

**Date:** September 30, 2011

**Code:** TECHNICAL LETTER  
HR/Benefits 2011-12

**To:** Human Resources Officers  
Benefits Officers

**From:** Evelyn Nazario   
Assistant Vice Chancellor  
Human Resources Management

**Subject:** Implementation of Optional Debit Card for Health Care Reimbursement Account (HCRA) Plan Participants

**Overview**

- Audience:** Human Resources Officers, Benefits Officers, and/or campus designee(s) responsible for benefits administration.
- Action Item:** Benefits Officers should communicate this information during the current and subsequent open enrollment periods, and also to employees enrolled in the 2012 Plan Year or thereafter.
- Affected Employees:** All employees eligible to enroll in the Health Care Reimbursement Account (HCRA) Plan.

**Summary**

Effective with the 2012 Plan Year, the California State University (CSU) is pleased to announce the implementation of a flexible spending account (FSA) Debit Master® Card (aka "FSA Benny Card") through ASIFlex, the third party administrator, as an option to employees who are eligible to enroll in the Health Care Reimbursement Account (HCRA) Plan. The FSA debit card will allow HCRA participants to present the debit card as payment for eligible medical, dental, and vision expenses (restrictions apply), thus eliminating:

- 1) **The requirement for HCRA participants to pay for these eligible expenses out-of-pocket;**
- 2) **The waiting period for HCRA claims to be processed and reimbursed by ASIFlex; and**
- 3) **The requirement to submit paper claims and documentation of certain transactions.**

The administrative fee is \$1.00 per month and is deducted from the participant's HCRA account balance as a one-time lump sum payment. Participants can obtain the card by submitting a completed "FSA Debit Card Request" form to ASIFlex during the open enrollment period, or during the Plan Year (2012 or thereafter).

Campus designees responsible for administration of HCRA should read the remainder of this Technical Letter and its attachments for further information.

The California State University (CSU) is pleased to announce the implementation of a flexible spending account (FSA) Debit Master® Card through ASIFlex, the third party administrator, as an option to employees who are eligible to enroll in the Health Care Reimbursement Account (HCRA) Plan for the 2012 Plan Year or thereafter. The FSA Debit Master Card (aka "FSA Benny® Card") is issued by Evolution Benefits, Inc., and will allow HCRA participants to present the debit card as payment for eligible medical, dental and vision expenses (restrictions apply), thus eliminating:

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- 1) The requirement for HCRA participants to pay for these eligible expenses out-of-pocket;
- 2) The waiting period for claims to be processed and reimbursed; and
- 3) The requirement to submit paper claims and documentation of certain transactions.

The administrative fee is \$1.00 per month and is deducted from the participant's HCRA account balance as a one-time lump sum payment. Participants can obtain the card by submitting a completed "FSA Debit Card Request" form (see Attachment A) to ASIFlex during any open enrollment period, or during any Plan Year (2012 or subsequent Plan Year).

FSA debit cards that are requested during open enrollment or in December 2011 will be issued in mid-January. Cards requested after this timeframe, or during mid-year, will typically be issued within 10-15 days of the receipt of a "FSA Debit Card Request" form by ASIFlex.

Each HCRA participant that completes the "FSA Debit Card Request" form will be mailed two (2) debit cards. If the card is lost or stolen, ASIFlex charges a \$5.00 fee to re-issue the card.

The HCRA participant can continue to use the FSA debit card from plan year to plan year, as long as the employee re-enrolls in the HCRA plan each year.

### **How the FSA Debit Card Works**

The FSA debit card is funded with the participant's **current plan year funds**, and is called a debit card because the participant's HCRA account balance is immediately debited when a transaction is authorized at the "point of purchase" (i.e., doctor's office, pharmacy, etc.). However, it does not operate like a debit card that is associated with an individual's checking account issued by a bank or credit union. It does not have a PIN number assigned to it, and the FSA debit card cannot be used to receive cash from an ATM or to get "cash back" at a retail location. Therefore, when the FSA debit card is swiped at the "point of purchase," the cardholder must choose "credit," as opposed to "debit." The FSA debit card is programmed to be accepted for specific transactions that are electronically coded with either an assigned Health Care Merchant Category Code (MCC) or an Inventory Control System.

