**State of California**
**Department of Personnel Administration**
**Benefits Division**

# FlexElect

## ✓ Reimbursement Accounts

A great way to save money for some of life's important expenses and lower your taxes.

## ✓ Cash Option

For employees who have other health/dental coverage.

**2012 FlexElect Plan Year**
**January 1 – December 31, 2012**

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# Introduction to FlexElect

The State of California's FlexElect program offers two types of employee benefits:

- ✓ pre-tax reimbursement accounts for out-of-pocket medical and dependent care expenses, and
- ✓ Cash Options in lieu of your state-sponsored health and/or dental benefits.

**You may enroll in either benefit, or both.** This handbook explains both benefits for the 2012 plan year (January 1 - December 31, 2012). Please read it carefully before you make an enrollment decision to be sure you understand the program requirements, including any changes that may have occurred since you received the last handbook.

FlexElect is governed by federal IRS rules (based on Internal Revenue Code Section 125), which can change at any time. If there is any discrepancy between the information in this handbook and IRS rules, the IRS rules supercede this handbook.

## Open Enrollment Period: October 10 - November 4, 2011

If you want to enroll in these benefit programs, or make a change to your current enrollment, contact your Personnel Office for the necessary forms.

Open Enrollment forms must be signed and submitted to your personnel office no later than November 4, 2011. All open enrollment actions will be effective January 1, 2012.

### Reimbursement Accounts

- ✓ If you are currently enrolled in a FlexElect Reimbursement Account and want to participate again next year, you must re-enroll.
- ✓ If you enroll or re-enroll into a FlexElect Reimbursement Account during open enrollment, you have until December 31, 2011 to cancel or change your election.

### Cash Options

- ✓ If you are currently enrolled in a Cash Option and want to continue next year, you do not need to do anything unless you are a Permanent-Intermittent employee. If you are a Permanent-Intermittent employee and you want to continue receiving the Cash Option next year, you must re-enroll. Please refer to page 11, "Cash Option for Permanent-Intermittent Employees," for more details.
- ✓ If you enroll or are automatically re-enrolled into the Cash Option, you have until December 31, 2011 to cancel or change your election.

## Mid-Year Enrollments

If you're newly eligible for FlexElect, you may enroll within 60 days of becoming eligible. See page 3 for details.

## For More Information

If you need more information or enrollment forms, check with your Personnel Office or visit the Department of Personnel Administration's website at www.dpa.ca.gov (click on Benefits, then follow the prompts for FlexElect). The DPA website also includes links to IRS publications that contain more details about the kinds of expenses you can pay for with a reimbursement account.

If you're already enrolled in a FlexElect account and have questions about your account, call 1-800-659-3035 to speak with a customer service representative from Application Software Inc. (ASI), the FlexElect program's record-keeper. ASI processes claims and provides customer service for the FlexElect Reimbursement Accounts. You can also email ASI, visit their website at www.asiflex.com, or access its 24-hour automated phone system at 1-800-366-4827.

## What's a Reimbursement Account?

A reimbursement account allows you to set aside some of your income to pay certain kinds of expenses. FlexElect offers two kinds of reimbursement accounts: a medical account and a dependent care account.

A medical account is for paying out-of-pocket health-related expenses for you and your dependents. A dependent care account is for paying someone to take care of your dependents so you can go to work. These accounts are covered in more detail in separate sections of this handbook.

When you enroll in a reimbursement account, you designate an amount to be deducted each month from your wages. That money is automatically deposited in your FlexElect account for one plan year. After you receive health-related or dependent care services during that year, you submit a claim for reimbursement from your FlexElect account. Your reimbursement check is mailed to you.

**Tax advantage:** Money deducted from your paycheck for a reimbursement account is not taxable, nor are the reimbursement payments. That lowers the amount of taxes you owe.

## Examples of the Tax Benefits

The examples below show the monthly tax savings available by enrolling in a medical or dependent care reimbursement account. These are only examples. Actual tax savings vary from one individual to another, depending on deduction amount, salary, marital status, exemptions, and participation in other tax savings programs such as Savings Plus. (Calculations are based on information from the Paycheck Calculator on the State Controller's Office website for the 2011 Tax Table.)

While everyone benefits more by participating in the State's medical reimbursement account, some people are better off claiming their dependent care expenses on their tax return. This issue is explained further in the dependent care account section. Before you make a final decision to enroll in a reimbursement account, it's a good idea to check with a tax advisor if you're unsure which option offers you the best tax advantage.

