

Important Information for the 2024-2025 Plan Year

Health Care Reform Legislation

ADP TotalSource is committed to keeping you informed regarding Health Care Reform legislation. For more information regarding Health Care Reform provisions that may affect your benefit election choices for you and your family, please refer to the **Health Care Reform Update** flyer located in the Benefits Resource Center at MyTotalSource.com.

Individual Mandate

On December 22, 2017, federal tax reform legislation was signed into law. The tax reform legislation eliminated the penalties associated with the Affordable Care Act's individual shared responsibility provision (also known as the individual mandate), effectively eliminating the federal requirement that individuals maintain qualifying health coverage effective January 1, 2019.

However, please note that the following states have enacted state-based individual mandates:

- California
- District of Columbia
- Massachusetts
- New Jersey
- Rhode Island
- Vermont

Residents failing to enroll in Minimum Essential Coverage in these states may be subject to a tax penalty. Please consult with your tax advisor for further details.

Please refer to the **Health Care Reform Update** flyer located in the Benefits Resource Center at MyTotalSource.com or additional information.

The Summaries of Benefits and Coverage (SBCs) provide information regarding the status of the minimum value level of coverage for each health plan offered to you.

Dependent Eligibility

The Affordable Care Act requires group health plans and health insurance issuers to extend dependent coverage for adult children until age 26. Additionally, several states have passed legislation allowing parents to extend health coverage for their over age dependent children beyond age 26 that meet certain eligibility criteria. Please refer to the **Dependent Eligibility Reference Guide** located in the Benefits Resource Center at MyTotalSource.com for further details.

Tax Treatment of Non-Tax Dependents Benefits Coverage If your enrolled dependent is not a tax dependent as defined by the Internal Revenue Code Section 152, you will be subject to federal and, if applicable, state income tax on the value of the coverage provided to such dependent(s). This value is considered "imputed income". TotalSource will determine the amount of imputed income and will apply the imputed income adjustments to your taxable income periodically during the calendar year as applicable. Please refer to the Dependent Tax Certification Form located in the Benefits Resource Center and the **Non-Tax Dependent Imputed Income FAQ** located in the Benefits Resource Center at MyTotalSource.com for further details.

Tax Treatment of Group Term Life Insurance

Under Internal Revenue Code Section 79, the value (imputed income) of employer-provided group term life insurance coverage in excess of \$50,000 will be included in your income periodically on your paycheck and will be subject to all applicable withholding taxes. For Self-Employed Individuals, the full value of coverage will be considered taxable income, however, the imputed income on the value of coverage up to \$50,000 will be applied once a year in December.

Dependent(s) Social Security Numbers Required for Enrollment

The Centers for Medicare and Medicaid Services (CMS) requires Social Security numbers (SSNs) for health plan subscribers and their dependents in order to comply with Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007. In order to ensure compliance with these reporting requirements, our health insurance carriers require worksite employees to provide SSNs for all covered dependents.

As such, we will be unable to process health plan enrollments for your identified dependents without the required SSN information. ADP TotalSource, as well as each of our health insurance carriers, takes strict precautions to ensure the security of your personal information, including your Social Security number. If you have questions about the security measures your health insurance carrier has in place, please call their Customer Service phone number before completing your enrollment elections.

Summary of Benefits Coverage.

A corresponding Summary of Benefits and Coverage (SBC) is available to view in the online enrollment wizard for each benefit plan offering. Please take time to review your options and the SBCs carefully before completing your online enrollment elections. If you have questions regarding the benefit options available to you, please contact a MyLife Advisor at (800) 554-1802.

Situation-Specific Notices

These notices relate to specific States or circumstances. Please review those relevant to you.

