



2016

**Public Employees Benefits
Board (PEBB)**

**Dependent Care Assistance
Program (DCAP) Enrollment Guide**

How you can use your pre-tax earnings
to pay for qualifying child care or elder care expenses

Email: customerservice@naviabenefits.com

Fax: (425) 451-7002 or toll-free (866) 535-9227

Customer Service Line: (425) 452-3500 or (800) 669-3539

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How to contact Navia Benefit Solutions

Business hours: Monday – Friday, 5am – 5pm (PST)

Phone: 1-800-669-3539

Email: customerservice@naviabenefits.com

Fax: 425-451-7002 or toll-free fax: 1-866-535-9227

Mail: Navia Benefit Solutions, P.O. Box 53250, Bellevue, WA 98015

Who is eligible and how can the Dependent Care Assistance Program (DCAP) help me?

The Washington State Health Care Authority (HCA) contracts with Navia Benefit Solutions (formerly Flex-Plan Services) to manage the Dependent Care Assistance Program (DCAP), process claims, and provide customer service for Public Employees Benefits Board (PEBB) enrollees. The DCAP program is available to employees eligible for PEBB benefits who work at state agencies, higher education institutions, and community and technical colleges as described in Washington Administrative Code (WAC) 182-12-114. A link to WAC is available at www.hca.wa.gov/pebb under PEBB Rules and Policies.

DCAP is an employer-sponsored benefit that enables you to set aside money from your paycheck on a pre-tax basis to help pay for qualifying child care or elder care expenses while you attend school full-time, work, or look for work. Eligible expenses include elder day care, babysitting, day care, preschool, and registration fees. Here are some of the ways you can benefit from participating in DCAP:

- DCAP contributions are limited to:
 - \$5,000 annually for a single person or married couple filing a joint income tax return;
 - \$2,500 annually for each married participant who files a separate income tax return; and
 - The total amount of your contribution cannot be more than either your earned income or your spouse's earned income, whichever is less. Earned income means wages, salaries, tips, and other employee compensation plus net earnings from self-employment.
- A qualifying dependent must live with you and must be 12 years old or younger. A person age 13 or older only qualifies if that person is physically or mentally incapable of self-care and regularly spends at least eight hours each day in your household. The care must be provided during the hours the parent(s) work, look for work or attend school.

How does it work?

- Enroll in the DCAP for an annual amount based on your estimation of services. (See deadlines for enrolling under "When can I enroll?" below.)
- Your election amount is divided by the number of pay periods you receive in the year. Deductions are taken equally from each regular paycheck and deposited into your dependent care account, administered by Navia Benefit Solutions.
- You cannot change your election after the plan year starts unless you experience a special open enrollment event (qualifying event). Common qualifying events include birth, death, adoption, marriage, or divorce. Your election change must be consistent with the qualifying event. (See "When can I make changes?" for details.)
- The account comes with a "use-it or lose-it" rule. This means you must incur services and use all elected funds by December 31, 2016.
- You must submit your claims to Navia Benefit Solutions no later than March 31, 2017. If you don't file claims by that date, per IRS regulations, you will forfeit any money left in your account to the plan administrator, the HCA. Once the money is forfeited, you will not be able to claim it. (See "How do I get reimbursed?" for details.)

When can I enroll and how do I submit my enrollment?

Deadlines for submitting your form to enroll in the DCAP are as follows:

- No later than 31 days after the date you become eligible for PEBB benefits.

- No later than the last day of the PEBB annual open enrollment period, November 1-30, 2015.
- No later than 60 days after you or an eligible family member experiences an event that creates a special open enrollment during the plan year. Follow submission instructions on the form. (See "When can I make changes?" for details.)

For each new plan year, you must enroll or reenroll in DCAP to participate. Your participation does not automatically continue from plan year to plan year. To continue participating, your enrollment form must be received before November 30, 2015. You can enroll online or download and print the form at <http://pebb.naviabenefits.com>. Follow the instructions on the form or check with your employer on the preferred method of enrollment.

When does my benefit coverage begin?

