



Flexible Spending Arrangement Handbook

January 1 - December 31, 2013

What is a Flexible Spending Arrangement?

A Flexible Spending Arrangement is a special non-taxed account designed to save you money on medical and dependent care expenses and provide a convenient way to track your spending.



Overview

OGB offers three types of Flexible Spending Arrangements (FSAs) to help you reduce your taxes and increase your spendable income:

- General-Purpose Health Care FSA**
- Limited-Purpose Dental/Vision FSA**
- Dependent Care FSA**

You authorize an amount to be deducted from your before-tax salary each pay period and deposited to your FSA account. As you incur eligible dependent care or medical expenses, you request tax-free withdrawals from your account to reimburse yourself. You never pay federal or state income taxes or Social Security taxes on the money you contribute to your FSA. Since you pay less in taxes, you have more spendable income.

You can participate in an FSA even if you are not enrolled in an OGB health plan or the Premium Conversion option

Participants must re-enroll each year during Flexible Benefits Annual Enrollment

You cannot participate in the GPFSA and the LPFSA at the same time

General-Purpose Health Care FSA (GPFSA) Eligibility

You are eligible to participate if you meet all of these conditions:

- You are an active full-time employee, as defined by your employer;
- You were continuously employed by your current employer for at least the 12 consecutive months from January 1, 2012, through December 31, 2012;
- You are employed by a public agency that participates in the State of Louisiana Flexible Benefits Plan;
- You are not contributing to a Health Savings Account (HSA); and
- You pay the administrative fee.

Limited-Purpose Dental/Vision FSA (LPFSA) Eligibility

You are eligible to participate if you meet all of the conditions for the GPFSA (at left), with one exception:

- If you are enrolled in the CDHP-HSA, you are allowed to contribute to an HSA.

Dependent Care FSA (DCFSA) Eligibility

You are eligible to participate if you are an active, full-time state employee whose department or agency participates in the State of Louisiana Flexible Benefits Plan.

GPFSA and LPFSA

- Maximum \$2,500
- Minimum \$600

DCFSA

- Maximum not to exceed \$5,000
- Minimum \$600

New Employees – You have 30 days after your initial hire date in which to enroll to participate. Coverage will begin on the first day of the pay period in which your first deduction occurs. If you do not enroll within 30 days of being hired, you can enroll during Flexible Benefits Annual Enrollment from October 1 through October 31.

IMPORTANT DATES

**OGB Flexible Benefits Annual Enrollment:
October 1, 2012 – October 31, 2012**

**2013 Plan Year:
January 1, 2013 – December 31, 2013**



Is an FSA right for me?

- *Would you like to save money on your taxes?*
- *Do you see a doctor on a regular basis?*
- *Do you take any maintenance prescription drugs?*
- *Do you wear eyeglasses or contacts?*
- *Do you regularly take allergy medication?*
- *Do you or your children have dental needs in the upcoming year?*
- *Are you planning to have any major medical procedures performed in the next 12 months?*
- *Do you have children in day care or after school care?*

If the answer to any of these questions is Yes, then you should consider signing up for an FSA.

Here is an example of how the **tax benefit** can work for you:

Faye Deaux, an employee participating in a General-Purpose Health Care FSA, earns \$2,000 per month and is in the 20 percent tax bracket. A single mother with children enrolled in the Medicaid program, she uses her GPFSA to buy prescription drugs and prescribed over-the-counter medications for her family.

Category	With Flexible Benefits	Without Flexible Benefits
Monthly Salary	\$2,000.00	\$2,000.00
Monthly GPFSA Deduction	-150.00	-0.00
Monthly GPFSA Administrative Fee	-3.00	-0.00
Monthly Taxable Income	\$1,847.00	\$2,000.00
Taxes (20%)	369.40	400.00
After-Tax Health Care Expenses	-0.00	-150.00
MONTHLY SPENDABLE INCOME	\$1,477.60	\$1,450.00

\$27.60 Monthly Savings x 12 = \$331.20 Yearly Savings

Fee based on 2013 Flexible Benefits plan year.

Two Easy Steps to Give Yourself a Raise

Are you eligible to enroll in an FSA for the 2013 plan year? Follow these two easy steps:

STEP 1

Determine Your Contribution Amount

To participate in an FSA, you must first choose an amount to be deducted from your pay check and deposited into your FSA account. When determining how much to contribute, remember that each FSA is a separate account and money cannot be transferred between them. In addition, the IRS "use or lose" rule specifies that any amount left over in your FSA at the end of the year cannot be rolled over or paid to you in cash. You should be realistic in deciding how much to contribute to your account.

