



Non – Discrimination Testing

Choice Care Card follows the guidance of the Employee Benefits Institute of America (EBIA) when performing non-discrimination testing on FSA, DCA and HRA plans. Choice Care Card offers non-discrimination testing to clients as a complimentary and recommended service, however, voluntary to the client.

On HRA plans we perform:

1. Eligibility Test
2. Benefits Test

On FSAs we perform:

1. Eligibility Test
2. Benefits Test

On DCA plans we perform:

1. Eligibility Test
2. Contributions and Benefits Test
3. More-than-5% Owner Test
4. 55% Average Benefits Test

The HRA and FSA Eligibility Tests ensure that a sufficient ratio of employees are benefitting from the plan. It can be performed three different ways. Generally if 70% of employees are participating in an HRA, the plan will pass testing.

The DCA Eligibility Test requires that we evaluate the plan's ratio of eligible employees and that this be within the safe harbor as defined by the IRS.

All Benefits Tests measure that the benefits being received are of equal value. We compare reimbursement limits, eligible expenses, and waiting periods for all employees.

The DCA More-than-5% owners test calculates usage in order to verify that more-than-5% owners are not being reimbursed in excess of 25% of the plan's total reimbursements.

The 55% Average Benefits Test measures that the average reimbursement made to highly compensated employees is not in excess of 55% of the average reimbursement made to all employees. Choice Care Card strongly recommends that employees earning in excess of \$105,000 be barred from participation in a DCA as it will be extremely difficult for the test to pass if there is even one participant earning in excess of the \$105,000.





Cafeteria plan testing:

Cafeteria plan testing is required with aggregate data of all component plans, once each component plan has been tested individually. Choice Care cannot perform non-discrimination testing on Cafeteria plans because we do not have data on component plans, other than the FSA or DCA. Component plans include.

- Accident or Health plans
- AD&D
- Disability (STD) and (LTD)
- Prepaid Dental, vision or prescription plans
- Group Term Life
- 401(k)
- Adoption Assistance
- POP

