



Benefits Administration Letter

Number: 04-802

Date: July 20, 2004

Subject: FSAFEDS -- Agency Process for Paying Employee Fees for the Federal Flexible Spending Account Program

Background

After a competitive procurement process, SHPS, Inc., located in Louisville, Kentucky, was selected by the Office of Personnel Management (OPM) to administer a flexible spending account program (known as FSAFEDS) on behalf of the Executive Branch and those entities of the Judicial and Legislative Branches that elect to participate in the FSAFEDS Program.

The National Defense Authorization Act for 2004 (P.L. 108-136) requires that agencies pay the administrative fees associated with employee participation in flexible spending account programs. Therefore, when an agency is presented with an invoice from SHPS for their employees' administrative fees, the agency must pay that invoice consistent with both OPM's contract with SHPS and P.L. 108-136. Agencies must pay SHPS directly for the fees; there is not an interagency agreement.

Attached to this Benefits Administration Letter is a copy of section 1127 of P.L. 108-136 which is the pertinent section mandating agencies to pay the FSAFEDS administrative fees on behalf of their employees, as well as the cover sheet of the contract OPM executed with SHPS to administer the FSAFEDS Program. This provides all information and documentation necessary for an agency to pay the FSAFEDS administrative fees invoices.

Agencies may also refer to BAL 04-801, The Federal Flexible Spending Account (FSA) Program: 2004 Administrative Fees, for further information on the fee structure at <http://www.opm.gov/asd/htm/2004/04-801.asp>

Specific Billing Invoice Information

SHPS will provide an administrative fee invoice to each participating agency twice per year. The first invoice is sent in March, accounting for:

- Employees who enrolled during Open Season and have had an allotment taken for FSAFEDS;
- Employees who enrolled with approved belated enrollments after the Open Season and have had an allotment taken for FSAFEDS; and
- New and newly eligible employees who enrolled subsequent to Open Season and have had an allotment taken for FSAFEDS.

SHPS will prepare the invoices using data "as of" March 20th and October 20th of each year. It is also important to note that the invoices will bill for each participant as of their original effective date, regardless of when SHPS received their first deduction.

The second invoice is sent to each participating agency in October, accounting for those participants who enrolled in FSAFEDS or had their enrollment confirmed through allotments after the March invoice was produced.

Each participating agency will receive one invoice, with supporting documentation for sub-agencies, bureaus, etc., as part of the master invoice. This documentation will provide sub-agency enrollment information as reflected on the enrollment screen options through the FSAFEDS web site. Agencies are responsible for coordinating payment with any applicable sub-agencies and providing one payment to SHPS. Agencies may choose to receive their invoice in the following formats (a sample of each format is attached to this BAL):

- PDF Summary (without participant listing)
- PDF Detail (with participant listing, including: name, last four digits of participants' social security numbers (SSN), type of account and amount of annual elections)
- Spreadsheet Detail (Microsoft Excel format, contains same data elements as PDF Detail format)

NOTE: Per the Health Insurance Portability and Accountability Act (HIPAA), the PDF Detail (with participant listing) format does not contain full social security numbers.

Should an agency need more detailed billing information, e.g., full SSN for each participant (available in Microsoft Excel format), they can contact SHPS via email at FSAFEDS-Billing@shps.net, or by calling Jason Tackett at (502) 297-5361. Data will be provided via a secure delivery method. Payment can be accepted via the following methods:

Check	Make checks payable to: SHPS, Inc. Mail check to: SHPS, Inc. - Finance A/R 11405 Bluegrass Parkway Louisville, KY 40299
Automated Clearing House (ACH) Transfer	Contact rhonda.payne@shps.com - 502-420-5490 for SHPS account information
Wire Transfer	Contact rhonda.payne@shps.com - 502-420-5490 for SHPS account information

Please note that credit card payments are not accepted.

Prompt payment is expected, and should be remitted within 30 days. The invoice is subject to the Prompt Payment Act. If payment is not received by the due date on the invoice (within 30 days), interest will accrue as outlined in the Prompt Payment Act.

Please direct any billing questions you may have via email to FSAFEDS-Billing@shps.net, or via phone call to Jason Tackett at (502) 297-5361. SHPS will respond to all emails within one business day.

Frank D. Titus
Assistant Director
for Insurance Services Programs

Attachments:

- Attachment 1: Section 1127 of Public Law 108-136
- Attachment 2: Cover sheet of the OPM-SHPS contract
- Attachment 3: Invoice Summary
- Attachment 4: Invoice Detail PDF
- Attachment 5: Invoice Detail Excel
- Attachment 6: Invoice Detail Excel Full