Use the expense worksheet found on page 9 of this booklet to compile a complete list of eligible expenses and the amounts you spend. Health care expenses can add up quickly, so you may be surprised by how much money you can save!

STEP 2

Complete and Submit Your Enrollment Form

Once you determine your deduction amount, simply complete an enrollment form and submit it as instructed by your payroll department. Elections can only be made during

the Flexible Benefits Annual Enrollment period (October 1, 2012, through October 31, 2012), so make sure to submit your form in time and choose your amount carefully!

You must re-enroll every year. If you do not complete a form, you will not be enrolled in an FSA for the 2013 plan year.

An active, full-time employee who transfers from a public agency is eligible to enroll in the GPFSA or LPFSA within 30 days of his or her date of hire when he or she meets the following two conditions:

1. He or she has been employed by one or more public agencies for at least one year as an active, full-time employee; and
2. He or she was participating in a GPFSA or LPFSA with his or her former public agency immediately prior to his transfer.

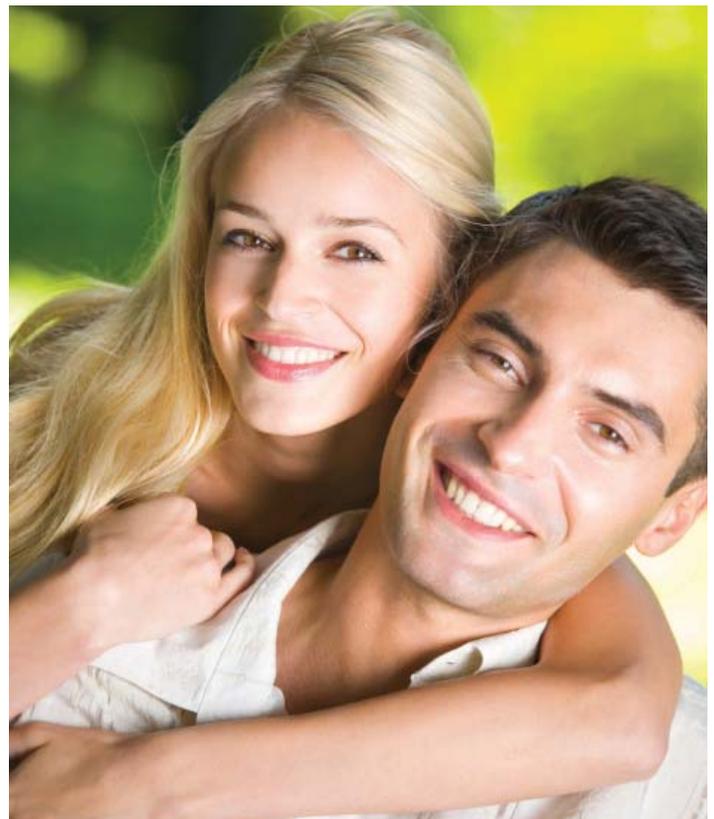
Covering your expenses while saving money couldn't be easier.

Participants must re-enroll each year during the Flexible Benefits Annual Enrollment period, October 1 through October 31. Contact your employer to determine if your deadline is earlier than October 31.

Qualified Reservist Distribution

A qualified reservist distribution (QRD) is a distribution to an employee of all or a portion of the unused balance remaining in the employee's General-Purpose Health Care Flexible Spending Arrangement (GPFSA) or Limited-Purpose Dental/Vision FSA (LPFSA). To qualify for a QRD, the employee must be a member of a U.S. military reserve unit ordered or called to active duty for a period of 180 days or more.

The employee can make a request for distribution during the period beginning with date of the order or call to active duty and ending on the last day of the grace period for the plan year. The amount of the distribution is limited to the amount contributed to the GPFSA or LPFSA as of the date of the QRD request, minus any GPFSA or LPFSA reimbursements or any prior QRDs as of the date of the QRD request.



How Your GPFSA and LPFSA Work

The **General-Purpose Health Care FSA** lets you use your tax-free dollars to pay for eligible health care expenses not covered by your health plans — such as out-of-pocket expenses incurred by you, your spouse and your eligible dependents. The **Limited-Purpose Dental/Vision FSA** is only for eligible dental and vision medical expenses.