- If you enroll during PEBB's annual open enrollment period (November 1-November 30), your DCAP coverage is effective January 1, 2016 through December 31, 2016.
- If you enroll at any other time, enrollment begins the first of the month following the date the form is received by your personnel, payroll or benefits office. If that day is the first of the month, the enrollment begins that day.
- If enrollment is due to birth, adoption or assuming legal obligation for total or partial support in anticipation of adoption, enrollment or change in election is effective the first day of the month of the birth, adoption or assuming legal obligation.

What are eligible dependent care expenses?

Commonly claimed expenses include before-and-after-school-care, a babysitter, day care or a general purpose day camp. Care can be inside or outside your home. The main purpose must be the qualifying person's well-being and protection while you and your spouse, if married, are working or attending school.

A qualifying dependent must live with you and must be 12 years old or younger. A person age 13 or older only qualifies if that person is physically or mentally incapable of self-care and regularly spends at least eight hours each day in your household. The care must be provided during the hours the parent(s) work, look for work or attend school.

Children's preschool may be included if your child is not in kindergarten or a higher grade. Registration fees for day care are eligible for reimbursement after dependent care services begin. Out-of-home care must comply with all federal and state requirements.

Here are some of the most common eligible expenses:

- **Au Pair:** The costs relating to an au pair for the care of a child are reimbursable.
- **Babysitter:** As long as the caregiver is not a dependent or spouse of the participant.
- **Before- and after-school care.**
- **Day camp:** Only the cost for the child to attend the camp is eligible. Overnight camps are not eligible.
- **Child care by a relative:** The care provider cannot be a parent of the child, a dependent on your tax return or your child under the age of 19.
- **Deposits:** As long as the deposit is for day care services provided within the plan year the claim is being filed; and the service has been provided. Prorating may be necessary for those services that extend from one year to another.

- **Elder Care:** Costs relating to the care of a dependent adult who is unable to care for themselves will qualify only if: 1) such expenses are not attributable to medical services; 2) the elderly person is a qualifying individual; and 3) in the case of services provided outside the employee's household the person still regularly spends at least eight hours each day in the employee's home. Elder day care will often qualify, but 24-hour care in a nursing home will not. A Letter of Medical Necessity (LMN) is required to provide proof that the dependent adult is physically or mentally incapable of self-care.
- **Care of Child Incapable of Self-care:** Children 13 and over incapable of self-care will be subject to restrictions as listed above under Elder Care (must spend at least eight hours a day in the home, etc.). However, qualifying children under the age of 13 incapable of self-care do not need to spend at least eight hours a day in the employee's home. Expenses for such children would still have to meet other requirements that could be affected by the amount of time they spend away from home. Please check with your tax advisor or IRS publications 501 and 503. You must submit a Letter of Medical Necessity (LMN) to provide proof that the dependent child over age 13 is physically or mentally incapable of self-care.
- . For an LMN, go to <http://pebb.naviabenefits.com>.
- **Extended Day Programs:** Activities provided after school, which are primarily custodial in nature.
- **FICA and FUTA taxes:** Paid to a day care provider are eligible.
- **Nanny Fees:** Costs relating to the payment of a nanny for the care of a child are reimbursable.
- **Nursery School/Preschool/Pre-Kindergarten.**
- **Registration Fees:** As long as the registration fee is for day care services that will be provided within the plan year the claim is being filed; and the service has been provided. Prorating may be necessary for those services that extend from one year to another.
- **Sick-child care:** Only if they are enabling the parent to go to work.

Transportation is an eligible expense when the day care provider brings the qualifying family member to or from day care. The expense doesn't qualify when transportation is through someone other than the day care provider.

How does the DCAP work if I am divorced with child(ren)?

Your child(ren) must live with you for more than half of the year in order to be eligible for reimbursements through the DCAP. The parent who has more than 50 percent custody is eligible for the dependent care, regardless of which parent claims the tax exemption.

Which expenses are not eligible?

