Dear ECFC member,

Allow me to thank each of you for your membership with our organization, ECFC. The dedication, involvement, and effort from each of our members ensures the success of employer-sponsored benefit programs. It is the true leaders in this industry who promote and protect these programs, and those leaders can be found throughout our membership.

The success of our 31st Annual Conference in March demonstrated the drive and passion of our membership as we hosted the session in our nation's capital: Washington, D.C. Read more about the conference in the article from ECFC Conference Chair Habeeb Habeeb. Another amazing aspect of the conference was that the Supreme Court was hearing arguments on the constitutionality of the individual mandate during our meeting. Between the visits of our members with their Congressional members and staff on Capitol Hill (32 office visits in one day!) and the Supreme Court hearings, there was no other place on earth more exciting than Washington, D.C., in March.

If you missed the conference and the opportunity to have your voice heard, check with your peers to hear their views of the conference. It is vital that we continue our efforts and our battle to defend our tax-advantaged accounts, and there is no better place to take the battle than to Washington, D.C. Read more about the legislative efforts in the article from ECFC Legislative Chair John Hickman.

You will want to mark your calendar for **August 15-17, 2012**, for the Flexible Benefits Administrators' Symposium in Chicago, Ill. For more details on the conference, click here. With the Supreme Court's ruling expected in June, ECFC's programs will be uniquely timed to provide insight and guidance to everyone in the consumer-directed healthcare arena. Our relevant and engaging sessions will provide vital information on important topics.

We welcome your feedback, and if you have an idea for a session, please contact ECFC Executive Director Natasha L. Rankin at nrankin@ecfc.org or 202-659-4300.

At the end of May the ECFC Board will be holding a strategy session to discuss the direction and mission of our organization and to insure that we continue to focus our efforts and priorities in the most effective manner in the midst of these changing times. Look for more information during the Administrators' Symposium.

ECFC is your organization, so please contact any one of the Board members or our new Executive Director Natasha Rankin if you would like more information about these sessions or have any feedback for us.

We are so pleased to have Natasha as a part of our team. I invite you to get to know a little more about Natasha by reading the article about her included in this issue.
Again, thank you for your support, your leadership, and your involvement. We look forward to your continued assistance and participation as we navigate through our ever changing regulatory, legislative, and political environment.

**ECFC Welcomes New Executive Director**

With 15 years experience successfully engaging international, national, and community leaders, Natasha Rankin, ECFC's new executive director, brings her expertise in collaborative executive leadership, external advocacy, innovative programming, and partnership and business development to the Employers Council on Flexible Compensation.

"As the only organization that solely focuses its efforts on maintaining and expanding tax-advantaged employee benefit programs, ECFC has the opportunity to play a unique and valuable role in today's evolving consumer-directed healthcare environment. I am excited to be part of the flexible compensation industry with members who are committed to being thought-leaders and influence-makers."

Before joining ECFC in March 2012, she served for more than five years as executive director of the General Federation of Women's Clubs, a membership organization of more than 100,000 community leaders dedicated to encouraging volunteer service. Under Natasha's leadership, GFWC experienced significant growth in its business development, partnerships, coalition building, and advocacy initiatives and emerged as a "go to" organization for community volunteers.

Prior to her work with GFWC, where she also served as director of meetings and conventions, Natasha worked at Georgetown University's medical center where she facilitated organizational training and continuing education. Natasha's professional experience further includes positions in investment banking, government relations, and higher education executive recruitment.

Natasha serves on the CEO Advisory Board for the American Society of Association Executives and the Membership Committee of the Association Foundation Group. She is also an active volunteer at her daughter's school and has held a number of board positions for neighborhood, school, and citizens' associations.

Natasha received her bachelor's degree from American University and resides with her family in Washington, D.C. You can reach Natasha at nrankin@ecfc.org or 202-659-4300.