To participate, you must select an amount to contribute to an FSA account for the plan year. Your entire election amount is available to you on the first day of the plan year, even if it exceeds your year-to-date deposits to the account. For example, if you have a \$400 dental visit on January 15, but have only contributed \$100 to the account to date for the year, you could claim the entire \$400 in January, if that amount does not exceed your annual election. You then pay back the plan over the course of the year with your payroll deductions.

IRS regulations state that any money left in an FSA at the end of the plan year is forfeited, so it is important to look carefully at your medical expenses and select an election amount that is suitable for your needs. The worksheet on page 9 of this booklet can help you budget for your annual expenses. The FSA administrator can assist you as well.

The **Grace Period** modifies the IRS “use or lose” rule. Participants have until March 15 to incur eligible expenses to be reimbursed from unused amounts remaining at the end of the immediately preceding plan year, which ends December 31.

The **Run-Out Period** is the 45-day time period after the end of the Grace Period, during which participants can submit eligible expenses incurred during the preceding plan year and the Grace Period for reimbursement. Eligible expenses must be received by April 29 to be paid from funds remaining at the end of the immediately preceding plan year.

Eligible Dependents

FSAs are designed for both you and your family. You may use your FSA to cover expenses for any eligible dependent, whether or not that dependent is covered by your health coverage. Eligible dependents are your spouse, any dependent children under age 27 and any children incapable of self-care who depend primarily on you for support.

See pages 6-7 for a list of GPFSA and LPFSA eligible expenses
See page 9 for an annual expenses worksheet



The FSA Card

*Participants who **re-enroll** in a Flexible Spending Arrangement will use the same FSA card from the prior year*

Using your Flexible Spending Arrangement (FSA) to save money is easy, and the FSA card places the power of a pre-tax account in your wallet. The FSA card program gives you immediate access to your FSA account dollars with an easy-to-use card. The FSA card is all about simplicity – just present the card anywhere major credit cards are accepted as payment for any of your eligible expenses, and the amount is automatically deducted from your FSA.

Old-fashioned Flexible Spending Arrangements required that you pay for eligible expenses out-of-pocket, submit claim forms with all receipts, and then wait for reimbursement checks written from your FSA account. The FSA card virtually eliminates the use of claim forms, which means you no longer have to pay for your eligible expenses twice. If a vendor does not accept the FSA card, simply submit your receipts with a claim form by mail or fax to the FSA administrator.

When using the FSA card, you must keep each receipt and fax a copy of the receipt to the FSA administrator within two weeks upon request.

Eligible FSA Medical Expenses

The IRS has defined a list of allowable expenses you can pay with your tax-free FSA dollars. A general rule is that if a doctor deems an item medically necessary, it is considered an eligible expense. The items on the following list are approved. If you have a question regarding an item that does not appear on the list, go to www.groupbenefits.org, log in as a member and click on EBIA Health Care Expenses Table, located on the Flexible Benefits web page.

GPFSA-Eligible Only:

EQUIPMENT, SUPPLIES AND SERVICES

- Abdominal and back supports
- Ambulance services
- Arches and orthopedic shoes
- Breast pumps
- Contraceptives
- Counseling
- Crutches
- Guide dog (for person with vision or hearing impairment)
- Hearing aids and batteries
- Hospital bed
- Learning disability (special school and teacher)
- Medic alert bracelet or necklace
- Oxygen equipment
- Prosthesis
- Splints and casts
- Syringes
- Transportation expenses (essential to medical care)
- Tuition fee at special school for disabled child
- Wheelchair
- Wigs (for hair loss due to disease)

HEALTH-COVERAGE-RELATED EXPENSES

- Co-payment amounts
- Deductibles
- Pre-existing condition costs
- Private hospital room differential

LAB EXAMS AND TESTS

- Blood tests
- Cardiographs
- Diagnostic tests
- Laboratory fees
- Metabolism tests
- Spinal fluid tests
- Urine and stool analyses
- X-rays

MEDICATIONS

- Insulin
- Nicotine gum or patches
- Prescribed birth control
- Prescribed vitamins
- Prescription drugs

OBSTETRIC SERVICES

- Midwife expenses
- OB/GYN exams
- OB/GYN prepaid maternity fees
- Post-natal/pre-natal treatment
- Pre-natal vitamins

