

# THE CALIFORNIA STATE UNIVERSITY FLEXCASH PLAN ADMINISTRATIVE GUIDE



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**The California State University  
FlexCash Plan  
Administrative Guide**

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## The California State University FLEXCASH PLAN Administrative Guide

### Section 1 - Introduction

The FlexCash Plan is intended to comply with requirements of the Internal Revenue Code (IRC) and to meet the requirements of any other applicable provisions of law. It is specifically designated as a cafeteria plan under IRC Section 125, which allows eligible employees of an employer to choose among two or more benefits consisting of cash and certain other benefits, which are excludable under specific sections of the IRC.

The provisions of this Plan shall apply only to employees defined as Eligible Employees who are eligible to receive benefits under at least one of the Related Plans (health and dental). The rights and benefits, if any, of former employees will be determined in accordance with provisions of any plan in effect on the date employment terminated.

### Section 2 - Definitions

When used in this Plan, the following words and phrases, wherever capitalized, shall have the following meaning unless the context clearly indicates otherwise:

- A. **Applicable Law**: The Code, as defined below, or any other law of the United States or California, which may apply to this Plan.
- B. **Code**: The Internal Revenue Code (IRC) of 1986, as amended, as it now exists or as it may be amended from time to time.
- C. **Effective Date**: This restated Plan became effective August 1, 1992.
- D. **Eligible Employee**: Eligible Employees include all active CSU employees in an Executive, Management Personnel Plan (MPP), Confidential, or other non-represented position, and all active employees covered by collective bargaining agreements providing inclusion in this Plan.

Any person who performs service for the CSU solely as an independent contractor shall not be eligible.

- E. **Employee** shall mean 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 an Employer engages as a consultant or advisor on a retainer or fee basis.
- F. **Employer** shall mean The California State University (CSU) and any successor thereto.
- G. **Highly Compensated Employee (HCE)** shall mean, in general, an individual who:
1. was a 5% owner during the current or preceding year; or
  2. for the preceding year:
    - a) Earned more than \$90,000 (in 2003), as increased by regulations issued by the Secretary of 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, was in the top 20% of all employees by compensation for the preceding year.
- H. **Highly Compensated Individual (HCI)** shall mean, 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.
- I. **Key Employee** shall mean, in general, an individual who is:
1. an officer earning more than \$130,000, 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.
- J. **Open Enrollment Period:** The annual period for election of Plan participation for the following Plan Year. This period shall coincide with the California Public Employees' Retirement System (CalPERS) health plans open enrollment period, normally September through October.
- K. **Participant:** An Eligible Employee who participates in the Plan.
- L. **Plan:** The California State University (CSU) FlexCash Plan, as it may be amended from time to time.
- M. **Plan Administrator:** The CSU. Certain administrative functions for this Plan may be delegated to any other person(s) or entity.
- N. **Plan Year:** The twelve-month period beginning January 1 and ending December 31. Plan records shall be established and maintained on the basis of the Plan Year.

- O. **Related Plans**: A separate written plan maintained by the Employer to provide medical, hospital, or dental benefits to employees. Such Related Plans may be amended at any time without making other amendments to this Plan. Each Related Plan is governed by the terms of its own plan document, and such terms shall prevail in the event of any conflict between this Plan and a Related Plan. Related Plans include any one of the following Plans offered by the California State University:
1. The California Public Employees' Retirement System (CalPERS) insured or self-insured medical plan(s);
  2. Any health care plan(s) offered by the CalPERS pursuant to a service contract with a Health Maintenance Organization;
  3. The California State University insured or self-insured dental care plan(s);
  4. Any dental care plan(s) offered by the California State University pursuant to a service contract with a Dental Maintenance Organization.

## Section 3 - Administration

### 3.1 **Eligibility**

Employees shall become eligible for Plan participation as of the later of the Effective Date or the date they become eligible for coverage under one of the Related Plans. Employees who are not eligible for coverage under one of the Related Plans are not eligible for Plan participation.

Newly Eligible Employees may become Participants in the FlexCash Plan, provided that the Employee satisfies the eligibility provisions of at least one of the Related Plans, and enrolls in the FlexCash Plan within 60 days of eligibility, or during the next Open Enrollment Period, or within 60 days of a change in status. Employees who would otherwise be eligible under this Plan are ineligible if they are covered under the CSU medical and/or dental plan as a dependent of a CSU employee.