**Please note: the FSA Debit Card cannot be used to pay for grace period claims.** Please see additional information regarding the FSA Debit Card and grace period claims on page 5 of this technical letter.

### **Health Care Merchant Category Code (MCC)**

If the health care provider accepts credit cards as payment, there is a general merchant category code that is assigned to the healthcare provider that identifies the type of organization it is (i.e., hospital, optometrist, massage therapy, dentist, chiropractor, etc.). The four (4) digit code is referred to as the *Health Care Merchant Category Code (MCC)*. The FSA debit card, when swiped, will approve transactions to pay providers that have an appropriate MCC that indicates the merchant is a health care provider. Transactions that do not have the appropriate MCC will be rejected, and another form of payment must be provided. In this case, claims reimbursement would be fulfilled by submitting a paper claim and documentation to ASIFlex.

### **Inventory Information Approval System (IIAS)**

The FSA debit card can be utilized at retail entities to purchase FSA-eligible items if the entity has implemented an *Inventory Information Approval System (IIAS)*, or has certified with the Internal Revenue Service (IRS) that 90% of the entity's cash register receipts for the previous calendar year were for FSA-eligible expenses. These IRS provisions allow the FSA debit cardholder to use the debit card at retail entities that are not considered typical health care providers, and do not have a

Health Care MCC (i.e., grocery stores, pharmacies, warehouse clubs, etc.). Any purchase that cannot be tied to an approved MCC or IAS will be rejected.

The “90% certification rule” and IAS standard was developed by the Special Interest Group for IAS Standards (SIGIS) in 2008 to assist merchants in meeting the IRS requirements with regard to approval of reimbursable items purchased with a debit card. As a result of their efforts and working relationship with the IRS, SIGIS maintains and publishes lists of vendors certified by the IRS under either the “90% certification rule,” or IAS for use by merchants and benefits plan administrators, such as ASIFlex. These lists are updated periodically, and can either be downloaded from SIGIS’ website (<http://sig-is.org/>) or the ASIFlex website (<http://www.asiflex.com>). These lists are instrumental in reducing or in some cases, eliminating the need for the FSA debit cardholder to submit additional documentation to substantiate an FSA-eligible purchase. Participants interested in obtaining the FSA debit card should be encouraged to refer to these lists to determine whether or not the retail vendor(s) of his/her choice are listed.

In summary, FSA debit card purchases that cannot be substantiated at the “point of purchase” with either of the methods listed in the following section of this technical letter will be rejected and the participant will be asked to present another form of payment. In addition, if non-eligible items are included in the transaction for purchase with an FSA eligible expense, the participant will be asked to present another form of payment (i.e., for a purchase that includes a prescription co-pay, magazine, and bag of chips, the system will approve payment for the prescription and recognize that the magazine and chips are non-FSA eligible items, prompting the cashier to request another form of payment for these items).

Please note: the FSA debit card transaction will be rejected if the participant does not have enough money on the FSA debit to cover the transaction.

### **Substantiation of Debit Card Transactions**

IRS regulations provide specific guidelines regarding the administration of FSA debit card transactions as documented in the following Revenue Rulings: 2003-43; 2006-69; and 2007-02. These rulings clarify how debit cards can be used to pay for medically reimbursable expenses, whether or not the transaction requires substantiation, in addition to the parameters regarding the use of an Inventory Information Approval System (IAS).

IRS regulations require that all FSA claims be substantiated. However, if an employer offers the FSA debit card, there are two (2) methods of substantiating debit card transactions in compliance with IRS requirements as listed below:

- 1) Auto-Substantiation; and
- 2) Manual Substantiation.