**Annual Conference Wrap-Up**

**Annual Conference Proves Strong on Capitol Hill**

The old adage "timing is everything" couldn't have rung more true at this year's Employers Council on Flexible Compensation (ECFC) Annual Conference, which took place March 28-30, 2012, in Washington, D.C. Policy changes made by the federal government over the past four years have made for turbulent times in the flexible compensation industry. During this time, ECFC has been at the forefront of the issues, educating the nation about the benefits of various account-based plans. So befittingly enough, as 125 ECFC members from 66 companies made their way to the annual conference, the Supreme Court conducted its first round of oral arguments on the constitutionality of the Affordable Health Care Act (AHCA). When ECFC members arrived in the nation's capital, the city was abuzz about legislation impacting the flexible benefits industry.
Members were delighted to hear from Colette Desmarais and John Hoganson with Mehlman Vogel Castagnetti as they presented the "Legislative and Political Update: Outlook for 112th Congress 2nd Session, Elections and Predictions for the 113th Congress," and from John Hickman (Alston & Bird, LLP), who presented the "2012 Legislative and Regulatory Update: Flex in a Post-PPACA World."

Below some of our members had the opportunity to meet with Senator Durbin (D-Illinois) to promote the protection of employer-sponsored benefit programs for the health of employees in the state of Illinois.

Pictured above are Kim Tippens, Lindsay Luth and Karen Frost (Aon Hewitt) with Senator Durbin (D-IL) and Allen Wishner (Flexible Benefit Service Corporation).

This year's conference, with the theme "Advocacy, Advancement, and Action," was designed to help participants take action to reform the Affordable Health Care Act (AHCA) and other legislation impacting our industry with face-to-face meetings with members of Congress and their staffers. In a single day, 91 ECFC members descended on Capitol Hill to meet with legislators and their staffers to make our stance known on important issues. Our two main asks were 1) consideration of transit benefit parity, and 2) removal of the use-it-or-lose-it provision in FSAs.

Attendees also participated in sessions with legislative and regulatory panels that provided background and guidance on what current regulations mean for business, and how all this might change under pending legislation and a Supreme Court ruling on PPACA. Congressman Peter Roskam (R-6th IL), chief deputy majority whip for Republican leadership and a member of the prestigious House Ways and Means Committee, provided his thoughts on issues that will come before Congress over the next several months, insight on the oral arguments in front of the Supreme Court, and outlook on the upcoming elections. The conference wrapped up with a final session presented by the ECFC Technical Advisory Committee, which delved into many pressing issues within the healthcare industry and brought updates to attendees.

We would like to give a special thank you to all the attendees and guest speakers who contributed to this year's conference. Please join us in thanking our conference sponsors: Aflac, DataPath, Evolution1, First Data, FIS, MasterCard, TSYS Healthcare, UMB Healthcare Services, Visa, and WiredCommute.

Legislative Updates/Priorities

**IRS provides cost-of-living adjustments and contribution amounts for 2013**

IRS Revenue Procedure 2012-216 provides the 2013 inflation adjusted amounts for Health Savings Accounts (HSAs) as determined under SS223 of the IRC, including an increase in the minimum deduction amounts to $1,250 for single and $2,500 for families and an increase of the contribution limit amounts to $3,250 for self and $6,450 for families. To read the full document, click [here](#).
Constitutional or Not: Affordable Care Act Creates Turbulent Times for Account Based Plans

Employers big and small continue to turn to consumer oriented account-based plans (FSAs, HRAs, and HSAs) to help address increasing health care costs. Now, more than two years after the passage of health care reform, a number of looming Affordable Care Act (ACA) deadlines, and mandates must be addressed in order for such plans to continue in compliance. While many of us hope that the ACA will ultimately be found to be unconstitutional, we highlight several of these compliance issues below (just in case).

Most flexible spending arrangements (FSAs) are excepted benefits (as defined under HIPAA regulations) and thereby avoid the more troublesome aspects of the ACA. FSA plan sponsors and administrators are well equipped to handle the prescription requirement for OTC drugs, the $2,500 cap for FSA salary reductions, and eligibility issues for children up to age 26. Indeed, there is even a bit of potential “good news” for health FSAs in that the agencies are giving careful consideration to allowing some funds to carryover (and not be subject to use-it or lose it) due to the ACA’s $2,500 cap.

Likewise, FSAs that are excepted benefits avoid the onerous summary of benefits coverage (SBC) requirement and salary reduction FSAs will generally be exempt from the W-2 reporting requirement. The biggest issue for excepted benefit FSAs continues to be the uncertain impact of the so-called “Cadillac tax” in 2018.