An Employee is eligible for the FlexCash Plan if the following criteria are met:

1. Employee meets the eligibility requirements for CalPERS medical and CSU dental benefits (timebase must be .5 or greater and at least six months and a day). Employees designated as "AB211 Employees" must be appointed with at least a 0.4 timebase for at least one semester or two consecutive quarters. Employees who meet the appointment requirement and not the time base requirement, and later increase their time base, meet the time base and duration requirement and are eligible to participate in the Plan. If an employee who meets the time base and duration requirement later reduces his/her time base to less than half-time, he/she no longer meets the time base portion of the time base/duration requirement and would be ineligible to participate in the FlexCash Plan effective the first of the following month.

2. Employee is an active nonrepresented Employee, or an active represented Employee in a bargaining unit for which FlexCash participation has been negotiated; and
3. Employee has other, non-CSU medical and/or dental coverage through an individual policy, private group coverage, or coverage related to employment outside of the CSU system.

An Employee is not eligible to receive FlexCash payments if he/she is covered as a dependent of another CSU employee (including domestic partner). An active Employee who is covered as a dependent of a CSU retiree is permitted to enroll in FlexCash for medical, but not CSU dental as the CSU currently pays the full dental premium cost for both active employees and CSU retirees.

Medical and/or dental coverage gained through Medicare, or other state employment, qualifies as alternative non-CSU coverage for purposes of enrollment in the FlexCash Plan.

Note: Employees who gain alternative non-CSU coverage through a domestic partner are not required to submit proof of registration of the partnership through the Secretary of State process to enroll in the FlexCash Plan. The application of permitting event codes for alternative non-CSU coverage provided through a domestic partner would apply in the same manner as if provided through a spouse.

### **3.2 Participation**

To participate in this Plan, an Eligible Employee must meet the requirements and must enroll within the stated timeframes. Plan enrollment requires a certification that the Eligible Employee has alternative non-CSU coverage for the Related Plan being waived and that the Participant will maintain such coverage while receiving FlexCash payments. Notwithstanding the above, an Eligible Employee shall not be able to participate in the Plan for any period during which the Plan must provide coverage to a child of such Employee pursuant to a qualified medical child support order (QMCSO).

Participation in the Plan shall be contingent upon receipt by the Plan Administrator of any documents or information prescribed by the Plan Administrator. Further, each Eligible Employee upon becoming covered by the Plan shall be deemed conclusively, for all purposes, to have assented to the terms and provisions of this Plan and shall be bound thereby.

### **3.3 Steps to Enroll**

Employees must complete the FlexCash Enrollment Authorization form (See Appendix A) to enroll in the Plan. FlexCash enrollment will continue automatically from year to year until the Employee elects to change or cancel enrollment in the Plan. The Employee's signature on the form certifies that he/she is covered by another non-CSU medical and/or dental plan, and that he/she agrees to the terms and conditions of the Plan.

#### **1. If the Employee is not enrolled currently in the CSU medical and/or dental plan.**

- a. Employee completes (or Benefits Officer prepares for Employee's signature) the FlexCash Enrollment Authorization form. The Employee must provide information regarding his/her coverage under a non-CSU medical and/or dental plan. The campus Benefits Officer completes the campus information on the form.
- b. The completed and signed FlexCash Enrollment Authorization form should be sent to the State Controller's Office for processing.

**2. If the Employee is enrolled currently in the Medical and/or Dental Plan.**

Employees who currently have coverage in the medical and/or dental plan through CSU must disenroll in those plans in order to enroll in the FlexCash Plan.

- a. To cancel enrollment in a CalPERS health plan, complete CalPERS' Form HBD-12. Instructions for completing the HBD-12 form are available in the CalPERS Health Benefits Manual. This form should be mailed to CalPERS, with a comment in the remarks section indicating "Employee canceling enrollment in the health plan to enroll in FlexCash."
- b. To cancel enrollment in a CSU dental plan, complete STD 692 form. Instructions for completing this form are available in the CSU Dental Administrative Guide.
- c. To enroll in the FlexCash Plan, Employee completes (or Benefits Officer prepares for Employee's signature) the FlexCash Enrollment Authorization form. Employee must provide information regarding his/her coverage under a non-CSU medical and/or dental plan. The campus Benefits Officer completes the campus information on the form(s). Documents should be mailed as a packet to:

