THE CALIFORNIA STATE UNIVERSITY

Office of the Chancellor

Dependent Care Reimbursement Account (DCRA) and Health Care Reimbursement Account (HCRA) Plans

ADMINISTRATIVE GUIDE

January 2005

CALIFORNIA STATE UNIVERSITY

DEPENDENT CARE REIMBURSEMENT ACCOUNT (DCRA) AND HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA) PLANS ADMINISTRATIVE GUIDE

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INTRODUCTION

The California State University (CSU) offers two flexible spending reimbursement accounts to its eligible employees – the Dependent Care Reimbursement Account (DCRA) and the Health Care Reimbursement Account (HCRA).

The Dependent Care Reimbursement Account (DCRA) Plan qualifies as a "dependent care assistance program" as defined in Section 129(d) of the Internal Revenue Code and meets the requirements of any other applicable provisions of law.

The Health Care Reimbursement Account (HCRA) Plan qualifies as a "flexible spending arrangement" as defined in Section 106 of the Internal Revenue Code and meets the requirements of any other applicable provisions of law.

Both plans are voluntary and allow for reimbursement of eligible out-of-pocket expenses from money deducted from an Employee's pay before federal, state, Social Security, and Medicare taxes are deducted. Taxable income on an Employee's annual W-2 statement is reduced by the amount placed in the account(s). This amount is held in the individual account(s) until the Employee incurs eligible expenses and files a claim for reimbursement.

- Expenses eligible for reimbursement from:

  - DCRA are amounts paid out-of-pocket for dependent care if the care is required in order for the Employee (and Employee's spouse, if applicable) to work, or look for work.

  - HCRA are amounts paid out-of-pocket for the diagnosis, cure, mitigation, treatment or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be to alleviate or prevent a physical or mental defect or illness.

This Administrative Guide provides guidelines for the Dependent Care Reimbursement Account (DCRA) and Health Care Reimbursement Account (HCRA) Plans. Guidelines have been combined where similar. Where guidelines differ, instructions have been separated and so noted. Both plans are governed by federal Internal Revenue Service (IRS) rules, which can change at anytime. If there is a discrepancy between the information in this Administrative Guide and the IRS rules, the IRS rules supersede the Administrative Guide.

Special Restrictions – Internal Revenue Service (IRS) Rules

- Participants in DCRA and/or HCRA must re-enroll during every annual open enrollment period to participate during the following Plan Year. Enrollment is not automatic, even if the employee participated the previous year.
- A Participant's Salary Reduction election may not be changed or revoked during the Plan Year unless the Participant has a permissible Change in Status Event as described by IRS regulations.
- Claims may be filed for expenses incurred during the Plan Year. Expenses may not be reimbursed until services are provided.
- If a Participant does not use the money in his/her account for expenses incurred during the Plan Year, the funds will be forfeited. Excess contributions may not be refunded to the individual or be carried over into the next Plan Year.

Enrollment Authorization forms for CSU employees are sent directly to the State Controller's Office for processing. Responsibility for contract administration rests with the Systemwide Human Resource's Office, with day-to-day administration delegated to the campuses. The Systemwide Human Resource's Office interprets regulations, answers questions, and assists campuses in resolving problems regarding the processing of plan authorization documents. Application Software Inc. serves as the CSU's claims administrator for DCRA and HCRA and is responsible for reviewing and approving all reimbursement claims, tracking of employee account balances and issuing CSU-approved reimbursement payments.

SECTION 1 - DEFINITIONS

A. **Campus Benefits Representative** means a CSU Employee responsible for communicating benefit plan information to Employees at each campus.

B. **Change in Status Event** means an event which qualifies a Participant to make changes to his/her Salary Reduction election (e.g., increase/decrease, stop/start Salary Reduction Election).

C. **Claims Administrator** means the party designated by the CSU to administer claims under the Plans. The Claims Administrator is:

Application Software, Inc. (ASI)
P. O. Box 6044
Columbia, MO 65205-6044
(800) 659-3035, e-mail: asi@asiflex.com
Infoline: (800) 366-4827

D. **Code** means the Internal Revenue Code, as amended, as it now exists or as it may be amended from time to time.

E. **Compensation** means the total cash remuneration paid to an Employee during a Plan Year for services rendered to the Employer, as determined for purposes of Federal Income Tax Form W-2. For purposes of determining an Employee's compensation for tax purposes, any election by the Employee to reduce his or her regular cash remuneration under Code Sections 125, 401(k), 403(b), 414(h) or 457 shall be treated as if the Employee did not make such an election.

F. **CSU Claims Unit** means Claims Administrator staff responsible for processing CSU Participant claims.

G. **Dependent (DCRA)** means either:

(1) a child who is under the age of 13 and can be claimed as a federal tax dependent of the Employee (as defined in Section 152 of the Code); or

(2) a relative or household member of an Employee who (a) is physically or mentally incapable of caring for himself or herself, (b) has the same principal place of abode as the taxpayer for more than one-half the year and (c) can be claimed as the Employee's federal tax dependent (as defined in Section 152 of the Code); or

(3) the spouse (as defined under federal law) of an employee who is physically or mentally incapable of caring for himself/herself and who has the same principal place of abode as the Employee for more than one-half the year.

Note: A domestic partner (and/or a child of a domestic partner) may be considered a Dependent for purposes of reimbursement of dependent care expenses if the domestic partner (and/or child of a domestic partner) meets the definition of dependent of the Employee as described in Section 152 of the Code. Registration of the domestic partnership with the Secretary of State is not required to qualify as a Dependent, under this definition.

H. **Dependent (HCRA) -** As defined in Code Section 152 - means the spouse (as defined under federal law), a "qualifying child", or a "qualifying relative" of the Employee.

For HCRA purposes, a "qualifying child" means an individual who:

(1) Resides with the Employee for more than half the year;

(2) Is the Employee's child, stepchild, sibling, stepsibling or any of the descendents of these relatives (adopted and qualified foster children are considered the taxpayer's children);

(3) Is under age 19, or under age 24 in the case of a full-time student. No age limit applies to any of the listed individuals if they are totally and permanently disabled; and

(4) Does not provide over one-half of his or her own support.

For HCRA purposes, "qualifying relative" means an individual who:

(1) Receives over half his support from the Employee;

(2) Is the Employee's child, sibling, step-sibling or any of their descendents; a parent or step-parent or any of their ancestors; an aunt, uncle, niece, or nephew; children or parents-in-law; or an unrelated individual who shares the taxpayer's residence as a member of the household and

(3) Is not a qualifying child of the Employee or another taxpayer during the plan year.

Note: Domestic partners (and/or a child of a domestic partner) may be considered a Dependent for purposes of reimbursement of medical expenses if the domestic partner (and/or a child of a domestic partner) meets the definition of Dependent as described above. Registration of the domestic partnership with the Secretary of State is not required to qualify as a Dependent, under this definition.

I. **Dependent Care Expenses** mean the expenses specified in Section 4 of this guide that qualify as eligible expenses for DCRA.

J. **Dependent Care Tax Credit** means the federal tax credit a taxpayer can claim on a federal tax return for child and dependent care expenses.

K. **Earned Income (DCRA only)** means wages, salaries, tips and other taxable Employee Compensation, plus net earnings from self-employment, computed without regard to any community property laws. It does not include any amounts received as pension, annuity, workers' compensation, unemployment compensation, or a non-resident alien's income not connected with United States business, or as reimbursement of eligible expenses under this Plan or any other employer's dependent care assistance program.

For each month an Employee's spouse is either a full-time student in an educational institution or incapable of caring for himself/herself, such spouse shall be deemed to be gainfully employed and to have earned income of not less than:

(1) $250 per month, if the Employee has only one Dependent for the Plan Year, or

(2) $416.66 per month, if the Employee has two or more Dependents for the Plan Year.

L. **Employee** means a common-law employee of the Employer.

The term Employee does not mean:

(1) a self-employed individual, as defined in Code section 401(c)(1)(A),

(2) a member of the Board of Trustees who is not otherwise an Employee,

(3) a person the Plan Administrator determines is an Employer's independent contractor, or

(4) a person the Plan Administrator determines is an Employer and engages as a consultant or advisor on a retainer or fee basis.

M. **Employer** means The California State University (CSU) and any successor thereto.

N. **Experience Gain** means the excess salary reduction contributions paid and income (if any) of the Plan over the Plan's total claim reimbursements and reasonable administrative costs for the Plan Year.

O. **Health Care Expenses** mean the expenses specified in Section 4 of this guide that qualify as eligible expenses for HCRA.

P. **Highly Compensated Employee (HCE) (DCRA Only)** means, in general, an individual who:

(1) Was a five percent owner during the current or preceding year, or

(2) For the preceding year:
   a. Earned more than $90,000 in 2004 or $95,000 in 2005 as increased by regulations issued by the Secretary of the Treasury, and
   b. If the Employer elects to apply this clause, as permitted under Code section 414 (q)(1)(B)(ii), for the preceding year and was in the top 20 percent of all Employees by Compensation for the preceding year.

Q. **Highly Compensated Individual (HCI)** means, in general, an individual who is:
(1) An officer;
(2) A more-than-5% shareholder;
(3) A highly compensated Employee (determined by the facts and circumstances); or
(4) A spouse or dependent of any of the above.

R. **Key Employees** means, in general, an individual who is:
(1) An officer earning more than $130,000 in 2004 or $135,000 in 2005, or as increased by regulations issued by the Secretary of the Treasury;
(2) A more-than-5% owner; or
(3) A more-than-1% owner earning over $150,000, as increased by regulations issued by the Secretary of the Treasury.

