

**THE CALIFORNIA STATE UNIVERSITY**  
**Office of the Chancellor**  
**401 Golden Shore**  
**Long Beach, California 90802-4210**  
**(562) 951-4411**

**Date:** August 23, 2002 **Code: TECHNICAL LETTER**  
**HR/Benefits 2002-18**

**To:** Human Resources Directors  
Benefits Representatives

**From:** Cathy Robinson, Senior Director  
Human Resources Administration

**Subject:** **Plan Update For Dependent Care and Health Care Reimbursement Account Plans**

Human Resources Administration (HRA) is pleased to announce that a new third party administrator (TPA) has been selected to administer and process claims for the Dependent Care Reimbursement Account (DCRA) and Health Care Reimbursement Account (HCRA) Plans. Effective January 1, 2003, Application Software, Inc. (ASI) will replace Management Applied Programming, Inc. (MAP), as the current TPA.

As a result of selecting ASI as the new TPA for the Plans, the CSU is able to offer more flexible payment and account options to enrolled participants.

**Who Is ASI?**

ASI is located in Columbia, Missouri and has administered flexible spending account plans since 1988. In addition to administering claims for other university and state systems in the United States, ASI is the current TPA for several benefit programs sponsored by the California Department of Personnel Administration (DPA), including FlexElect, Pre-Tax Parking and the Rural Health Care Equity Programs.

**What's New For DCRA and HCRA In 2003?**

Among the enhanced features offered by ASI are:

- **Bi-monthly Claims Reimbursements**
- **Online Claims and Account Information**
- **Direct Deposit Reimbursements**
- **E-mail Notification of Direct Deposit Transactions**

Confirmation packets will be mailed by ASI to enrolled participants in the beginning of the 2003 plan year. Packets will include a confirmation statement, an assigned personal identification number (pin), a supply of claim forms, detailed account access instructions, and a direct deposit enrollment form.

Specific details of the plan provisions for the 2003 plan year are outlined in this technical letter.

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**Distribution:**

CSU Presidents	(Without Attachments)
Vice Chancellor, Human Resources	(With Attachments)
Director, SOSS	(With Attachments)
Payroll Managers	(With Attachments)

**New Claims Reimbursement Schedule**

Effective January 1, 2003, reimbursements for the 2003 plan year will be paid twice per month, on the following payment schedule:

- Claims received by the 5<sup>th</sup> of the month, will be mailed or sent electronically to participants' accounts by the 15<sup>th</sup> of the same month.
- Claims received by the 20<sup>th</sup> of the month, will be mailed or sent electronically to participants' accounts by the end of the same month.

Plan brochures have been updated with this information (see attached).

**Accessing Account Information**

Participants in either the Dependent Care and/or the Health Care Reimbursement Account plans will be able to access account information by telephone or via the Internet:

- **Toll-Free Telephone Access** allows participants and/or Benefits Representatives to speak with a customer service representative Monday through Friday, from 6 a.m. to 5 p.m. Pacific Standard Time, by dialing (800) 659-3035.
- **InfoLine 125** is an automated, 24-hour telephone information line that provides participants with information about account balances and claims reimbursements. InfoLine 125 is updated on a daily basis for accurate account information, and can be accessed by dialing (800) 366-4827.
- **Online Access** allows participants to log on with an assigned personal identification number (pin) to view account balances and claims information for their personal Dependent Care Reimbursement and/or Health Care Reimbursement Account via ASI's website at: [www.asiflex.com](http://www.asiflex.com).

**Direct Deposit or Mailing of Claim Reimbursements**

Beginning with the 2003 plan year, participants will have the option of receiving claim reimbursements by mail in the form of a check, or by direct deposit. Participants who wish to enroll in direct deposit can complete a "Direct Deposit Authorization" form, and submit it to ASI for processing. This form is also available on ASI's website. Additionally, participants who choose to enroll in direct deposit, also can request that reimbursement notifications and account statements be sent via e-mail, rather than U.S. mail.

**New Enrollment, Claim and Direct Pay/COBRA Forms**

For ease of processing, the enrollment and claim forms for the Dependent Care and Health Care Reimbursement Accounts have been condensed into two (2) documents (instead of four [4]), and renamed the Dependent Care/Health Care Reimbursement Account Plans Enrollment Authorization form and the Dependent Care/Health Care Reimbursement Account Plans Claim form (see attached).

Revisions to the Enrollment Form for plan year 2003 include plan elections for both plans, and the addition of a coverage statement that details pertinent information regarding contributions, plan period and administrative fee(s). Please note: for data entry purposes, the administrative fee section has been deleted from the enrollment form. Campuses will be sent a supply of enrollment forms in time for open enrollment.

Revisions to the Claim Form for plan year 2003 include claim reimbursement sections for both plans, eliminating the need for separate claim forms.

Later this year, ASI will forward a supply of claim forms to Campus Benefits Representatives, and also will provide a downloadable version of the document on their website at: [www.asiflex.com](http://www.asiflex.com). Completed claim forms should be mailed to ASI at the following address:

ASI  
P.O. Box 6044  
Columbia, MO 65205-6044

The Direct Pay/COBRA form for the HCRA also has been updated to include the name and address of the new third party administrator for the 2003 plan year (see attached). Campuses that have employees opting to enroll in Direct Pay and/or COBRA to continue participation for the 2002 plan year only, must use the current Direct Pay/COBRA form and submit it to the current third party administrator, Management Applied Programming (MAP).

**Newly Eligible Health Care Reimbursement Account Expenses For 2003**

Beginning in 2003, expenses for weight loss programs, supported by a physician's statement, including membership, or program fees for individuals diagnosed with hypertension or obesity, can be reimbursed through the Health Care Reimbursement Account Plan. Expenses for weight-loss programs for general health improvement, however, do not qualify as an eligible expense.

**Open Enrollment**

The deadline to enroll in the DCRA or HCRA plan for this annual open enrollment period is October 25, 2002, and forms must be received by the State Controller's Office by November 1, 2002. The monthly administrative fee for each Plan remains \$2.00 per month. The deduction codes for the 2003 plan year are as follows:

**Dependent Care Reimbursement Account Plan Deduction Code:      380-016**  
**Health Care Reimbursement Account Plan Deduction Code:      378-016**

The minimum pre-tax contribution that you can elect for either plan is \$20 per month, up to a maximum contribution amount of \$416.66 (\$5,000 annually). **As a reminder, employees who wish to continue participation must re-enroll annually during open enrollment.** To assist campus Benefits Representatives with open enrollment, a draft letter addressed to employees regarding the 2003 plan provisions has been attached to this technical letter.

**Marketing Materials**

To assist campuses with open enrollment and ongoing employee benefits communication, marketing materials will be sent to campuses for distribution to employees by mid-September. Additionally, the following message will be printed on the CSU payroll warrant issued by the State Controller's Office dated August 30, 2002:

**“You can be reimbursed for eligible out-of-pocket health and dependent care expenses when you enroll in CSU’s Health Care and/or Dependent Care Reimbursement Account Plan(s) for 2003. New Plan features include: bi-monthly reimbursements and online claims access. See your campus Benefits Representative during open enrollment for additional information.”**

**Administrative Guide**

A new, combined DCRA/HCRA Administrative Guide will be sent to campus Benefits Representatives under separate cover.