1. State Controller's Office
  - √ FlexCash Enrollment Authorization form
  - √ STD 692 form
  - √ Copy of the HBD-12 form
2. CalPERS
  - √ HBD-12 form
  - √ Copy of the FlexCash Enrollment Authorization form

**3. If an Employee is receiving FlexCash payment in lieu of medical and/or dental coverage and wishes to enroll in the medical and/or dental plan, the following steps should be followed:**

- a. The Employee completes (or Benefits Officer prepares for Employee's signature) the FlexCash Enrollment Authorization form, indicating "cancellation" in Item 1 of the form. The campus Benefits Officer completes the campus information on the form and indicates in the remarks section "Employee canceling FlexCash to enroll in medical and/or dental coverage."

- b. To enroll in a CalPERS medical plan, the Employee completes (or the Benefits Officer prepares for the Employee's signature) the HBD-12 form.
- c. To enroll in a CSU dental plan, the Employee completes (or the Benefits Officer prepares for the Employee's signature) the STD 692 form. Documents should be mailed to:
  1. State Controller's Office
    - √ FlexCash Enrollment Authorization form (to cancel FlexCash)
    - √ STD 692 form (to enroll in a CSU dental plan)
  2. CalPERS
    - √ HBD-12 form (to enroll in a CalPERS medical plan)
    - √ Copy of the FlexCash Enrollment Authorization form

### **3.4 Enrollment Deadlines**

New Employees may enroll in the FlexCash Plan within 60 days of their benefits-eligible start date. They may also enroll during any annual open enrollment period, usually held September through October for CalPERS medical plans and CSU dental plans.

### **3.5 Missed Deadline Yields Default Election**

#### 1. Initial Enrollment

An Employee who fails to submit a valid election form to enroll in the FlexCash Plan as required upon first becoming eligible (i.e., newly eligible), or otherwise fails to comply with procedures established by the Plan Administrator, is deemed to have elected to be covered under the Employer's group medical and dental plan, unless the Plan Administrator approves a supplemental election.

#### 2. Open Enrollment Period

Unless the Plan Administrator approves a supplemental election, a Participant who fails to submit a valid election form to enroll in the FlexCash Plan during the annual open enrollment period is deemed to have elected to be covered under the medical and/or dental plan.

*To receive coverage under the medical and/or dental plan the Employee must complete the required enrollment forms. The effective date of enrollment in the medical and/or dental plan will be pursuant to established deadlines.*

### **3.6 Effective Date of Enrollment**

The effective date of enrollment for a new Employee enrolling in the Plan within 60 days of his/her start date depends upon the date the completed FlexCash Enrollment Authorization form is received by the State Controller's Office (SCO). If a properly completed FlexCash Enrollment Authorization form is received in the SCO by the 10<sup>th</sup> of the month, the effective date

of enrollment, change of enrollment, or cancellation is the first of the month following receipt. Enrollment in the FlexCash Plan during the annual open enrollment period, normally held September through October, will become effective January 1 of the following year.

### **3.7 Validity of Election Forms**

#### 1. Plan Administrator Approval

Election forms take effect only if valid, as determined by the Plan Administrator.

#### 2. Remedial Modification or Rejections

The Plan Administrator may modify or reject any election form or take other action it deems appropriate under rules uniformly applicable to similarly situated persons to satisfy nondiscrimination requirements of Code Section 125(b). Any remedial modification, rejection or other action the Plan Administrator takes must be on a reasonable basis that does not discriminate in favor of Highly Compensated Employees or Highly Compensated Individuals or Key Employees.

### **3.8 Making Mid-Year Plan Changes**

Employees are not permitted to start or stop their FlexCash election in the middle of the Plan Year, except for allowable status change events as defined by Internal Revenue Service (IRS) regulations. These regulations specify that changes in a FlexCash election must be necessary, or appropriate as a result of the status change. Enrollment changes must be requested within 60 days of the allowable status change event. Refer to Section 3.9 for additional information.

### **3.9 Allowable Status Change Events**

If allowable status changes occur, Employees may make the following changes by completing a new enrollment form within 60 days of the status change event:

1. If Employee is receiving FlexCash, he/she can now choose to enroll in medical and/or dental coverage.
2. If Employee is enrolled in medical and/or dental coverage, he/she can choose to receive FlexCash.