S. **Open Enrollment Period** means the annual period during which eligible Employees may elect Salary Reduction amounts for the following Plan Year. The annual Open Enrollment Period is normally held in September-October.

T. **Participant** means an eligible Employee who participates in the Plan pursuant to Section 2 of this guide.

U. **Plan(s)** mean the CSU Dependent Care Reimbursement Account (DCRA) Plan and the CSU Health Care Reimbursement (HCRA) Plan, as they may be amended from time to time.

V. **Plan Administrator** means the California State University (CSU). Certain administrative functions for the Plan(s) may be delegated to any other person(s) or entity.

W. **Plan Year** means the twelve month period beginning January 1 and ending the following December 31. Plan records shall be established and maintained on the basis of the Plan Year.

X. **Salary Reduction** means a specified amount by which a Participant's Compensation is decreased, pursuant to a Salary Reduction election for federal income tax, Social Security tax, and Medicare tax purposes and, wherever permitted, for state and local income tax purposes. The Salary Reduction election is included in the enrollment document for the Plans. (See the Dependent Care/Health Care Reimbursement Account Plans Enrollment Authorization form in Appendix A.) The Salary Reduction amount is credited to the Participant's account for the sole purpose of paying eligible expenses.

Y. **State Controller's Office (SCO)** means the CSU's payroll agent.

Z. **Tax Year** means the year in which taxes are collected/deducted.

AA. **Systemwide Human Resource's Office** means a division of the Chancellor's Office responsible for carrying out the centralized administrative functions of the Plan(s). It acts as the Plan Administrator in most situations.

SECTION 2 – ELIGIBILITY

2.1 Dependent (DCRA) and Health Care Reimbursement Account (HCRA) Plans Eligibility

Nonrepresented and represented Employees may participate in the DCRA and HCRA Plans **with the exception of the following classifications** (unless concurrently appointed in an eligible class):

- Student classifications (0100, 1150, 1151, 1868, 1869, 1870, 1871, 1872, 1874, 1875, 1876),
- Graduate Assistants (2325, 2326, 2355),
- Instructional Faculty, Designated Discipline - Extra Quarter Assignment (2367),
- Instructional Faculty, Extra Quarter Assignment – QSYRO (2368),
- Instructional Faculty, Executive Committee, Academic Senate (2394),
- Trade rate employees,
- Special pay classifications (1800, 2322, 2323, 2336, 2337, 2356, 2357, 2362, 2363, 2365, 2974, 4660, 8347, 7930, 7940),
- Rehired Annuitants, including FERP participants, and
- Employees appointed without a timebase, in any classification (e.g., intermittent, indeterminate).

Any person who performs service for the CSU solely as an independent contractor shall not be eligible to participate in either Plan.

SECTION 3 – ENROLLMENT AND PLAN PARTICIPATION

3.1 Initial Enrollment - Time Requirements

Eligible Employees must complete an Enrollment Authorization Form for the Plan they wish to participate in during the annual Open Enrollment Period. Employees must submit the completed form to the Campus Benefits Representative. The annual Open Enrollment Period will normally be held in September-October for participation in the following Plan Year. Newly eligible Employees may enroll in the Plan within sixty (60) days of eligibility, or reemployment if there has been a break in service of more than thirty (30) days. (See Appendix A for a copy of the form and Appendix B for instructions.)

If enrollment forms are received by the State Controller's Office (SCO) by the 10th of the month, the effective date of the Plan is the first of the following month. Forms received after the 10th extend the effective date to the first of the second month following eligibility. For initial enrollment, an Employee who is on leave of absence without pay, temporary disability compensation, non-industrial disability leave, industrial disability leave, or other non-pay status may not enroll while in such status, but may enroll within sixty (60) days of returning to eligible active status provided that he/she would otherwise have been eligible to enroll during the non-pay status.

The last possible participation effective date for a newly eligible Employee is December 1 of the Plan Year. For enrollment to be effective December 1, the SCO must receive the enrollment form by November 10. Forms received after that date will be processed for the following Plan Year.

Eligible Employees who do not enroll within these time limits will not be eligible to enroll until the next annual Open Enrollment, unless there has been a Change in Status Event. (See Section 6 and Appendix C for a list of eligible Change in Status Events and Section 5 for limits on allowable Salary Reduction amounts and restrictions on mid-plan year changes.) No retroactivity is allowable under the Plan(s). Eligible Employees who are granted a leave of absence without pay, or terminate employment may be eligible to continue coverage in the HCRA Plan through the end of the Plan Year by making direct after-tax payments to the Claims Administrator. (See Section 8 Continuation of Coverage guidelines for more details.) The DCRA Plan does not have a continuation of coverage option.

3.2. Annual Reenrollment

Participants must reenroll annually to continue participation in either Plan. Enrollment in DCRA and HCRA coincide with other CSU plan enrollments held in September-October. The Campus Benefits Representative is responsible for forwarding all completed forms to the SCO. Open enrollment documents must be received in the State Controller's Office by November 10th to be effective the following January 1st.

3.3. Reinstatement of Former Participant

A former Participant will again become a Participant if and when that individual meets the eligibility and enrollment requirements. However, if a former Participant returns to service during the same Plan Year, and within thirty (30) days of the date participation ended, the prior benefit election will be reinstated and the Participant may not make any new elections for the remainder of the Plan Year, unless there is a Change in Status Event as described in Section 6 and Appendix C. A former Participant returning to work in the same Plan Year is entitled to any remaining balance in his or her account for expenses incurred only while an active Employee.

3.4. Completion of Enrollment Forms

An Enrollment Authorization form must be completed for enrollment in the Plan. There is one Enrollment Authorization form for both plans. The form is used for new enrollments, changes of enrollment, and cancellations of enrollment. A copy of the Enrollment Authorization form is contained in Appendix A.

The Permitting Event Code Chart (Appendix D) provides a list of permitting event codes, permitting event dates, time limits, and effective dates for use in completing the Enrollment Authorization form. For timely processing, all of the conditions in Appendix D relative to the permitting event code must be satisfied. No retroactive enrollments are allowed in the Plan(s).

Permitting event codes are used when there is a Change in Status Event. (See Section 6 Change in Status or Revocation of Salary Reduction Election and Appendix C for a list of Change in Status Events.)

The Salary Reduction amount and the Plan Code must be entered on the form. The following enrollment Plan Codes are provided for 2005:

Plan	2005
DCRA	380-018
HCRA	378-018
Administrative Fee	375-001

(Note that the last three digits of the DCRA and HCRA Plan Codes change incrementally each year. The Administrative Fee code does not change each year.)

A copy of the completed Enrollment Authorization form should be given to the Employee and a copy should be placed in the Employee's file. The original should be sent to the SCO at the following address:

Personnel/Payroll Services Division
Miscellaneous Deductions Unit
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5878

The Enrollment Authorization form may be obtained from the CSU Systemwide Human Resource's Office. Additionally, an electronic version can be downloaded from http://www.calstate.edu/Benefits/flexible/hcra.forms.shtml.

3.5. Conditions of Participation

Upon enrollment in the Plan, each eligible Employee shall be deemed to have agreed to the terms and provisions of the Plan and shall be bound thereby.

3.6 Termination of Participation

Participation in this Plan shall terminate as of the later of:

(1) The end of the current Plan Year, if a Participant fails to reenroll during the annual open enrollment period.

(2) The date an individual has been reimbursed for the entire elected annual contribution level and has zero funds left in his or her account, following cancellation or failure to reenroll.

(3) Upon termination of employment, unless Employee continues to make after-tax contributions to the Plan (HCRA only) through Continuation of Coverage. Once an Employee no longer makes contributions to the account, the individual is terminated from active participation in the Plan. Eligible expenses are for services provided through the end of the month in which the last contribution was made. Eligible Expenses, incurred by the Employee while in active employment status, may be reimbursed after termination of employment up to six months after the end of the Plan Year.

(4) The date of the Employee's death, unless beneficiary qualifies for or elects Continuation of Coverage (HCRA only).

(5) Upon termination of this Plan.

SECTION 4 – ELIGIBLE AND INELIGIBLE EXPENSES

4.1 Eligible Dependent Care Expenses

(1) Eligible Dependent Care Expenses are amounts paid by a Participant for household services or for care of a Dependent. Such expenses must be incurred to enable the Participant and spouse, if married, to be gainfully employed, actively seek gainful employment, or be a full-time student. Full-time student means a person enrolled at, and attending an educational institution during at least part of each of five calendar months of the Employee's tax year for the number of course hours that the institution considers to be a full-time course of study. Attending a school at night does not constitute a full time student. The Dependent Care Expenses must also meet the following requirements:

a. If such expenses are incurred for services outside a Participant's household, they must be incurred for the care of a Dependent who is:

(i) a child who is under the age of 13 and can be claimed as a federal tax dependent of the Employee (as defined in Section 152 of the Code); or

(ii) a relative or household member of an Employee, who is physically or mentally incapable of caring for himself/herself, has the same principal place of abode as the Employee for more than one-half the year and can be claimed as the Employee's federal tax dependent (as defined in Section 152 of the Code); or

(iii) the spouse (as defined under federal law) of an Employee, who is physically or mentally incapable of caring for himself/herself, and who has the same principal place of abode as the Employee for more than one-half the year.

b. If such outside services are provided by a dependent care center, such center must:

(i) receive a fee, payment or grant for providing services for any of the individuals (regardless of whether such facility is operated for profit), and

(ii) provide care for more than six individuals (other than individuals who reside at the facility), and

(iv) comply with the applicable State and local government laws and regulations.