In addition, certain FSAs that fail to qualify as HIPAA excepted benefits (e.g., because they extend coverage to a broader “footprint” of employees than primary health coverage or are funded by non-matching/non-cashable employer credits of over $500) are subject to the full panoply of ACA mandates.

Health reimbursement arrangements (HRAs) have a significantly greater compliance burden under the ACA if they fail to qualify as HIPAA excepted benefits.

For this purpose, only a small percentage of HRAs will qualify as excepted benefits - i.e., HRAs restricted to retirees only, or HRAs that reimburse solely vision or dental coverage. General purpose HRAs will generally be subject to all of the ACA requirements.

Most troublesome is the ACA’s prohibition on annual or lifetime benefit caps. The Employers Council on Flexible Compensation (ECFC) has commented to the agencies that the annual cap prohibition should not apply as an HRA account balance is not the equivalent of an annual benefit cap.

Unfortunately, the agencies seem to have taken a less favorable view including HRAs generally, but clarifying that HRAs that are linked to or otherwise integrated with compliant coverage can continue. Stand-alone HRAs (other than HIPAA excepted benefits) will generally be subject to the prohibition on caps. In this regard, it should be noted that current regulations provide an apparent exception from the cap prohibition for any HRA that satisfies the definition of a “flexible spending account” under IRC Section 106(c). This means that an HRA that has a maximum benefit of less than five times the annual COBRA cost of such coverage may be exempt from the annual cap prohibition.

HRAs also must begin compliance initiatives with a host of additional ACA requirements including:

- external review obligations for HRAs that make medical judgment decisions;
- first dollar coverage for preventive care mandates, including possibly funding contraceptive benefits for exempt religious plan sponsors;
- reporting and disclosure requirements including the summary of benefits...
coverage and employer creditable coverage reporting;
- payment of CER fees for the 2012 plan year; and
- reinsurance pool assessments beginning in 2014.

HRA benefits will also need to be reported on W-2, upon expiration of the current transition period rule. Finally, like FSAs, HRA benefits must be included for purposes of calculating the Cadillac plan tax.

Health savings accounts (HSAs) avoid many of the regulatory requirements under the ACA because they are not generally considered to be health plan coverage. By way of direct regulation, the ACA did increase the penalty for using HSA funds for non-medical purposes to a 20 percent excise tax (plus applicable income taxes) and requires a prescription for OTC drugs. More dramatically, however, is the potential for collateral damage to HSA viability as a result of ACA’s regulation of the underlying high deductible health plan (HDHP) coverage, especially in the fully insured market. Some of this concern has been allayed recently when the agencies indicated that a portion of an employer’s contribution (but not salary reductions) to an HSA could count toward the actuarial valuation requirements for the underlying HDHP plans.

Finally, as with FSAs and HRAs, in 2018, employer contributions to an HSA (likely including salary reductions) must be counted for purposes of the Cadillac tax.

Undoubtedly the ACA has made the administration of account-based plans more complex. Nonetheless, employer interest in such arrangements will continue to increase, perhaps dramatically, if the ACA is found to be Constitutional.

Be sure to join us in August at the ECFC Administrators’ Symposium in Chicago, as we provide a timely update you will not want to miss. For more information go to www.ecfc.org.


Certification Programs

Become a leader and develop your skills, knowledge, and expertise through ECFC’s certification programs.

Want to set yourself apart from the competition?
ECFC’s certification programs will give your employees the opportunity to become knowledge leaders in the flexible benefits industry and to earn designations that set them and your company above the competition.

Need to stretch your training budget?
ECFC’s designations are an investment that will help you improve your bottom line by effectively training new hires right in your own office. Sessions will also be offered at the 25th Annual Flexible Benefit Plan Administrators’ Symposium, August 15-17, 2012, in Chicago, Ill. Symposium attendees will have the opportunity to take exams at 50 percent off the regular registration fees in the week following the conference.

Short on time?
ECFC’s certification programs offer tools to assist busy supervisors in training new and existing employees on flexible benefit plan topics.