## Eligibility

You're eligible to enroll in a FlexElect Reimbursement Account if you have a permanent position that is half--time or more. If you have a limited term (LT) or temporary (TAU) position, you're eligible if you have a mandatory right of return to a permanent position that is half-time or more unless you are in the CoBen Program. CoBen employees are eligible even if they are in a LT or TAU appointment.

If you're a permanent-intermittent employee, you're **not** eligible to enroll in a reimbursement account.

## What's a Cash Option?

FlexElect offers an "option" for State employees who want to receive cash in lieu of their State-sponsored health and/or dental benefits. To be eligible for a Cash Option, you must have health and/or dental coverage through another source such as a spouse, domestic partner or parent.

## Eligibility

The same eligibility criteria described for the reimbursement accounts apply to enrollment in a Cash Option, with the following differences:

If you're a permanent-intermittent employee, you may enroll in the FlexElect Cash Option.

If you're in Bargaining Unit 6, you may not enroll in the Cash Option for dental benefits. This restriction is set by the union's Benefit Trust. However, you may enroll in the Cash Option for health benefits.

If you're covered by Consolidated Benefits (CoBen) your Cash Option is available through CoBen, not FlexElect. (CoBen covers excluded employees and bargaining units 2, 7, 8, 16, 17, 18, and 19.) Contact your personnel office for information and forms to enroll in a CoBen Cash Option. More information on Cash Options can be found on page 11.

**Singles with two exemptions**
($200 monthly contribution to a reimbursement account)

| | Your Paycheck w/o FlexElect | With FlexElect Enrollment | |
|---|---|---|---|
| Gross Salary | $4,000.00 | $4,000.00 | |
| Reimbursement Account Election for Dependent Care or Medical Expenses | — | 200.00 | |
| Federal Tax | 409.43 | 373.99 | ◀ |
| State Tax | 128.10 | 110.58 | ◀ |
| Retirement | 278.96 | 278.96 | |
| Social Security | 168.00 | 159.60 | ◀ |
| Medicare | 58.00 | 55.10 | ◀ |
| Dependent Care or Medical Expenses* | 200.00 | — | ◀ |
| FlexElect Admin. Fee | — | 2.50 | |
| Your Take Home Pay | $2,757.51 | $2,819.27 | ◀ |

**Monthly Tax Savings:** $64.26 (Federal $35.44, State $17.52, Social Security $8.40, Medicare $2.90)

* Monthly Medical or Dependent Care Expense for an employee NOT enrolled in the FlexElect Reimbursement Program.

**Married with two exemptions**
($200 monthly contribution to a reimbursement account)

| | Your Paycheck w/o FlexElect | With FlexElect Enrollment | |
|---|---|---|---|
| | $4,000.00 | $4,000.00 | |
| Reimbursement Account Election for Dependent Care or Medical Expenses | — | 200.00 | |
| Federal Tax | 296.07 | 266.07 | ◀ |
| State Tax | 43.67 | 34.87 | ◀ |
| Retirement | 278.96 | 278.96 | |
| Social Security | 168.00 | 159.60 | ◀ |
| Medicare | 58.00 | 55.10 | ◀ |
| Dependent Care or Medical Expenses* | 200.00 | — | |
| FlexElect Admin. Fee | — | 2.50 | |
| Your Take Home Pay | $2,955.30 | $3,002.09 | ◀ |

**Monthly Tax Savings**: $50.10 (Federal $30.00, State $8.80, Social Security $8.40, Medicare $2.90)

## Mid-Year Enrollments

Your first opportunity to enroll in a Reimbursement Account and/or Cash Option is within 60 days after becoming "newly eligible" for these benefits. You're newly eligible if:

- ✓ you're a new State employee hired after the open enrollment period;
- ✓ you were on an approved leave of absence during the entire open enrollment period;
- ✓ you experience a change in status described on pages 13-14 that permits you to enroll as newly eligible. If your change in status results in a concurrent approved leave of absence (e.g., birth of child followed by a maternity leave), you may enroll by the deadlines specified below after you return to work; or
- ✓ your time base/employee designation changes from one that was ineligible to one that is eligible, or you change from a permanent-intermittent position to a permanent position with a time base of half-time or more.