4.2 Ineligible Dependent Care Expenses

(1) Dependent Care Expenses shall in no event include amounts paid by a Participant to:

a. an individual with respect to whom a deduction is allowable to the Employee or the spouse under Section 151(c) of the Code (relating to personal exemptions for Dependents), or

b. a child (within the meaning of Section 152(f)(1) of the Code) of the Employee under the age of 19 at the close of the Plan Year in which such amounts are paid whether or not the child is a tax dependent of the Employee.

(2) Dependent Care Expenses shall in no event include amounts paid by a Participant for the overnight camp expenses of a Dependent.

(3) Unless incidental, minimal, and inseparable from the cost of caring for a Dependent, the Plan shall not pay any charges in connection with a Dependent's:

a) Food,
b) Clothing,
c) Entertainment,
d) Activities, or
e) Education.

(4) Dependent Care Expenses shall not include costs for transportation between the Participant's home and the place where dependent care is provided.

(5) Additional DCRA Exclusions:

a) General "baby-sitting" other than during Employee or spouse's work hours,
b) Nursing home care,
c) Expenses that would not otherwise be eligible to be credited on the Employee's tax return,
d) Expenses for which the Employee takes the IRS Child Care Credit when he/she files a tax return,
e) Expenses that cost more than the amount of income the Employee the spouse, if married, earns annually.

It shall be the responsibility of each Participant to submit a claim for reimbursement only for Dependent Care Expenses, which meet the requirements of this section and all other requirements of the Plan. (Reference IRS Publication No. 503 for a list of expenses that qualify for reimbursement.)

4.3 Child Care Tax Credit vs. DCRA

Dependent care expenses may qualify for a tax credit on an Employee's income tax return. The credit is based on an Employee's adjusted household gross income and the number of eligible Dependents. Employees should be referred to their financial planner or tax advisor to determine how they may benefit from one method or another.

The Dependent Care Tax Credit is $3,000 for one dependent and $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 2005 Tax Year an Employee has $4,000 in Dependent care expenses for one Dependent during the year, and decides to pay $3,000 through a DCRA, the Employee 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 a DCRA.

4.4 Child Care IRS Reporting Requirements

The IRS 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 TIN. However, the TIN is not required for dependent care provided by certain tax-exempt organizations. 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:

- ✓ 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;
- ✓ A copy of the care provider's Social Security card or driver's license;
- ✓ A recently printed letterhead or printed invoice from the provider if it includes the name, address and TIN of the provider; or
- ✓ A copy of the completed Form W-4, Employer's Withholding Allowance Certificate, if the provider is the taxpayer's household employee.

4.5 Eligible Health Care Expenses

(1) Expenses eligible to be reimbursed from the Health Care Reimbursement Account (HCRA) include all medical, dental and vision expenses not covered or reimbursed by insurance or another plan that are medically necessary and are incurred by the Participant and the Participant's Dependents (e.g., spouse, child and domestic partner). These include expenses for the diagnosis, cure, treatment or prevention of disease, and for treatments affecting any part or function of the body. Expenses must be to alleviate or prevent a physical or mental defect or illness. Expenses incurred solely for cosmetic reasons or expenses that are merely beneficial to a person's general health (except certain smoking cessation and weight reduction programs that meet the necessary requirement) are not eligible for reimbursement.

(2) To be reimbursed, expenses for medical care, as defined in Section 213(d) of the Internal Revenue Code, must be incurred within the Plan Year for which a Participant is enrolled in the Health Care Reimbursement Account. **Expenses qualify for the HCRA plan based on when incurred, not when the bill is paid or received. Federal regulations do not allow any insurance premiums or long term care expenses to be included under the HCRA plan.** Refer to IRS Publication 502 (available at www.asiflex.com) for general guidance on tax deduction health expenses. Please note that not all expenses in IRS Publication 502 are reimbursable under the CSU HCRA plan.

Below is a partial list of expenses including newly designated over-the-counter drugs and medicines eligible for reimbursement under the Health Care Reimbursement Account plan. (Also, see 4.6 of this guide for examples of ineligible expenses.)

Over-the-Counter Drugs and Medicines

On September 3, 2003, the Treasury Department and Internal Revenue Service (IRS) released Revenue Ruling 2003-102, which allows reimbursement for over-the-counter (OTC) drugs and medicines, used to alleviate or treat a personal injury or illness, provided the expense is properly substantiated. The IRS ruling specifically mentions such OTC medicines as antacids, allergy medicines, pain relievers, and cold medicines purchased without a doctor's prescription, but specifically disallows reimbursement for vitamins taken "for general good health." ***Reimbursement for qualified expenses was available beginning with the 2004 plan year for expenses incurred on or after January 1, 2004***. The following provides a brief summary of qualifying and non-qualifying drugs and medicines:

Qualifying OTC Medicines and Drugs (Purchased to alleviate or treat a personal injury or illness.)	**Non-Qualifying OTC Medicines and Drugs**
▪ Allergy medicines ▪ Cold medicines ▪ Aspirin or pain medicines ▪ Creams or ointments ▪ Antibiotics ▪ Vitamins, herbs and nutritional supplements (only if to treat a specific medical condition)	▪ Vitamins, herbs and nutritional supplements ▪ Cosmetic supplies ▪ Large supply of qualifying items, not for existing or imminent condition ▪ Band-aids or other non-medicines ▪ General hygiene items (toothpaste, deodorant, etc.)

Please refer to Section 7 for claims processing information.

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 or medicines requiring a doctor's prescription (cost not covered by insurance) – purchased in the United States, unless purchased and consumed abroad.
- ✓ Smoking cessation programs and related drugs and medicines
- ✓ 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)
- ✓ 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

Note: Meals and Lodging: The cost of meals and lodging may be reimbursable if the expense is incurred while an eligible individual is away from home and receiving health care treatment. Meals may be reimbursable if the expense is incurred in a medical facility. Reference IRS Publication 502 for specific requirements.

Transportation: A Participant may claim up to $.15 per mile (2005) for transportation required for health care. A Participant should indicate the number of round trip miles on the reimbursement claim form and receipt for drugs, doctor's visit, etc. Parking and/or toll expenses also can be claimed if a receipt is provided.

Dental Expenses

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

  Note: 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 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 or another plan)
- ✓ Cost of eyeglasses, prescription sunglasses, contact lenses including lens solution and enzyme cleaner
- ✓ LASIK Surgery
- ✓ Cost of hearing aids and batteries

4.6 Ineligible Health Care Expenses

Below is a partial list of expenses *not* eligible for reimbursement under the Health Care Reimbursement Account Plan. (Reference IRS Publication No. 502 for a list of ineligible expenses.)

- ✓ 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)
- ✓ Non-prescription medicines (if purchased only for general good health) and vitamins
- ✓ Marriage or family counseling
- ✓ Expenses related to general health (even if prescribed by a doctor)
- ✓ Expenses that are not tax deductible under the Code
- ✓ Expenses which are reimbursable under another plan

SECTION 5 – PLAN FUNDING

5.1 Salary Reduction Election

Each eligible Employee may make a written Salary Reduction election on the Enrollment Authorization form to have his/her annual compensation reduced, but not below zero.

5.2 Establishment of Accounts

Upon receipt of the Enrollment Authorization form, the State Controller's Office (SCO) establishes the monthly Salary Reductions on the payroll. The Claims Administrator receives monthly Participant contribution data through an Internet payroll deduction file from the SCO. Participant contributions are received by the CSU from the SCO and deposited into the trust fund account(s).

The Claims Administrator maintains a bookkeeping account for each Participant and credits each account with the amounts received/specified by the Participant. These accounts are for bookkeeping purposes only; any payments under the Plan(s) are made entirely out of the assets of the Plans' Trust Fund. The CSU authorizes the transfer of funds from the trust account(s) to the Claims Administrator for claim payments.

The CSU retains title to and beneficial ownership of any of the Plan assets, which are earmarked for payment of benefits under the Plan(s). The IRS prohibits the transfer of funds from one pre-tax account to another. If an Employee participates in both Plans, funds from one account cannot be used to reimburse expenses in the other account.

5.3 Notification of Account Balances

The Claims Administrator produces Participant accounting statements reflecting the Participant's contributions deposited, reimbursement requests submitted, payments made and account balance. The statements are mailed to the Participants quarterly. Campus Benefits Representatives are not responsible for maintaining or tracking Employee contributions or account balances. However, Campus Benefits Representatives are responsible for ensuring the monthly Salary Reduction amount(s) on the Enrollment Authorization form comply with Plan guidelines.

5.4 Limits on Amount Contributed to the Plan (Monthly Contributions)

(1) Dependent Care Reimbursement Account Plan

a. The minimum Salary Reduction amount is $20 per month up to a maximum of $416.66 per month. However, the annual Salary Reduction amount shall not exceed the lesser of the following:

(i) $5,000 ($2,500 if the Participant is married and files a Federal Income Tax return separately from his/her spouse), or

(ii) $416.66 per month times the number of months the Employee is eligible to participate in the Plan (monthly cost cannot exceed $416.66), or

(iii) the Participant's annual compensation, or

(iv) the Earned Income of the Participant's spouse, if the Participant is married. However, the applicable special limit in Code Section 21(d) applies if the Participant's spouse is a full-time student or is physically or mentally incapable of caring for himself/herself. This Code Section sets the spouse's income limit at $250 for each calendar month that the spouse is disabled or a full-time student. If an employee has two or more Dependents, the spouse is deemed to have income of $416.66 for each such calendar month.

b. For the DCRA Plan, an Employee's Salary Reduction election amount *is* limited by the participation of the Employee's spouse in the same type of plan (IRS Code Section 129) offered by his/her employer. This also is true if the spouse is a CSU Employee.