**Additional Information: Claims Reimbursement for 2002 Plan Year**

Management Applied Programming, Inc. (MAP) will continue to process claim requests for expenses incurred during the 2002 plan year through June 30, 2003. The reimbursement schedule for claims submitted to MAP remains unchanged. Claim requests submitted to MAP by the 10<sup>th</sup> of the month, will be processed for payment by the end of the same month. MAP will continue to mail claim reimbursements to eligible participants in the form of a check. Direct deposit is not an available option for 2002 plan year reimbursements.

Claim forms currently being used for the 2002 plan year will not be reprinted. MAP has agreed to accept a photocopy of the claim form for processing purposes, provided that the employee includes an original signature on the document. For campus Benefits Representatives who wish to reprint the claim forms, an e-mail request to receive the electronic version of the document can be sent to Michelle Hamilton of HRA at [mhamilton@calstate.edu](mailto:mhamilton@calstate.edu).

Questions regarding this technical letter may be directed to Human Resources Administration at (562) 951-4411. This document is available on Human Resources web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

CR/mh  
Attachments

**DRAFT LETTER OR E-MAIL COMMUNICATION FOR EMPLOYEES**

RE: **New Plan Provisions For The Dependent Care and Health Care Reimbursement Account Plans**

**Benefit Overview**

The **CSU Dependent Care (DCRA) and Health Care Reimbursement Account (HCRA) Plans** allow employees the ability to pay for eligible out-of-pocket dependent care and health care expenses with pre-tax dollars. If you enroll in the Plan(s), each month, the dollar amount you pre-select is deducted from your salary before federal, state and Social Security taxes are withheld. Your taxable income is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced.

These deductions are held in your personal Dependent Care and/or Health Care Reimbursement Account until you incur eligible expenses and file a reimbursement claim. Reimbursement claim payments are tax-free.

**New Third Party Administrator For 2003**

We are pleased to announce that effective January 1, 2003, Application Software, Inc. (ASI) will administer and process claims for the Dependent Care (DCRA) and Health Care Reimbursement Account (HCRA) Plans.

ASI is located in Columbia, Missouri and has acted as a TPA for flexible spending account plans since 1988. In addition to administering claims for other university and state systems in the United States, ASI is the current TPA for several benefit programs sponsored by the California Department of Personnel Administration (DPA).

**Among the new and enhanced features offered by ASI for 2003 are:**

- **Bi-Monthly Claims Reimbursement**
- **On-line Claims Information**
- **Direct Deposit of Claims Reimbursement**
- **E-mail Notification of Direct Deposit Transactions**

Specific details of the plan provisions for the 2003 plan year are outlined below:

**New Claims Reimbursement Schedule**

Effective January 1, 2003, reimbursements for the 2003 plan year will increase to twice per month, on the following payment schedule:

- Claims received by the 5<sup>th</sup> of the month, will be mailed or sent electronically to participants' accounts by the 15<sup>th</sup> of the same month.
- Claims received by the 20<sup>th</sup> of the month, will be mailed or sent electronically to participants' accounts by the end of the same month.

Combined claim forms for the Dependent Care and Health Care Reimbursement Accounts will be available on ASI's website at: [www.asiflex.com](http://www.asiflex.com), or you may obtain them from the Benefits Office. Completed claim forms should be mailed to ASI at the following address:

ASI  
P.O. Box 6044  
Columbia, MO 65205-6044

**Accessing Account Information**

Participants in either the Dependent Care and/or the Health Care Reimbursement Account plans will be able to access account information by telephone or via the Internet:

- **Toll-Free Telephone Access** allows you to contact ASI Monday through Friday, from 6 a.m. to 5 p.m., Pacific Standard Time, by dialing (800) 659-3035. To properly serve your account during these hours, this telephone number gives you direct access to a “live” customer service representative.
- **InfoLine 125** is an automated, 24-hour telephone information line that provides you with information about account balances and claims reimbursements. InfoLine 125 is updated on a daily basis for accurate account information, and can be accessed by dialing (800) 366-4827.
- **Online Access** allows you access to your personal account via the Internet at: [www.asiflex.com](http://www.asiflex.com).

#### **Direct Deposit or Mailing of Claim Reimbursements**

Beginning with the 2003 plan year, you will have the option of receiving claim reimbursements by mail in the form of a check, or by direct deposit, if you submit a “Direct Deposit Authorization” form to ASI for processing. This form can either be downloaded from ASI’s website at [www.asiflex.com](http://www.asiflex.com), or requested by contacting ASI at (800) 659-3035. If you choose to enroll in direct deposit, you also can request that reimbursement notifications and account statements be sent via e-mail, rather than U.S. mail.

#### **Newly Eligible Health Care Reimbursement Account Expenses For 2003**

Beginning in 2003, expenses for weight loss programs, supported by a physician’s statement, including membership, or program fees for individuals diagnosed with hypertension or obesity, can be reimbursed through the Health Care Reimbursement Account Plan. Expenses for weight-loss programs for general health improvement, however, do not qualify as an eligible expense.

For more information on eligible and/or ineligible expenses for either Plan, please refer to the Plan Brochures that are available in the Benefits Office.

#### **Open Enrollment**

If you wish to enroll in the DCRA or HCRA Plan for 2003, you must complete and sign an enrollment authorization form no later than October 25, 2002. The minimum pre-tax contribution that you can elect for either plan is \$20 per month, up to a maximum monthly contribution amount of \$416.66 (\$5,000 annually). The administration fee for each Plan is \$2.00 per month, collected by payroll deduction on an after-tax basis.

#### **Information Packets**

ASI will mail confirmation packets to enrolled participants by the beginning of the 2003 plan year. Packets will include a confirmation statement, an assigned personal identification number (pin), detailed account access instructions, a supply of claim forms, and a direct deposit enrollment form.

#### **Claims Reimbursement for 2002 Plan Year**

If you participated in either DCRA or HCRA this year, Management Applied Programming, Inc. (MAP) will continue to process claim requests for expenses incurred during the 2002 plan year through June 30, 2003. The reimbursement schedule for claims submitted to MAP remains unchanged. Claim requests submitted to MAP by the 10<sup>th</sup> of the month, will be processed for payment by the end of the same month. MAP will continue to mail claim reimbursements to you in the form of a check. Direct deposit is not an available option for 2002 plan year reimbursements.

Claim forms currently being used for the 2002 plan year will continue to be accepted by MAP for claims processing. MAP has also agreed to accept a photocopy of the claim form for processing purposes, provided that there is an original signature on the document.

#### **Additional Information**

For detailed information regarding the Dependent Care or Health Care Reimbursement Account Plans, please contact your campus Benefits Representative at: \_\_\_\_\_.