Flexible Spending Account (FSA) Enrollment

The Health Care FSA and Dependent Care FSA let you pay for certain health care and dependent care expenses tax-free. The maximum contribution limits for the 2024-2025 Plan Year are \$3,200 for the Health Care FSA and \$5,000 (\$2,500, if married filing separately) for the Dependent Care FSA, however highly compensated employees are only be permitted to contribute up to \$ 1,500 per Plan Year to the Dependent Care FSA. Please refer to the **Dependent Care FSA Summary** located in the Benefits Resource Center at MyTotalSource.com if you have questions about who is considered a highly compensated employee for this purpose. If you choose to enroll in a High Deductible Health Plan (HDHP) and plan on contributing to a Health Savings Account (HSA) at any time during the 2024-2025 Plan Year, you can only enroll in the Limited Health Care FSA. Please be advised that if your employer does not offer group health coverage then a Health Care FSA will not be offered to you. Also, please note that participation by a Self-Employed Individual (SEI) in the Dependent Care FSA may be further limited by IRS guidelines. Please refer to the **FSA benefit summaries** located in the Benefits Resource Center at MyTotalSource.com for Plan details and SEI participation rules.

Please note that the claims filing deadline for FSA expenses incurred during the 2024-2025 Plan year is July 30, 2025.

High Deductible Health Plan (HDHP) & Health Savings Account (HSA) Offerings

If your worksite employer has elected to include a High Deductible Health Plan (HDHP) benefit option for medical coverage and you enroll in an HDHP, you also have the option of contributing to a Health Savings Account (HSA) through Optum Health Financial Services with convenient pre-tax payroll deductions. Refer to your enrollment material to determine your employers HSA contributions, if any, as well as monthly HSA maintenance fee responsibility.

You may elect to open a health savings account during this enrollment period, or at any time during the plan year, so long as you are enrolled in a HDHP. However, if your worksite employer provides employer contributions, you will not receive worksite employer contributions until your HSA is opened. Any worksite employer contributions for which you were otherwise eligible before your HSA was opened will be forfeited. For information on how to open an HSA through the current ADP TotalSource HSA provider, please refer to the enrollment materials and instructions provided in your enrollment kit and online at www.mytotalsource.com. For more information on HSA please refer to the Benefits Resource Center at MyTotalSource.com.

If you are currently enrolled in an HDHP but you are not electing to continue coverage through an HDHP for the 2024-2025 Plan Year, you are no longer eligible to contribute to an HSA. However, you can still use the HSA funds in your account to pay for qualified medical expenses.



Please refer to the **Health Savings Accounts (HSA) FAQs – Open Enrollment** document located in the Benefits Resource Center at MyTotalSource.com

Federal Regulations do not allow individuals to receive reimbursement for medical expenses tax-free through a Health Care FSA and contribute to an HSA during the same Plan Year. If you choose to enroll in an HDHP and plan to contribute to an HSA at any time during this Plan Year you can only enroll in the Limited Health Care FSA. Only dental and vision expenses may be reimbursed under the Limited Health Care FSA. Please keep this in mind when determining your FSA participation and/or contributions.

Please note there are certain states that tax HSA contributions. In such cases, the amount of your HSA contribution, including any employer contribution, will be included in your income to determine the applicable state and/or local tax withholding amount. Refer to the Summary Plan Description for more details.

Life Coverage Age Reduction & Conversion

If offered to you, basic life insurance and accidental death and dismemberment coverage amounts are reduced beginning at age 65 and thereafter based on the member's age as of June 1 that coincides with or follows the member's birth date. Basic Life and AD&D benefits are **reduced** to 65% age 65-69; 50% age 70-74; 35% age 75-79, 20% age 80-84; 10% age 85-89 and 5% age 90 and above. Depending on your coverage, you may be able to continue your life insurance coverage by converting the portion of the policy that is being reduced to an individual policy in the event you reach the age of reduction or cease to be eligible under the plan. Generally, you must convert to an individual policy within 30 to 60 days of the date you experience a reduction in coverage or cease to be eligible under the Plan. Please contact the life insurance carrier if you want to convert to an individual policy or call a MyLife Advisor at (800) 554-1802 to be referred to the appropriate carrier for conversion information.

Online Commuter Benefits Enrollment

The Online Commuter Benefits Enrollment lets you pay for certain transit-related expenses tax-free. The maximum contribution limits for the 2024-2025 Plan Year are \$315 per month for Parking and \$ 315 per month for Transit fees.

Please note: If you terminate employment, your account will terminate after 60-days. Any remaining contributions will be forfeited.

Self-Employed Individuals

Please note if you are a Self-Employed Individual, including if you are a working dependent of a self-employed individual, there are certain tax rules and regulations which affect the taxable nature of the benefits which you may elect to receive through your employer and ADP TotalSource. Please refer to the

Self Employed Individual (SEI) Benefit Participation Guide located in Benefits Resource Center at MyTotalSource.com for further details.