(2) Health Care Reimbursement Account Plan

a. The minimum Salary Reduction amount is $20 per month up to a maximum of $416.66 per month. The full Plan Year Salary Reduction amount shall not exceed $5,000, or the Participant's annual Compensation. Employees who enroll mid-year are limited to a maximum contribution of $416.66 per month.

b. For the HCRA Plan, an Employee's Salary Reduction election amount is *not* limited by the spouse's participation in the same type of plan offered by the spouse's employer, including the CSU. However, eligible expenses can only be reimbursed under one plan.

Salary Reductions are exempt from federal, California state, Social Security, and Medicare taxes. They are not, however, exempt from CalPERS retirement contributions. Since contributions to DCRA and HCRA are exempt from Social Security taxes, Social Security benefits for a Participant at retirement may also be reduced because Social Security taxes have been paid on a lower wage amount.

5.5 Modification and Suspension of Salary Reduction Elections (Contributions)

The CSU will suspend, modify, or terminate Salary Reduction elections if the amount of any reduction agreed to is greater than the Participant's monthly taxable pay from the CSU. The Campus Benefits Representative is responsible for making such changes.

If the CSU finds that either Plan is discriminatory under applicable law, such as having too low a percentage of lower-income Participants, some Salary Reduction amounts for Highly Compensated Employees, Highly Compensated Individuals and Key Employees may be reported as taxable income. Such amounts will remain subject to all other terms and conditions of the Plan. The Systemwide Human Resource's Office is responsible for determining Plan discrimination under applicable law.

SECTION 6 – CHANGE IN STATUS OR REVOCATION OF SALARY REDUCTION ELECTION

A Participant's Salary Reduction election for any Plan Year may not be changed or revoked after coverage begins. **Exceptions are permissible only to the extent that such change or revocation is on account of and consistent with the following Change in Status Events:**

1. Change in Legal Marital Status – Marriage, divorce, death of spouse, legal separation or annulment;

2. Change in Number of Dependents – The birth, death, adoption, loss or gain of legal custody or placement for adoption of a child;

3. Termination/Commencement of Employment – The beginning or the end of employment of the Employee, spouse or Dependent that impacts the Employee's, spouse's, or Dependent's eligibility;

4. Change in Work Hours – Change in work schedule including a decrease or increase in hours (DCRA only), full-time/part-time switch (DCRA only), start/stop of unpaid leave of absence or a strike or lockout of Employee, spouse or Dependent;

5. 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;

6. Dependent Care Provider Cost/Coverage Change (DCRA only) – Significant change in cost and/or coverage of dependent care provided or change in provider as long as provider is not a relative;

7. Entitlement to Medicare or Medicaid (HCRA only) – Employee, spouse or Dependent gains or loses eligibility for Medicare or Medicaid;

8. Judgment, decree, court order, or Qualified Medical Child Support Order (QMCSO) (HCRA only).

The first five events listed above qualify as a Change in Status Event only if the change causes a gain or loss of eligibility for coverage under the CSU or other plan. If a Participant experiences a Change in Status Event, he/she may increase (to the appropriate limit), decrease, start, or stop contributions by filing a new Enrollment Authorization form within sixty (60) days of the status change (See Section 3 for further enrollment instructions). **Any change made must correspond with the Change in Status Event.** (For further details on Change in Status Events, see Appendix C.) Questions requiring interpretation of a Change in Status Event should be referred to the Systemwide Office of Human Resources.

If a Participant stops contributions, he/she may continue to submit eligible expenses that incurred prior to the end of the month Plan participation ended. (See Section 8 Continuation of Coverage for rules on continuing coverage for HCRA if CSU employment terminates for any reason.)

SECTION 7 – CLAIMS PROCESS

7.1 Claim for Reimbursement

New Participants receive a supply of claim forms from the Claims Administrator upon enrollment in the Plan. Forms also may be obtained from the Claims Administrator's web site. Campus Benefits Representatives may provide the claim form to Employees when necessary and can order additional forms from the Systemwide Human Resources Office. See Appendix E for a copy of the claim form. A Participant files a claim for reimbursement by completing the form and attaching an itemized bill or Explanation of Benefits (EOB) for eligible expenses. A Participant may attach photocopies of his/her bills to the claim. The information on the claim form itself must be original, not photocopied. Claims cannot be paid without verification of expenses, and copies of canceled checks are not sufficient documentation. Instructions on completing the claim form are provided on the back of the form. Questions relating to claims substantiation should be directed to the Claims Administrator.

Participants must send completed claims to the Claims Administrator's address located on the claim form. Reimbursements are paid twice per month. There is no minimum reimbursement amount. If a Participant's claim is received by the Claim Administrator by the 5th of the month, reimbursement is issued or sent to the Participant's bank account electronically (if this option is elected by the Participant) by the 15th of the month. Claims received by the 20th of the month will be issued in like manner (as stated above) by the end of the same month. The Participant is responsible for the accurate completion and timely submission of claim forms.

Claims may be filed for expenses incurred during a Plan Year any time up to six (6) months after the end of the Plan Year (June 30 of the next year). Any balance remaining in the Participant's account after that date will be forfeited.

Claim reimbursement for over-the-counter drugs and medicines must include the following:

1. ***The receipt or documentation*** from the store must include the name of the drug purchased printed on the receipt along with the date of purchase and purchase price. This information must be provided by the store, not just listed by the participant on the receipt or claim form.

2. The participant must ***indicate the illness or physical injury*** on the receipt, on the claim form, or on a separate enclosed statement each time these items are claimed. Purchases for general health will not be accepted.

3. To claim reimbursement for vitamins, herbs or nutritional supplements, the participant must have a ***written diagnosis of the medical condition from a doctor*** and "prescription" of all specific items for that condition on file with the claims office. The participant must renew this physician notice every 12 months and file it with the claims office with the first claim submitted for the participant each plan year.

7.2 Use It Or Lose It Rule

Participants must estimate their eligible expenses very carefully because the authorization is irrevocable during the Plan Year unless there has been an allowable Change is Status Event. (See Section 6 or Appendix C for description of Change in Status Event.)

Money left in the account after the Participant's expenses have been paid for the year will be forfeited. The IRS will not permit excess contributions to be refunded to the individual or be carried over into the next Plan Year.

7.3 Payment of Claims

No Participant shall be entitled to any reimbursement under the Plan unless a claim form is submitted. The Claims Administrator will review each claim to determine whether the expenses are reimbursable eligible expenses and whether the request is accompanied by required documentation.

The Claims Administrator shall advise the CSU Systemwide Office of Human Resources of the approved reimbursements. The CSU Systemwide Office of Human Resources shall instruct the Systemwide Accounting Department to transfer funds and authorize the Claims Administrator to issue reimbursement payments directly to the Participants. Reimbursement checks and deduction notices will be mailed to the Participant's home address. Participants may choose to receive reimbursement payments by direct deposit. Direct Deposit Request forms are provided by the Claims Administrator.

Important Note:

- Dependent Care Reimbursement Account Plan: Participants are only reimbursed for the amount currently in their account. If an amount in excess of the account is claimed by the Participant, the excess will be pended and paid automatically as soon as additional money is available in the Participant's account (within the Plan Year). The total claims paid for a specific Plan Year will not exceed the maximum contribution amount elected for the Plan Year.

- Health Care Reimbursement Account Plan: Participants are reimbursed for the full amount of any eligible claim submitted, even though the Participant may not have yet contributed enough money through payroll deductions into his/her account to cover the submitted expenses. The total claims paid for a specific Plan Year will not exceed the maximum contribution amount elected for the Plan Year.

7.4 Appeal and Review Procedures

If a claim is denied by the Claims Administrator, the Participant may appeal the denial within one hundred and eighty (180) days after receipt of the written denial by submitting to the Claims Administrator a written request for review of the claim denial. A Participant also may submit a written statement of issues and comments concerning the claim and may request an opportunity to review the Plan and any other pertinent documents. If so requested, the Plan Administrator shall make these available to the Participant within thirty (30) days after receipt of the request, at a convenient location during regular business hours.

If a Participant appeals, the Claims Administrator shall transmit its final written decision, with its specific reasons, to the Participant by certified mail within sixty (60) days of its receipt of the request for review. The Plan Administrator shall be consulted on all unresolved claims appeals.

7.5 Agent for Service of Process

The agent for service of process upon the Trustees of The California State University for both Plans is:

General Counsel
Office of the Chancellor
401 Golden Shore, 4th Floor
Long Beach, California 90802-4210

7.6 Evidence

Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information, which the person acting on it considers pertinent and reliable. The evidence may be signed, made or presented by the proper party or parties.

SECTION 8 – CONTINUATION OF COVERAGE (HCRA ONLY)

Note: Continuation of Coverage benefits are extended only to eligible Health Care Reimbursement Account Plan Participants. (Also see the CSU COBRA Administrative Manual for consolidated COBRA procedures and required COBRA notices.)

If an Employee loses eligibility to participate in the Health Care Reimbursement Account (HCRA) Plan for any reason during the Plan Year (i.e., leave of absence without pay, retirement, termination, etc.), contributions may be continued on an after-tax basis through the end of the Plan Year pursuant to Continuation of Coverage guidelines. Eligibility to participate ends, as an active Employee, at the end of the pay period in which the Employee made his/her last contribution. For example, if an Employee leaves CSU employment in May, the last contribution is taken from the May pay period and participation ends June 30.

Continuation of Coverage guidelines are established for Employees on leave without pay and permanent separations. The CSU extends the HCRA benefit to leave without pay and separated employees pursuant to the Consolidated Omnibus Reconciliation Act (COBRA). Eligible Dependents may also qualify to continue participation. The Employee must have a positive account balance at the time of leave without pay or separation in order to participate with the exception of Employees on unpaid Family Medical Leave (FMLA). Employees on unpaid FMLA are not required to have a positive account balance in order to participate.

