

Healthcare Premium (NESP) Reimbursement Account – Tax Advantaged Account

Healthcare Premium (NESP) Reimbursement Accounts are an additional plan option under a Flexible Spending Account that allows employees to make pretax contributions into a separate reimbursement account for insurance premiums that are not employer sponsored. (NESP = Non-Employer Sponsored Premium)

Participant Benefits	Employer Benefits
Save money on healthcare costs by using pretax dollars.	Maximize your healthcare benefits package while taking steps to hold the line on healthcare costs.

How the plan works...

Eligibility

Employers must also offer group health coverage that complies with current ACA requirements, in order to offer this account. Employees must meet the eligibility requirements of the employer's plan to be eligible to participate.

Self-employed individuals (partners, sole proprietors, more-than-2% shareholders in a sub-chapter S Corp and independent contractors) are ineligible to participate.

Enrollment

Eligible employees typically enroll during the annual enrollment period. Mid-year enrollments are possible when eligibility requirements (ex. new hire or qualifying event) are met. Once enrolled, a participant can only stop participating mid-plan year if there is a qualifying event.

Funding

Healthcare Premium (NESP) Reimbursement accounts are funded by employees.

Contributions

- No federal maximum limit on contributions, but employers can set limits
- Contributions are tax-free
- Money In/Money Out - participants can only be reimbursed for expenses up to the amount they have contributed into their account and currently have available. Scheduled contributions are placed into MyCash, and then the participant can spend as they become available.
- Employee contributions only
- Employers may only contribute if the account is designed to have significant salary reductions by participants
- Participants may increase, reduce, or revoke their salary reduction election to coincide with the cost of their individual insurance plans under the automatic cost change event

Eligible Expenses

Healthcare Premium (NESP) Reimbursement accounts reimburse healthcare premiums.

Eligible premiums:

- Health/Dental insurance for employee, spouse, or dependent
- Disability insurance
 - Benefits received are taxable when premiums are paid pre-tax
- COBRA premiums
 - Participant must no longer be employed by the company sponsoring the insurance
- Health insurance that may be deducted from retirement benefits through a previous employer
- Dreaded disease insurance - without a premium refund feature
- Medicare Part B, D, or Medicare supplement premiums
 - Employer must not be subject to Medicare Secondary Payor rules

Ineligible premiums:

- Federal/State Exchange program
- Policies that defer compensation
 - e.g., cancer and hospital indemnity policies with a premium refund feature
- Long-Term Care insurance
- Health coverage provided by another employer
 - spouse or dependent's insurance premium through their employer
- Individual life insurance policies
- Medicare Part B, D, or Medicare supplement premiums
 - If employer is subject to Medicare Secondary Payor rules

Verification and Requests

Participants can use their TASC card or request a reimbursement online, through the mobile app, or via paper form (mail or fax).

Plan Design Options – Summary Plan Description (SPD) Required

Money not used at the close of the plan year is forfeited to the plan. Grace Period and Runout are elected by the employer.