Under Auto-Substantiation, substantiation of the debit card transaction is made automatically through electronic evidence as follows:

- **Real-time Substantiation:**  
Charges that are verified as eligible expenses by the merchant, service provider or other third-party vendor. For example, a grocery store automatically approving qualified purchases utilizing an Inventory Information Approval System (IAS) that restricts purchases made with the FSA debit card to FSA eligible expenses only.

- **Co-pay Matching:**

Charges that exactly match the dollar amount, or up to 5 times the dollar amount, for a co-pay under the employer's group health plan. For example, \$15, \$30, \$45, \$60, or \$75 charge(s) at a doctor's office under a health plan with a \$15 office visit co-pay.

- **Recurring Claims:**

This is applicable to recurring expenses at the same provider for the exact same dollar amount for a previously approved and substantiated transaction (i.e., a fixed, monthly orthodontia payment). In addition, the participant can provide initial documentation to ASIFlex for an anticipated recurring expense in order for ASIFlex to note the participant's account accordingly.

***If the debit card transaction(s) fall under any of the Auto-Substantiation methods previously listed, follow-up documentation and claims filing from the participant will not be required.*** However, participants are encouraged to maintain receipts of all FSA eligible expenses in their records as a precaution or in the event of an IRS audit. For additional information on the length of time to retain such receipts, please refer to [IRS Publication 552](#).

To increase the number of debit card transactions for CSU HCRA participants that will qualify under the Auto-Substantiation rule, Human Resources Management (HRM) will provide ASIFlex with co-payment (including prescription drugs and office visits) information for the CalPERS health plans, CSU dental plans, and CSU vision plan. In addition, HCRA participants that choose the debit card will indicate their CSU health, dental and vision plan (if applicable) on the ASIFlex Debit Card Request form. Please note that card transactions for deductibles will prompt a request for follow-up documentation from the participant.

Under Manual Substantiation, if claims cannot be Auto-Substantiated utilizing one of the methods above, the participant is required to submit documentation to ASIFlex that supports the FSA eligibility of the debit card transaction. As a result, the amount of the un-documented transaction will be reflected on the HCRA account as an "overpayment," until the appropriate documentation has been submitted and approved by ASIFlex. ASIFlex will send notification for such documentation to impacted participants via e-mail or regular USPS mail. Participants can submit documentation to ASIFlex by mail, fax, or by uploading the documents to the ASIFlex secure online portal at: <https://my.asiflex.com>.

Documentation can include receipts, evidence of benefits (EOB), doctor's note, etc. Some examples of Manual Substantiation are as follows:

- Charges incurred from a health care provider that do not match co-pay amounts (i.e., out-of-pocket costs related to the employee's share of tooth extraction, or the co-insurance amounts applicable to PPO health plans (i.e., PERS Choice, PERS Select and PERSCare, etc.);
- Charges for deductibles;
- The difference of the cost paid by the participant when choosing to purchase the brand-name version of a medicine versus the generic brand; or
- Co-payments for your spouse's health insurance plan(s) (i.e., health, dental and vision).

### **Failure to Submit Required Documentation of Debit Card Transactions**

ASIFlex will send the initial request for follow-up documentation within a few days of the FSA debit card transaction. If the participant does not comply with the initial request, ASIFlex will make a second request in approximately three weeks. If the participant does not comply with the second request, a third notice will be sent three weeks later stating that the FSA debit card has been suspended because the requested documentation was not received by ASIFlex.

If the participant cannot provide the appropriate documentation for the transaction, he/she can repay the Plan by writing a check to the CSU Board of Trustees, or the outstanding amount will be reported as wages on the employee's W-2 form in the following tax year. These issues will be co-managed by ASIFlex and HRM.

#### **Administrative Fee for FSA Debit Card**

The administrative fee is \$1.00 per month and is deducted from the participant's HCRA account balance as a one-time lump sum payment. Participants who submit the required form to ASIFlex to obtain the debit card either prior to the beginning of the Plan Year or during the month of January will have the annual fee of \$12.00 deducted from his/her HCRA contributions that are credited to his/her account balance. Participants that enroll in HCRA mid-year or request the debit card mid-year, will see a pro-rated amount deducted from his/her HCRA account balance.