#### **Allowable status change events include:**

1. Marriage, divorce, annulment or legal separation, or dissolution of domestic partnership;
2. Death of spouse, domestic partner, or dependent (or loss of eligible dependent status);
3. Birth, adoption or placement for adoption of a child, or change in dependency status of an Employee's child;
4. Change in custody that affects the child's eligibility for coverage under this Plan or the plan of the child's parent;
5. Termination or commencement of employment of employee, spouse or domestic partner, or dependent;

6. Change from full-time to part-time employment (or vice versa) by either Employee or spouse or domestic partner, if the change affects the Employee's medical and/or dental coverage;
7. Gain or loss of alternative non-CSU coverage;
8. A significant change in the alternative non-CSU coverage;
9. Entitlement to Medicare or Medicaid by an Employee, spouse or domestic partner, or dependent; or
10. A change in worksite or residence resulting in eligibility or cessation of the Employee's coverage under any health maintenance organization offered through the plan; or
11. Starting or returning from an unpaid leave of absence by either Employee or spouse or domestic partner.
12. Other circumstances approved by the Plan Administrator in a nondiscriminatory manner and consistent with Applicable Laws and Regulations.

See Appendix B for Permitting Event Codes.

### **3.10 Termination of Participation**

Participation in this Plan shall terminate:

1. upon cessation of eligibility for coverage under all of the Related Plans; or
2. upon cessation of eligibility for coverage under this Plan; or
3. upon loss of alternative non-CSU coverage; or
4. upon enrollment in the Related Plan in lieu of which the Participant has been receiving FlexCash benefits; or
5. upon termination of employment; or
6. upon date of an Employee's death; or
7. upon termination of this Plan.

### **3.11 Reinstatement of Former Participant**

A former Participant will again become a Participant in the FlexCash Plan if and when that individual meets the eligibility and participation requirements above, and completes appropriate enrollment forms.

### **3.12 Coverage Under the Family and Medical Leave Act**

The Plan shall be interpreted and administered, as necessary, to comply with the Family and Medical Leave Act (FMLA) of 1993 and the rulings and regulations issued thereunder. Refer to Section 3.16 for information on leaves of absence.

### **3.13 Coverage Under Section 609 of ERISA**

Benefits under the Plan shall not be payable to the extent the Employer is required to provide coverage to a child as required by a qualified medical child support under Section 609(a) of ERISA. Further, the Plan shall be interpreted and administered as necessary to comply with Section 609 of ERISA and the rulings and regulations issued thereunder.

### **3.14 Enrollment Exceptions**

Campuses have been delegated the authority to authorize enrollment exceptions for the FlexCash Plan, using Permitting Event Code 44. Code 44 is used to make exceptions to the standard FlexCash enrollment regulations and permitting event time limitations due to campus administrative errors. It may also be used to correct administrative errors not covered in the CSU regulations. Requests for exceptions may be approved by the campus without review by systemwide Human Resources Administration staff in the Chancellor's Office.

Permitting event code 44 requires written approval of the CSU campus President (or Chancellor in the case of the Chancellor's Office), or his/her designee – normally the campus Benefits Officer. Benefits Officers should note in the remarks section of the Enrollment Authorization form that the exception has been approved by the President, Chancellor, or designee.

The intent of the Code 44 exception is to allow campuses flexibility to correct campus administrative errors. In evaluating requests for enrollment exceptions, campuses should be aware of cost and legal considerations. Approval of enrollment exceptions may result in additional premium costs and/or FlexCash benefit costs. These costs are all charged to the campus' budgets. Although there are State Controller's Office (SCO) processing costs for retroactive transactions, all SCO benefit processing fees are currently paid by the systemwide Human Resources Office.

Many enrollment limitations are a matter of CSU policy, plan document provision, and/or benefit plan contract provisions. Questions about Plan limitations should be directed to the systemwide Human Resources Administration staff.

### **3.15 Retroactive Transactions**

There are legal limitations imposed by state or federal law related to processing retroactive transactions. These limitations cannot be waived by either the campus or systemwide Human Resources Administration staff. For FlexCash, retroactive enrollments, changes and cancellations (except administrative cancellations) cannot be processed with an effective date any earlier than the first of the month following the employee's signature on the Enrollment Authorization form.

Flexible benefit program "status change events," which permit mid-year enrollments, changes and cancellations, are set by the Internal Revenue Service and cannot be waived by the CSU.

