



New York Medical College

Policy and Procedure Manual

Section: HUMAN RESOURCES	No.: HR.318
	Date: APRIL 21, 2005
Subject: FLEXIBLE SPENDING ACCOUNTS	Page 1 of 4
	Supersedes: 7/20/93

I. Purpose

To establish a benefit which enables employees to use Flexible Spending Accounts to claim reimbursement for certain eligible expenses using pre-tax rather than after tax dollars.

II. Scope

This policy applies to all College regular full-time faculty and non-union staff employees.

The College reserves the right to amend or suspend this benefit at any time.

III. Definition

A. Flexible Spending Accounts encompass two plan options:

1. Health Care Spending Accounts – Reimbursement account to cover eligible health and dental expenses not reimbursed by other health benefit programs.
2. Dependent Care Spending Account – Reimbursement account for eligible dependent child care or elder care expenses incurred while the employee and spouse (if the employee is not a single parent) are employed.

B. Plan year – January 1 through December 31.

C. Open enrollment – the time in which any changes may be made to the employee's insurance coverage, scheduled for each December.

D. Changes in status – includes marriage, divorce, death, addition or loss of an eligible dependent or loss of spouse's full-time job.

Issued By:	Approved By:
-------------------	---------------------

IV. Policy

It is the policy of New York Medical College to offer Flexible Spending Accounts on a voluntary basis to eligible employees.

V. Procedure

A. Enrollment

- 1.** Plan participants must enroll each Plan Year for each spending account using the Flexible Spending Account Enrollment (HR-10) form.
- 2.** The month of December is designated as open enrollment month for the following Plan Year.
- 3.** Enrollment is for the full Plan Year and cannot be stopped, started or changed during the Plan Year unless there is a change in employment or family status.
- 4.** New hires are eligible to participate on the first day of the month coinciding with, or following their date of hire.

B. Account Maximums

Spending account annual dollar limits are established each year by the Human Resources Department in conjunction with Internal Revenue Service regulations.

C. Salary Reduction

- 1.** Each enrollee chooses the dollar amount they would like to have withheld from their paycheck over twenty-six (26) biweekly pay periods, up to the overall maximum chosen.
- 2.** Once these amounts have been verified by the Human Resources Department, regular salary reductions begin with the first biweekly pay period in January of each Plan Year.

D. Reimbursement

1. A **Flexible Spending Accounts Claim Form (HR-4)** may be filed whenever expenses totaling at least \$100 have been incurred.
2. In December of the Plan Year, and during the three (3) month grace period (January 1 – March 31 following the plan year), claims for expenses incurred during the Spending Account Plan Year.
3. Reimbursement can only be claimed for expenses incurred during the Spending Account Plan Year.
4. For the Health Care Spending Account, the total amount of the annual maximum elected may be reimbursed at any time during the plan year.
5. For the Dependent Care Spending Account, only the amount of funds actually deposited in the account may be accessed.
 - a. A claim for dependent care expenses will be paid up to the amount currently available in the account.
 - b. Any amount over the current account balance will be held in suspense until such funds are available to pay the entire claim.
6. If employment with the College is terminated or if contributions cease because of an approved “change in status”, the Spending Account is available for reimbursement only during the remainder of the Plan Year.
 - a. No further contributions to the Flexible Spending Accounts may be made.

E. Account Balances

1. Under Internal Revenue Service regulations, amounts remaining in a Spending Account at the end of the Plan Year cannot be returned to the employee or former employee or carried over into a new Plan Year. Any remaining balances are forfeited.

VI. Responsibility

A. Employee

1. Responsible for enrolling in the Spending Account(s) of their choice at the designated open enrollment period, or at time of hire.
2. Complete Flexible Spending Account Claim Forms for eligible expenses for reimbursement.

B. Human Resources Department

1. Notify employees annually of their eligibility to participate in the plan, or at time of hire.
2. Establish the annual dollar limit for employee contributions.
3. Review enrollment forms and enter appropriate salary reductions into the payroll system.
4. Transmit enrollment information to the Plan administrator/carrier.
5. Process **Check Requests (AP-1)** for payment of Administration Fees.
6. Provide advice and guidance with respect to the interpretation and administration of this policy.