

Employee  
**Benefits**  
Corporation

*It's time to*  
***change.***



*Mid-Year Takeovers*



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What is a Mid-Year Takeover?

What are the Benefits?

FSA & HRA Mid-Year Takeover

Mid-Year Changes for other Benefits

Questions?



# What is a Mid-Year Takeover?

- Transition benefit plan to new third party administrator
- Outside of open enrollment period or before the current plan year ends
- Applies to products bound by plan year (FSA & HRA, and also ongoing plans of HSA & Commuter)
- Doesn't change the plan design—just the administrator



# Why Consider One?

- Tried a new administrator and it's not working out?
- Didn't have time to make a change during open enrollment and you're feeling stuck?
- Want to get ahead of open enrollment season and get some work done in a less hectic time?
- Continue building your relationship with the client in a less hectic time!



# Why is it Time to Change?

- Get the service you need, when you need it
- Keep the benefit plan you're already offering
- Switch when you have fewer worries, outside of open enrollment and other benefit changes
- Great onboarding team, dedicated Client Service Consultant



# Benefits with a Plan Year

FSA/HRA



*Mid-Year Takeover*

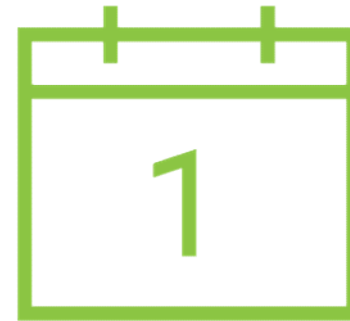
End of Plan Year

- Does NOT change the plan design itself
- Easier transition with mid-year timing
- Less costly with 1 plan year in the mix instead of 2 plan years when changing at renewal



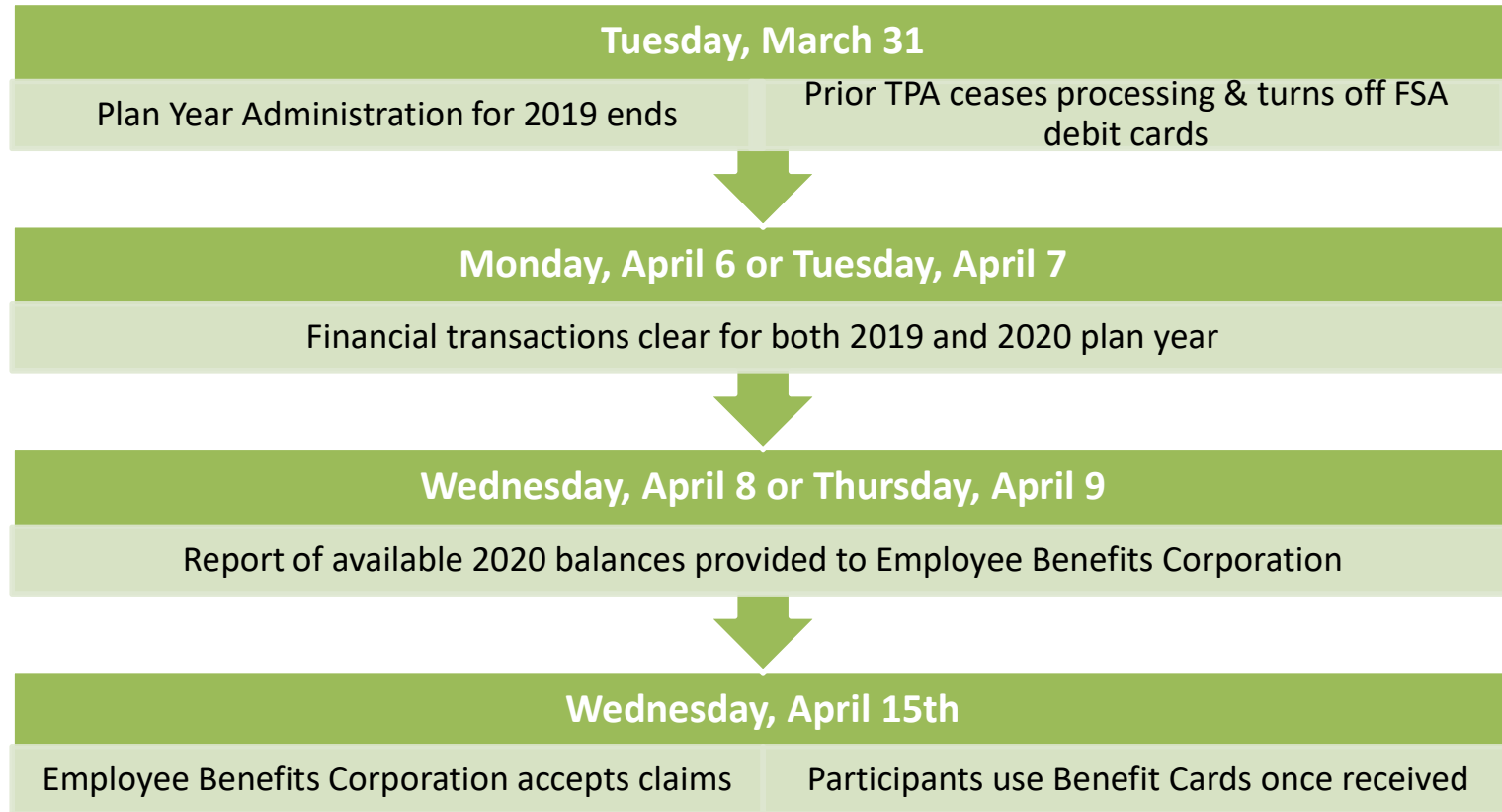
# When? FSA Mid-Year Takeover

- The ideal time for a calendar year plan is April 1 or May 1
- Same agreements as any installation
- Same demographic info for participants
- One new data point: available balance
- Let's look at some timelines

