

Public Agenda Item #15f

Review, Discussion and Consideration of the
Texas Employees Group Benefits Program for Fiscal Year 2017:

TexFlexSM Program Proposed Fees and Rates

May 17, 2016

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TexFlex Program

Background



- Funded by pre-tax salary contributions from participants.
- Reimburses participants for qualified expenses.
- Offers three (3) benefit options:
 - Flexible Spending: Health Care Reimbursement
 - Flexible Spending: Dependent Care Reimbursement
 - Commuter Spending Account Plan

TexFlex Program

Health Care and Dependent Care Reimbursement Plans



Enrollment and Contribution Elections

Fiscal Years Beginning 2015 and 2016

Account Type	Enrollment (#)			Contribution Elections (\$)		
	FY 2015 Enrollment	FY 2016 Enrollment	Change in Enrollment (%)	FY 2015 Contribution Elections**	FY 2016 Contribution Elections**	Change in Elections** (%)
Health Care Reimbursement Plan	51,760	49,372	-4.6%	\$66,047,108	\$65,531,978	-0.8%
Dependent Care Reimbursement Plan	4,404	3,902	-11.4%	\$15,178,206	\$14,504,241	-4.4%
Participation in Both Plans	-2,822	-2,618	-7.2%			
TOTAL* (Participants)	53,342	50,656	-5.0%	\$81,225,314	\$80,037,219	-1.5%

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TexFlex Program

Health Care and Dependent Care Reimbursement Plans



- Plan Rates and Fees:
 - ERS enacted an administrative fee holiday
 - TexFlex branded debit cards made available at no additional costs
- Premium conversion:
 - Generated approximately \$40 million in FICA tax savings in FY 2015
- Plan Forfeitures:
 - Declining and anticipate a continuing decline due to \$500 carryover

TexFlex Program

Commuter Spending Account



- Enrollment and Contributions:
 - Month-to-month benefit, allowing participants to enroll, change election or disenroll on a monthly basis
 - No mandatory “use it or lose it” rule, therefore unused balances are rolled to the next month
 - TexFlex debit card is used to pay for parking and transit expenses; paper claims are allowed for qualified parking expense
 - As of March 2016, there were 19 participants enrolled in the parking benefit and 128 participants in the transit benefit

TexFlex Program

Staff Recommendation



- ERS maintains a balance of funds that is more than adequate to cover the TexFlex programs administrative costs. Therefore, staff recommends the Board approve an administrative fee holiday for TexFlex participants for FY 2017.
- As a new offering, CSA does not have any fund balances to offset the administrative cost of the CSA program.
 - Participants will continue to pay a monthly administrative fee of \$3.00.

Questions?