After tax contributions are paid directly to the Claims Administrator. The Employee or Dependents must elect Continuation of Coverage within sixty (60) days of the date of receiving a Continuation of Coverage (for leave without pay) or COBRA (for separation from CSU) notification or the date of the loss of coverage, whichever is later. The Employee has an additional forty-five (45) days from the date of election to submit the first contribution to the Claims Administrator. There are no tax savings on contributions made to HCRA through Continuation of Coverage and a 2% administration fee is charged to the Employee, with the exception of Employees on FMLA. If an Employee chooses not to continue contributions through Continuation of Coverage, expenses incurred for services provided after the end of the pay period in which the Employee made his/her last contribution will not qualify for reimbursement, even if a positive balance exists. Funds remaining in the account will be forfeited.

The following provides guidelines for processing continued participation through Continuation of Coverage (leave without pay and separation).

8.1 Leave without Pay Guidelines

Prior to going on leave without pay, the Campus Benefits Representative *should* discuss intended Plan participation with the Employee. The Employee *must* be notified in writing of the ability to participate within fourteen (14) days of the later of the qualifying event or loss of coverage. Each campus is responsible for designing its own leave of absence without pay Continuation of Coverage notice. The notice must inform the employee of his/her option to continue participation if eligible and the impact if participation is not elected.

The Employee has the option to either continue participation with after-tax contributions or cease participation during leave status. The Employee *must* have funds remaining in the account in order to continue participation in the Plan during leave without pay (with the exception of employees on unpaid FMLA).

(1) If an Employee chooses to continue participation while on leave without pay, the Employee must submit a completed Request for Direct Pay Enrollment form to the Campus Benefits Representative within sixty (60) days from the later of the date of the Continuation of Coverage notification, or the date of the loss of coverage. Appendix F is a copy of the Request for Direct Pay form and Appendix G is a copy of the form instructions. The Campus Benefits Representative is responsible for forwarding the form to the Claims Administrator as notification of the Employee's intent to continue participation. A copy of the form is filed at the campus.

a. As a result of the leave, if the Employee chooses to adjust the contribution, the employee may increase (not reduce) the deduction up to a maximum of $416.66 per month. (The maximum amount of $416.66 does not include the 2% administrative fee.)

b. Upon receipt of the direct pay form, the Claims Administrator mails a payment coupon booklet to the Employee. While on leave, the Employee makes contributions directly to the Claims Administrator using after-tax money.

c. Contributions must be received from the Participant by the 1st of the month for the coverage period, along with the corresponding coupon. The first payment must be made to the Claims Administrator within forty-five (45) days from the date of election and must include sufficient funds so that the account will be current. Payments must be made payable to the Trustees of the California State University and are paid on a monthly basis unless the Employee chooses to pay in advance.

d. If the Employee fails to meet the 1st of the month payment deadline to the Claims Administrator during the leave period, the Employee has a 30-day grace period to make payment. If the late payment is received after the due date but before the end of the grace period, coverage under the Plan will be suspended as of the first day of the coverage period and then retroactively reinstated when the payment is received. Any claim submitted by the Employee while coverage is suspended will be denied until coverage is reinstated. If the Employee fails to make payment before the end of the grace period, the Employee ceases to be a Participant in the Plan beginning the month after the month the last direct pay contribution was received. In this situation, the Employee is no longer

eligible to submit claims for expenses incurred during the time the contributions were not mailed to the Claims Administrator. The Claims Administrator is responsible for sending an early termination notice to the Employee informing the Employee that his/her participation has cancelled. Employees on unpaid FMLA must be given written notice 15 days prior to being terminated from the Plan.

e. Upon return from leave, the Employee's deductions automatically resume regardless of whether the Employee actively made contributions to the Claims Administrator while on leave without pay. The Campus Benefits Representative is not required to make any adjustment to the resumed deduction.

f. Upon return from a leave longer than thirty (30) days in length, if an Employee chooses to adjust the resumed deduction, the Employee may adjust (increase or decrease) the deduction up to a maximum of $416.66 per month or reduce to a minimum of $20 per month.

(2) If an employee chooses not to continue coverage while on leave without pay, no further action is required by the Campus Benefits Representative.

a. An Employee on leave without pay who chooses not to continue direct pay contribution payments while on leave may not submit claims for expenses incurred while on leave. Participation ends, as an active employee, at the end of the pay period in which the employee made his/her last contribution. It is the responsibility of the Claims Administrator to monitor expense claims submitted by the Employee.

b. Upon return from a leave, the Employee's deductions automatically resume regardless of whether the Employee actively made contributions to the Claims Administrator while on leave without pay. The Campus Benefits Representative is not required to make any adjustment to the resumed deduction.

c. Upon return from a leave longer than thirty (30) days, if an Employee chooses to adjust the resumed deduction, the Employee may adjust (increase or decrease) the deduction up to a maximum of $416.66 per month or reduce to a minimum of $20 per month.

8.2 Separation Guidelines (COBRA)

Prior to separation (i.e., termination, retirement), the Campus Benefits Representative ***should*** discuss intended Plan participation with the Employee. The Employee ***must*** be notified in writing of his/her ability to participate within fourteen (14) days of the later of the qualifying event or loss of coverage. (See the CSU COBRA Administrative Manual for the "COBRA Qualifying Event Notice" – Model Statement.)

The Employee has the option to either continue participation through COBRA with after-tax direct pay contributions or cease participation upon separation. The Employee ***must*** have funds remaining in the account in order to continue participation in the Plan for the remainder of the Plan Year. In the event an Employee requests participation in COBRA but is not eligible to participate, the Benefit Representative must provide the Employee with an Unavailability Notice informing the Employee why participation in COBRA is denied. (See COBRA Administrative Manual for the appropriate notice and general instructions.)

(1) If an Employee chooses to continue participation after separating from employment, the Employee must submit a completed Request for Direct Pay Enrollment form to the Campus Benefits Representative within sixty (60) days from the later of the date of the COBRA Qualifying Event Notice or the date of the loss of coverage. See Appendix F for a copy of the Request for Direct Pay form. Appendix G is a copy of the form instructions. It is the responsibility of the Campus Benefits Representative to mail the form to the Claims Administrator as notification of the Employee's intent to continue participation. A copy of the form is filed at the campus.

a. The separating Employee may NOT adjust his/her deduction when continuing participation under COBRA (except for the addition of the required 2% administration fee).

b. Upon receipt of the direct pay form, the Claims Administrator mails a payment coupon booklet to the Participant. While on COBRA, the Participant makes contributions directly to the Claims Administrator with after-tax money.

c. Contributions must be received from the Participant by the 1st of the month of the coverage period, along with the corresponding coupon. The first payment must be mailed to the Claims Administrator within forty-five (45) days from the date of election and must include sufficient funds so that the account will be current. Payments must be made payable to the Trustees of the California State University and are paid on a monthly basis unless the Participant chooses to pay in advance.

d. If the Participant fails to meet the 1st of the month payment deadline to the Claims Administrator while on COBRA, the individual has a 30-day grace period to make payment. If the late payment is received after the due date but before the end of the grace period, coverage under the Plan will be suspended as of the first day of the coverage period and then retroactively reinstated when the payment is received. Any claim submitted by the Participant while coverage is suspended will be denied until coverage is reinstated. If the Participant fails to make payment before the end of the grace period, the individual ceases to be a Participant in the Plan beginning the month after the month the last direct pay contribution was received. In this situation, the individual is no longer eligible to submit claims for expenses during the time the contributions were not made to the Claims Administrator and any funds in the account will be forfeited. The Claims Administrator is responsible for sending an early termination notice to the Participant informing the Participant that his/her participation has been cancelled.

e. If the former Employee is rehired during that same Plan Year, he/she continues to have access to the account balance accumulated in prior employment, and during participation under COBRA, for expenses incurred during the Plan Year IF the Employee reenrolls in the Plan upon being rehired. If the former Employee is rehired but chooses not to reenroll upon reemployment, the Employee has access to prior balances but only for expenses incurred during the period of prior CSU employment.

(2) If a separating employee chooses not to continue coverage after the Qualifying Event, no further action is required by the Campus Benefits Representative.

a. A former Employee may not submit claims for expenses incurred after the end of the pay period in which the employee made his/her last contribution as an active employee. It is

the responsibility of the Claims Administrator to monitor expense claims submitted by the former Employee.

b. If the former Employee is rehired, he/she continues to have access to the account balance accumulated during prior employment for expenses incurred during prior employment. If the Employee reenrolls in the Plan upon reemployment, the Employee has access to prior balances but only for payment of expenses incurred while employed (both in prior employment and future employment) within that Plan Year.

SECTION 9 – PLAN ADMINISTRATION

9.1 Cost

Each Participant shall pay the monthly administrative charges associated with the Plan on an after-tax basis. These charges, currently $2 for each Plan ($4 for both plans), will be deducted from the Participant's salary each month and include routine processing fees charged by the Claims Administrator and the State Controller's Office (SCO). The CSU will adjust the Participant's monthly administrative charge as actual Plan administrative costs change, but only following written notice to all Plan Participants. Former Employees continuing participation in HCRA through COBRA are responsible for paying a monthly 2% administrative fee in lieu of the $2 charge.

9.2 Experience Gains

If the Plan has an Experience Gain with respect to a Plan Year, such Experience Gain shall be allocated in one of the following manners:

(1) used to reduce the after-tax administrative fee for all Participants for the following Plan Year, or

(2) used to offset Claims Administrator expenses incurred during the Plan Year, or

(3) used to reduce the Salary Reduction contributions on an equal basis for all Participants for the following Plan Year, or

(4) allocated to all Participants for the current Plan Year on a uniform basis as a refund.