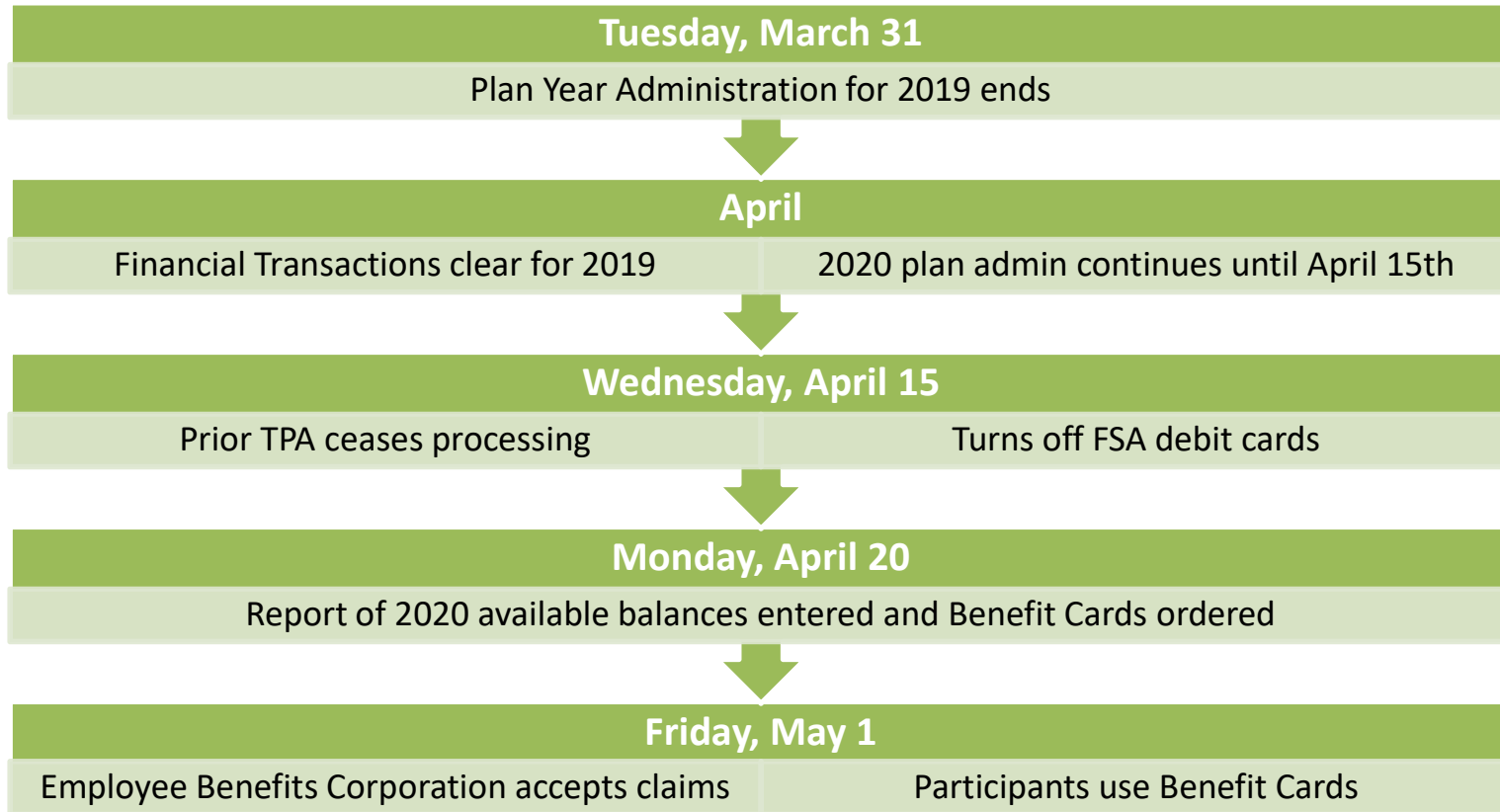




# FSA Takeover on April 1 with Early April Blackout



# FSA Takeover on May 1 with Late April Blackout



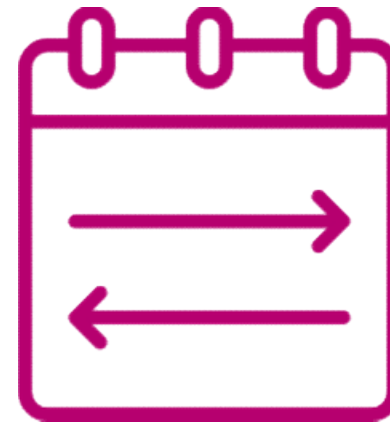
## Employee Example: Happy Camper

- Happy's employer is changing to Employee Benefits Corporation for FSA administration on April 1, 2020
- Happy has:
  - \$200 of FSA rollover from 2019
  - A 2020 FSA election of \$1200  
(\$100 per month or \$50 per each of 24 pay periods)
  - \$600 of paid claims for the 2020 plan year per the employer's report