Therefore, if a participant decides to contribute \$300.00 (\$25.00 monthly deduction) to the HCRA Plan for 2012 and also requests the FSA debit card, the participant may consider increasing the monthly deduction amount by \$1.00 to \$26.00 per month, so that he/she will have full access to the annual election amount chosen. Otherwise, the participant in this example would have access to \$288.00 of HCRA funds (\$300.00 annual election minus \$12.00 annual debit card administrative fee = \$288.00 available funds).

Currently, participants can contribute up to a maximum of \$5,000.00 per year to HCRA, which equates to a \$416.66 monthly deduction. With the implementation of the debit card, the State Controller's Office (SCO) has agreed to increase the maximum monthly deduction amount to \$417.66, to allow participants who deduct the maximum allowed and also request the debit card, to have full access to the annual election amount chosen.

The one-time administrative fee is non-refundable, even if the participant exhausts the account balance prior to the end of the Plan Year.

Information regarding the FSA debit card administrative fee has been included on the DCRA/HCRA Plans Enrollment Authorization form (see Attachment B) and also should be communicated to employees during the open enrollment period so that participants can choose the annual election amount(s) carefully.

#### **The FSA Debit Card and the 2 ½ Month Grace Period Claims Extension**

As indicated earlier, the FSA Debit Card is funded only with the current plan year's election amount for each participant that chooses to request the card. If funds remain in the account that can be used during the 2 ½ month grace period claims extension during the following plan year, then the participant must submit paper claims by mail, or facsimile, or via electronic upload to ASIFlex in order to be reimbursed for the remaining account balance. It is anticipated, however, that implementation of the FSA debit card will greatly reduce the incidents of remaining account balances at the end of the plan year, since the participants will have full access to his/her election amount and will not have to pay out of pocket in order for claims to be reimbursed.

#### **HCRA Participants that Do Not Choose to Request the FSA Debit Card**

HCRA participants may choose to pay for eligible HCRA-related expenses up front and continue submitting paper claims and documentation of all incurred FSA eligible expenses to ASIFlex either by mail, or facsimile, or via electronic upload for reimbursement, as is the process currently. Consequently, the claims reimbursement schedule for HCRA participants who opt not to request an FSA Debit Card

continues to be tri-monthly. Reimbursements will either be mailed or direct deposited to these individuals, based on his/her preference as communicated to ASIFlex.

### **Communications**

In order to assist campuses with the FSA debit card implementation, HRM has partnered with ASIFlex to produce a short video tutorial on the FSA debit card. In addition, marketing flyers will be created that will contain pertinent information regarding the FSA debit card implementation. These communication pieces are forthcoming, and will be provided to campuses prior to open enrollment, and will also be placed on the CSU Systemwide Benefits Portal. To provide assistance to campuses in the interim, this technical letter contains a sample communication letter that can be sent to employees regarding the FSA debit card (see Attachment C).

### **Tech Talk**

The Benefits Team in HRM will host a TechTalk on Monday, October 3, 2011, at 2 p.m. to discuss the FSA debit card implementation prior to open enrollment. Details will be forwarded in a separate communication.

### **Common Management Systems (CMS) Processing Instructions**

This technical letter has no impact on CMS Baseline.

### **General Information**

Questions regarding this Technical Letter 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/HRAdm/memos.shtml>.

EN/mh

**FLEXIBLE SPENDING PLAN (FSA) DEBIT CARD REQUEST FORM**

Please type or print clearly with ballpoint pen.

The fields in the shaded areas below are required. If any shaded field is left blank, the FSA Debit Card will not be issued.

