Your Benefits News

Tacoma Employees and Family Members,

Choosing your benefit plans is an important decision for you and your family. This Open Enrollment Newsletter highlights the benefit changes taking place in 2022, and information on how to complete your Open Enrollment elections.

In anticipation of Open Enrollment, we recently emailed you a Benefits Confirmation Statement to help you review your current enrollments, verify the dependents and beneficiaries on your plans and make plans for Open Enrollment. We hope you found this useful.

As a reminder, Open Enrollment is the one special time of year when you can make changes to your plan options and dependents outside of experiencing a qualifying life event (e.g. marriage, birth of a child, loss of other coverage, etc.). Even if you do not wish to make changes to your benefit plan selections or the dependents enrolled on your plans for 2022, we strongly encourage you to review your current information for accuracy. Additionally, if you are interested in enrolling in a Section 125 Flexible Spending Account (FSA) for 2022, you must make a new annual election during Open Enrollment.

If you have questions, or need additional assistance, please contact the Human Resources Benefits Office at benefits@cityoftacoma.org or (253) 573-2345.

Kari L. Louie
Assistant Human Resources Director

YOU MUST COMPLETE OPEN ENROLLMENT
IF YOU WANT TO DO ONE OF THE FOLLOWING FOR 2022:

Add or Remove Dependents
Switch Your Benefit Plan
Participate in the 2022 FSA Benefit

See page 7 for instructions on how to access Employee Self Service (ESS) and complete Open Enrollment.
**Benefit Changes for 2022**

**Medical Plan Changes**

You can visit the Benefits webpage under **Plan Information** to review the summaries for Regence BlueShield (PPO and High-Deductible Health Plans) and Kaiser Permanente (HMO Health Plan). New plan booklets will be available in the first quarter of 2022.

**New Medical ID Cards in 2022**

In compliance with the implementation of federal transparency requirements under the Consolidated Appropriations Act (CAA), beginning January 1, 2022, insurance carriers must disclose, in clear writing, cost-sharing requirements which include plan-specific deductibles and out-of-pocket maximums on insurance identification cards. This information must provide a phone number and website where an individual can inquire about network status. Due to this change, both carriers (Regence BlueShield and Kaiser Permanente) will be making changes to their plan ID cards at the beginning of next year. Your previously issued ID card will work until you receive your new card. Please begin using your new ID cards once you receive them and destroy any previously issued cards.

**Regence BlueShield** will be issuing new member level ID cards for each subscriber and each covered dependent enrolled under the plan. All members who are registered for the Regence secured website can request a copy of their ID card be mailed to them or access a digital version from their computer or their mobile device through the Regence App.

**Computer Access:**
- Login to the Regence BlueShield Secure website at regence.com
- From the home page, click on My Account and select Print or order Member ID cards

**Kaiser Permanente** will only be issuing ID cards to new members enrolled on their plan next year. All members who are registered for Kaiser Permanente’s secured website can request a copy of their ID card to be mailed to them or access a digital version of their ID card from their computer or their mobile device through the Kaiser Permanente Washington App.

**Computer Access:**
- Log in to the Kaiser Permanente Secured website at kp.org/wa
- From your secured home page, click on View Benefits
- The member’s digital ID card comes into view

**Who Can I Cover on my Benefits?**

- **Spouse:** Your current legal spouse.
- **Domestic Partner:** Your grandfathered domestic partner who met the requirements of the City of Tacoma Affidavit of Domestic Partnership and was registered and on file with the City of Tacoma as of December 31, 2016, OR, after January 1, 2017, is registered with the State of Washington under chapter 26.60.030 RCW.
- **Child under age 26:** Your children up to age 26 may include: a natural child, adopted child, or a child legally placed with you for adoption, including a child for whom you have assumed a total or partial legal obligation for support in anticipation of adoption, a stepchild or domestic partner’s child, or a child for whom you have legal guardianship or court-ordered custody.
- **Child age 26 and over:** Your, your spouse’s; or your domestic partner’s otherwise eligible child who is age 26 or over and incapable of self-support because of physical, mental, or developmental disability that prevents the child from establishing or maintaining consistent employment or independence that began before their 26th birthday, if you complete and submit the affidavit of dependent eligibility form, with written evidence of the child’s incapacity, within 31 days of the later of the child’s 26th birthday or your effective date and either:
  - They are a dependent immediately before their 26th birthday; or
  - Their 26th birthday preceded your effective date and he or she has been continuously covered as your dependent on group, individual, or other insurance plan (including public programs) coverage since that birthday.
  - Newly hired employees wishing to enroll an eligible dependent must also be able to demonstrate that the dependent child has been covered on a group, individual, or other insurance plan (including public programs) immediately prior to enrollment on this plan.