Note: The State Controller's Office policy limits retroactive adjustments to a three (3) year period.

### **3.16 Leave of Absence**

FlexCash payments continue during periods of paid leave of absence. If a participant is on an unpaid leave of absence, his/her FlexCash payments shall be suspended during the unpaid leave. FlexCash cash payments will resume upon return from such unpaid leave and, except in the event of a *change in status* as defined, the Participant may not make any new benefit elections

for the remainder of the Plan Year. If a Participant loses coverage under one of the Related Plans during an unpaid leave of absence, the Participant may be eligible for continuation coverage with respect to the Related Plan.

### **3.17 Termination of Employment**

An Employee who chooses to participate in the FlexCash Plan and waives coverage under the CalPERS medical, and/or CSU dental plan, also waives any Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation rights. The Employee would be ineligible for group medical and/or dental coverage if he/she leaves the CSU.

### **3.18 Death of Participant**

If a married Employee waives medical and/or dental coverage under the FlexCash Plan, and subsequently dies without coverage, the surviving spouse will not have the right to enroll in medical and/or dental coverage as part of the surviving spouse benefit package, even if the spouse is eligible for a monthly CalPERS allowance. Additionally, family members who are not enrolled in a CalPERS medical and/or CSU dental plan at the time of the Employee's death, do not have a right to COBRA continuation coverage.

### **3.19 Retiring While Enrolled**

CSU retirees are not eligible to participate in the FlexCash Plan. FlexCash payments stop upon the retirement of an enrolled employee. Employees who are not enrolled in the CalPERS medical and/or CSU dental plan prior to retirement, may enroll in either 30 days prior, or within 60 days after retirement, or during any subsequent annual open enrollment period, provided he/she met the requirement of retiring within 120 days of separation. (This provision is pursuant to Government Code Sections 22810, 22813.5, and AB 2463.) The enrollment in the CSU dental plan at that time would be handled through the Office of the Chancellor, systemwide Human Resources Administration. Enrollment in the CalPERS medical plan would be handled directly through CalPERS.

## Section 4 - Procedures

### **4.1 Change or Revocation of Election**

All elections (including default elections) stay in force during the entire Plan Year to which they apply unless changed or revoked as provided in this Section. During the Open Enrollment Period, however, Eligible Employees may make new benefit elections for the forthcoming Plan Year.

Notwithstanding the foregoing, the Plan Administrator may approve a supplemental election to correct an election form that is invalid for any reason other than failing to submit it on time – if approval would not violate IRC Section 125.

During a Plan Year, a Participant may change or revoke his or her FlexCash election if the election is made within 60 days. Election changes must be on account of, and consistent with the *change in status* event and take effect on a prospective basis, but no earlier than the *change in*

*status*. (See Section 3.9) If election is revoked under this Section after the Employee has received payment of the benefits, such Employee must repay to the Employer the portion of the benefit attributable to the period for which the coverage under the Employer-sponsored plan is elected.

Refer to Appendix B for a list of Permitting Event Codes.

#### **4.2 The CSU's Authority to Modify and Suspend Elections**

The CSU will suspend, modify or terminate Plan elections to prevent discrimination, if the Plan Administrator specifically finds that the Plan is discriminatory under Applicable Law.

### Section 5 - Benefits

#### **5.1 General Rule**

Benefits shall be provided under this Article for a Plan Year only with respect to periods during such Plan Year in which an Eligible Employee is a Participant and is entitled to cash benefits.

#### **5.2 Cash Benefits**

A Participant shall receive cash benefits only if he or she elects not to enroll in any CSU-sponsored medical and/or dental plan and if he or she enrolls in FlexCash and certifies coverage under alternative non-CSU plan(s). Cash benefits shall be taxable compensation to a Participant.

Any payments under the Plan shall be made entirely out of the general assets of the CSU. The CSU shall retain title to and beneficial ownership of any of its assets, which are earmarked for payment of benefits under this Plan.

The CSU shall pay taxable cash benefits to a Participant opting out of employer-provided medical and/or dental care coverage and providing proof of other non-CSU health and/or dental care coverage as follows:

1. \$128.00 per month for waiving CalPERS medical coverage;
2. \$12.00 per month for waiving CSU dental coverage;
3. \$140.00 per month for waiving both medical and dental coverage.