CAMPUS:		SOCIAL SECURITY NUMBER:	FULL NAME (LAST, FIRST, MIDDLE)		
STREET ADDRESS:			CITY:	STATE:	ZIP CODE:
DAYTIME PHONE:	HOME PHONE:	E-MAIL ADDRESS:			DATE OF BIRTH:
<b>CSU HEALTH PLAN ENROLLMENT:</b> I AM ENROLLED IN THE FOLLOWING CALPERS HEALTH PLAN: <input type="checkbox"/> BLUE SHIELD HMO (ACCESS, NETVALUE) <input type="checkbox"/> KAISER PERMANENTE <input type="checkbox"/> PERS CHOICE OR PERS SELECT PPO <input type="checkbox"/> PERSCARE <input type="checkbox"/> PORAC		<b>CSU DENTAL PLAN ENROLLMENT:</b> I AM ENROLLED IN THE FOLLOWING CSU DENTAL PLAN: <input type="checkbox"/> DELTACARE USA – BASIC <input type="checkbox"/> DELTACARE USA – ENHANCED <input type="checkbox"/> DELTA DENTAL PPO – BASIC <input type="checkbox"/> DELTA DENTAL PPO – ENHANCED LEVEL I <input type="checkbox"/> DELTA DENTAL PPO – ENHANCED LEVEL II		<b>CSU VISION PLAN ENROLLMENT:</b> <input type="checkbox"/> I AM ENROLLED IN THE CSU VISION PLAN (VSP)	

- ✓ The FSA Debit Card is optional to you, and is only for Health Care Reimbursement Account (HCRA) Plan participants. If you want to receive an FSA Debit Card (aka “FSA Benny Master® Card”), you have to complete this application. If you do not wish to request the FSA Debit Card, you will access your HCRA funds by filing claims and ASIFlex will reimburse you by direct deposit or check.
- ✓ If you request the FSA Debit Card, a separate, \$1.00 per month administrative fee will be deducted directly from your HCRA account by ASIFlex as a one-time, lump sum amount (i.e., \$12.00 if your enrollment begins in January, and the amount is prorated if enrollment begins after January). Therefore, your annual HCRA election amount will be reduced by an amount equal to or less than \$12.00.
- ✓ Upon receipt of this completed form, two (2) debit cards, both in your name, will be issued on your behalf. The cards will be mailed to your home address approximately two weeks from ASIFlex’s processing of this form. There is a \$5.00 charge for additional or replacement cards.
- ✓ **When using the FSA Debit Card, ALWAYS select the “credit” option when you present the card** at a merchant or a provider, even though the card is referred to as a “debit card.” There is no PIN number associated with this FSA debit card.
- ✓ It is important to note that there will be times when you will be required to **submit substantiating documentation for some debit card transactions.** ASIFlex will notify you when follow-up documentation (i.e., detailed statement of services, etc.) is required. **If you do not provide the requested documentation in the timeframe stated in your notification, your card will be deactivated.**

I hereby state that the above information is accurate, to the best of my knowledge. Additionally, I certify that the FSA debit card will only be used to purchase eligible medical care-related (i.e., health, dental, vision, etc.) expenses, as defined in Code §213(d) of the Internal Revenue Code and that I will not seek reimbursement from any other source for the expenses paid for with the FSA debit card. I also acknowledge that if I do not provide requested documentation in a timely fashion, my card will be deactivated, in accordance with Federal regulations.

Visit the CSU Systemwide Benefits Portal at: [www.calstate.edu/hr/benefitsportal](http://www.calstate.edu/hr/benefitsportal) for additional information.

Employee’s Signature: ▶	Date Signed: ▶
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**The application must be sent directly to ASIFlex. Please fax application to: 1-877-879-9038 or Mail to: ASIFlex, P O Box 6044, Columbia, MO 65205-6044**

**DEPENDENT CARE/HEALTH CARE REIMBURSEMENT ACCOUNT PLANS ENROLLMENT AUTHORIZATION**

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

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

<b>1. TYPE OF ENROLLMENT</b> (Check appropriate box) <input type="checkbox"/> OPEN ENROLLMENT <input type="checkbox"/> NEW ENROLLMENT <input type="checkbox"/> CHANGE DUE TO PERMITTING EVENT (i.e., Change in Status) <input type="checkbox"/> CANCELLATION	<b>2. SOCIAL SECURITY NO.</b>  	<b>3. MARITAL STATUS</b> <input type="checkbox"/> Married <input type="checkbox"/> Single
<b>4. NAME</b> (first)    (initial)    (last)		

**5. REIMBURSEMENT PLAN ELECTIONS:** To establish a Dependent Care and/or Health 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.

