



## NONDISCRIMINATION TESTING OF BENEFIT PLANS



### problem:

Benefit professionals are looking for an easy and cost-effective way to test their benefit plans for nondiscrimination

### solution:

NDx is a benchmark solution that is as simple as 1-2-3 and uses calculations validated by industry experts.

### BENEFITS

- ✓ Reviewed by benefits attorneys and industry experts
- ✓ Detailed recommendations to correct testing failures
- ✓ Automatic determination of HCE, Key, etc.
- ✓ Archival of data and test results for 7 years for audit purposes
- ✓ Secure self-service software tool with an option to add on services





**CXC**  
Solutions

## best practice dates (calendar year plan)

- ▶ **December 31** (prior plan year) – Complete pre-testing for upcoming plan year
- ▶ **May 31** (plan year) – Conduct initial mid-year testing and adjust elections as applicable
- ▶ **August 30** (plan year) – Conduct final mid-year testing and adjust elections as applicable
- ▶ **January 31** (subsequent plan year) – Conduct final testing of current plan
- ▶ **February 15** (subsequent plan year) – Engage benefits attorney to determine tax consequences (if test fails)

## penalties

- Section 125 (Cafeteria Plan) - HCP's and Keys will lose favorable tax treatment for contributions making W-2/W-3 amendments necessary
- Section 105h (Health FSA, HRA, Self-Insured Medical) - Excess reimbursements paid to HCI's will be taxable resulting in reclassification of W-2
- DCAP (Section 129) - Benefits provided by the DCAP to HCE's will be included in their gross income

“All in all, NDx has made things better for us. I have more confidence in what we are doing now. If we were audited we would have a leg to stand on...”

– Compliance Manager,  
Leading Third Party Administrator

### About CXC Solutions

CXC Solutions (CXC) provides innovative solutions to benefits professionals in the areas of compliance, healthcare payments, electronic claims processing and back-office services. These solutions are tailored to help benefits professionals reduce operating costs and generate additional revenues while improving process efficiency and enhancing customer satisfaction.

### Contact Us

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