**Note:** You are required to contact the Benefits Office immediately to report any dependents on your plans that no longer meet the above definitions.
Tacoma Employee Wellness Program

The 2022 Wellness Incentive Period has Ended

The 2022 incentive period ran from October 1, 2020 through September 30, 2021. A letter was mailed to your home in late October indicating whether you earned the incentive for next year. If you successfully met the requirements, the chart below explains the incentives you will be eligible for based on the health plan you select for 2022. Employees who did not qualify for the incentive, but feel they should have, can submit an Appeal Form to wellness@cityoftacoma.org by December 15, 2021.

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Wellness Credit: $20 per month credit toward the premium contribution for medical insurance coverage under the Regence BlueShield or Kaiser Permanente traditional plan. OR $40 per month credit toward the premium contribution for coverage under the Regence BlueShield High-Deductible Health Plan (HDHP) with a Health Savings Account (HSA).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions to HSA Accounts: Employees who elect the HDHP with HSA plan option will additionally receive contributions to an HSA from the City, which will be prorated per pay period throughout the plan year.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City Contributions With Wellness</th>
<th>City Contributions Without Wellness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Coverage</td>
<td>$1,250/year</td>
</tr>
<tr>
<td>Family Coverage</td>
<td>$2,500/year</td>
</tr>
</tbody>
</table>

Virgin Pulse (VP) Wellbeing Experience

The 2023 incentive period is October 1, 2021 through September 30, 2022.

This is our second year with the VP platform and it offers fun challenges, helpful content, engaging social options, and tools to encourage us to make wellbeing a priority. Most importantly, it allows you to get credit for all of the healthy activities that you already practice! Don’t forget that you can invite family and friends to join along with you. The VP platform goes beyond physical wellness by helping us make healthy, long-lasting behavior changes for more energy, focus, and drive.

Get started today by signing up at join.virginpulse.com/cityoftacoma.

The monthly Wellness incentive/credit will be tied to your participation in the Virgin Pulse Platform. You are encouraged to take advantage of all of the available activities in our new and engaging wellbeing program; however, some of the available activities do not count towards your incentive. To fully understand your requirements to earn the Wellness Incentive for 2023, visit ‘Rewards’ within the Virgin Pulse Platform.

Download the Virgin Pulse app today. Go to the Apple App store or Google Play store to download the app so that all of the VP tools are in one easily accessible place - your smartphone or tablet.

Save time and effort by syncing a device/app. Would you like to spend less time entering activities? Then consider syncing a device or app! This way you will automatically earn points for the healthy, everyday habits that you are already practicing.

Questions? Please visit member.virginpulse.com or wellness.cityoftacoma.org to learn more about the 2023 incentive requirements, sync options, appeals process and other program components.
Flexible Spending Account (FSA)

Annual Contribution Limits

The Health and Dependent Care FSA annual plan limits will remain the same for 2022, pending notification of any changes from the Internal Revenue Service (IRS). Should such changes occur, participants will be notified at that time.

DON’T FORGET: If you want to be enrolled in either FSA plan option for 2022, you MUST enroll each year during Open Enrollment. The IRS requires you to elect these plans annually.

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>2021 Annual Contribution Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care FSA</td>
<td>$2,750</td>
</tr>
<tr>
<td>Dependent Care FSA</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

Temporary COVID-19 Relief for the Flexible Spending Account (FSA) Benefit - Continued in 2022

In December 2020, the Consolidated Appropriations Act, 2021 (CAA) COVID-relief bill was signed into law. This legislation includes several temporary special rules for Health and Dependent Care Flexible Spending Accounts (FSAs) to allow for flexibility with mid-year elections and alleviate the impact of the use-it-or-lose-it provisions. Under this guidance, the City of Tacoma may adopt some, all, or none of these special provisions.

After careful consideration, the City extended the following temporary plan changes for 2021 and 2022:

1. Allow employees to make prospective mid-year elections and election changes related to Health Care FSAs and Dependent Care FSAs during the calendar year 2021 without a qualifying life event; and

2. Extend Health Care FSA Grace Periods to December 31, 2021 (previously, 2020 Health FSA elections could be spent through March 15, 2021 with claims incurred in 2021) and December 31, 2022 (previously, 2021 Health FSA elections could be spent through March 15, 2022 with claims incurred in 2022); and

3. Add Dependent Care FSA Grace Periods to December 31, 2021 (previously, 2020 Dependent Care FSA elections did not have a Grace Period and elections had to be spent by December 31, 2020); and December 31, 2022 (previously, 2021 Dependent Care FSA elections did not have a Grace Period and elections had to be spent by December 31, 2021).