If you're a permanent-intermittent employee, refer to page 11, "Cash Option for Permanent-Intermittent Employees," for more details.

Once your election is made (after your newly eligible permitting event), you must experience another permitting event to change your election, even if you are still within the 60-day time period. However, for many employees the typical time to enroll is during the annual Fall open enrollment period.

**Deadline for newly eligible employees to enroll:** If you're newly eligible and want to enroll in a FlexElect benefit, you must submit enrollment forms to your personnel office within 60 days after becoming newly eligible. **Correctly completed forms received at the State Controller's Office by the 10th of the month are effective the 1st of the following month** (except when the 10th is on a weekend or holiday, in which case the cut-off date will be on the next regular workday).

If you're newly eligible, your last possible effective date of participation in the 2012 plan year is December 1, 2012. For your enrollment to be effective December 1, 2012, the State Controller's Office must receive your enrollment form by November 10, 2012. Forms received after that date will be processed for the 2013 plan year.

If you enroll in a reimbursement account as a newly eligible employee, you may only claim expenses incurred from the effective date of your participation through March 15, 2013. (See Extension of Benefits).

## Can I Change My Enrollment?

You can't change or cancel your enrollment during the plan year unless there is a change in your status, called a "permitting event." See pages 13-14 for a list of "permitting events."

## Extension of Benefits

The IRS rule allows payment for medical and dependent care expenses incurred up to two and one half months after the end of the plan year. In other words, you may use money deducted in 2012 to pay for medical and dependent care expenses incurred up to **March 15, 2013**. Claims will be paid in the order which they are received. If you have an account balance in your prior plan year account, and submit a claim for service during the grace period (up to March 15 of the following year), the expense will automatically be paid from your prior plan year's account. Because of this, it is important that you file claims in the order that your expenses are incurred. This will help to assure that you maximize the use of your accounts for both plan years.

If you experience a permitting event that allows you to cancel your Medical Reimbursement Account during the plan year, or if you leave state service or retire and do not continue your Medical Reimbursement Account deduction via COBRA, you are not eligible to receive payment for services during the Grace Period (through March 15th of the following year).

## Deadline to Claim Funds

To ensure you get back all the funds in your reimbursement account, you must submit claims for services provided in 2012 by **June 30, 2013**.

## Use It or Lose It

Any funds left in your account after the **June 30, 2013** deadline are forfeited.

## Administrative Fee

If you enroll in a FlexElect Reimbursement Account and/or Cash Option, a $2.50 fee is deducted from your after-tax salary each month. This fee covers administrative costs of the FlexElect program.

# Medical Reimbursement Account

Even with the best of health care plans, there are certain expenses the plans don't cover. With a FlexElect Medical Reimbursement Account, you can set aside money from your paycheck to pay for those expenses. The money you set aside is exempt from taxation, so you end up owing less tax on your income.

For most employees with out-of-pocket medical expenses (i.e., the expenses have not been reimbursed and reimbursement will not be sought from any other source), a reimbursement account offers a better tax break than claiming a deduction for those expenses on your tax return. That's because federal tax law currently allows you to deduct health care premiums and expenses on your income tax form only if your medical expenses for the year exceed 7.5 percent of your adjusted gross income. You would need to have very high out-of-pocket medical expenses and a low taxable income to reach that 7.5 percent level.

This part of the handbook explains the kind of expenses you can pay for with a medical reimbursement account and other important rules of the program. Please read it carefully. Although a reimbursement account is a great way to lower your taxes and save money for certain expenses, you will forfeit any funds left in your account if you don't claim them by the deadline. You can avoid this by following these simple steps:

- ✓ **Be sure expenses qualify.** Once funds have been deducted from your paycheck and credited to your FlexElect account, you can only claim them if you or an eligible dependent incurs an expense that's reimbursable under the FlexElect program. An expense is incurred on the date the service is provided, not when it is billed or paid.

- ✓ **Estimate expenses conservatively.** It's better to underestimate costs than overestimate. If you overestimate how much you expect to spend on eligible medical expenses, you'll end up with more money in your account than you can claim for reimbursement. Leftover funds cannot be carried over to the following year.

- ✓ **Meet the deadline for claims.** The deadline to submit claims for expenses incurred in 2012 is June 30, 2013.