### Section 6 - General Provisions

#### **6.1 Allocation of Plan Administration Responsibilities**

1. The Systemwide Human Resources Administration staff in the Office of the Chancellor shall be responsible for the general administration of the Plan for the CSU. The powers and duties of the CSU shall include:

- a. Determination of questions regarding the rights or eligibility of Employees under this Plan and the amounts of such benefits;
  - b. Adoption of policies and procedures necessary for the proper and efficient administration of the Plan consistent with the terms and purposes of the Plan;
  - c. Enforcement of Plan rules and policies; and
  - d. Filing or disclosure of any information required by law to be reported or filed with any government agency or to be disclosed to Employees or other persons entitled to benefits under the Plan.
2. The State Controller's Office will be responsible for financial administration, including:
    - a. Processing of individual enrollments;
    - b. Payment of the monthly cash benefits; and
    - c. Adjustment and reporting of the Participants' taxable income and associated taxes.

## **6.2 Discretionary Authority of the CSU**

All discretion conferred upon the Plan Administrator shall be in accordance with the Federal IRS Code and CSU regulations. All such discretion conferred will be absolute. However, no discretionary authority 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 Employees.

## **6.3 Appeal and Review Procedure**

If the CSU determines an Employee to be ineligible to participate in the Plan or denies a Participant's request for mid-year change under the Plan, the Employee may appeal the adverse decision by requesting a review by his/her campus Human Resources office. If the campus level review upholds the negative decision, the Employee may request a further review by the Chancellor's Office by submitting a written request via the campus Human Resources office. The Employee's request may contain a written statement of issues and comments concerning the denial. The campus will attach a summary of the campus findings to the Employee's request and forward the entire case to systemwide Human Resources Administration in the Office of the Chancellor. After review, systemwide Human Resources Administration will render its decision in writing, giving the specific reasons for the decision.

#### **6.4 Agent for Service of Process**

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

General Counsel  
Office of the Chancellor  
401 Golden Shore, 4<sup>th</sup> Floor  
Long Beach, CA 90802

#### **6.5 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 7 – Miscellaneous

#### **7.1 State of Jurisdiction**

Except to the extent superseded by the laws of the United States, this Plan and all rights and duties under it shall be governed, construed, and administered in accordance with the laws of the State of California.

#### **7.2 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.

#### **7.3 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.

#### **7.4 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 California 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.

### **7.5 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 in good faith.

### **7.6 Cost of Administering the Plan**

The costs and expenses incurred by the CSU in administering the Plan shall be paid by the CSU.

### **7.7 Related Plan Documents Control**

This Plan describes the benefits under the CSU FlexCash Plan. In the case of any conflict between the terms of the Plan document and the terms of any Related Plan, the terms of the Related Plan shall control.

### **7.8 COBRA Continuation Coverage**

Participants in a Related Plan may be entitled to continue coverage under a Related Plan as a result of losing coverage following certain qualifying events. Participants should refer to the applicable Related Plan booklet for details of the rights and conditions of COBRA continuation coverage. When a Participant waives coverage under a Related Plan, he/she also waives all rights to COBRA continuation under that plan.

### **7.9 Inability to Locate Participant**

Payment of cash benefits issued pursuant to the Plan shall be voided if the warrants have been outstanding for one year. The term “warrant” shall include any written instrument to pay cash benefits under this Plan, including drafts, money orders, checks and warrants.

### **7.10 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.

### **7.11 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 payment was made. State Controller’s Office policy limits retroactive adjustments to 36 months (3 years).

### **7.12 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 proceeding 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.

### **7.13 Captions and Headings**

The captions and headings of an Article, 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.

### **7.14 Indemnification**

The Employee, 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/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 8 – Amendment and Termination**

### **8.1 Amendment**

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

Any part of this Plan may be amended retroactively if such amendment has the effect of an expansion of the eligibility or participation provisions of the Plan and if such amendment does not discriminate in favor of Highly Compensated Employees, Highly Compensated Individuals and Key Employees. The CSU shall comply with specific notice procedures consistent with Applicable Law.

No amendment shall reduce the amount of any benefit otherwise payable under the Plan and incurred prior to the effective date of such amendment.

## **8.2 Termination**

The CSU reserves the right to terminate or amend this Plan at any time. The Plan shall be terminated if it is deemed not to be in compliance with Applicable Law and it is not administratively feasible to bring it into compliance.