**The California State University  
DEPENDENT CARE/HEALTH CARE REIMBURSEMENT ACCOUNT PLANS  
ENROLLMENT AUTHORIZATION**

Please type or print clearly with ballpoint pen. Return completed form to campus Benefits Officer.



**SEE PRIVACY NOTICE ON REVERSE OF EMPLOYEE COPY**

1. TYPE OF ENROLLMENT (Check appropriate box) <input type="checkbox"/> OPEN ENROLLMENT <input type="checkbox"/> NEWLY ELIGIBLE ENROLLMENT <input type="checkbox"/> CHANGE DUE TO PERMITTING EVENT <input type="checkbox"/> CANCELLATION	2. SOCIAL SECURITY NO.	3. MARITAL STATUS <input type="checkbox"/> Married <input type="checkbox"/> Single
	4. NAME (first) (initial) (last)	

5. **REIMBURSEMENT PLAN ELECTIONS:** To establish a Health Care and/or Dependent Care Reimbursement Account, enter the amount you want to have deducted EACH month from your pay warrant: The minimum monthly deduction amount for each account is \$20.00, up to a maximum of \$416.66, as allowed by the Plan.

Benefit Deduction Item (Pre-Tax)	6. DED/ORG Code	7. Monthly Deduction Amount	SCO Use Only
Health Care Reimbursement Account (HCRA)	378- ____	A. \$ ____ . ____	
Dependent Care Reimbursement Account (DCRA)	380- ____	B. \$ ____ . ____	

8. Coverage Statement

**I UNDERSTAND THAT MY ENROLLMENT INTO THE HEALTH CARE AND/OR DEPENDENT CARE REIMBURSEMENT ACCOUNT PLAN(S) IS FOR THE CURRENT PLAN YEAR ONLY. IF I WISH TO CONTINUE ENROLLMENT FOR THE NEXT PLAN YEAR, I MUST RE-ENROLL ANNUALLY DURING OPEN ENROLLMENT.**

I hereby agree to have my monthly pay reduced by the amount(s) specified above. I understand that IRS regulations require that my monthly deductions authorized by this form are irrevocable during this plan year, unless I experience an allowable "status change event," as defined in these regulations and described in the Health Care and/or Dependent Care Reimbursement Account brochure(s).

This reduction in pay is effective with the December pay period (unless this is a mid-year enrollment), and will continue for each succeeding pay period until the end of the Plan Year. My agreement to have my pay reduced is made on the condition that the CSU contribute the amounts to the Reimbursement Account(s) that I have specified on this document. **I also agree to pay the \$2.00 monthly administrative fee through payroll deduction on a post-tax basis. The \$2.00 administrative fee is charged per Plan.**

I understand that requests for reimbursement must be for eligible services/supplies incurred between the effective dates of my participation in the Plan(s) through the end of the Plan Year. Each Plan Year begins on January 1 and ends December 31. All reimbursement requests for the current Plan Year must be postmarked by June 30 of the following Plan Year in order to be reimbursed. I further understand that any unclaimed amount remaining in my Health Care or Dependent Care Reimbursement Account(s) after that date will be forfeited.

I have read the above statements and agree to the terms and conditions of the Health Care and/or the Dependent Care Reimbursement Account Plan(s) as outlined on this form.

Employee's Signature: ▶			Date Signed: ▶			
<b>FOR CAMPUS USE ONLY</b>						
9. Effective Date of Action		10. Employee CBID	11. Permitting Event Date			12. Permitting Event Code
Mo	Day -1-		Year	Mo	Day	
13. Remarks:			14. Agency Code	15. Unit Code	16. Campus Name	
			17. Authorized Campus Signature  I hereby certify under penalty of perjury as follows: That I am the duly appointed, qualified and acting officer of the herein named agency and that I am authorized to make this certification; that the employee named herein is eligible for enrollment in the CSU Health Care and/or Dependent Care Reimbursement Plan(s).  Signature: ▶			
			18. Date Received:		19. Telephone Number:	

**The California State University**  
**DEPENDENT CARE/HEALTH CARE REIMBURSEMENT ACCOUNT PLANS**  
**ENROLLMENT AUTHORIZATION**  
(REV. 08/02) (REVERSE)

PRIVACY NOTICE

The Information Practice Act of 1977 (Civil Code Section 1798.17) and the Federal Privacy Act (Public Law 93-579) require that this notice be provided when collecting personal information from individuals.

Information requested on this form is used by the State Controller's Office and the program administrator, for the purposes of identification and account processing.

It is mandatory to furnish all information requested on this form except for marital status, which may be furnished on a voluntary basis. Failure to provide the mandatory information may result in the enrollment action not being processed or being processed incorrectly.

The State Controller's Office requires employee's social security number and name for identification purposes. Legal references authorizing maintenance of this information include Government Code Sections 1151 and 1153, Sections 6011 and 6051 of the Internal Revenue Code, and Regulation 4, Section 404.1256, Code of Federal Regulations, under Section 218, Title II of the Social Security Act.

Information provided on the form will be forwarded to the program administrator. Copies of the Health Care /Dependent Care Reimbursement Enrollment Authorization Form(s) are maintained in confidential files of the State Controller's Office for five years. Employees have the right of access to copies of their Enrollment Authorization forms upon request. The official responsible for the maintenance of the forms is: Chief of Personnel/Payroll Services Division, State Controller's Office, P. O. Box 94250, Sacramento, California 94250-5878, Telephone (916) 445-5361.



**The California State University  
Dependent Care/ Health Care Reimbursement Account Plans  
CLAIM FORM – PLAN YEAR 200\_\_**



<b>NAME: (Please Print)</b>	<b>Campus</b>	<b>Social Security Number</b>
<b>Street Address</b>	<b>City, State, Zip</b>	<b>Telephone Number</b>

**Dependent Care Reimbursement Account (DCRA)**

Dependent care expenses must be for a dependent who is incapable of self care or under the age of 13 at the time the care was provided.

Name of Dependent	Age	Service Period		Name, Address, and Taxpayer Identification Number of Care Provider	Cost for Care Period	ASI use only	
		From	To*				
<b>Total Dependent Care Amount Requested</b> →							

I provided the dependent care as stated above. \_\_\_\_\_  
Care Provider's signature
Date
SSAN/Tax ID#

**Health Care Reimbursement Account (HCRA)**

Date Health Care Provided*	Name of Service Provider	Description Of Expense	Person for Whom Expense Incurred	Amount	ASI use only	
<b>Total Amount Health Care Expenses Requested</b> →						

↑ \_\_\_\_\_ Please arrange documentation in order listed above.

\* Claims for future services will not be accepted.