### Eligible Dependents

A person is considered your dependent if:

- ✓ He/she is under age 27 (for reimbursement account purposes only, not health/dental insurance); and
- ✓ he or she is your child, stepchild, or adopted or foster child.

Current federal tax law does not include domestic partners or same-sex spouse in the definition of dependent, which means you can't claim reimbursement for a domestic partner's or same-sex spouse's medical expenses unless he or she otherwise qualifies as a dependent under Internal Revenue Code Section 152.

There are also special rules defining dependents in cases of multiple support arrangements where no single person provides more than half the dependent's support, children of divorced parents, and persons living outside the United States. Consult a tax advisor for more information.
For an individual other than your spouse and/or dependent children, you may be required to certify in writing that he or she is your dependent according to criteria mentioned above.

## Reimbursable Medical Expenses

You may claim reimbursement for out-of-pocket medical services and/or supplies provided to you, your spouse, and your eligible dependents if the services/supplies are related to:

- ✓ the diagnosis, cure, prevention, or treatment of a disease affecting any part or function of the body, or
- ✓ transportation primarily for and essential to this medical care.

If you participated in a medical account in the past, you should still review the IRS rules regarding reimbursable expenses. These rules change periodically causing some expenses that once were reimbursable to now be ineligible, and expenses that were not eligible to become eligible.

If you enroll for the 2012 plan year, you can only claim reimbursement for medical services and/or supplies that are provided from the effective date of your enrollment through March 15, 2013, regardless of when you were billed for or paid the expense.

The chart on the next page lists examples of reimbursable expenses. Contact ASI at 1-800-659-3035 if you have questions about reimbursable expenses.

### Letter of Medical Necessity

The IRS requires Medical Reimbursement Account funds to be used for the cure, prevention, or treatment of a disease or condition. The funds cannot be used for

general health or cosmetic purposes. When an expense or medication can be deemed as cosmetic, ASI requires that a healthcare provider (doctor, dentist, etc.) define the treatment as prescribed for a specific medical condition.

A Letter of Medical Necessity can be found on the DPA's website at www.dpa.ca.gov under Benefits and FlexElect Reimbursement Accounts. Have your healthcare provider complete the letter and submit this along with the expense to which it refers. In lieu of a Letter of Medical Necessity, ASI will accept a letter from your healthcare provider (on letterhead), which identifies the specific medical condition and prescribed treatment. The letter must be signed and dated by the healthcare provider.

**Examples of reimbursable medical expenses**

- Acupuncture
- Alcoholism treatment
- Ambulance service
- Artificial limbs and teeth
- Birth control pills
- Braille books and magazines
- Car (special medical equipment within)
- Chiropractic care
- Contact lenses
- Contact lens solution
- Crutches
- Dental fees
- Dental implants
- Diagnostic tests
- Doctors' fees
- Drug addiction treatment
- Drugs and medicines treating a medical condition
- Exercise equipment, if prescribed for a specific medical condition
- Eyeglasses
- Eye surgery
- Guide dogs or other animal
- Hearing aids and exams
- Hospital services
- In-patient therapy for mental or nervous disorders
- Insulin
- Lab fees
- Lead-based paint removal (only costs associated with removal of lead-based paint)
- Learning disability tuition
- Medical conferences (concerning chronic illness for yourself, spouse, or dependent)
- Nursing services
- Optometrist fees
- Orthodontic treatment
- Orthopedic shoes
- Oxygen equipment
- Prosthetic devices
- Psychiatric care
- Psychoanalysis
- Smoking-cessation program (with prescription)
- Special schools for the handicapped
- Surgery
- Telephone for hearing impairment
- Transplants of organs
- Transportation for medical care
- Vaccinations
- Weight Loss Program (if determined by physician to treat a specific illness)
- Wheelchair
- Wigs, if prescribed due to loss of hair from disease or treatment
- X-ray fees

## Related Expenses that are Reimbursable

**Meals and lodging:** The cost of meals and lodging is reimbursable if the expense is incurred while an eligible individual is away from home and receiving health care treatment. Meals are reimbursable only if the expense is incurred in a medical facility.

**Orthodontia:** Initial requests for reimbursement of orthodontic treatment must include a contract or statement from the orthodontist. This documentation must reflect the beginning date of the treatment plan, total cost of treatment, and estimated length of treatment. Reimbursement of the full or initial payment amount may only occur during the plan year in which the braces are first installed. Reimbursements for monthly payments are made on or after the payment is due and paid.

