

Date: December 14, 2009

Code: TECHNICAL LETTER  
HR/Benefits 2009-14

To: Human Resources Directors  
Benefits Representatives

From: Evelyn Nazario  
Assistant Vice Chancellor  
Human Resources Management



Subject: Claims Extension Period Implementation for Health Care Reimbursement Account (HCRA) and Dependent Care Reimbursement Account (DCRA) Plans

Overview

**Audience:** Human Resources Directors, Benefits Representatives, and/or campus designee(s) responsible for health benefits administration

**Action Item:** Information

**Affected Employee** Employees enrolled in the Health Care Reimbursement Account Plan (HCRA) and/or the Dependent Care Reimbursement Account Plan (DCRA) for the 2009 Plan Year or Later

**Group(s)/Unit(s):**

Summary

Effective immediately, the CSU will adopt the 2 ½ month grace period extension allowed by the U.S. Department of Treasury for flexible spending plans. Only employees who are enrolled in HCRA and/or DCRA through December 31st can continue to incur claims under the grace period extension against the previous plan year for services provided through the following March 15<sup>th</sup>. As a result, current participants with balances in the Health Care Reimbursement Account Plan and/or the Dependent Care Reimbursement Account Plan as of December 31, 2009, will be allowed to utilize remaining 2009 balances toward reimbursement of eligible medical and/or dependent care expenses incurred from January 1, 2010 through March 15, 2010. The deadline to submit claims for 2009 expenses is June 30, 2010.

Campus designees responsible for health benefits administration should read this technical letter in its entirety.

The U.S. Department of Treasury allows employers who offer flexible spending accounts under a cafeteria plan to extend a 2 ½ month "grace period" to participants during which eligible expenses can be incurred and reimbursed from December 31st to March 15th of the following year. Effective immediately, the CSU will extend the grace period to current and future participants of the Health Care Reimbursement Account (HCRA) and/or the Dependent Care Reimbursement Account (DCRA) Plan(s). As a result, the 2009 and 2010 Plan Year dates for the HCRA/DCRA Plans are as follows:

**Distribution:**

Chancellor  
Executive Vice Chancellor, CFO  
Vice Chancellor, Human Resources  
All Campus Vice Presidents

Associate Vice Presidents/Deans of Faculty  
Budget Officers  
Payroll Managers

CSU 2009 HCRA/DCRA Plan Year Dates		
	Start	End
Plan Year	January 1, 2009	December 31, 2009
2 ½ Month Grace Period Extension	January 1, 2010	March 15, 2010
Claims Reimbursement Period	January 1, 2009	June 30, 2010

CSU 2010 HCRA/DCRA Plan Year Dates		
	Start	End
Plan Year	January 1, 2010	December 31, 2010
2 ½ Month Grace Period Extension	January 1, 2011	March 15, 2011
Claims Reimbursement Period	January 1, 2010	June 30, 2011

Only employees who are enrolled in HCRA and/or DCRA through December 31st can continue to incur claims under the grace period extension against the previous plan year for services provided through the following March 15th.

As a reminder, the HCRA/DCRA plan year is January 1st – December 31st of each calendar year, and participants must submit claims no later than June 30th of the following year after the current plan year ends.

Under the grace period extension, all HCRA/DCRA claims for services incurred January 1<sup>st</sup> through March 15<sup>th</sup> of the following calendar year will **automatically be processed against the previous plan year first** if there is an account balance remaining after December 31<sup>st</sup> and filed by the claims filing deadline. Consequently, current HCRA and/or DCRA participants that have remaining account balances as of December 31, 2009, will be allowed to incur eligible expenses up to March 15, 2010, and claims reimbursement will be applied first to existing 2009 balances, and then applied to 2010 Plan Year balance(s), if applicable. Claims applicable to HCRA cannot be reimbursed from DCRA account balances, and vice versa.

Participants, however, can request that a claim incurred between January 1<sup>st</sup> and March 15<sup>th</sup> be applied to the current plan year balance rather than the previous plan year. Such requests must be in writing and submitted with the claim for special handling.

Employees that are current participants in HCRA and/or DCRA, but did not re-enroll for the upcoming 2010 Plan Year, can utilize only the remaining 2009 account balance(s) for reimbursement of eligible grace period claims.

### **Employee Communications**

To assist campus Benefits Officers, Human Resources Management (HRM) has developed a short and long version of a communication (see Attachments A & B) that campuses can personalize and distribute to HCRA/DCRA participants. Also, HRM has partnered with ASI, the third party administrator of the flexible plans, and ASI has agreed to mail the quarterly statements in December rather than January. The statements will contain a special notice from ASI regarding the grace period extension and eligible flexible spending expenses.

HRM will update the HCRA/DCRA brochures and release finalized versions in early 2010, and the CSU Benefits Portal at: <http://www.calstate.edu/hr/benefitsportal/> will be updated accordingly.