The undersigned participant certifies that all expenses for which reimbursement or payment is claimed by submission of this form were incurred during a period while the undersigned was covered under the CSU Health Care and/or Dependent Care Reimbursement Account Plan(s) and that the expenses have not been reimbursed and are not reimbursable from any other source. Any Dependent Care expenses claimed here were provided for my dependent under the age of 13 or for a dependent incapable of self-care. The undersigned fully understands that he or she alone is fully responsible for the sufficiency, accuracy, and veracity of all information relating to this claim which is provided by the undersigned, and that unless an expense for which payment or reimbursement is claimed is an allowable expense under the Plan, the undersigned may be liable for payment of all related taxes including federal, state, or local income tax on amounts paid from the Plan which relate to such expense.

\_\_\_\_\_  
Employee's Signature Date

<b>MAIL WITH SUPPORTING DOCUMENTATION TO:</b>  <b>ASI</b> <b>P.O. BOX 6044</b> <b>COLUMBIA, MO 65205-6044</b>	<b>ASI CONTACT INFORMATION:</b>  <b>INFOLINE: (800) 366-4827</b> Internet: <a href="http://www.asiflex.com">http://www.asiflex.com</a> E-mail: <a href="mailto:asi@asiflex.com">asi@asiflex.com</a> Telephone: (800) 659-3035
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## Claim Filing Requirements

1. **Print your name, address, social security number and your daytime telephone number.**
2. **List expenses by date & arrange the supporting statements in the same order.** Highlight or circle the service dates on your documentation. If you have several statements from the same provider, you may subtotal them and list them on one line with a range of dates.
  - Health care claims - complete the Health Care Reimbursement Account (HCRA) section (The amount column should be the amount you are requesting after any insurance payment or provider discount for each expense).
  - Day care claims - complete the Dependent Care Reimbursement Account (DCRA) section
3. **Enclose required documentation\***. A written statement from the dependent care or medical (Dr., hospital, pharmacy, etc.) provider of the service or an insurance company benefits statement showing:
  - The name of the dependent care or medical service provider,
  - The date or range of dates of medical service or day care. Although this date may be the same as the date paid it must be clear on what date the service was provided. The services must have already been provided.
  - A description of the service provided (for example, for health care, "dental cleaning", or for day care "day care"),
  - The name of the person or persons receiving the medical or dependent care, and
  - The cost of the service, not just the amount paid.

**\*Dependent Care claims only.** - You may either provide documentation from the day care provider or have the provider complete the Dependent Care Assistance Section, then sign on the "Provider's Signature" line and date the signature. You do not need to do both.

Requests filed without the above documentation cannot be processed and will be returned.
4. **Sign** the claim form.
5. **Keep** copies for your tax records.
6. **Mail** to the address on the front of this form.

**Orthodontics:** Requests may be reimbursed for a reasonable monthly payment on or after the payment is due and paid. The payment must be a reasonable approximation of the value of each month's service. You may only file claims for orthodontic payments while treatment is in process. You must submit a paid receipt from your orthodontist or a photocopy of the monthly coupon and your check. Pre-payments are not allowed. You must submit a written statement from the orthodontist showing the charge for the initial installation work, when it was completed and a paid receipt to claim an initial down payment or appliance fee.

**Medical equipment:** Requires a letter from a physician every 12 months stating the nature of your medical condition, the specific equipment needed and that the equipment is essential to the treatment.

**Claims payment and account information available 24 hours a day 7 days a week:** - Complete history including available funds *on the Web* at [www.asiflex.com](http://www.asiflex.com) (Account Detail). You will need your P.I.N., which you can find on your enrollment confirmation. You can also obtain claims payment and account information by calling **INFOLINE: (800) 366-4827**.

### **Claim forms:**

You may copy this form, obtain additional forms on the Internet at <http://www.asiflex.com>, or request them from your Human Resources office.

**Contact ASI at 1-800-659-3035**



**The California State University  
Health Care Reimbursement Account (HCRA)**

**R**

**REQUEST FOR DIRECT PAY ENROLLMENT FOR  
(COBRA AND LEAVE WITHOUT PAY) – PLAN YEAR 2\_\_ \_\_**

Complete this form and return to the Campus Benefits Representative

Employee Name (First) (MI) (Last)		Social Security Number		Campus	
Address		City		State	
Zip		Signature →		Date	
<input type="checkbox"/> Separation from Employment Termination Date _____		<input type="checkbox"/> Leave Without Pay Effective Date _____ Expected Length _____		Monthly Contribution Amount \$ _____	
<b>Complete this section if applicant is not the employee</b>					
Name of Applicant		Relationship to Employee		Social Security Number	
Signature →		Date			
<p>Participation Rules:</p> <ol style="list-style-type: none"> <li>You must have a balance in your account prior to separation or leave without pay to be eligible for continued participation.</li> <li>If request for continued participation is approved, you may participate until the end of the plan year. If you go on leave without pay and it extends beyond the end of the plan year, you will not be eligible to reenroll in the plan until you return to active status. Separated employees are not eligible to reenroll in subsequent years.</li> <li>Participation after separation will be pursuant to COBRA qualification. Under COBRA, federal regulations specify that you and/or your dependent(s) have 60 days (the "Election Period") from the later of the date of notification of a qualifying event, or the loss of coverage to elect to continue participation, and 45 days from the date of election to submit the first contribution to Application Software, Inc. (ASI), the Third Party Administrator. Eligibility based on Leave of Absence will be in accordance with the same timelines.</li> <li>You will receive a coupon booklet for payments, which confirms your continued participation. The first payment submitted to ASI must be sufficient to bring the payments current.</li> <li>You will be billed 102% of your monthly contribution (for COBRA and Leaves Without Pay).</li> <li>All payments must be made directly to ASI. If ASI does not receive payments by the 10<sup>th</sup> of each month, you will lose eligibility to continue participation.</li> </ol>					
<p><b>Campus Benefits Representative to mail this form to:</b></p> <p align="center"> <b>ASI</b>  <b>P. O. Box 6044</b>  <b>Columbia, MO 65205-6044</b>  <b>Telephone Number: (800) 659-3035</b> </p>					
<b>CSU Use Only</b>					
Account Balance (at time of Separation or Leave) \$		Actual Monthly Contribution (including 2% fee) \$		Action <input type="checkbox"/> Approved <input type="checkbox"/> Not approved	
Signature of Reviewer →		Title →		Date	



# THE CALIFORNIA STATE UNIVERSITY DEPENDENT CARE REIMBURSEMENT ACCOUNT (DCRA)

August 2002

This brochure is intended to provide highlights of the California State University (CSU) Dependent Care Reimbursement Account (DCRA) Plan. There are many important rules regarding this plan, so please read this material carefully. Complete details of the plan are provided in the official plan document, which is at all times the ruling plan document. If you have questions about the plan, or wish to review a copy of the plan document, contact your campus Benefits Representative.

## Overview

The CSU Dependent Care Reimbursement Account (DCRA), a voluntary benefit for eligible employees, offers you the ability to pay for eligible out-of-pocket dependent care expenses with pre-tax dollars. If you enroll in the plan, the contributions you make to your account are deducted from your pay before federal, state and Social Security taxes are calculated. Your taxable income is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced. Expenses eligible to be reimbursed from the Dependent Care Reimbursement Account include certain expenses for dependent care if the care is required in order for you (and your spouse, if you are married) to work. The "Eligible Expenses" section of this brochure provides more information on reimbursable expenses.