**Prescription drugs:** Requests for reimbursement for prescriptions must include the date the prescription was filled, the prescription number, and the name of the medication. The prescription name is required to allow ASI to identify that the prescription cannot be used for cosmetic purposes. If the prescription is one that is prescribed for cosmetic purposes as well as to treat specific medical conditions, a Letter of Medical Necessity will be required.

**Transportation:** You may claim up to 19 cents per mile for transportation required for health care.* Indicate the number of round trip miles on your reimbursement claim form and your receipt for prescription drugs, doctor's visit, etc. You can also claim parking and/or toll expenses if you provide a receipt. Public transportation also requires a receipt. Submit claims for travel expenses at the same time you are filing a claim for the medical expense.

* The mileage rates for 2012 were not released at the time this publication was prepared. Check DPA's or ASI's website for any changes in mileage rate.

## Non-Reimbursable Medical Expenses

- ✓ Insurance plan premiums are not reimbursable (even though mentioned in IRS Publication 502). For example, any out-of-pocket premiums for health insurance, dental insurance, long-term care insurance, and life insurance are not reimbursable.
- ✓ Expenses that only benefit general health are not reimbursable. For example, health club expenses for general good health purposes are not reimbursable.
- ✓ Expenses that are solely for cosmetic reasons are not reimbursable. For example, dental procedures to

whiten or cap teeth and orthodontic procedures primarily cosmetic in nature are not reimbursable.

- ✓ Facelifts, hair transplants, prescription drugs for hair growth, electrolysis (hair removal), and massage therapy generally are not reimbursable. However, surgery or procedures to alleviate, treat, mitigate, or prevent a medical condition are eligible for reimbursement. Therefore, if you claim reimbursement for something that also could be considered cosmetic, you must submit a Letter of Medical Necessity.

- ✓ Over-the-Counter (OTC) medicines and drugs (not prescribed by a physician) are NO LONGER allowed as a reimbursable expense through a Flexible Spending Account as of January 1, 2011 pursuant to a change in the IRC. In order to be reimbursed for such items as allergy medications, smoking cessation medications, aspirin, cold medications, vitamins and nutritional supplements, etc., you must have a prescription from a physician.

## Annual Limits on Medical Account Deductions

If you enroll in a medical reimbursement account, your contributions to it must be:

- ✓ at least $10 per month, and

- ✓ no more than $5,000 per person per year.

In other words, over a 12-month period you may contribute a minimum of $10 per month up to a maximum of $416.66 per month. If you enroll mid-year, you may contribute more than $416.66 per month as long as you don't exceed the $5,000 annual maximum.

Once the 2012 plan year starts (January 1, 2012), you cannot change your monthly deduction amount except in limited circumstances. These circumstances, called "permitting events," are listed on pages 13-14.

## Estimating Your Medical Deduction Amount

To determine a monthly deduction amount that's appropriate for you, it helps to review out-of-pocket medical expenses that you, your spouse, and eligible dependents incurred over the past year on a routine basis and expect to continue incurring in 2012. (Be sure you only include medical expenses covered by FlexElect.) Add those costs to any new covered expenses you, your spouse, and eligible dependents expect to incur in 2012. This will give you a rough estimate of your total covered medical expenses for 2012. To calculate an appropriate monthly deduction, divide that total by the number of months you'll be enrolled. (If you enroll during open enrollment, you would divide by 12. If you enroll mid-year as a newly eligible employee, count the number of months from your effective date of enrollment through December 31.) Keep in mind the amount you calculate must fall within the annual limits described on the previous page.

### Worksheet

We have included a worksheet at the end of the handbook to help you determine your annual health expenses for the 2012 FlexElect Plan year.

## If Your Status Changes

Once you enroll in a reimbursement account, you can't cancel or change your enrollment during the plan year unless you experience a change in status, called a "permitting event." See pages 13-14 for a list of permitting events.

If you increase your deduction amount because of a permitting event during the plan year, you may only claim the increased amount for expenses incurred from the effective date of your change (not the permitting event date) through December 31st.

If you experience a permitting event that allows you to cancel your medical reimbursement account, your eligibility into the account is terminated on the effective date of the cancellation. In other words, if you cancel your account effective April 1st, you will only be eligible for reimbursement of claims for services rendered through March 30th.