Note: Items #2 and #3 will be automatically implemented for the City of Tacoma Flexible Spending Plan. If an employee had funds left over from their Health or Dependent Care FSA in 2020, any claims submitted in 2021 will be applied to those 2020 funds first to avoid forfeiture. If an employee has any funds left over from their Health or Dependent Care FSA for 2021, any claims submitted in 2022 will be applied to those 2021 funds first to avoid forfeiture.

Employees may make the following Health Care FSA & Dependent Care FSA election changes in 2021:

- Stop the election(s) so that no further salary contributions will be required for the remainder of the year
- Make a new FSA election if none was made during the open enrollment period or without a qualifying life event
- Increase the FSA election amount
- Reduce the FSA election amount

Note: Annual Election changes will be effective the next payroll cycle following the election approval and remain in effect through the end of that calendar year. The revised Annual Election amount is available for reimbursement during the entire 2021 Plan Year, but the change in election for payroll deduction purposes is prospective. Current HSA participants are not eligible to participate in the Health Care FSA but may participate in the Dependent Care FSA.

The legislation does not include FSA account balance refunds. Employers are permitted to limit mid-year changes to amounts no less than amounts already reimbursed. However, FSA elections may be stopped so that no additional salary contributions are required to maintain the FSA account.

Employees should be aware of Dependent Care FSA Grace Period impact:

Dependent Care FSA Grace Period: The addition of a Grace Period to the Dependent Care FSA allows any 2020 funds remaining on December 31, 2020 to be available to incur expenses during the period January 1, 2021 – December 31, 2021 and any 2021 funds remaining on December 31, 2021 to be available to incur expenses during the period January 1, 2022 – December 31, 2022.

IMPORTANT: Dependent Care FSA Grace Period Amounts Count Toward the $5,000 Annual Contribution Maximum. Dependent Care FSA Grace Period amounts carried forward from 2020 to 2021 and from 2021 to 2022 count toward the employee’s maximum dependent care exclusion for the tax year that the amount is carried into. If you had dependent care expenses unused from 2020 and elected the maximum annual contribution for 2021, you may want to consider revising your 2021 election to avoid a tax implication.
Deferred Compensation Plan

Annual Contribution Limits
The Deferred Compensation Plan limits will remain the same for 2022, pending notification of any changes from the Internal Revenue Service (IRS). Should such changes occur, participants will be notified at that time.

How to Make Contribution Election Changes During Open Enrollment
If you are currently enrolled in the Deferred Compensation Plan, you can make increases or decreases to your contributions during Open Enrollment through Employee Self Service (ESS), which will take effect January 1, 2022. However, for changes to contributions outside of Open Enrollment, you can only stop or decrease your amount in ESS using the Allowable Midyear Benefits Changes option. A paper form is required to increase your contribution elections or to newly enroll in the Deferred Compensation Plan (pre-tax option) or Roth (post-tax option). Enrollment forms are located on the Benefits webpage under Benefits Forms.

Benefit Rates in 2022
Although the City will pay more for some benefit plans in 2022, there will be no monthly premium contribution changes for full-time employees. (If you met the 2022 Wellness Program incentive requirements, your employee premium for the health insurance will be reduced. See page 3 for details.)

<table>
<thead>
<tr>
<th>Benefit Plan</th>
<th>2022 City Plan Cost</th>
<th>2021 Premium (Individual/Family)</th>
<th>2022 City Plan Cost</th>
<th>2022 Premium (Individual/Family)*</th>
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</thead>
<tbody>
<tr>
<td><strong>Medical Plans</strong></td>
<td></td>
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</tr>
<tr>
<td>Regence PPO</td>
<td>$1,713.36</td>
<td>$40/$80</td>
<td>$1,792.56</td>
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<td>Regence High-Deductible</td>
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<td>$1,152.78</td>
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<td>Kaiser Permanente HMO</td>
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<td>$40/$80</td>
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<td><strong>Dental Plans</strong></td>
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<tr>
<td>Delta Dental of Washington</td>
<td>$115.57</td>
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<td>$124.04</td>
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<tr>
<td>Willamette Dental</td>
<td>$148.50</td>
<td>$0/$0</td>
<td>$148.50</td>
<td>$0/$0</td>
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<tr>
<td><strong>Vision Plans</strong></td>
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<tr>
<td>Vision Service Plan (VSP)</td>
<td>$12.42</td>
<td>$0/$0</td>
<td>$12.42</td>
<td>$0/$0</td>
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<tr>
<td>Kaiser Permanente</td>
<td>Included in the HMO Medical Plan</td>
<td></td>
<td>Included in the HMO Medical Plan</td>
<td></td>
</tr>
</tbody>
</table>