OTHER TREATMENTS AND PROCEDURES

- Acupuncture
- Alcoholism (inpatient treatment)
- Drug addiction
- Hearing exams
- Hospital services
- Infertility
- In-vitro fertilization
- Norplant insertion or removal
- Patterning exercises
- Physical examination (not employment-related)
- Physical therapy
- Pregnancy tests
- Rolfing
- Smoking cessation programs
- Speech therapy
- Sterilization
- Transplants (includes organ donor)
- Vaccinations and immunizations
- Vasectomy
- Well baby care

PRACTITIONERS

- Allergist
- Chiropractor
- Christian Science
- Dermatologist
- Homeopath

- Naturopath
- Osteopath
- Physician
- Psychiatrist
- Psychologist

GPFSA-Eligible and LPFSA-Eligible:

DENTAL SERVICES

- Crowns and/or bridges
- Dental X-rays
- Dentures
- Exams and teeth cleaning
- Extractions
- Fillings
- Gum treatment
- Oral surgery
- Orthodontia/braces

VISION SERVICES

- Artificial eyes
- Contact lenses
- Contact lens solution
- Eye examinations
- Eyeglasses
- Laser eye surgery
- Ophthalmologist
- Optometrist
- Prescription sunglasses
- Radial keratotomy

Ineligible Expenses

The following is a list of expenses that are not eligible for payment with your tax-free FSA dollars. Of course, this list is in no way complete and is included as a quick reference regarding commonly questioned expenses.

- | | | | |
|-----------------------------------|------------------------------|------------------------------|---------------------------------|
| • Baby-sitting and child care | • Eyeglass insurance | • Marriage counseling | • Tattoo removal |
| • Calcium supplements | • Fitness programs * | • Massage therapy** | • Teeth whitening and bleaching |
| • Contact lens insurance | • Hair loss medication | • Maternity clothes | • Toiletries, toothpaste, etc. |
| • Cosmetic surgery and procedures | • Hair transplant | • Personal trainer | • Varicose vein treatment* |
| • Custom fitovers (clip-ons) | • Health club dues | • Prescription drug discount | • Vision discount program |
| • Diaper service | • Herbs and herbal medicines | • Retin-A* | • Vitamins* |
| • Electrolysis | • Homeopathic drugs | • Rogaine* | • Weight loss programs* |
| • Exercise equipment* | • Insurance premiums | • Special foods* | |
| | • Insurance premium interest | • Swimming lessons | |

* Eligible only with doctor's certification identifying the medical condition and length of treatment program.

**Eligible only with doctor's certification identifying the physical nature of the medical condition and length of treatment program. Massage therapy for the sole purpose of relief of tension/stress or depression (even with a doctor's statement) does not qualify

Difference in Eligible Expenses for GPFSA and LPFSA

Medical expenses, as well as dental and vision expenses, are eligible for reimbursement from your General-Purpose FSA account. Only dental and vision expenses are eligible for reimbursement from your Limited-Purpose FSA account.

Eligible GPFSA Over-the-Counter (OTC) Medications

O.T.C. ITEMS ELIGIBLE ONLY WITH WRITTEN PRESCRIPTION

- Allergy medicines
- Antacids
- Anti-diarrhea medicines
- Bactine
- BenGay, Tiger Balm, and similar products for muscle or joint pain
- Bug bite medications
- Calamine lotion
- Cold medicines
- Cough drops, throat lozenges
- First aid creams
- Laxatives
- Menstrual cycle products for relief of pain and cramps
- Motion sickness pills
- Nasal sinus sprays
- Nicotine gum or patches for stop-smoking purposes
- Pain relievers
- Pedialyte for ill child's dehydration
- Sinus medications
- Special diaper rash ointments
- Special ointments for sunburn

- Suppositories and creams for hemorrhoids
- Visine and other such eye products
- Wart removal treatments

O.T.C. EXPENSES ELIGIBLE ONLY WITH LETTER OF MEDICAL NECESSITY

- Acne treatments
- Dietary supplements or medicines to treat a specific condition
- Fiber supplements to treat a specific medical condition for a limited time
- Glucosamine/chondroitin for arthritis or other medical conditions
- Lactose intolerance pills
- Menopause treatments for hot flashes or night sweats
- Nasal sprays for snoring
- OTC hormone therapy
- Prenatal vitamins
- Sleeping aids
- Sunscreens
- St. John's Wort for depression
- Vitamins and supplements
- Weight-loss drugs to treat obesity

The IRS allows over-the-counter (OTC) drugs and medications as eligible expenses *only with a prescription from your doctor*. Stretch the savings power of your GPFSA to include items such as pain relievers, allergy medications, and cold medications by submitting a claim for reimbursement that includes a copy of your medical provider's written prescription along with the detailed purchase receipt and a signed claim form.