## Consolidated Omnibus Budget Reconciliation Act (COBRA)

If you retire, leave State service, take an unpaid leave of absence, or experience a reduction in your work hours to an ineligible time base (i.e., less than half time), you can still contribute to your medical reimbursement account through the end of the plan year. To do so, you must enroll in COBRA within 60 days after the date of one of these events (retirement, etc). There are no tax savings on contributions you make under COBRA. Contact your personnel office for details.

Medical expenses incurred after you leave active pay status are reimbursable only if you continue contributing to your medical account under COBRA. If you choose not to continue your contributions, you may only claim reimbursement for eligible expenses incurred before you left active pay status.

# Dependent Care Reimbursement Account

A dependent care account is similar to a medical account except it's for paying daycare expenses. The money you contribute to a dependent care account is not taxable, which means you'll pay less taxes than you would if this money is counted as taxable income.

This section explains the kind of expenses that are reimbursable with a dependent care account and other important rules of the program. Please read it carefully. Although a reimbursement account is a great way to lower your taxes and save money for certain expenses, you will forfeit any funds left in your account if you don't claim them by the deadline. You can avoid this by following these simple steps:

- ✓ **Be sure expenses qualify**. Once funds have been deducted from your paycheck and credited to your FlexElect account, you can only claim them if you incur an eligible dependent care expense. An expense is incurred on the date the service is provided, not when billed or paid.

- ✓ **Estimate expenses conservatively.** It's better to underestimate costs than overestimate. If you overestimate how much you expect to spend on eligible dependent care expenses, you'll end up with more money in your account than you can claim reimbursement for. Leftover funds cannot be carried over to the following year.

- ✓ **Meet the deadline for claims.** The deadline to submit claims for expenses incurred in 2012 is June 30, 2013.

## Reimbursable Dependent Care Expenses

Expenses for child care, elder care, and care for a disabled dependent are reimbursable if the care is necessary for you to work or look for work. If you're married, your spouse must also work, unless he or she is a fulltime student or physically or mentally incapable of caring for himself or herself.

### Child Care

For child care expenses to qualify, your child must be a dependent under the age of 13 when the child care is provided. There is no age limit if your child is disabled. You must be able to claim an exemption for this child on your federal tax return. However, if you are divorced or separated, your expenses may qualify if you are the custodial parent (have more than 50% custody) even if you can't claim the child's exemption (see IRS Publication 503 for details).

### Elder Care and Disabled Dependent Care

PLEASE NOTE: The Working Families Tax Relief Act of 2004 (WFTRA) provides the definition of tax dependents (IRC 152). If you have used the dependent care reimbursement account to pay for elder care expenses, you may want to consult a tax advisor to determine if your dependent meets the qualifying dependent rules under WFTRA.

If the care is for a parent or other dependent who is disabled, that person must live in your home at least 8 hours a day, be unable to care for himself or herself, and be someone you can claim an exemption for on your federal tax return (even if you don't claim the exemption because the person's income exceeds the allowable limit).

A person who's unrelated to you but lives with you and is a member of your household may be considered your dependent if you provide over half of his or her support and the person qualifies as a dependent under Internal Revenue Code Section 152. Current federal tax law does not include domestic partners or same sex spouses in the definition of dependent. Therefore, you can't claim reimbursement for care of a domestic partner or same sex spouse unless he or she otherwise qualifies as a dependent under Section 152.

Dependent care services may be provided in your home or someplace else, including family day care homes and day care centers that comply with all applicable state and local laws. Day camp expenses qualify as eligible expenses, but overnight camp expenses do not qualify.

To be reimbursable, the care must be provided sometime from the effective date of your enrollment through December 31, 2012. This is different than if you claim a tax credit on your 2012 federal tax return, which bases eligibility on the year when you paid for the dependent care rather than when the care was provided.

If you need help determining whether your expenses qualify for reimbursement, check IRS Publication 503 and/or consult a tax advisor. The DPA Website provides a link to this publication (www.dpa.ca.gov, under Benefits, then click on FlexElect Program).

## Related Expenses that are Reimbursable

- ✓ Services required for the maintenance of your household such as cleaning and cooking are eligible for reimbursement if the primary function of the provider of this service is to care for your dependent.