No termination shall reduce the amount of any benefit otherwise payable under the Plan prior to the Effective Date of such termination.



**The California State University**  
**FLEXCASH PROGRAM ENROLLMENT AUTHORIZATION**



Please type or use ball point pen, print clearly. Return completed form to campus Benefits Officer.

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

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

5. PLAN ELECTIONS – Refer to the FlexCash Brochure for cash option election information.

Cash Option Type	Monthly Payment	Instructions for Completing Cash Option Elections
A. Cash in lieu of medical insurance	\$	If you are electing the cash option in lieu of medical insurance, enter the monthly cash amount in item A, otherwise enter “none.”
B. Cash in lieu of dental insurance	\$	If you are electing the cash option in lieu of dental insurance, enter the monthly cash amount in item B, otherwise enter “none.”
C. Plan Code <b>381-001</b>	Monthly Total \$	In Item C enter the total monthly cash option amount (sum of the amounts entered in items A and B).

6. Statement of Other Medical and/or Dental Coverage  
 This section **must be completed** if you choose cash instead of your own CSU medical and/or dental insurance plans.

I certify that I am covered by another non-CSU medical and/or dental plan(s). I certify that I will maintain coverage in this medical and/or dental insurance plan(s) on an ongoing basis and I agree to notify my campus Benefits Officer within 60 days if I lose coverage under the medical and/or dental insurance plan(s).

Alternative Coverage		Complete this section ONLY if your “other” non-CSU medical and/or dental insurance coverage is through your spouse’s (or domestic partner’s*) plan(s).  Spouse’s (or domestic partner’s*) SSN: _____
A. Medical insurance carrier’s name	Policy Number	
B. Dental insurance carrier’s name	Policy Number	

I have reviewed the FlexCash Brochure describing the CSU’s optional FlexCash Plan, including the legal definitions and change in benefit election limitations authorized under Section 125 of the Internal Revenue Service (IRS) Code. I understand that regulations under the IRS Code require that my benefit choices authorized by this form are irrevocable during this plan year unless I experience an allowable “family status change event” as defined in these regulations or other permitting events as described in the FlexCash brochure. I understand that my FlexCash enrollment in lieu of medical and/or dental coverage will continue from year to year until I complete a new FlexCash Enrollment Authorization form to change or cancel FlexCash enrollment.

I have read and agree to the terms and conditions of the FlexCash Program as outlined on this form and in the FlexCash Brochure.

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

7. Effective Date of Action Mo   Day   Year -1-	8. Employee CBID	9. Permitting Event Date Mo   Day   Year	10. Permitting Event Code
11. Health Form Attached? (HBD12) <input type="checkbox"/> Yes <input type="checkbox"/> No	12. Dental Form Attached? (STD 692) <input type="checkbox"/> Yes <input type="checkbox"/> No	13. Agency Code	14. Unit Code
15. Campus Name		16. Remarks:	
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 FlexCash Program.  Signature: ▶		18. Date Received:	
19. Telephone Number:			

\*Employees who obtain “alternative” non-CSU coverage through a domestic partner are **not** required to submit proof of registration through the Secretary of State process to enroll in the FlexCash Program.

## **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 elections 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.

Copies of the FlexCash Enrollment Authorization 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, Post Office Box 94250, Sacramento, California 94250-5878.