## Employee Example: Happy Camper

- FSA Mid-Year Takeover spreadsheet shows Happy has \$800 available for 2020
- Happy's Benefit Card is loaded with \$800
- The \$800 can be used for any date of service in 2020



# FSA Considerations

- Black Out Period of 2 Weeks
  - Debit Card can't be used
  - Communication suggestions
- Prior Administrator must cease on the specified date with cards turned off
- We rely on the information presented to us on the FSA Mid-Year Takeover spreadsheet



# Does a Mid-Year Takeover change the way the FSA is funded?

- Best practice FSA employer funding is pay-as-you-go
- Claims processed on Monday are reported on a Tuesday claims register
  - Tuesday claims register reports what will be debited from the employer account on Wednesday
- For the participant, their payroll contributions continue in even increments



# Whew! When the takeover timeline completes...

- The employer and their participants are happy with better service
- Employee Benefits Corporation handles the IRS-required non-discrimination testing for the FSA (all 9 tests)
- Participants are okay with change in a more relaxed time of year with proper communications
- The FSA renewal and open enrollment is smooth!



# HRA Mid-Year Takeover Considerations

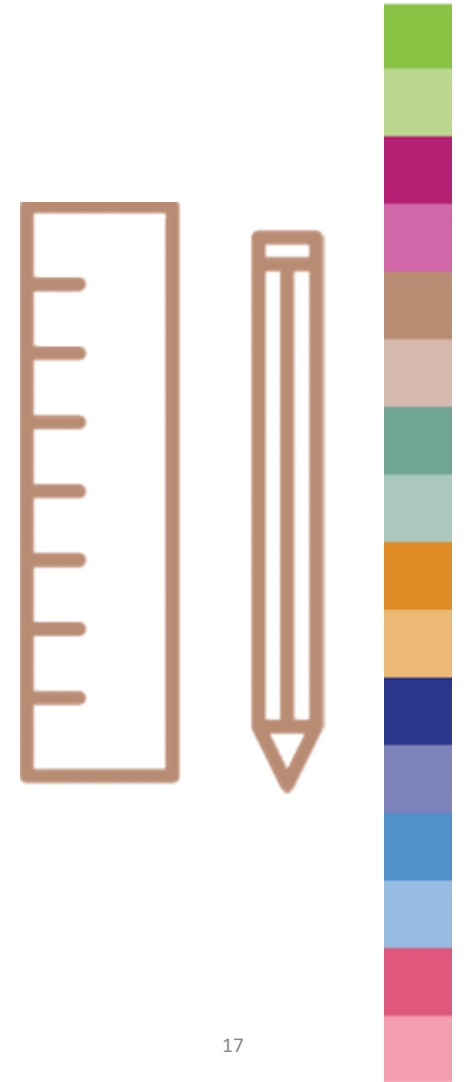
- Same Song, Second Verse
- Many HRAs have few payments in first months of plan year
- Need to understand how claims should pay out
- Aggregate plan or embedded plan?






# HRA Mid-Year Takeover Examples

- An HRA pays the last \$2500 of a \$5000 deductible for employee-only coverage
- In an aggregate plan, the HRA pays the last \$5000 of \$10,000 deductible whether incurred by one person or some combination of family members
- In an embedded plan, no one person in the family has more than \$2500 of deductible expense before the HRA begins to pay



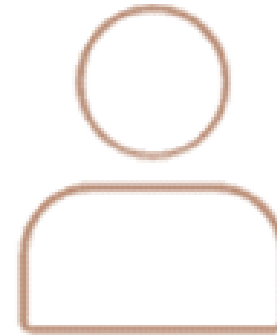
# HRA Mid-Year Takeover Examples

- Embedded HRA Takeover:
  - We need to know the paid claims on Mom, Dad, Sis and Junior  

  - Junior had \$3500 of deductible expenses with \$1000 paid from the HRA
  - Junior has \$1500 of remaining HRA benefit available, \$2500 for another family member



# HRA Mid-Year Takeover Examples

- Aggregate HRA Takeover:
  - We only need to know the paid claims on the family unit
  - \$1000 expenses paid in HRA benefit
  - The family unit has \$4000 of remaining HRA benefit available



# Other Benefits: HSA, Commuter, and COBRA



- Transition when it's operationally convenient
- Makes renewal season easier for the employer and employees



# Considerations

- The calendar is your friend!
  - 8 week lead time **needed** for commuter
  - 8 week lead time *recommended* for COBRA and HSA
- COBRA open enrollment communications & materials option
- We help with compliance and participant questions!



Questions?