If you wish to participate in this plan, you must enroll each year you want to participate.

## Eligible Employees

You are eligible to enroll in the Dependent Care Reimbursement Account if you are in an Executive, Management Personnel Plan (MPP), Confidential or other nonrepresented position, or are covered by a collective bargaining agreement that provides the benefit.

## Enrollment and Effective Date of Coverage

The annual open enrollment period is normally September - October. The effective date of the plan coverage will be Jan 1. - Dec. 31 of the following year.

New employees may enroll in the plan within 60 days of becoming eligible or during open enrollment. Coverage will become effective on the 1st of the month following enrollment, subject to campus and State Controller's Office processing timelines.

Once coverage begins, you will not be able to change your contribution amount until the next open enrollment period, unless you have had a change in status. See explanation under the "Change of Status" section of this brochure.

Employees who do not enroll during the open enrollment period, will be eligible to enroll during any subsequent annual open enrollment period, or due to a change in status, as stated above.

**You must re-enroll** in the Dependent Care Reimbursement Account plan **during every annual open enrollment period** to participate during the following calendar year.

## How to Enroll

You will need to obtain a Dependent Care Reimbursement Account Enrollment Authorization Form from your campus Benefits Representative. On the form, list the amount you want deducted each month from your paycheck on a pre-tax basis. You will be charged a small administrative fee that is deducted from your salary on an after-tax basis.

If you are a new employee, you may enroll within 60 days of your hire date to participate for the remainder of the calendar year.

## **Your Dependent Care Reimbursement Account (DCRA)**

The CSU Dependent Care Reimbursement Account provides reimbursement for eligible dependent care expenses from your pretax income, via a special tax-free account set up for this purpose.

Each month, the dollar amount you preselect is deducted from your salary before federal, state and Social Security taxes are withheld. These deductions are held in your personal Dependent Care Reimbursement Account until you incur eligible expenses and file a claim for reimbursement. Even when paid out as reimbursements, the funds remain tax-free. Tax-free Dependent Care Reimbursement Accounts are governed by a number of rules, most of which are set by the Internal Revenue Service (IRS) and can be changed only by that agency.

### **Eligible Expenses**

Dependent care expenses will be eligible for reimbursement through your DCRA provided the care is required in order for you to be gainfully employed. If you are married, your spouse also must be employed or actively looking for work, unless he/she is disabled or a full-time student. In addition, the Internal Revenue Code stipulates the following:

If you were divorced, legally separated, or lived apart from your spouse for all of the last six months of the preceding tax year, you may pay for dependent care for an eligible dependent child through your DCRA if:

1. You have custody of the child for the longer period of the year; and
2. You pay more than half the cost of maintaining the household; and
3. You are entitled to claim the child as a dependent on your income tax form or have legally waived your right to do so.

You are not required to use a day care center; care also may be provided in your home or someone else's home. However, if care is received through a day care center, the day care center must provide care for six or more individuals who do not live there and must comply with all state and local licensing laws and regulations. Expenses for household services may

be eligible if the services are partly for the care of the qualifying dependent.

Your provider must supply you with a Social Security number or a Taxpayer's Identification Number (TIN). You will need this information when you file your income tax return for the year, even though you are not claiming a tax credit for your expenses.

Expenses for care provided by your spouse, by someone you are entitled to claim as a dependent for income tax purposes, or by your child under the age of 19 at the end of the tax year, are not eligible for reimbursement through your DCRA.

Expenses must be incurred within the plan year and while you are covered under the DCRA. Expenses are considered "incurred" when the services are provided, not when the bill is paid or received.

### **Ineligible Expenses**

Some expenses that are not eligible for reimbursement under the DCRA plan include:

- expenses for sleepover camp;
- nursing home expenses;
- educational expenses;
- separately billed charges for activities, transportation, food, clothing, etc;
- any other expenses that are not eligible for deduction on your federal income tax return.

### **Eligible Dependents**

Eligible dependents for whom DCRA reimbursements can be claimed are:

1. A child under age 13, for whom you or your spouse are entitled to claim dependent status on your income tax return. (See the first item under "Eligible Expenses" above, for the rule on dependency in cases of separation and divorce.)<sup>1</sup>
2. A spouse who is physically or mentally unable to care for him/herself, or

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<sup>1</sup> You may claim reimbursement for expenses paid for your domestic partner if your domestic partner is a dependent.

3. A financially dependent member of your household, who regularly spends at least eight hours each day in your home.

### **Amount You Can Contribute**

You can contribute any amount from a minimum of \$20 per month to a maximum of \$416.66 a month (\$5,000 a year). However, if you are married but file a separate tax return, your annual maximum is \$2,500.

The IRS requires certain other limits in special situations.

If you or your spouse earned income of less than \$5,000 a year, your maximum contribution is equal to that person's earned income.

If your spouse is a full-time student for at least five months of the year, or is incapable of self-care, and you have one dependent, your spouse is deemed to have income of \$200 (increases to \$250 for the 2003 plan year) for each calendar month that your spouse is disabled or a full-time student. If you have two or more dependents, your spouse is deemed to have income of \$400 (increases to \$416.66 for the 2003 plan year) for each such calendar month.

#### **Note:**

These limits may be lower for employees who are classified as "highly compensated employees." If you should fit the qualification, you will be notified of the limit on your DCRA contributions. All contributions made to your DCRA by payroll deduction are exempt from federal, state and Social Security taxes. They will, however, be taken into account for your CalPERS deductions. DCRA contributions will have no impact on any other employer-provided benefits that may be based on your salary. There may be some impact on your Social Security benefits as discussed in the section titled "Effect on Social Security."

### **Change In Status**

Once the plan year has begun, you cannot make changes in your authorization unless there has been a change in your status, as defined by the IRS.

Please note that your election must be on account of

and consistent with one of the following events:

- Change in Marital Status - Marriage, divorce, death of spouse, legal separation or annulment;
- Change in Number of Dependents - The birth, death, adoption or placement for adoption of a child;
- Termination/Commencement of Employment - The beginning or the end of employment of the employee, spouse or dependent;
- Change in Work Hours - Change in work schedule including a reduction or increase in hours, full-time/part-time switch, start/stop of unpaid leave of absence or a strike or lockout of employee, spouse or dependent;
- Change in Residence or Worksite - Change in residence or worksite of employee, spouse or dependent;
- Dependent begins or ceases to meet eligibility - Your dependent satisfies (or ceases to satisfy) dependent eligibility requirements for DCA;
- Significant increase or decrease in cost of your dependent care provider (as long as provider is not a relative);
- Change in dependent care provider;
- Judgement, decree, court order, or Qualified Medical Child Support Order (QMCSO).