## FlexCash Permitting Event Codes Chart

<b>NEW ENROLLMENTS</b>				
<b>PERMITTING EVENT</b>	<b>CODE</b>	<b>PERMITTING EVENT DATE</b>	<b>TIME LIMIT</b>	<b>EFFECTIVE DATE</b>
<b>Description of the event</b>	<b>Box 10</b>	<b>Box 9</b>		<b>Box 7</b>
New employee	01	Appointment date	60 days	Standard
New enrollment during open enrollment	03	Open enrollment start date	Open enrollment period only	As determined by open enrollment schedule
Enrollment due to gain of alternative non-CSU medical and/or dental coverage	05a	Date of Event	60 days	Standard
Enrollment due to starting or returning from an unpaid leave of absence by either employee or spouse or registered domestic partner (also includes military, NDI and sabbatical paid leaves.)	07	Date of return to active work	60 days	Standard
Enrollment due to new marriage, registration of domestic partnership, or birth or adoption of a child	17	Date of Event	60 days	Standard
Enrollment due to termination or commencement of spouse's or domestic partner's employment; or change to/from full-time employment of employee or spouse or domestic partner, if change affects medical and/or dental coverage.	37	Date of Event	60 days	Standard
Enrollment due to significant change in alternative non-CSU coverage	55	Date of Event	60 days	Standard
<b>CHANGE OF ENROLLMENT</b>				
Change during open enrollment	03	Open enrollment start date	Open enrollment period only	As determined by open enrollment schedule
Change due to gain of alternative non-CSU medical and/or dental coverage	05a	Date of Event	60 days	Standard
Change due to loss of alternative non-CSU medical and/or dental coverage	05b	Date of Event	No limit	Mandatory
Change due to starting or returning from an unpaid leave of absence by either employee or spouse or registered domestic partner (also include military and sabbatical paid leaves.)	07	Date of return to active work	60 days	Standard
Change due to new marriage, registration of domestic partnership, or birth or adoption of a child.	17	Date of Event	60 days	Standard
Change due to divorce or dissolution of domestic partnership (mandatory deletion from medical and dental plans); or death of spouse or registered domestic partner, or dependent (or loss of eligible dependent status).	27	Date of Event	60 days	Standard
Change due to significant change in alternative non-CSU coverage	55	Date of Event	60 days	Standard

*NOTE: Employees who gain "alternative" non-CSU coverage through a domestic partner are not required to submit proof of registration through the Secretary of State process to enroll in the FlexCash Plan. The application of permitting event codes for alternative non-CSU coverage provided through a domestic partner would apply in the same manner as if through a spouse.*

## FlexCash Permitting Event Codes Chart

<b>CANCELLATIONS</b>				
<b>PERMITTING EVENT</b>	<b>CODE</b>	<b>PERMITTING EVENT DATE</b>	<b>TIME LIMIT</b>	<b>EFFECTIVE DATE</b>
<b>Description of the event</b>	<b>Box 10</b>	<b>Box 9</b>		<b>Box 7</b>
Cancel during open enrollment	03	Open enrollment start date	Open enrollment period only	As determined by open enrollment schedule
Cancel due to loss of alternative non-CSU coverage	5a	Date of Event	No limit	Mandatory
Cancel due to starting or returning from an unpaid leave of absence by either employee or spouse or registered domestic partner (also include military and sabbatical paid leaves.)	07	Date of return to active work	60 days	Standard
Cancel due to new marriage, registration of domestic partnership, or birth or adoption of a child.	17	Date of Event	60 days	Standard
Cancel due to divorce, or dissolution of domestic partnership (would also require mandatory deletion from medical and dental if enrolled), or death of spouse or registered domestic partner, or dependent (or loss of eligible dependent status).	27	Date of Event	60 days	Standard
Cancel due to termination or commencement of spouse's or domestic partner's employment; or change to/from fulltime employment of employee or spouse or domestic partner, if change affects medical and/or dental coverage.	37	Date of Event	60 days	Standard
Cancel due to employment change to less than half-time (no employee signature required).	38	Date status changes	No limit	First day of 2 <sup>nd</sup> month following permitting event
Administrative deletion of ineligible employee (no employee signature required). For those who were never eligible.	42	Date of initial enrollment	No limit	Mandatory
Cancel due to significant change in alternative non-CSU coverage	55	Date of Event	60 days	Standard
<b>OPEN ENROLLMENT PERIOD EVENT CODE</b>				
New enrollment, cancellation, or change of FlexCash option	03	Open enrollment date start	Open enrollment period only	As determined by open enrollment schedule
<b>EXCEPTIONS</b>				
Exceptions	44	Apply dates to match the situation. Requires approval of President, Chancellor, or his/her designee		

**EXPLANATION OF EFFECTIVE DATE TERMS USED****Standard Effective Date**

If a properly completed FlexCash Enrollment Authorization form is received in the State Controller's Office by the 10<sup>th</sup> of the month, the effective date of enrollment, change of enrollment, or cancellation is the first of the month following.

**Mandatory Effective Date**

Enrollment ceases on the first of the month following the permitting event date. State Controller's Office policy limits retroactive processing to 36 months (3 years).

*NOTE: Employees who gain "alternative" non-CSU coverage through a domestic partner are not required to submit proof of registration through the Secretary of State process to enroll in the FlexCash Plan. The application of permitting event codes for alternative non-CSU coverage provided through a domestic partner would apply in the same manner as if through a spouse.*