _____ Date _____

Print Name _____

District Manager _____ Print Name _____ Date _____

Email, Fax or mail this form to
 FlexShare Benefits; P. O. Box 2266; Cheyenne, Wyoming 82003
fsb@bcbswy.com, Fax (307)632-1654, Phone (307) 432-2788 or 1-888-557-2230

CAFETERIA PLAN

EMPLOYEE CENSUS AND EMPLOYEE PROFILE

The information requested in this questionnaire is needed to administer the Plan and to assure that it conforms to IRS regulations. Please complete the questionnaire accurately and completely. Information may be used to complete the IRS Form 5500, Schedule F, if necessary and to complete the discrimination testing.

- A. **LIST OFFICERS AND KEY EMPLOYEES OF THE COMPANY.** (Key employee is defined as an individual with decision-making authority, which may be comparable to officers of other types of companies.) **Please include salary information. (LIST ALL OFFICERS AND KEY EMPLOYEES - INCLUDE SALARY IF INDIVIDUAL IS OVER \$160,000.00.)**

	Pre-Tax Insurance Premiums
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

- B. **LIST ALL EMPLOYEES WHOSE COMPENSATION EXCEEDS \$110,000.** (Include title and name of those individuals over \$110,000.00. Code Section 414(q))

	Pre-Tax Insurance Premiums
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

- C. **LIST ALL EMPLOYEES WITH MORE THAN 2% OWNERSHIP.** (Please include title and percent of ownership).

	Pre-Tax Insurance Premiums
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

- D. **LIST ALL EMPLOYEES WHO ARE CONSIDERED "IMMEDIATE FAMILY" OF ANY INDIVIDUAL IN A, B, OR C.** (wife, son, daughter, mother, father, etc.)

	Pre-Tax Insurance Premiums
_____	_____
_____	_____
_____	_____

Email, Fax or mail this form to
FlexShare Benefits
PO Box 2266 4000 House Ave
Cheyenne, WY 82003
Toll Free: 1-888-557-2230 Fax: 307-632-1654
[***fsb@bcbswy.com***](mailto:fsb@bcbswy.com)

FlexShare Benefits

Flexible Benefit Plan and Health Reimbursement Arrangement

Who Can Participate Matrix

Who Can Participate in a Cafeteria or Health Reimbursement Arrangement	Premium Only Plan (POP)	Health FSA	Dependent Care FSA	Health Reimbursement Arrangement
Sole Proprietor	Regulations prohibit participation	Same as POP	Same as POP	Same as POP
Partners of a Partnership	Regulations prohibit participation	Same as POP	Same as POP	Same as POP
Members of an LLC (taxed as C Corp)	May participate if 25% or less of the total benefits provided	Same as POP	Same as POP	May participate as long as benefits to owners, key and highly compensated are not higher than other employees
Members of an LLC (taxed as S Corp)	Regulations prohibit participation	Same as POP	Same as POP	Same as POP
Individuals owning more than 2% of S-Corporation	Regulations prohibit participation	Same as POP	Same as POP	Same as POP
<i>"Employee" shareholders of C-Corporation , key employees and highly compensated</i>	May participate if 25% or less of the total benefits provided	Same as POP	Same as POP	May participate as long as benefits to owners, key and highly compensated are not higher than other employees
Sole Proprietors Spouses & dependents of owners who are bona fide employees and deemed not be self employed	May participate	Same as POP	Same as POP	Same as POP
Partners' Spouses & dependents of owners who are bona fide employees and deemed not be self employed	May participate	Same as POP	Same as POP	Same as POP
S-Corporation Spouses/dependents of more than 2% shareholders	Regulations prohibit participation	Same as POP	Same as POP	Same as POP