- ✓ If your child care provider includes other services that are incidental to and can't be separated from the child care expense, the full amount is reimbursable. For example, if your child is enrolled in a nursery school, and the school provides lunch and education along with providing child care, the full amount you pay the school is reimbursable (within the annual limits of a FlexElect dependent care account).

## Non-Reimbursable Dependent Care Expenses

- ✓ Dependent care services provided by one of your kids who is under the age of 19 at the close of 2011 are not eligible for reimbursement. For example, if you pay your 18-year-old to take care of your 9-year-old or a parent, the expense is not reimbursable.
- ✓ Food and clothing costs are not reimbursable.
- ✓ Transportation for your dependent between your home and the place where care is provided is not reimbursable.
- ✓ Medical care is not covered by a dependent care account. Refer to the section on medical reimbursement accounts for coverage of such expenses.
- ✓ School registration fees and expenses for overnight camp and/or camps primarily for educational purposes (e.g. science camp) are not reimbursable.
- ✓ Education expenses for a child in the first grade or higher level are not reimbursable.
- ✓ Since tuition for a child in kindergarten or higher grade may not be reimbursable, it's important that receipts submitted from your dependent care provider distinguish daycare costs from tuition costs. Kindergarten tuition cost may not be reimbursable unless it is incidental to and can't be separated from the cost of care.

## Annual Limits on Dependent Care Deductions

If you enroll in a dependent care reimbursement account, your contributions to it must be:

- ✓ at least $20 per month, and
- ✓ no more than $5,000 per year per household ($2,500 for a married individual filing a separate tax return).

In other words, over a 12-month period you may contribute a minimum of $20 per month up to a maximum of $416.66 per month (or $208.33 if you're married and filing a separate tax return). If you enroll mid-year, you may contribute more than $416.66 per month (up to the applicable annual household limit).

If you earn more than $110,000 in 2011, you're considered a "highly compensated employee" under IRS rules and may be subject to a lower maximum contribution than listed above. The FlexElect program can't determine your maximum contribution until all enrollment documents have been processed (typically February or March). We will notify you if we determine that you must reduce your contribution amount.

Under no circumstances may your annual contribution exceed the applicable maximum annual contribution, your annual earned income, or your spouse's annual earned income, whichever is less.

If your spouse is a full-time student, or a dependent who is physically or mentally incapable of caring for himself or herself, for the purpose of determining your annual contribution your spouse will be considered to have earned income as follows:

- ✓ not less than $250 per month, if you only have one dependent for the plan year; or
- ✓ not less than $500 per month, if you have two or more dependents for the plan year.

## Estimating Your Dependent Care Deduction Amount

To determine a monthly deduction amount that's appropriate for you, start by reviewing your dependent care expenses over the past year. Consider factors that may cause the cost to fluctuate such as your child returning to or entering school, reaching age 13, vacations, school breaks, care provider's vacation, etc.

To estimate a monthly contribution, divide your total estimated costs for the year by 12 (if you're enrolling during open enrollment). If you're enrolling mid-year as "newly eligible," divide the total by the number of months you will be enrolled (beginning with the effective date of your enrollment through December 31).

## If Your Status Changes

Once you enroll in a reimbursement account, you can't cancel or change your enrollment during the plan year unless you experience a change in status, called a "permitting event." See pages 13-14 for a list of permitting events.

If you retire or go on an unpaid leave, your payroll deductions for a dependent care account will stop automatically. Unlike a medical account, you may not continue contributions to your dependent care account under COBRA. However, you can submit claims for reimbursement for eligible dependent care expenses that occur after you retire or separate up to the amount deposited in your account for that plan year.

## Tax Issues

Tax credit vs. reimbursement account: If you have dependent care expenses, you may already be familiar with the dependent care tax credit you can claim on your federal tax return. Depending on your income level, amount of dependent care expenses, and other factors, you may find that a reimbursement account provides a lesser tax advantage than claiming the tax credit on your federal tax return. Before enrolling in a reimbursement account, consult a tax advisor and/or review IRS Publication 503 if you're not certain which method works best for you. (The DPA Website provides a link to IRS Publication 503.)

**Filing IRS Form 2441:** If you're enrolled in a FlexElect Dependent Care Account for 2011, you will need to complete Part 3 of IRS Form 2441 ("Child and Dependent Care Expenses") and attach this form to your 2011 federal tax return. If you use Form 1040A, attach Schedule 2 instead.