9.3 Plan Administration Responsibilities

(1) The Claims Administrator shall be responsible for specific administration of the Plan including:

a. the preparation of any forms, documents and other information required by law to be reported or filed with any governmental agency, or to be disclosed to Employees or other persons entitled to benefits under the Plan,

b. review and approval of claims and appeals from claim denials under the Plan,

c. maintenance of Participant bookkeeping accounts, and

d. preparation of reimbursement information for the CSU's authorization of payments, and

e. issuance of CSU-approved reimbursement payments.

(2) The SCO will be responsible for financial administration including:

a. processing of individual enrollment forms and Salary Reduction amounts,

b. adjusting and reporting of the Participant's taxable income and associated taxes, and

c. mailing of the Salary Reduction warrant to the CSU.

(3) The CSU shall be responsible for the general administration of the Plan including:

a. notification to Employees of eligibility for the Plan,

b. provision of plan enrollment documents and claim forms,

c. determination of questions arising under the Plan pertaining to eligibility of Employees under the Plan,

d. adoption of procedures and regulations, as necessary in the CSU's opinion, for the proper and efficient administration of the Plan and which are consistent with the terms and purposes of the Plan,

e. enforcement of the Plan according to its terms and to the rules and regulations adopted by the CSU,

f. receipt, maintenance and approval of disbursement of Salary Reduction amounts,

g. deposit of Salary Reduction warrant in the CSU Dependent Care Reimbursement Account Trust Fund and CSU Health Care Reimbursement Amount Trust Fund,

h. filing or disclosure of any information, required by law, to be reported or filed with any governmental agency, or to be disclosed to Employees or other persons entitled to benefits under the Plan, and

i. reporting of year-end status of the CSU Dependent Care Reimbursement Trust Fund and CSU Health Care Reimbursement Trust Fund.

9.4 Discretionary Power of Plan Administrator

All discretion conferred upon the Plan Administrator shall be in accordance with the Federal IRS Code and CSU regulations. All discretion conferred upon the Plan Administrator will be absolute. However, no discretionary power shall be exercised in a manner that causes discrimination in favor of Highly Compensated Employees, Highly Compensated Individuals and Key Employees. The discretionary power of the Plan Administrator shall be exercised in a non-discriminatory manner with regard to all similarly-situated Participants.

SECTION 10 – MISCELLANEOUS PLAN PROVISIONS

10.1 Severability

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provision of the Plan, and the Plan shall be construed and enforced as if such provision had not been included.

10.2 Plan Not an Employment Contract

This Plan is not an employment contract. Any employment rights of an eligible Employee are neither enlarged nor diminished by the establishment of this Plan.

10.3 Non-Transferability of Interest and Facility of Payment

The interests of persons entitled to benefits under this Plan are not subject to their debts or other obligations and, except as may be required by the tax withholding provisions of the Code or any state's income tax act or other applicable federal or stat law, may not be voluntarily or involuntarily sold, transferred, alienated, assigned, or encumbered. When any person entitled to benefits under the Plan is under legal disability or, in the CSU's opinion is incapacitated so as to be unable to manage his/her affairs, the CSU may cause the benefits to be paid to his/her legal representative for his/her benefit, or to be applied for his/her benefit in any other manner that the CSU may determine.

10.4 Mistake of Fact

Any mistake of fact or misstatement of fact shall be corrected when it becomes known and proper adjustment shall be made. The CSU shall not be liable in any manner for any determination of fact made in good faith.

10.5 Amendment of Plan

Any part or all of this Plan may be amended in writing by the Vice Chancellor of Human Resources at any time. Any amendment must be in writing and shall become effective upon adoption, or at such time as may be specified in the amendment.

10.6 Termination of Plan

This Plan may be terminated only as of the end of any Plan Year. Any amounts credited to Participants' Salary Reduction accounts as of the end of a Plan Year and unclaimed by the following June 30, will be cancelled and returned to the general assets of the CSU. Any Salary Reduction elections previously made for the next Plan Year will be null and void. However, the CSU reserves the right to terminate or amend the Plan at any time if the Plan is deemed not to be in compliance with applicable law.

10.7 Right to Offset Future Payments

In the event a payment or the amount of a payment is made erroneously to an individual, the Plan shall have the right to reduce future payments payable to or on behalf of such individual by the

amount of the erroneous or excess payment. This right to offset shall not limit the right of the Plan to recover an erroneous or excess payment in any other manner.

10.8 Right to Recover Payments

Whenever a payment has been made by the Plan, including erroneous payments, in a total amount in excess of the amount payable under the Plan, irrespective to whom paid, the Plan shall have the right to recover such payments, to the extent of the excess, from the person to or for whom the payment was made.

10.9 Legal Action

Before pursuing legal action, a person claiming Plan benefits or seeking redress related to the Plan must first exhaust the Plan's claim, review and appeal procedures. Unless otherwise provided by law, the Employer and the Plan Administrator are the only necessary parties to any action or preceding that involves the Plan or its administration. No Employee, or other person or entity is entitled to notice of any legal action, unless a court with appropriate jurisdiction orders otherwise.

10.10 Captions and Headings

The captions and headings of a section or provision of the Plan are for convenience and reference only and are not to be considered in interpreting the terms and conditions of the Plan.

10.11 Indemnification

The Employer, to the extent permitted by law, shall indemnify and hold harmless the Board of Trustees and any Employee or officer of the Employer from and against all loss, damages, liability and reasonable costs and expenses incurred in carrying out his or her responsibilities under the Plan, unless due to the bad faith or willful misconduct of such person, provided that such individual's attorney's fees and any amount paid in settlement be approved by the Board of Trustees.

SECTION 11 – HCRA HIPAA PRIVACY REGULATIONS

11.1 HIPAA Privacy Regulations

The Health Insurance Portability and Accountability Act of 1996, ("HIPAA"), and the regulations issued thereunder at 45 CFR Parts 160 and 164 ("the HIPAA regulations"), impose privacy obligations on group health plans that restrict the use and disclosure of protected health information ("PHI").

11.2 HCRA Plan Document Amendment

The California State University (CSU) sponsors and maintains the Health Care Reimbursement Account (HCRA) Plan that is subject to the HIPAA regulations. CSU intends to receive PHI from the HCRA Plan (including its Business Associates) from time to time. The HIPAA regulations require CSU to amend the HCRA Plan document to incorporate provisions specified

in 45 CFR 164.504(f)(2) prior to the receipt of such PHI. This Section 11 shall amend the HCRA Plan document accordingly.

11.3 Effective Date

HIPAA privacy regulations are effective as of April 14, 2004.

11.4 Uses and Disclosures of PHI

The Plan and CSU may use or disclose a Plan Participant's PHI to CSU (or the Plan's Business Associates) for the following Plan administration functions under 45 CFR 164.504(a), to the extent not inconsistent with the HIPAA regulations:

- Payment activities such as claims and reimbursements,
- Health care operations such as audits,
- Disclosures to a participant, and in certain circumstances, to family members and others acting on the Participant's behalf,
- As authorized by a HCRA Plan participant or his or her authorized representative, and
- As required by law.

11.5 Restriction on Plan Disclosure to CSU

Neither the Plan nor its Business Associates will disclose PHI to CSU except upon the Plan's receipt of CSU certification that the Plan has been amended to incorporate the agreements of CSU under paragraph 11.6, except as otherwise permitted or required by law.

11.6 Privacy Agreements of CSU

As a condition for obtaining PHI from the Plan or its Business Associate, CSU agrees it will:

a. Not use or further disclose such PHI other than as permitted in this language, as permitted by 45 CFR 164.508, 45 CFR 164.512, and other sections of the HIPAA regulations, or as required by law;

b. Ensure that any of its agents, including a subcontractor, to whom it provides the PHI agree to the same restrictions and conditions that apply to CSU with respect to such information;

c. Not use or disclose the PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of CSU;

d. Report to the Plan any use or disclosure of the PHI that is inconsistent with the uses or disclosures provided for of which CSU becomes aware;

e. Make the PHI of a particular Participant available for the purposes of the Participant's requests for inspection, copying, and Amendment, and carry out such requests in accordance with HIPAA regulation 45 CFR 164.524 and 164.526;

f. Make the PHI of a particular Participant available for purposes of required accounting of disclosures by CSU pursuant to the Participant's request for such an accounting in accordance with HIPAA regulation 45 CFR § 164.528;

g. Make CSU's internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the U.S. Department of Health and Human Services for purposes of determining compliance by the Plan with HIPAA;

h. If feasible, return or destroy all PHI received from the Plan that CSU still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, CSU agrees to limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

i. Ensure that there is adequate separation between the Plan and CSU by implementing the terms (1) through (3), below:

1) *Work Locations With Access to PHI*: The CSU personnel who work in the CSU Systemwide Human Resources Administration and Campus Human Resources Offices are the only personnel that may access PHI received from the Plan.

2) *Use Limited to Plan Administration:* The access to and use of PHI by the work locations in (1), above, is limited to Plan Administration functions as defined in HIPAA regulation 45 CFR § 164.504(a) that are performed by CSU for the Plan.

3) *Mechanism for Resolving Noncompliance*. If CSU, or persons(s) responsible for monitoring compliance determines that any person in a work location described in (1), above, has violated any of the restrictions of this Amendment, then such individual shall be disciplined in accordance with the policies of CSU established for purposes of privacy compliance, up to and including dismissal from employment. CSU shall arrange to maintain records of such violations along with the persons involved, as well as disciplinary and corrective measures taken with respect to each incident.