*For HCRA participants only: If you are interested in obtaining an FSA Debit Card, you must submit a completed "FSA Debit Card Request" form to ASIFlex. If you request the FSA Debit Card, a separate, \$1.00 per month administrative fee will be deducted directly from your HCRA account by ASIFlex as a one-time, lump sum amount (i.e., \$12.00 if your enrollment begins in January, and the amount is prorated if enrollment begins after January). Therefore, your annual HCRA election amount will be reduced by an amount equal to or less than \$12.00 unless you adjust your annual HCRA enrollment election to include the one-time fee. Refer to the CSU Systemwide Benefits Portal at [www.calstate.edu/hr/benefitsportal](http://www.calstate.edu/hr/benefitsportal) for additional information regarding the FSA Debit Card.*

Benefit Deduction Item (Pre-Tax)	6. DED/ORG Code	7. Monthly Deduction Amount	SCO Use Only
Dependent Care Reimbursement Account (DCRA) Employee Initial here ____ Please note: This plan is for dependent care related expenses <u>only</u>	380- ____	A. \$ ____ . ____	
Health Care Reimbursement Account (HCRA) Employee Initial here ____ Please note: This plan is for medical related expenses <u>only</u>	378- ____	B. \$ ____ . ____	

**8. Coverage Statement**

I UNDERSTAND THAT MY ENROLLMENT INTO THE DEPENDENT CARE AND/OR HEALTH CARE REIMBURSEMENT ACCOUNT PLAN(S) IS FOR ONE PLAN YEAR AT A TIME – MY ENROLLMENT WILL NOT AUTOMATICALLY RENEW. 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 "change in status event," as defined in these regulations and described in the Dependent Care and/or Health Care Reimbursement Account brochure(s).

This reduction in pay is effective with the December pay period (January pay warrant), 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 from my pay warrant to the Reimbursement Account(s) that I have specified on this document. **I also agree to pay the \$1.00 monthly administrative fee through payroll deduction on a post-tax basis. The \$1.00 administrative fee is charged per Plan.**

Each Plan Year begins on January 1 and ends December 31. 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, or the following 2 ½ month grace period extension (January 1 – March 15) if I am enrolled in the Plan(s) through 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 Dependent Care and/or Health 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 Dependent Care and/or Health Care Reimbursement Account(s) Plan(s) as outlined on this form.

<b>Employee's Signature:</b> ▶	<b>Date Signed:</b> ▶
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**FOR CAMPUS USE ONLY**

<b>9. Effective Date of Action</b>	<b>10. Employee CBID</b>	<b>11. Permitting Event Date</b>			<b>12. Permitting Event Code</b>
Mo    Day -1-		Mo	Day	Year	
<b>13. Remarks:</b>		<b>14. Agency Code</b>	<b>15. Unit Code</b>	<b>16. Campus Name</b>	
		<b>17. Authorized Campus Signature</b> 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 HCRA and/or DCRA Plan(s). Print Name: _____ Signature: ▶			
		<b>18. Date Received:</b>		<b>19. Telephone Number:</b>	

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

(REV. 06/11) (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 employee's gender and marital status, which may be furnished on a voluntary basis. Failure to provide the mandatory information may result in the DCRA and/or HCRA enrollment action(s) not being processed or being processed incorrectly.

The State Controller's Office requires the 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 Claims administrator. Copies of the Dependent Care/Health Care Reimbursement Account Plan(s) 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 Dependent Care and/or Health Care Reimbursement Account Plan(s) Enrollment Authorization forms upon request. The official responsible for the maintenance of the forms is: Chief of Personnel/Payroll Operations Bureau, State Controller's Office, P. O. Box 942850, Sacramento, California 94250-5878, Attention: Benefits Unit.