If you have a change in status, you may increase (up to the appropriate IRS limit), decrease, start, or stop your contributions by filing a new Authorization Form within 60 days of the status change. Any change you make must be on account of and consistent with the change in status.

If you stop your contributions, you may continue to submit any eligible expenses incurred before you stopped participating for the remainder of the plan year or until your account is exhausted, whichever comes first. (The same rule applies if you should terminate your CSU employment for any reason.)

### **How to Plan Your Contributions**

If you are already paying dependent care expenses, you probably know your annual expenditures. By looking at your records for the past year, and inquiring about any increase in fees planned by your provider, you can estimate your contributions.

If dependent care expenses will be a new item in your budget, because you are expecting a baby or planning to take charge of a disabled relative, you will need to investigate available resources and their costs.

**You must estimate your eligible expenses very carefully.** As noted earlier, your authorization is irrevocable during the plan year unless you have a change in status event. In addition, any money left in your DCRA after your expenses have been paid for the year **will be forfeited**. The IRS will not permit excess contributions to be refunded or carried over into the next plan year.

### **Comparing DCRA Contributions with the Tax Credit**

Dependent care expenses may qualify for a tax credit on your income tax return. The credit you can claim is based on your adjusted household gross income and the number of eligible dependents you have. You should consider which method will offer you the greatest tax savings.

There is no established rule about who may benefit from one method or another; your own situation can be determined only by a close look at your records. Personal tax situations vary. You should carefully consider the impact a DCRA will have on your tax status. You may want to consult your financial planner or tax advisor.

**Effective January 1, 2003 (the 2003 tax year), the tax credit will increase from \$2,400 to \$3,000 for one dependent and from \$4,800 to \$6,000 for two or more dependents.** The amount of expenses eligible for the dependent care tax credit will be reduced, dollar for dollar, by the amount of expenses reimbursed through a DCRA. For example, if in the 2003 tax year you have one dependent for whom you pay \$4,000 in dependent care expenses during the year, and decide to pay \$3,000 through your DCRA, you will lose all tax credit eligibility and the additional \$1,000 in expenses cannot be claimed as a tax credit, even though the expenses were different from those claimed under the DCRA.

### **Effect on Social Security**

Depending upon your salary, your Social Security deductions may also be reduced by your contribu-

tions to a DCRA. This means your Social Security benefits at retirement may also be reduced slightly, because you have paid Social Security taxes on a lower wage. You also should take this into consideration as you make your decision about enrolling. For more information, you may also want to consult your tax advisor or financial planner.

### **IRS Dependent Care Reporting Requirements**

The Internal Revenue Service requires taxpayers who claim either a dependent care credit or a DCRA exclusion to report certain information with their income tax returns on form 2441 (1040 filers) or Schedule 2 (1040A filers). The information required includes the name, address, and Taxpayer's Identification Number (TIN) of the care provider. For individuals, their Social Security numbers are their TINs. For others, the employer identification number is generally the correct TIN. However, the TIN is not required for dependent care provided by a tax-exempt organization. If the required information is not supplied, the taxpayer will lose the credit or exclusion, unless he or she can show that due diligence was exercised in attempting to furnish it.

Any one of the following documents may be used to show due diligence:

1. A completed Form W-10, Dependent Care Provider's Identification and Certification. This is an IRS form that individuals should give to each of their care providers to complete and return;
2. A copy of the care provider's Social Security card or driver's license;
3. A recently printed letterhead or printed invoice from the provider; or
4. A copy of the completed Form W-4, Employee's Withholding Allowance Certificate, if the provider is the taxpayer's household employee.

## How To Claim Reimbursement

CSU Dependent Care/Health Care Reimbursement Account claim forms are available from your Benefits Representative. Beginning with the 2003 plan year, claim forms will be available for download from the Claim Administrator's website at: [www.asiflex.com](http://www.asiflex.com).

You can file a claim for reimbursement by completing the form and attaching an itemized bill for your dependent care expenses. If you wish to keep your originals, you may submit photocopies of your bills, but the information on the claim form itself must be original, not photocopied.

Each claim must include the name of the employee, the name of the dependent receiving care, the name and address of the person or facility providing care, dates of care, amounts charged, and the tax identification number of the care provider. (See the previous section, "IRS Dependent Care Reporting Requirements," for an explanation of provider tax identification numbers.) Claims cannot be paid without such verification of expenses, and copies of canceled checks are not sufficient documentation.

If the bill you are submitting is more than the amount currently in your DCRA, fill in the total amount of the bill as the reimbursement amount you are requesting. Although your actual reimbursement cannot exceed the amount currently in your account, excess expenses will be pended and paid to you automatically, as soon as additional money is available in your DCRA account (within the same plan year).

You will need to send completed claim forms to the Claim Administrator's address, as specified on the claim form. Effective 2003, reimbursements will be paid twice per month. If your claim is received by the 5th of the month, reimbursement will be mailed, or sent to your account electronically (if you elect this option) by the 15th of the month. Claims received by the 20th will be reimbursed in like manner (as stated above) by the end of the same month. There is no minimum reimbursement amount.

You may file claims for expenses incurred during a plan year any time up to six months after the end of the plan year (June 30 of the next year.) Any balance

remaining in your Dependent Care Reimbursement Account after that date will be forfeited.

## Claims Denial and Appeal

You will receive written notice of any denied claims. You will have 180 days from the date of the written notice to file an appeal of that specific claim denial with the claims office. The claims office will provide you with a written notice of the resolution of the appeal within 60 days of the appeal.

## Termination of Your Participation/Plan

Your participation in the Dependent Care Reimbursement Account will end as of the later of the following:

- ⇒ At the end of the month in which you last contributed (for claim filing purposes, eligible expenses only will be reimbursed for services provided through the end of this period.).
- ⇒ The end of the current plan year if you fail to reenroll during the annual open enrollment period.
- ⇒ The date you have been reimbursed for the entire elected annual contribution amount, and have zero funds left in your account, following cancellation or failure to reenroll.
- ⇒ Upon termination of your employment.
- ⇒ The date of your death.
- ⇒ Upon termination of this plan.

This plan may be terminated by the CSU only as of the end of any plan year. Any amounts credited to your account as of the end of the plan year, and unclaimed through the reimbursement process by the following June 30, will be forfeited.

## Final Note

Through the Dependent Care Reimbursement Account, it is possible to pay for dependent care expenses on a tax-advantaged basis easily and automatically. Carefully consider your decision to participate. If you are eligible, you'll find it a worthwhile addition to your CSU benefits package.



Refer to Internal Revenue Service (IRS) Publication 503 for additional information.  
The IRS web site address is: <http://www.irs.ustreas.gov>.

August 2002





# THE CALIFORNIA STATE UNIVERSITY HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA)

August 2002

This brochure is intended to provide highlights of the California State University (CSU) Health Care Reimbursement Account (HCRA) Plan. There are many important rules regarding this plan, so please read this material carefully. Complete details of the plan are provided in the official plan document, which is at all times the ruling plan document. If you have questions about the plan, or wish to review a copy of the plan document, contact your campus Benefits Representative.

