



Benefits Administration Letter

Number: 16-303

Date: May 2016

Subject: FSAFEDS Program: Announcing A New Third Party Administrator

Purpose

The U.S. Office of Personnel Management (OPM) has selected a new contractor, WageWorks, Inc., to administer the Federal Flexible Spending Account Program (FSAFEDS). The effective date of the contract was March 1, 2016. Transition activities are underway and will continue until WageWorks, Inc. assumes full administration of FSAFEDS in the Fall of 2016. The new third party administrator of the program, WageWorks, is located in San Mateo, California. The reserve account for the FSAFEDS Program will continue to be maintained by OPM.

As described below under Specific Billing Invoice Information, ***beginning with the October 2016 FSAFEDS invoices***, WageWorks will send out two separate invoices twice a year to the participating agencies. One invoice will be for the Reserve Account Fee; agencies must pay the Reserve Account Fee directly to OPM. The other invoice will be for the contractor administrative fees; agencies must pay the contractor administrative fees directly to WageWorks. Both the payable-to-OPM portion and the payable-to-WageWorks portion will be in the invoice packages you receive from WageWorks twice a year.

Please note: fee amounts may change from year to year for the Reserve Account and WageWorks. You will be notified of any changes when information becomes available.

Background

Section 1127 of the National Defense Authorization Act for 2004 (P.L. 108-136) requires agencies to pay fees associated with employee participation in FSAFEDS. When an agency is presented with an invoice from WageWorks for employee fees, the agency must pay that invoice pursuant to P.L. 108-136 in a timely manner as required by the Prompt Payment Act (P.L. 97-177).

The cover sheet of the contract OPM executed with WageWorks to administer FSAFEDS and section 1127 are the only documentation that agencies need for paying FSAFEDS invoices. Interagency agreements and purchase orders are not accepted for payment. If you would like a copy of the contract cover sheet, please email the OPM FSAFEDS office at FSA@opm.gov using "WageWorks contract cover sheet" as the subject. We will email you the contract cover sheet.

The current agency fee is \$2.53 per participating employee per month for HealthCare Flexible Spending Account (HCFSAs), Limited Expense HCFSAs and Dependent Care Flexible Spending Account (DCFSAs). OPM is buying down these fees, and participating agencies in the FSAFEDS program are currently paying the following fees:

- Reserve Account Fee:
 - \$.25 per participating employee per month, placed in reserve to help cover the risk of overpayments associated with HCFSAs and Limited Expense Flexible Spending Account (LEX HCFSAs) and to pay BENEFEDS for the payroll processing functions associated with FSAFEDS;

- Contractor Administrative Fee:
 - \$.70 per participating employee per month for HCFSAs and Limited Expense HCFSAs; and
 - \$.70 per participating employee per month for DCFSAs.

- As noted above, these fees may change from year to year.

Specific Billing Invoice Information

WageWorks provides an invoice package to each participating agency twice per year.

The first invoice package, sent in February/March, includes (as of the cut-off date for the invoice):

- employees who enrolled during Open Season and are actively participating in FSAFEDS.
- employees with approved late enrollments after Open Season and are actively participating in FSAFEDS.

The second invoice package sent in October includes (as of the cut-off date for the invoice):

- new and eligible employees who enrolled subsequent to Open Season and are actively participating in FSAFEDS.

Please note that invoices are billed for participating employees based on their original effective date, regardless of when WageWorks received their first allotment.

Each invoice package contains supporting documentation for sub-agencies, bureaus, etc., as reflected on the enrollment screen options through the FSAFEDS website. Agencies are responsible for coordinating payment with any applicable sub-agencies.

If you have questions about the billing process, the impact on past-due invoices or billing information, please contact WageWorks directly via email at FSAFEDSBILLING@wageworks.com or by calling Norma Valencia at (650) 577-5336.

Current Payment Procedures

Part Payable- to-OPM

Agencies must continue to pay the Reserve Account Fee described earlier, as indicated on the invoice, directly to OPM.

Agencies must transmit an Intra-Governmental Payment and Collection (IPAC) system transaction to OPM using the following IPAC parameters:

Office of Personnel Management

Agency Location Code: (ALC) 24-00-0002

Treasury Account Symbol: (TAS) 024X0800

Standard General Ledger: (SGL) Debit 1010 and Credit 5405

Business Event Type Code: COLL

Federal Account: (F)

Description: WageWorks Invoice Number (insert the number printed on the invoice)

Point of Contact: Include the name and email address of the person who's familiar with paying the FSAFEDS fees.

If you are unable to use the IPAC system, you must email Finance@opm.gov and request OPM's banking information to remit the funds via Electronic Funds Transfer (EFT). The EFT system of payment can **only** be used by those agencies unable to process an IPAC. You are required to report both the IPAC and EFT remittance as an Intra-Governmental Elimination transaction.

Payable-to-WageWorks

Agencies must continue to pay the Contractor Administrative Fees described earlier directly to WageWorks electronically, using the payment information on the invoice.

If you have any questions regarding the payment process, please send an email to Finance@opm.gov. You may also call us at (202) 606-0606. If there are questions about WageWorks, please send an email to FSA@opm.gov.

Sincerely,

Kolo Babagana
Acting Associate Chief Financial Officer
Financial Services