California Domestic Partner Benefit Availability

In accordance with the California Insurance Equality Act, if you reside in California, your domestic partner and domestic partner's children may be enrolled in the medical, dental, and vision options if you complete the ADP TotalSource **Acknowledgement of Domestic Partnership** document located on Benefits Resource Center at MyTotalSource.com, and supply any supporting documentation requested. The completed documents, and supporting documentation, must be received by the Enrollment Deadline indicated in order for your domestic partner's enrollment to be processed.

Hawaii Employee Notification to Employer (HC-5) The provisions of the Hawaii Prepaid Health Care Act (Chapter 393, Hawaii Revised Statutes) requires that employees waiving health care coverage complete the "Employee Notification to Employer" (Form HC-5) annually. You must complete and return this form to ADP TotalSource if you are waiving health coverage. Please access the form for completion in the **Benefits Resource Center** at MyTotalSource.com.

Vermont Declaration of Health Coverage Form

Vermont law (21 V.S.A Section 2003) requires that employees complete the **Vermont Declaration of Health Coverage** form annually. The purpose of this form is to obtain information regarding your health care coverage. You must complete and return this form to ADP TotalSource whether you enroll or waive health coverage. Please access the form for completion in the Benefits Resource Center at MyTotalSource.com

Massachusetts Requirement to Purchase Health Insurance

The Massachusetts Health Care Reform Law requires each Massachusetts resident, eighteen (18) years of age and older, to have health coverage that meets the Minimum Creditable Coverage ("MCC") standards set by the Commonwealth Health Insurance Connector ("Connector"), unless waived from the health insurance requirement based on affordability or individual hardship. For more information, call the Connector at 1-877-MA-ENROLL or visit the Connector website (www.mahealthconnector.org).

Please note that Massachusetts residents will incur a state tax penalty for each calendar month they are without required health coverage that meets MCC standards unless the resident qualifies for an affordability exemption, as determined by the state of Massachusetts.

Refer to the Benefit Plan Offerings page in this package for the list of health insurance plans being offered to you during this enrollment opportunity along with details regarding whether the health plans meet the Massachusetts Minimum Creditable Coverage standards. If the health plan does not meet MCC standards you should consider making an alternative health plan election in order to satisfy the state health care reform law. **This disclosure is for minimum creditable coverage standards that are effective June 1, 2024.** Because standards may change, review your health plan materials each year to determine whether your plan meets the latest state standards.

If you have questions about this notice, you may contact the Division of Insurance by calling (617) 521-7794 or visiting its website at www.mass.gov/doi.

New York Requirement to Enroll in Health Coverage

New York Insurance Law, Section 4235(c)(1)(A), requires eligible employees to be enrolled in a health plan when their employer contributes 100% for the employee-only coverage tier level of health coverage. An employee, under these circumstances, may not waive health coverage for any reason including if you have an offer of coverage through a spousal group health plan or through the Health Insurance Marketplace.

Please note that this requirement does not apply to self-employed individuals subject to imputed income on the value of their health insurance premium.

Pursuant to the law, ADP TotalSource must automatically enroll any employee who is eligible for a 100% employer contribution for any health plan offering issued out of New York, if they fail to make a health plan election on their own. Such employees will be automatically enrolled in the lowest-cost employee-only health insurance benefit option that is issued out of New York. Dependents will not automatically be enrolled. For further details, please refer to New York Insurance Law - Requirement to Enroll in Health Coverage located in Benefits Resource Center at MyTotalSource.com

Illinois Consumer Coverage Disclosure Act (CCDA) If you work in the State of Illinois and are eligible for group health insurance coverage through ADP TotalSource, you are entitled to receive a written comparison of the covered benefits included in the group health insurance coverage with the essential health insurance benefits required of individual health insurance coverage regulated by the State of Illinois.

You can obtain a copy of this disclosure online at <https://mylife-ts.adp.com/> and by selecting the "Illinois CCDA Notices" from the Benefits dropdown on the top of the page, or you may also contact a MyLife Advisor at (800) 554-1802.