Health Savings Account Contribution Limits
The Internal Revenue Service (IRS) has increased the Health Savings Account (HSA) annual limits for 2022. This means you are able to put more money into your account on a pre-tax basis. The High-Deductible Health Plan (HDHP) with an HSA is very different from the traditional medical plans the City offers, and may not be the right fit for everyone:

- Due to IRS requirements, you may not qualify to sign up for an HSA
- The IRS may not allow you to use your HSA account to pay for qualified health expenses for some of your dependents (e.g. domestic partners and adult children) unless they are claimed on your tax return and meet requirements of Internal Revenue Code (IRC) Section 152

If you are considering enrolling in this plan for next year, we recommend you visit the Benefits webpage to review the benefit videos on this plan, and the Frequently Asked Questions (FAQ) for the HDHP/HSA. You can also speak to our Plan Administrator, HealthEquity, 24/7, 365 days a year with your questions toll-free at (866) 346-5800 or healthequity.com/HSAlearn.

(Note: See the Wellness article on page 3 on the City’s contributions to an HSA for employees with this health plan option.)
State Long-Term Care Insurance Program Payroll Tax Starts January 1, 2022

Washington State enacted the Long-Term Services and Supports Trust Act (LTSS) also known as the WA Cares Fund. This legislation provides for the nation’s first public State-operated long-term care insurance program, which is funded by a payroll tax on employee wages.

What is long-term care insurance?
“Long-term care insurance helps with many medical, personal and social services for people with prolonged illnesses or disabilities. It can include home health care, adult day care, nursing home care and group living facility care.”
https://www.insurance.wa.gov/long-term-care-insurance

What benefits are provided under the State’s long-term care program?
Beginning in January 2025, eligible individuals who have vested in the program and have a need for long-term services and support may begin applying for benefits. If eligible, and if the Department of Social and Health Services (DSHS) determines that an individual requires assistance with activities of daily living, the program provides benefits of up to a $100 a day, up to a maximum lifetime benefit of $36,500 (adjusted annually for inflation). These benefits may be used for a range of services, including professional care at home or at a licensed facility; training, pay and support for family members who provide care; memory care; home-delivered meals; rides to a health care provider; adaptive equipment and technology; home safety evaluation; and emergency alert devices.

How much does it cost employees to pay the Long-term care tax?
Beginning January 1, 2022, the State will begin assessing a payroll tax on all employee wages. Unlike other payroll taxes, there is no cap on the wages subject to this tax. In 2022, the rate is $0.58 per $100 of earnings. By way of example, an employee earning $50,000 per year would contribute $290 annually, while an employee earning $150,000 would contribute $870 annually. This rate may increase over time based on the State’s determination.

Can I opt out of the State long-term care program?
Yes. Individuals who have a private Long-term care plan may potentially opt out of the tax and State long-term care program benefits if the individual is 18 years old or older on the date they applied for the exemption, and if the individual attests that they had qualified long-term care insurance in place prior to November 1, 2021.

To opt out of the State’s long-term care program, individuals must apply for an exemption through the Employment Security Department (ESD) website wacaresfund.wa.gov between October 1, 2021 and December 31, 2022. Visit the “Exemptions” section of the website and complete an Exemption Application. Individuals will need to verify their identity and establish a SecureAccess Washington (SAW) account. Individuals may not need to provide a copy of their long-term care insurance policy at this time but may be required to provide it in the future. If approved, an individual’s exemption will be effective on the first day of the quarter immediately following approval.

After an individual’s exemption application is processed, the department will send the individual either: (a) An approval letter stating the individual is exempt from the program; or (b) A denial letter stating the reason for the denial. An individual who is approved for an exemption must notify any current or future employer of their exempt status by providing a copy of their approval letter to their employer. Note: Any exemption approved by the State is permanent, and individuals may never opt back into the State program under the current legislation.