11.7 PHI not Subject to this Amendment

Notwithstanding the foregoing, the terms of this Amendment shall not apply to uses or disclosures of Enrollment, Disenrollment, and Summary Health Information made pursuant to 45 CFR 164.504 (f)(1)(ii) or (iii); of PHI released pursuant to a Participant Authorization that complies with 45 CFR 164.508; or in other circumstances as permitted by the HIPAA regulations.

11.8 Definitions

All capitalized terms within this Amendment not otherwise defined by the provisions of this Amendment shall have the meaning given them in the respective Plan or, if no other meaning is provided in the Plan, the term shall have the meaning provided under HIPAA.

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.

R

SEE PRIVACY NOTICE ON REVERSE OF EMPLOYEE COPY

1. TYPE OF ENROLLMENT (Check appropriate box)
   - ☐ OPEN ENROLLMENT
   - ☐ NEWLY ELIGIBLE ENROLLMENT
   - ☐ CHANGE DUE TO PERMITTING EVENT
   - ☐ CANCELLATION

2. SOCIAL SECURITY NO.

3. MARITAL STATUS ☐ Married ☐ 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: ►

FOR CAMPUS USE ONLY

9. Effective Date of Action — Mo | Day -1- | Year

10. Employee CBID

11. Permitting Event Date — Mo | Day | Year

12. Permitting Event Code

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:

DISTRIBUTION: **ORIGINAL** - State Controller's Office **COPY** – Campus **COPY W/PRIVACY NOTICE** – Employee

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.

DEPENDENT CARE/HEALTH CARE REIMBURSEMENT ACCOUNT PLANS ENROLLMENT AUTHORIZATION FORM

FORM COMPLETION INSTRUCTIONS

1 – Type of Enrollment (Check Appropriate Box)

This item indicates the action the employee is requesting.

Check the appropriate type of transaction as follows:

OPEN ENROLLMENT	Employee is enrolling during the annual enrollment period.
NEWLY ELIGIBLE ENROLLMENT	Employee is "newly eligible" enrolling outside of the open enrollment period due to a permitting event (see Appendix D).
CHANGE DUE TO PERMITTING EVENT	Employee is currently enrolled and is changing enrollment due to a permitting event (see Appendix D).
CANCELLATION	Employee is currently enrolled and is canceling enrollment.

2 - Social Security Number

Enter the employee's Social Security Number in all cases. See reverse side of the employee's copy of the enrollment form for information on disclosure of Social Security Numbers. If a person does not have a Social Security Number, use the temporary number assigned by the SCO.

3 – Marital Status

Check appropriate box as indicated:

- if married or separated indicated "Married"
- if not married, or final decree of divorce has been received, indicate "Single"

4 - Name

Enter the employee's first name, middle initial, and last name.

Name changes are done on Personnel/Payroll Transaction (PPT) forms. If a name change is being made along with an enrollment change, the prior name should be entered in the Remarks Section (13) of the Dependent Care/Health Care Reimbursement Account Plans Enrollment Authorization form, along with a notation that this is also a name change.

5 – Reimbursement Plan Elections

Read instructions on contribution minimums and maximums.

6 – DED/ORG Code

Enter the DED/ORG code. The following enrollment DED/ORG Codes are for 2005:

Plan	2005
HCRA	378-018
DCRA	380-018

(Note that the last three digits of the HCRA and DCRA Plan Codes change incrementally each year.)

7 – Monthly Deduction Amount

Enter the pre-tax amount to be deducted from the employee's warrant. Amount cannot exceed $416.66 per month.

SCO Use Only

SCO will complete.

8 – Coverage Statement

Employee's Signature and Date Signed

Employee's Signature: The employee must sign to authorize deductions and to verify selection and eligibility.

The enrollment forms must be completed and submitted within specific time limits. Refer to the Permitting Event Code Chart (Appendix D) and the corresponding time limits within which this document must be completed.

Date Signed: Enter the month, day and year.

FOR CAMPUS USE ONLY

9 – Effective Date of Action

Enter the effective date of coverage or change. Use two digits for the month and two digits for the year.

10 – Employee CBID (Collective Bargaining ID)

Using the table below, enter the three digit code to indicate the employee CBID identifier. If an employee moves from one employee category to another, this code should be updated to reflect the change. This section should be completed for all transactions.

CBID	EMPLOYEE CATEGORY
R01	Physicians
R02	Health Care Support
R03	Faculty
R04	Academic Support
R05	Operations and Support Services
R06	Skilled Crafts
R07	Clerical and Administrative Support Services
R08	Public Safety
R09	Technical and Support Services
R10	Operating Engineers
R11	Academic Student Employees
M80	Management Personnel Plan
M98	Executives
E99	Excluded
C99	Confidential

11 – Permitting Event Date

Enter the date of the event, which permits the action (see the Permitting Event Chart - Appendix D). Enter the month, day, and year. This section is necessary for all transactions.

12 – Permitting Event Code

Enter the appropriate code from the Permitting Event Chart (Appendix D). Enter only one code.

13 – Remarks

This section is used to add additional information pertinent to the particular enrollment action. Complete this item as needed or when indicated in these instructions.

14 – 15 Agency Code and Unit Code

Enter the appropriate agency and unit codes. This section is necessary for all transactions.

16 – Campus Name

Enter the name of the campus or the Chancellor's Office. This section is required for all transactions.

17 – Authorized Campus Signature

This is the signature of the person authorized to review and complete the form, usually the Benefits Officer. A signature is required on all transactions.

18 – Date Received

Enter the date the employing office received the completed form from the employee. This is required for all transactions.

19 – Telephone Number

Enter the telephone number of the person signing in Item 17 above. This is required for all transactions.

DEPENDENT CARE REIMBURSEMENT ACCOUNT (DCRA) AND HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA) PLANS

CHANGE IN STATUS EVENTS

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This chart describes the election changes permitted during a period of coverage. Events may fall into more than one election category. **Exceptions are permissible only to the extent that such change or revocation is on account of and consistent with these Change in Status Events.**

The following events qualify as a change in status event **only if they result in a gain or loss of eligibility under the CSU or another plan**: Please note that "Change in Cost and Coverage" (DCRA only), "Entitlement or loss of entitlement to Medicare or Medicaid" (HCRA only), "Judgment, decree, court order", or "Qualified Medical Child Support Order (QMCSO)" are not subject to the gain or loss of eligibility requirement.

TYPES OF ALLOWABLE CHANGES

Event	DCRA	HCRA
Change in Legal Marital Status		
Marriage	Enroll as newly eligible or cancel, increase, decrease contributions	Enroll as newly eligible or cancel, increase, decrease contributions
Divorce, legal separation, annulment	Enroll as newly eligible or cancel, increase, decrease contributions	Enroll as newly eligible or cancel, increase, decrease contributions
Spouse's death	Enroll as newly eligible or cancel, increase, decrease contributions	Enroll as newly eligible or cancel, increase, decrease contributions
Change in Number of Dependents		
Increase in number of employee's eligible tax dependents (e.g., by birth, legal custody, adoption, domestic partner, or placement for adoption)	Enroll as newly eligible or increase contributions	Enroll as newly eligible or increase contributions
Decrease in number of employee's eligible tax dependents (e.g., by death, loss of legal custody, loss of domestic partner as a tax dependent or because child becomes self supporting)	Cancel or decrease contributions	Cancel or decrease contributions
Termination/Commencement of Employment		
A. Employee		
Employee begins employment	Enroll as newly eligible	Enroll as newly eligible
Employee terminates employment	Cancel contributions (contributions will cancel automatically)	Cancel contributions (contributions will cancel automatically) *or* Increase contributions on an after-tax basis (for administrative fee only) to pay for HCRA COBRA coverage (see Section 8 of Administrative Guide for additional information)
Employee is rehired less than 30 days after termination of employment	Reinstate prior election unless intervening status change event	Reinstate prior election unless intervening status change event
Employee is rehired more than 30 days after termination of employment	Enroll as newly eligible	Enroll as newly eligible
Change in employee's employment status that causes a significant change in cost or coverage	See Change in Cost or Change in Coverage rules	None

Event	DCRA	HCRA
Other change in employee's employment status that causes employee to lose eligibility for coverage under plan	Cancel contributions	Cancel contributions *or* Increase contributions on an after-tax basis (for administrative fee only) to pay for HCRA COBRA coverage (see Section 8 of Administrative Guide for additional information)
Other change in employee's employment status that causes employee to gain eligibility for coverage under plan	Enroll as newly eligible	Enroll as newly eligible
B. Spouse or Dependent		
Spouse or dependent terminates employment	Enroll as newly eligible or cancel, increase, decrease contributions (i.e., in order to enroll or increase, spouse must attend school full-time or be looking for work on a full-time basis or be unable to care for himself or herself.)	Enroll as newly eligible or increase contributions
Spouse or dependent commences employment	Enroll as newly eligible or cancel, increase, decrease contributions	Cancel or decrease contributions
Other change in spouse's or dependent's employment status that causes spouse or dependent to cease to be eligible for coverage under his/her plan	Enroll as newly eligible or increase contributions	Enroll as newly eligible or increase contributions
Other change in employment status that causes spouse or dependent to gain eligibility for coverage under his/her plan	Cancel or decrease contributions	Cancel or decrease contributions
Change in Work Hours		
A. Employee		
Employee commences unpaid leave (including FMLA)	Cancel contributions	Cancel contributions Increase contributions on an after-tax basis (See Section 8 for additional information)
Employee returns less than 30 days after beginning of unpaid leave	Prior election will automatically resume	Prior election will automatically resume
Employee returns more than 30 days after beginning of unpaid leave	Prior election will automatically resume *or* Make election to same extent permitted as new hires	Prior election will automatically resume *or* Make election to same extent permitted as new hires
Employee commences paid leave	Cancel or decrease contributions	No change
Employee returns from paid leave	Enroll as newly eligible or increase contributions	No change
B. Spouse or Dependent		
Spouse or dependent commences unpaid leave	Enroll as newly eligible or cancel, increase, decrease contributions	Enroll as newly eligible ***or*** increase contributions
Spouse or dependent returns from unpaid leave	Enroll as newly eligible or cancel, increase, decrease contributions	Cancel or decrease contributions