Using Your FSA Card at the Pharmacy



Your Flexible Spending Arrangement card recognizes certain vendor codes at the point of sale. This feature protects you from accidental misuse of the card by unauthorized vendors. However, your pharmacy sells both eligible and ineligible products.

When using your FSA card at your pharmacy, follow these steps:

1. Ring up only your eligible expenses using the Flexible Spending Arrangement card.
2. Pay separately for any other purchases.
3. Keep your receipt!
4. Fax a copy of your itemized receipt within two weeks to the FSA administrator.

Once your receipt is received, the FSA administrator can fully adjudicate your charges.

If your receipt is not received within two weeks, a reminder will be sent to you. If your receipt is not received within another two weeks, the card will be deactivated.

Ineligible OTC Expenses

- ChapStick
- Deodorants
- Eye and facial makeup
- Face creams
- Feminine hygiene products
- Fingernail polishes
- Hair colors
- Hand lotions
- Lipsticks
- Medicated shampoo
- Medicated soaps
- Perfumes
- Permanent waves
- Shaving creams
- Shaving lotions
- Skin moisturizers
- Suntan lotions
- Toothpaste

How Your Dependent Care FSA Works

The Dependent Care FSA lets you use tax-free dollars to pay for child and elder day care expenses to enable you and your spouse to work or attend school full-time. You can use your FSA to pay for regular expenses such as day care, babysitting and even summer day camp.

Maximum Annual Contributions

These maximum amounts apply to the **2013** OGB Flexible Benefits plan year.

- Married, filing separately - \$2,500
- Married, filing jointly - \$5,000
- Married, incapable spouse - \$5,000
- Single, head of household - \$5,000
- Single - \$2,500

It is important to note that the maximum for the Dependent Care FSA is a **family maximum**. If your spouse has a Dependent Care FSA available at his or her employer and chooses to participate, your election amounts are combined. Your combined election amount cannot be higher than the maximum amount that applies to you.

Unlike General-Purpose Health Care FSAs, Dependent Care FSAs are not pre-funded. This means you can only be reimbursed for an amount up to the total you have deposited in your account at any given point in the year.

Our Flexible Benefits administrator also offers a recurring expense service that makes your Dependent Care FSA even more convenient.

Participants in the Dependent Care FSA are required to file an IRS Form 2441 each year.

Eligible Dependents

The general rule in qualifying an individual as a dependent is that you provide 50 percent of their care and claim them on your income taxes. If these conditions are met, then the dependent must fall into one of the following three categories:

- Your dependent child age 12 or younger whom you claim as a dependent on your income tax return
- Your dependent who is physically or mentally incapable of caring for himself or herself and whom you claim as a dependent on your tax return
- Your spouse who is physically or mentally unable to care for himself or herself

Using the Recurring Expense Form

To make your FSA as convenient as possible, the administrator offers a recurring expense service for your Dependent Care FSA. This service pre-certifies your recurring expenses so you never have to keep a receipt, complete a claim form, or even swipe your FSA card.

To enroll, complete your portion of the Recurring Expense Service Form and have an authorized representative of your care provider sign the form.

On your payday, your FSA contribution will be deducted from your pay check as usual. With the service in place, your deduction will be returned to you by check or direct deposit to your checking or savings account. (OGB recommends direct deposit, as this is not subject to mail delays.) You then pay your pre-certified expenses out-of-pocket with your tax-free dollars – no need to keep your receipt, swipe your card or ever pay with two payment methods.

Keep in mind that once this service is initiated, the FSA card will only work for your GPFSA, if you are enrolled. In the event of changes, the administrative vendor must be notified immediately or your account is subject to closure.

ELIGIBLE DEPENDENT CARE EXPENSES

Eligible dependent care expenses are defined generally as expenses that allow you (and your spouse, if you are married) to work, look for work or attend school as a full-time student.