Expenses for care cannot include your costs for food, clothing, or entertainment. However, if these amounts cannot be separated from the cost of caring for the qualifying person(s), you can include the total cost. Other expenses that **are not eligible** include:

- Child care while you are not at work or attending school.
- Costs for your child to attend kindergarten or a higher grade.
- Camp expenses when your child stays overnight.
- Payments to a person you can claim as a tax dependent on your federal income tax return.
- Payments to your dependent child under age 19.
- Expenses incurred before your effective date of enrollment in DCAP.
- Membership, activity, transportation, or supply fees.
- Day care for a child aged 13 or older who is capable of self-care.
- Enrichment classes or summer school.

- Meals, supplies, transportation costs, uniforms costs, diaper fees, etc.
- Nursing home or long-term care expenses.
- Parents' night out.

How much should I set aside?

Use the worksheet below to help you estimate your dependent care costs. For more help, you can use an interactive tax calculator at <http://pebb.naviabenefits.com>.

Day Care Expenses Estimation Worksheet	
Before/after school care	\$
Elder day care	\$
Preschool	\$
Day care, including summer day camp fees	\$
Annual total	\$

How do I get reimbursed?

Navia Benefit Solutions will send you claim forms when you enroll in the DCAP. Complete and submit a claim form to Navia Benefit Solutions for reimbursement of incurred expenses.

Remember that documentation from your care provider should include:

- Name of the care provider,
- Dates(s) of service,
- Description of the services provided,
- Amount charged for the service,
- Name of the person for whom services were provided,
- You do not have to provide proof of payment with your claim.

Expenses must be incurred while you are an active participant in the DCAP. (See "What happens when employment terminates?") Navia Benefit Solutions will not reimburse any expenses incurred before your effective date of enrollment in DCAP. You may submit claims for incurred expenses whether or not they have been paid, and you can submit a claim form as frequently as you prefer.

DCAP works like a bank account. Reimbursement cannot exceed the account balance and you will not receive reimbursement until after the service has been provided.

Navia Benefit Solutions offers several convenient ways to submit your claim and documentation. Choose one of the following:

- **Online** at <http://pebb.naviabenefits.com>
- **Fax** to 425-451-7002 or toll-free 1-866-535-9227
- **Email:** claims@naviabenefits.com
- **Mail** forms and documentation to: Navia Benefit Solutions, PO Box 53250 Bellevue, WA 98015-3250
- **Mobile App:** you can submit a claim through the MyNavia available on both Google Play and the Apple Store. You can find the app by searching MyNavia or Navia Benefit Solutions.

You may submit recurring DCAP claims through your online profile or by using the DCAP contract. These claim methods are still subject to the above documentation requirements.

If approved, Navia Benefit Solutions will process your claim within a few business days and make an electronic funds transfer into your bank account if you enrolled in direct deposit, or mail you a reimbursement check. If your claim requires additional substantiation, processing could be delayed.

Navia Benefit Solutions will send a quarterly statement showing your account balance to the mailing address or email address you designate when you enroll. It is important to read your statements carefully so you understand how much remains for you to pay for eligible expenses.

What is a day care recurring claim?

It is a claim that is automatically processed according to the interval you designate for your day care costs. You may set up your recurring claim online or by completing a day care services recurring claim form.

“Use it or lose it” and Claim Submission Deadline

The DCAP plan year runs from January 1 - December 31, 2016. All of your eligible DCAP expenses must be incurred by December 31, 2016. You must submit all claims for your DCAP to Navia Benefit Solutions for reimbursement by March 31, 2017. Money left in your account after that date **cannot be refunded and will be forfeited to the plan administrator, the Health Care Authority**. This is referred to as the “use-it or lose-it” rule.

How do I receive information from Navia Benefit Solutions?

You can choose your method of communication. For example, if you provide an email address, statements and other communications will be sent automatically to your email. You may change your method of communications or opt-out of electronic correspondence either online or by contacting Navia Benefit Solutions directly.

When can I make changes?