Event	DCRA	HCRA
Change in Dependent Eligibility		
Dependent ceases to satisfy CSU's plan eligibility requirements on account of age, student status, or any similar circumstance (i.e., no longer a tax dependent)	Cancel coverage or decrease contributions	Cancel coverage or decrease contributions – only if dependent no longer is an eligible tax dependent. (Also see Change in Number of Eligible Tax Dependents)
Dependent satisfies CSU's plan eligibility requirement on account of age, student status, or any similar circumstance (i.e., new tax dependent)	Enroll as newly eligible or increase contributions (also see Change in Number of Eligible Tax Dependents)	Enroll as newly eligible or increase contributions – only if dependent becomes an eligible tax dependent. (also see Change in Number of Eligible Tax Dependents)
Change in Cost – Employer's Plan (DCRA only)		
Significant decrease in cost in child care provided	Cancel or decrease election – only if cost imposed by provider who is not a relative of the employee	None
Significant increase in cost in child care provided	Enroll as newly eligible or increase election – only if cost imposed by provider who is not a relative of the employee	None
Change in Coverage – Employer's Plan (DCRA only)		
Employee changes child care provider, or change in number of hours worked by child care provider	Enroll as newly eligible or cancel, increase, decrease contributions (Allow election that corresponds to situation.)	None
Election Change Under Another Employer Plan (DCRA only)		
Spouse or dependent changes election during open enrollment period that differs from the open enrollment period under the CSU's plan	Enroll as newly eligible or cancel, increase, decrease contributions	None
Other Events (HCRA only)		
Judgment, decree, or order (including QMCSO) relating to accident/health coverage for child	None	Enroll in coverage, increase or decrease contributions
Employee, spouse, or dependent becomes entitled to Medicare or Medicaid	None	Cancel or decrease contributions
Employee, spouse, or dependent loses entitlement to Medicare or Medicaid	None	Enroll in coverage or increase contributions

DEPENDENT CARE REIMBURSEMENT ACCOUNT (DCRA) AND HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA) PLANS

PERMITTING EVENT CHART

Permitting Event	Code	Permitting Event Date	Time Limit	Effective Date
Annual enrollment/reenrollment (open enrollment period)	00	Open enrollment start date	Open enrollment period only	First of the year or as determined by open enrollment schedule
New employee enrollment	01	Appointment date	60 days	Standard
Employee returning to pay status who was eligible in non-pay status (also includes military and sabbatical paid leaves)	07	Date of return to active work	60 days	Standard
Family status change allowing mid-year enrollment or increase in contribution amount (e.g., marriage, new dependent)	16	Date family member acquired	60 days	Standard
Family status change allowing mid-year cancellation or decrease in contribution (e.g., loss of custody, loss of spouse's employment)	23	e.g., Date custody changed, Date loss of spouse's employment	60 days	Standard
Exceptions	44	Requires Chancellor's Office Approval		Standard

Standard means: If a properly completed Enrollment Authorization Form is received in the State Controller's Office by the 10th of the month, the effective date of enrollment is the first of the following month. Forms received after the 10th of the month, delay the effective date to the first of the second following month.

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

NAME: (Please Print)	**Campus**	**Social Security Number**
Street Address	**City, State, Zip**	**Telephone Number**

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

I provided the dependent care as stated above. _____ _____ _____

Care Provider's **original** signature Date SSAN/Tax ID#

Health Care Reimbursement Account (HCRA)

Date Medical Care **Provided***	Name of Medical Provider	General Medical Expense Description. Include medical condition for over-the-counter items.	Patient Name	Relationship	Amount That Is Your Responsibility	ASI use only	
	Total Medical Amount Requested →						

↑ 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 will not be sought 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

MAIL OR FAX WITH SUPPORTING DOCUMENTATION TO:	**ASI CONTACT INFORMATION:**
ASI **P.O. BOX 6044** **COLUMBIA, MO 65205-6044** **FAX: (573) 874-0425**	**INFOLINE: (800) 366-4827** Internet: http://www.asiflex.com E-mail: asi@asiflex.com Telephone: (800) 659-3035

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.

    - Day care claims - complete the Dependent Care Reimbursement Account (DCRA) section
    - 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).

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 all of the following:
    - 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 Reimbursement Account 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 or Fax*** to the address or telephone number on the front of this form.

Over-the-counter medicines & drugs - Additional filing requirements for Health Care Reimbursement Account Plan:

- The receipt or documentation from the store must include the name of the drug printed on the receipt. This information must be provided by the store, not just listed by the participant on the receipt or on the claim form.
- The participant must indicate the existing or imminent medical condition on the receipt, on the claim form, or on a separate enclosed statement each time these items are claimed. Purchases for general good health will not be accepted.
- To claim vitamins, herbs or nutritional supplements, you must have a written diagnosis of the medical condition and "prescription" of all specific items for that condition on file with the claims office. You must renew this physician notice every 12 months and file it with the claims office with the first claim submitted for those items each plan year.

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 (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)

REQUEST FOR DIRECT PAY ENROLLMENT (COBRA AND LEAVE WITHOUT PAY)

R

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		

Reason for Request (check one)		Monthly Contribution Amount
☐ Separation from Employment Termination Date _____	☐ Leave Without Pay Effective Date _____ Expected Length _____ Is this a FMLA leave? ☐ Yes ☐ No	$_____

Complete this section if applicant is not the employee

Name of Applicant	Relationship to Employee	Social Security Number
Signature ➔	Date	

Participation Rules:

1. You must have a balance in your account prior to separation or leave without pay to be eligible for continued participation. No account balance is required if you are on an unpaid Family Medical Leave (FMLA).
2. 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.
3. Participation after termination or other COBRA qualifying events 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 continuation of coverage/COBRA notice, or the date of the loss of coverage to elect to continue participation, and 45 days from the date of election to submit the first contribution to ASI, the Third Party Administrator. Eligibility based on a leave of absence will be in accordance with the same timelines.
4. 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.
5. You will be billed 102% of your monthly contribution (for COBRA and Leaves Without Pay).
6. All payments must be made directly to ASI. Payments are due to ASI the 1st of the month. There is a 30-day grace period. If ASI does not receive payments by the 30th of each month, your participation will end on the last day of the preceding month.

Campus Benefits Representative to mail this form to:

ASI
P. O. Box 6044
COLUMBIA, MO 65205-6044
Telephone Number: (800) 659-3035

CSU Use Only

Account Balance (at time of Separation or Leave) $	Actual Monthly Contribution (including 2% fee) $	Action ☐ Approved ☐ Not approved

Signature of Reviewer ➔	Title ➔	Date

HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA) REQUEST FOR DIRECT PAY ENROLLMENT FORM (COBRA AND LEAVE WITHOUT PAY)

FORM COMPLETION INSTRUCTIONS

Name

Enter the employee's name as shown on the document.

Name changes are done on Personnel/Payroll Transaction (PPT) forms.

Social Security Number

Enter the employee's Social Security Number in all cases. See reverse side of the employee's copy of the enrollment form for information on disclosure of Social Security Numbers. If a person does not have a Social Security Number, use the temporary number assigned.

Campus

Enter the name of the campus or the Chancellor's Office. This section is necessary for all transactions.

Address, City, State, Zip

Enter the employee's address, city, state, and zip code.

Signature and Date

Signature: The employee must sign to authorize direct billing and verify decision to participate in Direct Pay.

Date: Enter the month, day and year employee signed.

Reason for Request (check one)

This item indicates the action the employee is taking. It is required on all transactions.

Check the appropriate type of transaction as follows:

SEPARATION FROM EMPLOYMENT

Termination Date _____	Date employee separates from employment.

LEAVE WITHOUT PAY

Effective Date _____	Effective date employee is put on leave without pay.
Expected Length _____	Length of time employee is expected to be on leave without pay.
MONTHLY CONTRIBUTION AMOUNT **$**_____	Enter the employee's monthly contribution amount. See Section 8 for contribution limits.

COMPLETE THIS SECTION IF APPLICANT IS NOT THE EMPLOYEE

Name of Applicant

Enter the name of the applicant.

Relationship to Employee

Enter the applicant's relationship to the employee.

Social Security Number

Enter the applicant's Social Security number.

Signature and Date

The applicant must sign to authorize direct billing and verify decision to participate in Direct Pay.

Enter the date signed.

CSU USE ONLY

Account Balance

Enter account balance at time of separation or leave without pay. Indicate if FMLA exemption.

Actual Monthly Contribution

Enter actual monthly contribution, including 2% fee. FMLA participants are exempt from the 2% fee. See Section 8 for contribution limits.

Action

This item indicates the action the employee is taking.

Check the appropriate type of transaction as follows:

APPROVED	Check if request for Direct Pay is approved.
NOT APPROVED	Check if request for Direct Pay is not approved.

Signature of Reviewer, Title and Date

This is the signature and title of the person authorized to review and complete the form, usually the Benefits Officer. A signature is required on all transactions.

Enter the date signed by the reviewer.