- Care inside your home
- Care outside your home
- Preschool tuition
- Before-school care
- After-school care
- Nursery school
- Day camp fees
- Day care facility fees

When choosing your care provider, there are IRS guidelines to keep in mind. In-home services can be as informal as care provided by your neighbor, as long as the provider gives a receipt for the fees charged. Your own child can be used as a provider only if he or she is age 19 or older, and not still claimed as a dependent on your tax return. Also, a day care center that cares for more than six children must be licensed.

INELIGIBLE DEPENDENT CARE EXPENSES

- Diaper changing fees
- Discounts
- Entertainment
- Fees for lessons
- Field trips
- Household services
- Kindergarten
- Late fees
- Lunches and food
- Day care while on maternity leave
- Overnight camp expenses
- Transportation for day care

Estimate Your Annual Eligible Expenses

MEDICAL CARE

Physicals and checkups	\$ _____
Well baby care	\$ _____
Immunizations	\$ _____
Doctor visits	\$ _____
Chiropractor visits	\$ _____
X-ray and lab tests	\$ _____
Co-pays for prescription drugs	\$ _____
Over-the-counter drugs	\$ _____
Medical equipment	\$ _____
Other	\$ _____

Total Medical Care Expenses \$ _____

DENTAL CARE

Routine cleaning and examinations	\$ _____
Fillings and crowns	\$ _____
Dentures and bridgework	\$ _____
Extractions	\$ _____
Oral surgery	\$ _____
Orthodontic work	\$ _____
Other	\$ _____

VISION CARE

Exams	\$ _____
Glasses	\$ _____
Contact lenses	\$ _____
Contact lens solutions and materials	\$ _____
Lasik surgery	\$ _____
Other	\$ _____

Total Dental and Vision Care Expenses \$ _____

DEPENDENT CARE

Day care	\$ _____
Before-school care or after-school care	\$ _____
Summer care	\$ _____
Adult day care	\$ _____
Other	\$ _____

Total Dependent Care Expenses \$ _____

Frequently Asked Questions

How will termination of employment affect my eligibility?

If you participate in a General-Purpose Health Care FSA or Limited-Purpose FSA during the plan year, you can choose to continue your FSA participation under COBRA if you experience a triggering event under COBRA laws. At the end of the plan year in which the COBRA-qualifying event occurred, however, your FSA participation will end.

How can I file an appeal?

If you have an FSA reimbursement claim, a request for a mid-plan year election change, or another similar request denied, in full or in part, you have the right to appeal the decision by sending a written request to the Office of Group Benefits, Flexible Benefits Administration, for review within 60 days of your receipt of denial. Within 60 days upon receipt, your appeal will be reviewed and you will be notified of the results.

Your appeal must contain the following:

- Why you think your request should not have been denied;
- The date of the services for which your request was denied;
- A copy of the denied request;
- The denial letter you received; and
- Any additional documents, information or comments you think may have a bearing on your appeal.

Appeals are successful only if the extenuating circumstances and supporting documentation meet IRS regulations governing the plan.

What if I am not enrolled in my company's health plan?

You do not need an existing health plan to participate in either of the Flexible Spending Arrangements.

Why should I participate in an FSA if I have health care coverage?

With any health coverage, you will still incur a number of expenses that are not covered by the plan, such as doctor co-pays and certain procedures.

Furthermore, most over-the-counter items, such as pain relievers, birth control pills, and sinus medications, are not covered. Your FSA does cover these expenses. When these out-of-pocket costs are paid with tax-free dollars using the General-Purpose Health Care FSA, you can save up to 40 percent on those expenses.

What happens if I have money in my account at the end of the plan year?

Due to IRS regulations, any money left in your General-Purpose Health Care FSA, Limited-Purpose Dental/Vision FSA or Dependent Care FSA after all claims have been processed for that plan year must be forfeited. The IRS "use or lose" rule mandates that you cannot carry your money in your account into the next plan year or be paid in cash.

However, the **Grace Period** modifies the IRS "use or lose" rule. Participants have until March 15 to incur eligible expenses to be reimbursed from unused amounts remaining at the end of the immediately preceding plan year, which ends December 31.

The **Run-Out Period** is the 45-day time period after the end of the Grace Period, when you can submit eligible expenses incurred during the preceding plan year and the Grace Period for reimbursement. Eligible expenses must be received by April 29 to be paid from funds remaining at the end of the immediately preceding plan year.

When can I make changes?