Similar to other benefits, you can only change your election during PEBB’s annual open enrollment (November 1 – 30) or if you experience a special open enrollment event (qualifying event) such as:

- Marriage, divorce, death of a spouse, legal separation or annulment.
- A change in the number of dependents, including birth, adoption, placement for adoption or death of a dependent.
- Any of the following events for you, your spouse or dependent:
 - Termination or start of employment
 - A strike or lockout
 - Start or return from an unpaid leave of absence
 - Change in worksite, or any other change in employment status that affects eligibility for benefits
- One of your dependents satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance.
- A change in your day care costs, such as a rate decrease or increase, or receiving free day care.
- A change in your need for day care (your spouse loses employment or has a change in work schedule).

If you experience a qualifying event as described above, and need to change or revoke your enrollment in DCAP, contact your personnel, payroll or benefits office to request the *Navia Benefit Solutions Change in Status Form*, or go to <http://pebb.naviabenefits.com> to download and print the form.

Return your completed form to your agency personnel, payroll or benefits office for approval. Unless stated otherwise, your employer must receive the *Change in Status Form* **no later than 60 days** after the qualifying event. Your agency will submit an approved form to Navia Benefit Solutions for processing.

Note: Under IRC sections 125 and 129, it may be necessary for Navia Benefit Solutions to decrease the election amount of certain participants to ensure that the program does not discriminate in favor of highly compensated employees.

What happens if employment terminates?

If you terminate employment during the plan year, you may continue to submit claims for eligible expenses (up to your account balance) through the end of the claims run-out (claims filing period), as long as the expenses for care allow you to attend school full-time, look for work or work full-time. You must submit all claims to Navia Benefit Solutions by March 31, 2017. There are no COBRA rights or other continuation of coverage rules for the DCAP.

How do I appeal a denied claim?

You will receive written notice of any denied claims within seven days of when Navia Benefit Solutions receives the claim. The notice will include the reasons for the denial, a description of any additional information needed to process the claim, and an explanation of the claims review procedure.

You may resubmit your claim to Navia Benefit Solutions with additional information no later than March 31, 2017. If you wish to file an appeal, Navia Benefit Solutions must receive your appeal no later than 30 calendar days from the date the denial was issued.

Your appeal must include:

- A statement outlining why you think your request should not have been denied
- Your employer's name
- The date(s) of the services denied
- A copy of your original claim
- A copy of the denial letter you received
- Any additional documents or information that supports your appeal

Navia Benefit Solutions will send you a written notice of the resolution of your appeal within 30 days. Appeals are approved only if the extenuating circumstances and supporting documentation are within IRS regulations and the document that governs the PEBB DCAP.

To file a first-level appeal with Navia Benefit Solutions, use one of the methods below:

Email: claims@naviabenefits.com

Fax: 425-451-7002 or toll-free 1-866-535-9227

Mail: Navia Benefit Solutions, PO Box 53250, Bellevue, WA 98015

If you receive a denial of your appeal from Navia Benefit Solutions and you disagree with that decision, you may submit a second-level appeal to the PEBB Appeals Committee as described in Washington Administrative Code 182-16-036.

You must file both level one and level two appeals by submitting a written request by email, fax, or mail. Indicate in the appeal whether it is a first-level or second-level appeal.

To file a second-level appeal with the PEBB Program, please include a copy of the denial notice you received from Navia Benefit Solutions along with any supporting documentation. The PEBB appeals manager must receive your notice of appeal no later than 30 calendar days after the decision notice of your appeal from Navia Benefit Solutions. You may complete and submit the *Request for Review/Notice of Appeal* form, which is available at www.hca.wa.gov/pebb.

You may send the form to:

PEBB Appeals
Attn: Appeals Manager
Health Care Authority
P.O. Box 42699
Olympia WA 98504-2699

You also may send your appeal by fax to: 360-725-0771.

If the PEBB Appeals Committee affirms Navia Benefit Solutions' denial and you disagree with that decision, you may request review by administrative hearing as described in WAC 182-16-050. The PEBB appeals manager must receive your written request for an administrative hearing no later than 30 days after the PEBB Appeals Committee's decision on your appeal. To request an administrative hearing, submit a letter to the address listed above.

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