### **Additional Information**

HRM will schedule a "Tech Talk" in December to discuss this technical letter. The day and time will be communicated in a separate e-mail.

### **CMS Baseline Information**

Currently, flexible spending plan limit information is maintained in Oracle/PeopleSoft. However, the information contained in this technical letter has no impact on CMS Baseline.

Questions regarding this memorandum may be directed to Human Resources Management at (562) 951-4411. This document is also available on the Human Resources Management Web site at: <http://www.calstate.edu/HRAAdm/memos.shtml>.

EN/pc

December X, 2009

Dear HCRA/DCRA Participant:

The CSU has adopted the 2 ½ month grace period extension allowed by the U.S. Department of Treasury for flexible spending plans. As a result, current participants with balances in the Health Care Reimbursement Account Plan and/or the Dependent Care Reimbursement Account Plan as of December 31, 2009, will be allowed to utilize remaining 2009 balances toward reimbursement of eligible medical and/or dependent care expenses incurred from January 1, 2010 through March 15, 2010.

Only those who are enrolled in a HCRA and/or DCRA through December 31st can continue to incur claims against the previous plan year for services provided through the following March 15.

All HCRA/DCRA claims for services provided January 1st through March 15th of the following calendar year will **automatically be processed against the previous year's plan year first** if filed by the claims filing deadline for that plan year. If your claim exceeds the available funds from the previous plan year, any excess will be automatically applied to the new plan year.

As a reminder, the HCRA/DCRA Plan Year is January 1st through December 31st of each calendar year. The CSU's **claims filing deadline is June 30th** of the following calendar year. All claims must be postmarked or faxed by this date, or they will not be accepted.

**Claims will continue to be reimbursed by the 5th, 15th and 25th of the month.** See ASI information below:

<p><b>MAIL OR FAX CLAIMS WITH SUPPORTING DOCUMENTATION TO:</b></p> <p style="text-align: center;"><b>ASI P.O. BOX 6044 COLUMBIA, MO 65205-6044 TOLL-FREE FAX: 1-877-879-9038</b></p>	<p><b>ASI CONTACT INFORMATION:</b></p> <p style="text-align: center;"><b>INFOLINE: (800) 366-4827</b> Internet: <a href="http://www.asiflex.com">http://www.asiflex.com</a> Claims E-mail: <a href="mailto:claims@asiflex.com">claims@asiflex.com</a> Telephone: (800) 659-3035</p>
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Please contact your campus Benefits Office or visit the CSU Benefits Portal at: [www.calstate.edu/hr/benefitsportal](http://www.calstate.edu/hr/benefitsportal) to learn more about the CSU Flexible Spending Plans.

Sincerely,

Campus Benefits Office

December X, 2009

Dear HCRA/DCRA Participant:

The CSU has adopted the 2 ½ month grace period extension allowed by the U.S. Department of Treasury for flexible spending plans. As a result, current participants with balances in the Health Care Reimbursement Account Plan and/or the Dependent Care Reimbursement Account Plan as of December 31, 2009, will be allowed to utilize remaining 2009 balances toward reimbursement of eligible medical and/or dependent care expenses incurred from January 1, 2010 through March 15, 2010.

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All HCRA/DCRA claims for services provided January 1st through March 15th of the following calendar year will **automatically be processed against the previous year's plan year first** if filed by the claims filing deadline for that plan year. If your claim exceeds the available funds from the previous plan year, any excess will be automatically applied to the new plan year.

To understand how the grace period extension works, please see the examples below:

**Example 1:** Employee has \$50 remaining in HCRA at the end of the 2009 plan year and has no more expenses to submit with dates of service during the actual plan year. Employee is also enrolled in HCRA for the 2010 plan year. Two weeks after the end of the 2009 plan year, the employee goes to the dentist and incurs a charge of \$145. The employee submits a claim to ASIFlex. ASI processes the claim and \$50 is applied to the remaining balance from the 2009 plan year, and \$95 is applied to the 2010 plan year's balance.

**Example 2:** Employee has a remaining HCRA balance at the end of the 2009 plan year, and is also enrolled for the 2010 plan year. Employee submits a claim to ASI for \$145 in dental expenses that were incurred in February 2010, but has other incurred medical expenses from 2009 that have not been submitted for reimbursement. The employee decides that the entire \$145 should be applied to the 2010 plan year instead of the remaining balance from 2009. The employee includes a note with the claim submission requesting that ASI apply the entire dollar amount to the new plan year. ASI's claim processor applies the entire reimbursement request to the new 2010 plan year.

As a reminder, the HCRA/DCRA Plan Year is January 1st through December 31st of each calendar year. The CSU's **claims filing deadline is June 30th** of the following calendar year. All claims must be postmarked or faxed by this date, or they will not be accepted.

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