## Overview

The CSU Health Care Reimbursement Account, a voluntary benefit for eligible employees, offers you the ability to pay for eligible out-of-pocket health care expenses with pre-tax dollars. If you enroll in the plan, the contributions you make to your account are deducted from your pay before federal, state and Social Security taxes are calculated. Your taxable income is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced. Expenses eligible to be reimbursed from the Health Care Reimbursement Account are expenses that are medically necessary but not covered by your own, or another insurance plan, and are expenses incurred by you, your spouse, and your dependents<sup>1</sup> as defined under IRS Code 152. The “Eligible Expenses” section of this brochure provides more information on reimbursable expenses. Expenses solely for cosmetic reasons or expenses that are merely beneficial to your general health are not reimbursable, as they are not medically necessary.

If you wish to participate in this plan, you must enroll each year you want to participate.

## Eligible Employees

You are eligible to enroll in the Health Care Reimbursement Account if you are in an Executive, Management Personnel Plan (MPP), Confidential or other nonrepresented position, or are covered by a collective bargaining agreement that provides the benefit.

## Enrollment and Effective Date of Coverage

The annual open enrollment period is normally September - October. The effective date of plan coverage will be Jan. 1 - Dec. 31 of the following year.

New employees may enroll in the plan within 60 days of becoming eligible or during open enrollment. Coverage will become effective on the 1st of the month following enrollment, subject to campus and State Controller’s Office processing timelines.

Once your coverage begins, you will not be able to change your contribution amount until the next open enrollment period unless you have had a change in status. See explanation under the “Change in Status” section of this brochure.

Employees who do not enroll during the open enrollment period will be eligible to enroll during any subsequent annual open enrollment period, or due to a change in status, as stated above.

**You must re-enroll** in the Health Care Reimbursement Account plan **during every annual open enrollment period** to participate during the following calendar year.

## How to Enroll

You will need to obtain a Health Care Reimbursement Account Authorization Form from your campus

<sup>1</sup> You may claim reimbursement for expenses paid for your domestic partner if your domestic partner is a dependent.

Benefits Representative. On the form, list the amount you want deducted each month from your paycheck on a pre-tax basis. You will be charged a small administration fee that is deducted from your salary on an after-tax basis.

If you are a new employee, you must enroll within 60 days of your hire date to participate for the remainder of the calendar year.

### **Your Health Care Reimbursement Account (HCRA)**

The Health Care Reimbursement Account provides reimbursement of eligible health care expenses that you or your eligible family members incur, via a special tax-free account set up for this purpose.

Each month, the dollar amount you preselect is deducted from your salary before federal, state and Social Security taxes are withheld. These deductions are held in your personal Health Care Reimbursement Account until you incur eligible expenses and file a reimbursement claim. Reimbursement claim payments are not taxable.

Tax-free Health Care Reimbursement Accounts are governed by a number of rules, most of which are set by the Internal Revenue Service (IRS) and can be changed only by that agency.

### **Eligible Expenses**

Expenses eligible to be reimbursed from the Health Care Reimbursement Account are uninsured and medically necessary expenses that are incurred by you, your spouse, and your dependents. These include expenses for the diagnosis, cure, treatment or prevention of disease, and for treatments affecting any part or function of the body. Expenses may also be to alleviate or prevent a physical defect or illness. Expenses incurred solely for cosmetic reasons or expenses that are merely beneficial to a person's general health are not eligible for reimbursement.

To be reimbursed, expenses must be incurred within the plan year for which you are enrolled in your Health Care Reimbursement Account. Expenses are considered incurred when the services are provided, not when the bill is paid or received.

Below is a partial list of expenses eligible for reimbursement under the Health Care Reimbursement Account. IRS Publication No. 502 may be used as a general guide, however, be aware that in some instances CSU policy may differ. Please see CSU list of "Ineligible Expenses" on the next page. If you have any questions, please contact your campus Benefits representative.

### **Medical Expenses**

- √ Deductibles;
- √ Copayments;
- √ Charges for routine check-ups, physical examinations, and tests connected with routine exams;
- √ Charges over the "reasonable and customary" limits;
- √ Expenses not covered by the medical plan due to a pre-existing condition, or exclusion by the insurance company;
- √ Drugs requiring a doctor's prescription (cost not covered by insurance);
- √ Smoking cessation programs and related prescription drugs;
- √ Weight loss programs, supported by a physician's statement, including membership, or program fees for individuals diagnosed with hypertension or obesity (weight-loss programs for general health improvement, do not qualify as an eligible expense); and
- √ Other expenses not covered by the medical plan that qualify as a federal income tax deduction, such as special services and supplies for the disabled.

### **Dental Expenses**

- √ Deductibles;
- √ Copayments;
- √ Expenses that exceed the maximum annual amount allowed by your dental plan;
- √ Charges over the "reasonable and customary" limits; and
- √ Orthodontia treatments that are not strictly cosmetic. Eligible orthodontic expenses can include: required down payments, monthly payments, and banding fees.

Initial requests for reimbursement of orthodontic treatment must include a contract or statement from the orthodontist. This documentation must reflect the beginning date of treatment, total cost of treatment, and estimated length of treatment. The entire cost of treatment must be prorated over the entire anticipated treatment period. This means that you can only receive reimbursement for orthodontic costs incurred during each plan year of participation, even if you pay the entire treatment cost in the current plan year. Participants who expect treatment to extend beyond the plan year he/she is currently enrolled in, are encouraged to re-enroll for the following plan year for reimbursement of pending expenses.

### **Vision and Hearing Expenses**

- √ Vision examinations and treatment (cost not covered by insurance plan);
- √ Cost of eyeglasses, prescription sunglasses, contact lenses including lens solution and enzyme cleaner;
- √ LASIK surgery; and
- √ Cost of hearing aids and batteries.

### **Ineligible Expenses**

This is a brief summary of ineligible expenses under the CSU plan. If you have any questions, please contact your campus Benefits Representative.

- √ Any and all insurance premiums, warranty fees, or service contracts;
- √ Long term care expenses (including nursing home charges);
- √ Surgery or procedures that are strictly cosmetic, such as electrolysis, hair transplants, plastic surgery, spider vein removal, teeth whitening or veneers;
- √ Health club dues (even if doctor prescribed);
- √ Marriage and family counseling; and
- √ Non-prescription medicines and vitamins.

### **Amount You Can Contribute**

You can contribute a minimum of \$20 to a maximum of \$416.66 each month to your account. Contributions must be made by payroll deduction. The CSU permits an annual maximum of \$5,000 for a full plan year.

The limits noted above may be lower for employees who are classified as “highly compensated employees” according to IRS rules. You will be notified of the limit on your Health Care Reimbursement Account contributions, if any apply.

Your payroll deductions are exempt from federal, state and Social Security taxes, however, they are not exempt from CalPERS retirement contributions. Your account contributions have no impact on any other employer-provided benefits that are based on your salary. There may be some impact on your Social Security benefits as discussed in the section titled “Effect on Social Security.”