How do I notify the City that I have opted out of the State’s long-term care program?
City employees must submit the exemption approval letter received from ESD to the City’s Benefits Office via email at benefits@cityoftacoma.org. If an employee fails to provide written notification of an approved, effective exemption to the Benefits Office, the City must collect and remit premiums to ESD.

Exemption effective dates. ESD has determined that a premium exemption is effective beginning the quarter immediately following ESD approval. If your ESD exemption letter is received by January 1, 2022, and is received by the Benefits Office prior to January 1, 2022, you will be permanently exempt from paying any WA Cares premiums (payroll tax).

If your ESD exemption letter is received by the Benefits Office on or after January 1, 2022, the WA Cares premiums will be deducted from your pay beginning January 1, 2022. You will not be entitled to a refund of any WA Cares premiums deducted before you have notified the Benefits Office and submitted an effective exemption letter from ESD.

Who is eligible to receive benefits?
In order to be eligible for benefits beginning in 2025, an employee must be age 18 or older, must reside in the State of Washington, must be vested in the LTC program, and must establish to the State that they require assistance with at least three activities of daily living. To become vested in the program, individuals must have:

1. Worked a minimum of 500 hours per year for each of the last ten years (without interruption of five or more consecutive years); or (b) three years within the last six years; and
2. Worked a minimum of 500 hours per year during those ten or three years. Reference: RCW 50B.04.010(6); RCW 50B.04.050; RCW 50B.04.060.

Questions?
For details on the State Long-Term Care Program/Payroll Tax, please refer to City’s Benefits webpage as well as the State’s website wacaresfund.wa.gov. You can also reach out to the Benefits Office at benefits@cityoftacoma.org or at 253-573-2345.
Instructions for Completing Open Enrollment Online

To review your current benefit elections and make any changes to your coverage choices for 2022, log in to Employee Self Service (ESS) through Webtop & RapidID, or by going to cityoftacoma.org/ESS from any computer connected to the City network. However, if you have VPN access, you can also log in to ESS outside a City work location.

*If you have difficulty logging in to ESS, contact the IT Service Desk at (253) 591-2057 during their regular business hours of 7:30 a.m. to 5:30 p.m.

Follow these easy steps to make your changes in ESS:
- Log in through any computer connected to the City network at cityoftacoma.org/ESS or via Webtop and RapidID.
- Select the Benefits link.
- Select the COT Open Enrollment link and follow the steps below.

If you want to sign up for one of the Flexible Spending Accounts, understand the plan types so you don’t enroll in the wrong plan option:
- **Dependent Flex** – For childcare and eldercare expenses only (i.e. daycare expenses)
- **Medical Flex** – For healthcare expenses for you and your eligible dependents (i.e. copays and deductibles)

Click the Actions Box icon and enter the annual amount you want to contribute for Flexible Spending for 2022. The IRS requires you to re-elect the FSA plans every year.

Once your elections are saved, print a summary for your records.

*Note: If you are enrolled in the deferred compensation plan you may see the Review and Save screen as Step 8 of 8.
Open Enrollment is Here

Open Enrollment Employee Benefit Presentation and Vendor Q & A Event

Open Enrollment Virtual Benefit Recorded Presentation
We will be providing a pre-recorded employee Open Enrollment presentation this year through a link that will be emailed to all employees. To learn more about the benefit changes taking place in 2022 and how to complete Open Enrollment, employees are invited to review this recording conducted by the staff from the Compensation & Benefits Office. This will also be located on the Benefits webpage under Open Enrollment.

Virtual Benefit Vendor Q&A
We know that employees like to meet with our benefit vendors during this time of year in person. In order to still provide an opportunity, we will be hosting live Q&A sessions with our medical, dental, vision, life and disability, EAP, and deferred compensation providers. We will also have staff from the Benefits Office and our Wellness Coordinator available. Calendar appointments for call in and login information will be emailed to all employees.

Drop in Virtual Vendor Q&A Sessions via Zoom
(Access information will be emailed to employees)
November 9, 2021  1 p.m. to 3 p.m.  
November 16, 2021  10 a.m. to Noon

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Adding Dependents During Open Enrollment?

If you ADD new dependents to your benefit plans during Open Enrollment:

✓ ENROLL them in all the appropriate plans in ESS
✓ COMPLETE and SUBMIT a “Dependent Eligibility Verification Form” and provide supporting backup documents (e.g. marriage certificate, birth certificate, etc.) to the Benefits Office NO LATER THAN Friday, November 19, 2021
✓ Find the form on the Benefits webpage under the Benefit Forms section