## Sample FSA Debit Card Communication Letter

Dear CSU Employee:

The CSU is pleased to announce the implementation of a Flexible Spending Account (FSA) Plan Debit Master® Card for Health Care Reimbursement Account (HCRA) Plan participants, beginning in the 2012 plan year. The optional "FSA Benny® Card" issued by ASIFlex, allows HCRA participants\* to pay for out-of-pocket medical expenses (i.e., health, dental, vision, etc.) when issued as payment at Health Care Providers and at certain retail locations that have implemented an Inventory Control System, per Internal Revenue Service (IRS) regulations.

If you choose to enroll in HCRA and request the FSA Benny Card, you:

1. *Have electronic access to your annual HCRA election amount on the FSA Benny Card;*
2. *Avoid paying out-of-pocket for eligible health, dental and vision related expenses;*
3. *Eliminate the waiting period for your HCRA claims to be processed and reimbursed by ASIFlex; and*
4. *Are not required to submit paper claims or documentation for most FSA Benny Card transactions. If follow-up documentation is required for an expense, ASIFlex will notify you for additional information.*

The administrative fee for the FSA Benny Card is \$1.00 per month and is deducted directly from your HCRA account balance as a non-refundable, one-time lump sum amount (i.e., \$12.00 if your enrollment begins in January, and the amount is prorated if your enrollment begins after January). Therefore, you want to carefully determine your monthly HCRA election amount to ensure that you will have full access to the annual election amount chosen. For example if you decide to contribute \$5,000.00 (\$416.66 per month) to the HCRA Plan for 2012 and also request the FSA Benny Card, you may want to consider increasing your monthly HCRA election amount by \$1.00 to \$417.66. Otherwise, you would have access to \$4,988.00 of HCRA funds for 2012 as shown below:

Annual election amount =	\$5,000.00
	<u>-12.00</u> minus debit card annual administrative fee (enrolled as of January 2012)
	\$4,988.00 Remaining HCRA funds available to you

You can obtain the FSA Benny Card by submitting a completed "FSA Debit Card Request" form (attached) to ASIFlex during this year's open enrollment period, or during the 2012 Plan Year, or any plan year thereafter. FSA Benny Card request forms received during open enrollment or in December 2011 will be issued in mid-January. Cards requested after this timeframe, or during mid-year, will typically be issued within 10-15 days of the receipt of the form.

Two (2) FSA Benny Cards will be mailed to you. If the card is lost or stolen, ASIFlex charges a \$5.00 fee to re-issue the card. You can continue to use the FSA Benny Card from plan year to plan year, as long as you remember to re-enroll in the HCRA plan each year. You can cancel your FSA Benny Card participation by sending a written request to ASIFlex.

### Special Information Regarding Grace Period Claims and the FSA Benny Card

**The FSA Benny Card is funded only with the current plan year's election amount.** If funds remain in the account that can be used during the 2 ½ month grace period claims extension (January 1 through March 15) during the following plan year, then you must submit paper claims by mail, or facsimile, or via electronic upload to ASIFlex in order to be reimbursed for the remaining account balance. **Do not use the FSA Benny Card for grace period claims. If the FSA Benny Card is used for grace period claims, the amount(s) will be deducted from your current plan year's election and will not be applied to the previous year's remaining balance.**

It is anticipated that use of the FSA debit card will greatly reduce the incidents of remaining account balances at the end of the plan year, since you will have full access to your annual election amount and will not have to pay out of pocket in order for claims to be reimbursed.

For more information about the FSA Benny Card, including FAQs, and how to enroll, please visit the CSU Systemwide Benefits Portal at: [www.calstate.edu/hr/benefitsportal/](http://www.calstate.edu/hr/benefitsportal/) or contact ASIFlex at (800) 659-3035.

\*The FSA Benny Card is not applicable to Dependent Care Reimbursement Account (DCRA) Plan participants.