### **Change in Status**

Once the plan year has begun, you cannot make changes in your authorization unless you experience a change in status, as defined by the IRS and recognized under this plan. Your election to change must be on account of and correspond with one of the following events:

- ⇒ Change in Legal Marital Status – Marriage, divorce, death of spouse, legal separation or annulment;
- ⇒ Change in Number of Dependents – The birth, death, adoption, loss of legal custody or placement for adoption of a child;
- ⇒ Termination/Commencement of Employment/Coverage – The beginning or the end of employment of the employee, spouse or dependent, that impacts health, dental or vision coverage of the employee, spouse or dependent;
- ⇒ Change in Work Hours – Change in work schedule including a reduction or increase in hours, full-time/part-time switch, start/stop of unpaid leave of absence or a strike or lockout of employee, spouse or dependent;
- ⇒ Dependent Eligibility – Events that cause a dependent to satisfy or cease to satisfy eligibility requirements for coverage on

- account of attainment of age, student status, or any similar circumstances;
- ⇒ Residence – A change in the place of residence of the employee, spouse, or dependent
- ⇒ Entitlement to Medicare or Medicaid – Employee, spouse or dependent gains or loses eligibility for Medicare or Medicaid;
- ⇒ Special Enrollment Events – Adding medical coverage following a loss of other coverage;
- or
- ⇒ Judgment, decree, court order, or Qualified Medical Child Support Order (QMCSO).

All events listed above qualify as a change in status event only if they result in a gain or loss of eligibility under the CSU or another plan.

If you experience a change in status event, you may increase (to the appropriate limit), decrease, start, or stop your contributions by filing a new Health Care Reimbursement Account Authorization form within 60 days of the status change. Any change you make must correspond with the change in status event. If you stop your contributions, you may continue to submit eligible expenses incurred prior to the date your plan participation ends. (See the “COBRA” section for rules on continuing coverage if your CSU employment terminates for any reason, or you go on a leave of absence without pay.)

### **How to Plan Your Contributions**

If you are already paying for health expenses (including medical, dental and vision) not paid by insurance, you probably know your annual expenditures. By looking at your records for the past year and identifying anticipated out-of-pocket medical, dental, and/or vision costs, you can estimate the contributions you want to make to the Health Care Reimbursement Account.

**You must estimate your eligible expenses very carefully.** As noted earlier, your authorization is irrevocable during the plan year unless you have a change in status event. In addition, any money left in your Health Care Reimbursement Account after your expenses have been paid for the year **will be forfeited**. The IRS will not permit excess contributions to be refunded or carried over into the next plan year.

In addition, the IRS prohibits the transfer of funds from one pre-tax account to another during the plan

year. If you participate in both the Dependent Care Reimbursement Account and the Health Care Reimbursement Account, you cannot use your Health Care Reimbursement Account for reimbursement of dependent care costs, or vice versa.

### **Effect on Social Security**

Depending upon your salary, your Social Security deductions may also be reduced by your contributions to the Health Care Reimbursement Account. This means your Social Security benefits at retirement may also be reduced slightly, because you have paid Social Security taxes on a lower wage amount. You should take this into consideration as you make your decision about enrolling in the Health Care Reimbursement Account. (For more information, you may wish to consult your tax advisor or financial planner.)

### **How to Claim Reimbursement**

CSU Health Care Reimbursement Account claim forms are available from your campus Benefits Representative. Beginning with the 2003 plan year, claim forms will be available for download from the Claim Administrator’s website at: [www.asiflex.com](http://www.asiflex.com).

You can file a claim for reimbursement by completing the form and attaching an itemized bill for your health care expenses. If you wish to keep your originals, you may submit photocopies of your bills, but the information on the claim form itself must be original, not photocopied. Claims cannot be paid without such verification of expenses, and copies of canceled checks are not sufficient documentation.

You will need to send completed claims to the Claim Administrator’s address, as specified on the claim form. Beginning in 2003, reimbursements will be paid twice per month. If your claim is received by the 5th of the month, reimbursement will be mailed, or sent to your account electronically (if you elect this option) by the 15th of the month. Claims received by the 20th will be reimbursed in like manner (as stated above) by the end of the same month. There is no minimum reimbursement amount.

You may file claims for expenses incurred during a plan year any time up to six months after the end of the plan year (June 30 of the next year.) Any balance remaining in your Health Care Reimbursement Account after that date will be forfeited.

You will be reimbursed for the full amount of any eligible claim submitted, even though you may not have yet contributed enough money through payroll deductions to your HCRA account to cover the submitted expenses. The total claims paid will not exceed the maximum you elected to contribute for the plan year.

### **Claims Denial and Appeal**

You will receive written notice of any denied claims. You will have 180 days from the date of the written notice to file an appeal of that specific claim denial with the claims office. The claims office will provide you with a written notice of the resolution of the appeal within 60 days of the appeal.

### **Consolidated Omnibus Budget Reconciliation Act (COBRA)**

If you lose your eligibility to participate in the Health Care Reimbursement Account for any reason during the plan year (i.e., leave of absence without pay, retire, terminate, etc.), you may continue to make contributions on an after tax basis to your account under COBRA through the end of the plan year. You must have a positive account balance at the time you separate or go on leave without pay in order to participate. You must elect COBRA within 60 days of the later of notification of a qualifying event, or the loss of eligibility. There are no tax savings on contributions you make to your account under COBRA. Your eligibility will terminate at the end of the month in which you last contributed, and you only will be reimbursed for eligible expenses that were incurred through this period. If you choose not to continue contributions under COBRA, the funds you have already contributed to your account will not be available for reimbursement of expenses you incur after the date you are no longer eligible.

### **Termination of Your Participation/Plan**

Your participation in the Health Care Reimbursement Account will end as of the later of the following:

- ⇒ At the end of the month in which you last contributed (for claim filing purpose, eligible expenses only will be reimbursed for services provided through the end of this period.).

- ⇒ The end of the current plan year if you fail to reenroll during the annual open enrollment period.
- ⇒ The date you have been reimbursed for the entire elected annual contribution amount, and have zero funds left in your account, following cancellation or failure to reenroll.
- ⇒ Upon termination of your employment unless you qualify for and elect COBRA.
- ⇒ The date of your death, unless your beneficiary qualifies for, or elects COBRA.
- ⇒ Upon termination of this plan.

This plan may be terminated by the CSU only as of the end of any plan year. Any amounts credited to your account as of the end of the plan year, and unclaimed through the reimbursement process by the following June 30, will be forfeited.

### **Final Note**

Through the Health Care Reimbursement Account, it is possible to pay for health care expenses on a tax-advantaged basis easily and automatically. Carefully consider your decision to participate. If you are eligible, you'll find it a worthwhile addition to your CSU benefits package.



Refer to Internal Revenue Service (IRS) Publication 502 for additional information.  
The IRS website address is: <http://www.irs.ustreas.gov>.

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