For more information on ECFC certification programs, click here.
Coming Soon! New Advanced Certified in Flexible Compensation (ACFC) for CFC and CFCI's looking to further their educational advancement. This new designation will be offered first at the 25th Flexible Benefit Administrators’ Symposium this August. Be part of the charter class to obtain the new designation! Watch for details on course offerings to be released soon.

Candidates for each of the ECFC certification programs have the option to complete a self-study course or attend sessions in person at the Administrators’ Symposium. In person seminars and the study courses are formatted in a “teach-to-the-test” format. For each designation candidates must pass a multiple choice exam that tests their knowledge on specific flexible compensation practices, regulations, and legislative changes. Successful candidates will be awarded the designation along with a certificate marking their achievement. Recertification requires substantiation of the required continuing education credits every three years and payment of a recertification fee.

For questions, please contact ECFC Education Committee Co-Chair Sue Sieger, CFCI at ssieger@bdgflex.com or (608) 791-3158.

ECFC Congratulates Our Newest Certified Professionals (as of May 8, 2012)

**FCS**
Ryan Backes | TaxSaver Plan
Dory Desart | TaxSaver Plan
Erin Wilcox | TaxSaver Plan

**CFC**
Jill Dodson | WageWorks, Inc.
Candy Jessop | Chard & Snyder Associates, Inc.
Meghan Kuntze | WageWorks, Inc.
Marriam Nouri | WageWorks, Inc.
Clinton Reynolds | WageWorks, Inc.
Denise Robert | WageWorks, Inc.
Danny Ross | WageWorks, Inc.
Sarah Sargent | WageWorks, Inc.
Robin Thrasher | WageWorks, Inc.
Ryan Walton | ADP National Account Services
Mark Whittlesey | WageWorks, Inc.

**CAS**
Connie Gilchrest | Infinisource, Inc.

Networking News

**Habeeb and Williamson Selected as Chairman and Vice Chair of Champaign County, Ill. GOP**

Longtime ECFC member and current Conference Committee Chair, Habeeb Habeeb, was recently elected as chairman of the Champaign County Republican Party. Kristin Williamson, also an ECFC member, was elected as vice chairman. Habeeb is the president and CEO of Benefit Planning Consultants, Inc. based in Champaign, Ill, and Kristin serves as the director of government and public relations. Habeeb has served for the past two years as treasurer of the party and ran unopposed in the election. The ECFC congratulates Habeeb and Kristin on their new roles. We are certain that their community will benefit from the same dedication and enthusiasm that the ECFC so greatly appreciates in Habeeb and Kristin. To read the full article, click [here](#).
ECFC Members Recognized for Innovation
The most respected stamp of excellence in the worldwide prepaid and stored value card industry comes in the form of the Paybefore Awards. This year, several ECFC members were honored in the 2012 Paybefore Awards. Winners included:

**The Bancorp Bank & FIS Payment Solutions Group | Paylution Visa Prepaid Card**  
Best Prepaid Incentive, Reward, Rebate or Loyalty Program

**Edenred | Commuter Check Card Prepaid MasterCard**  
Best Employee Benefit/Transit Prepaid Program

**Evolution1 and Visa | Health SolutionsPlus**  
Best Healthcare/Health Benefits Prepaid Program

**First Data and MasterCard Worldwide | Google Prepaid Card**  
Most Innovative Prepaid Program  
Best Virtual, Digital or Mobile Prepaid Application

**First Data | Money Network MasterCard Paycard**  
Best Employee Benefit/Transit Prepaid Program

**FIS | Aviva Visa Options Card**  
Best Emergency/Insurance/Non-Government Benefits Prepaid Program

To view all the award winners, click [here](#).

Two William Shorts
Fellow ECFC member, William C. Short, the President and CEO for AmeriFlex is proud to announce the arrival of a bouncing baby boy. Pictured is the proud father with his son, also named William. The new change in status election, William A. Short, was born 4/16/2012, weighed 7lbs 12 oz and was 20 inches long (short).

Membership Focus

We look forward to sharing with you in coming issues of the membership newsletter information on new members. We are excited to provide this new section to help you connect with members that share your interests, are located in your region, or have circumstances similar to your own.