Once you enroll, your election will remain in effect for the entire plan year unless you have a qualifying status change, such as a marriage, divorce, or the birth or adoption of a child.

When is an expense incurred?

Eligible expenses are those incurred during the plan year or Grace Period. An expense is incurred on the date you receive the service or treatment, not the date you are billed or when payment is made.

You can participate in a General-Purpose FSA, Limited-Purpose FSA or Dependent Care FSA even if you are not enrolled in an OGB health plan or OGB's Premium Conversion option.

You can use your General Purpose FSA to pay eligible medical expenses for your federal tax dependents and spouse even if they are not covered by your OGB health plan.

You must re-enroll each year to continue participation!

What if my provider does not take debit cards?

If your provider does not accept cards, the FSA administrator also processes paper claim forms. Simply complete a reimbursement form, attach a receipt and fax it to the administrator. Remember that the recurring expense service is also designed to pre-certify your routine dependent care expenses, eliminating the need for the card altogether.

How do I track how much money I have spent?

You may check your account activity 24 hours a day, seven days a week by logging on to the FSA administrator's website; a link can be found on the OGB website, (**www.groupbenefits.org**). If you do not have online access, you can call the FSA administrator's customer service line any time and request a statement. Account statements are also sent out quarterly, as well during the tenth month for any participant who has 20 percent of his or her account balance remaining.

Who can I call for help, questions, and concerns?

If you have any questions, concerns, or suggestions about how we can serve you better, call the OGB Flexible Benefits Administration at 225-925-4686.

C.O.B.R.A. Questions and Answers

What is the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)?

According to federal law, if you are a covered employee who loses employment, you and your covered dependents are entitled to continue your General-Purpose Health Care FSA or Limited-FSA Purpose Dental/Vision FSA participation in effect at the time of the event.

What are COBRA qualifying events?

As a general rule, there is a COBRA qualifying event if:

- A covered employee's termination of employment occurs other than due to gross misconduct. This includes retirement.
- There is a reduction in a covered employee's hours of employment.
- A covered employee dies.
- A covered employee becomes entitled to Medicare.
- A covered employee experiences a divorce or legal separation.
- A child ceases to qualify as a dependent under the terms of the plan.

How does the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) affect COBRA?

If you have already continued your FSA participation under COBRA, HIPAA contains specific enrollment provisions that allow you to add dependents only if:

- You acquire a new dependent.
- An eligible dependent declined coverage because of alternative coverage, and later loses such coverage due to certain qualifying reasons.

A spouse or dependents who are added under this provision do not become qualified beneficiaries and their coverage ends at the same time coverage ends for the person who elected COBRA and later added them.

Who are qualified beneficiaries?

A covered employee, the spouse of a covered employee, or the dependent child of a covered employee.

A qualified beneficiary must be participating in the GPFSA or LPFSA plan immediately before the qualifying event occurs.

When can I make my initial COBRA elections?

A qualified beneficiary can elect COBRA within 60 days of:

- The employee's loss of employment; or
- the date the Election Notice was mailed to the qualified beneficiary.

If a qualified beneficiary fails to meet this deadline, he or she is deemed to have declined COBRA coverage.

How long is the COBRA coverage period?

A qualified beneficiary's maximum coverage period extends for the rest of the plan year.

How does COBRA affect my General-Purpose Health Care FSA or Limited-Purpose Dental/Vision FSA?

Your employer's plan offers limited COBRA continuation rights to qualified beneficiaries who have under-spent their GPFSA or LPFSA as of the date of the COBRA qualifying event.

Unless otherwise elected, the spouse and dependents of the person electing COBRA will be covered. Only qualified beneficiaries have election rights and may elect separate COBRA coverage with:

- A separate GPFSA or LPFSA at the elected annual limit in effect at the time of the COBRA qualifying event; and
- A separate COBRA premium through the end of the plan year in which the COBRA qualifying event occurs.

How do I continue to make FSA contributions under COBRA FSA?

Your contributions will be the same monthly amount made before COBRA, plus an administrative fee. Under COBRA FSA, your FSA contribution must be paid by check or by money order.

When is my Flexible Spending Arrangement contribution due?

Your full COBRA FSA contribution is due on the first of every month. COBRA laws allow for a 30-day grace period after the due date. If your full contribution is not received by 30 days after the due date, your COBRA coverage will be cancelled retroactive to the first day of the month for which the full contribution is due.

