

Public Agenda Item #18

Review, Discussion and Consideration of Proposed Fiscal Year 2022 Fees for TexFlex Program and Termination of the Commuter Spending Account Program – (Action)

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Diana Kongevick, Director of Group Benefits
Blaise Duran, FSA, Actuarial and Reporting Services, Group Benefits
Phil Dial, FSA, Rudd and Wisdom, Inc.

TexFlexSM Program



- TexFlex flexible spending accounts:
 - Health Care Reimbursement Account
 - Limited Purpose Reimbursement Account
 - Dependent Care Reimbursement Account
- Commuter Spending Account
- Funded by pre-tax salary contributions from active employees
- Reimburses participants for qualified, eligible expenses

TexFlex Program

Administrative Fee Holiday



- In previous years, employees enrolled in a flexible spending account were responsible for a nominal account administrative fee of \$1 per account per month.
- ERS waived the administrative fee for those enrolled in the plans during PY17- PY21, and ERS staff recommends waiving the administrative fee for PY22.
- The \$1 per account per month administrative fee was paid for through the previous year's forfeited funds balance.

TexFlex Program



Administrative Fee Holiday Recommendation

- Staff recommends continuing the administrative fee holiday for FY22, allowing for administrative fees to be paid from the plan forfeiture account.
- Consistent with IRS rules, forfeited fund balances cannot be used to pay the Commuter Spending Account administrative fee.

	Enrollment (#s)			Contribution Elections** (\$)		
	PY20	PY21	Change %	PY20	PY21	Change %
Health Care Reimbursement Plan	45,096	42,635	-5.5%	\$57,261,588	\$54,371,256	-5.1%
Dependent Care Reimbursement Plan	3,544	2,443	-31.1%	\$12,656,099	\$8,642,710	-31.7%
Total Participation*	46,392	43,541	-6.2%	\$69,917,687	\$63,013,966	-9.9%

**Total unique participant enrollment is not equal to the sum of health care and dependent care enrollment because some members are enrolled in both plans.*

*** Contribution elections are pledges into the program and are reported commitments for the applicable fiscal year.*

- The pandemic affected TexFlex enrollment and employee contribution amounts.
- Many employees made their PY20 TexFlex benefit selections prior to the public health emergency and were unable to use their FSA benefits (health care and dependent care) as they originally intended.
- ERS enacted temporary provisions under the Consolidated Appropriations Act of 2021 to help address these challenges.

Consolidated Appropriations Act of 2021

ERS took quick action.

- Removed FSA carryover limits for both 2020 and 2021 plan years
- Adopted spend-down provisions for plan years ending 2020 and 2021, allowing those who leave the plan to submit claims up to the contribution amount for dates of service during the entire plan year
- Adopted special carry forward rule for dependent care reimbursement for those turning age 14
- Allowed prospective FSA elections for PY21 only without a qualifying life event (QLE)

TexFlex Program

Commuter Spending Account (CSA)



- Enrollment into the CSA program began January 1, 2016 with a benefit start date of March 1, 2016.
- The account is available to those who utilize mass transit and/or incur parking expenses as part of their daily commute to and from work.
- Participants can enroll and dis-enroll on a monthly basis without waiting for summer enrollment or a Qualified Life Event (QLE).

TexFlex Program



Commuter spending account (CSA)

- Since inception, there is minimal utilization across both the parking and transit CSA accounts despite communication campaign efforts and direct mailings to members living and working in cities using mass transit.
- As of March 31, 2021, .001% of the total eligible population participates in the CSA with 291 enrolled in the transit account and 60 enrolled in the parking benefit.
- Of that population, 49 continue to contribute to the transit benefit and 19 to the parking benefit.

TexFlex Program

Commuter Spending Account (CSA)



- With the administrative challenges of the program, low participation and low enrollment, staff recommends the plan end at August 31, 2021 with a claims run-out period ending December 31, 2021.
- Staff further recommends a refund of remaining balances following the end of the run-out period and those payments will be taxable. Additional refund details will be provided at a later date.

Questions?
Action Item