What if I fail to make subsequent required payments?

A COBRA FSA contribution (other than the initial contribution) will be considered timely if made within 30 days after its due date. A qualified beneficiary's COBRA coverage will terminate (without any provision for reinstating it) if you fail to make the required subsequent COBRA monthly payments on time.



Beyond Your Benefits

Legal Notices

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Social Security

Social Security consists of two tax components: The FICA or OASDI component (the tax for old-age, survivors', and disability insurance) and the Medicare component. A separate maximum wage to which the tax is assessed applies to both tax components. The maximum taxable annual wage for FICA is \$110,100. There is no maximum taxable annual wage for Medicare. If your annual salary after salary reduction is below the maximum wage cap for FICA, you are reducing the amount of taxes you pay and your Social Security benefits may be reduced at retirement time.

However, the tax savings realized through the Flexible Benefits Plan generally outweigh the Social Security reduction.

Election Changes During the Plan Year

You can change your Flexible Spending Arrangement (FSA) elections(s), or vary the salary reduction amounts you have selected during the plan year, only under limited circumstances as provided by your employer's plan(s) and established IRS guidelines. For more information, refer to the State of Louisiana, Flexible Benefits Plan Summary booklet.

OGB Privacy Notice

This notice applies to products administered by the Office of Group Benefits (collectively OGB). OGB takes your privacy very seriously. As a provider of products and services that involve compiling personal, and sometimes sensitive, information, protecting the confidentiality of that information has been, and will continue to be, a top priority for OGB. This notice explains how OGB handles and protects the personal information we collect. Please note that the information we collect and the extent to which we use it will vary depending on the product or service involved. In many cases, we may not collect all of the types of information noted below. OGB's privacy policy is as follows:

- I. We collect only the consumer information necessary to consistently deliver responsive services. OGB collects information that helps serve your needs, provide high standards of customer service, and fulfill legal and regulatory requirements. The sources and types of information collected generally vary depending on the products or services you request and may include:
 - Information provided on enrollment and related forms – for example: name, age, address, Social Security number, email address, annual income, health history, marital status, and spousal and beneficiary information.
 - Responses from you and others such as information relating to your employment and health coverage.
 - Information about your relationships with us, such as products and services purchased, transaction history, claims history, and premiums.
 - Information from hospitals, doctors, laboratories and other companies about your health condition, used to process claims and prevent fraud.

- II. Under HIPAA, you have certain rights with respect to your protected health information. You have the rights to see and copy the information, receive an accounting of certain disclosures of the information and, under certain circumstances, amend the information. You also have the right to file a complaint with the Plan in care of OGB's Privacy Officer or with the U.S. Department of Health and Human Services, if you believe your rights under HIPAA have been violated.
- III. We maintain safeguards to ensure information security. We are committed to preventing unauthorized access to personal information. We maintain physical, electronic, and procedural safeguards for protecting personal information. We restrict access to personal information to those employees, insurance companies, and service providers who need to know that information to provide products or services to you. Any employee who violates our Privacy Policy is subject to disciplinary action.
- IV. We limit how, and with whom, we share customer information. We do not sell lists of our customers, and under no circumstances do we share personal health information for marketing purposes. With the following exceptions, we will not disclose your personal information with insurance companies with whom you are applying for coverage, or to whom you are submitting a claim. We also may disclose personal information as permitted or required by law or regulation. For example: we may disclose information to comply with an inquiry by a government agency or regulator, in response to a subpoena, or to prevent fraud.

We will provide our Privacy Notice to current customers annually and whenever it changes. If you no longer have a customer relationship with us, we will still treat your information under our Privacy Policy, but we will no longer send notices to you. In this notice of our Privacy Policy, the words "you" and "customer" are used to mean any individual who obtains or has obtained an insurance, financial product, or service from OGB that is to be used primarily for personal or family purposes.

Notice of Administrator's Capacity

PLEASE READ: This notice advises Flexible Spending Arrangement participants of the identity and relationship between the State of Louisiana, Office of Group Benefits (OGB) and the FSA administrator. OGB has been authorized by your employer to provide administrative services for the Flexible Spending Arrangement plans offered herein. The FSA administrator will process claims for reimbursement promptly. In the event there are delays in claims processing, you will have no greater rights in interest or other remedies against the FSA administrator and OGB than would otherwise be afforded to you by law.

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