# How to Claim Reimbursement

This section describes how to claim reimbursement from your account. Remember, the medical service or supply and/or dependent care must be provided before you can submit the claim. You also need to provide verification of the expense, described below.

**1.** Fill out Reimbursement Claim Form. (You'll receive a supply of claim forms in the mail before the plan year starts.)

**2.** Attach documentation.

**Medical accounts:** If claiming reimbursement from a medical account, attach doctor's statement, itemized bill, evidence of benefits statement, etc. A cancelled check is not acceptable documentation. The statement must have the date of service, type of service, and amount you are responsible for paying.

**Dependent care accounts:** If claiming reimbursement from a dependent care account, attach a statement signed by your provider or have your provider sign in the space provided on the claim form. If you attach a statement, it must show the provider's name, beginning and ending dates of the dependent care service that was provided, the amount, and the provider's tax I.D. or Social Security Number. (If your provider signs the statement on the form, that information is requested on the form.)

You may submit claims as often as you like. If you pay your provider in advance, such as paying a daycare provider on the first of the month for that month's daycare, you may prefer to submit your claims every week or two rather than waiting until the end of the month. (Make extra copies of your original statement if you plan to submit claims more frequently.) You can also break down your monthly payment into weekly or biweekly service periods, and pro-rate the expense on your claim form.

**3.** Mail your completed form and required documentation to Application Software Inc. (ASI), the recordkeeper for FlexElect. The address is:

**ASIflex**
**P.O. Box 6044**
**Columbia, MO 65205-6044**

You may also Fax your claim form and supporting documentation toll-free to ASI at (877) 879-9038.

**4.** Once your claim form is processed, a tax-free reimbursement check is mailed to your home.

The address the State Controller's Office has on file for you is the address where your check is mailed. For that reason, it's important that you verify with your personnel office that the State Controller's Office has your correct address on file. If the address is incorrect, or you moved while enrolled in FlexElect, you need to complete an Employee Action Request (STD. 686) so the State Controller's Office can update its records. This form is available from your personnel office.

**Claim Rejection Procedure:** If your claim is rejected (partially or in full), you will be sent a rejection letter (letters are mailed daily). If your claim is received during the Run-Out Period (January through June of the following plan year), and additional documentation is required, you have 15 calendar days from the date listed on the rejection letter to resubmit. You should include the rejection letter along with the documentation being resubmitted.

## For Additional Forms and Information

Additional claim forms (DPA Form 351) are available from DPA's Website at www.dpa.ca.gov. If you have questions about how to fill out the form, what documentation to attach, or the status of a claim you already have submitted, call ASI at 1-800-659-3035 or e-mail ASI through their website at www.asiflex.com. ASI also has a 24-hour Info-Line at 1-800-366-4827.

### Website Assistance

General account information is available on the ASI website at www.asiflex.com using your PIN. Your PIN is a randomly assigned alpha numeric identifier that was included with your quarterly account statements. If you do not have access to your PIN, please contact ASI's customer service center at 1-800-659-3035 for additional assistance.

## Payment Dates

There are three payment cycles for processing valid reimbursement claims:

- ✓ If ASI receives your claim by the 1st of the month, your reimbursement check will be issued by the State Controller's Office (SCO) between the 14th and 16th of that month.
- ✓ If ASI receives your claim by the 10th of the month, your reimbursement check will be issued by the SCO between the 24th and 26th of that month.
- ✓ If ASI receives your claim by the 20th of the month, your reimbursement check will be issued by the SCO between the 3rd and 5th of the next month.

The minimum reimbursement amount that will be paid from your account is $10. If you submit a claim for less than $10, the payment will be held until your total reimbursement claims equal $10 or more.

# Cash Options

If you have health and/or dental insurance through a parent, spouse, domestic partner, or another source, you have the option to receive cash in lieu of your State-sponsored health and/or dental benefits.

Depending on which Cash Option you enroll in, you'll receive:

- ✓ $128/month in lieu of health benefits;
- ✓ $12/month in lieu of dental benefits; or
- ✓ $140/month in lieu of health and dental benefits.

This money is treated as taxable income and is reported on your W-2 statement for the tax year when you receive payment. Cash Option payments are not considered compensation for retirement purposes.

## Before Enrolling in a Cash Option

The Cash Option is designed to expand your benefit options, not limit or decrease important medical and/or dental coverage for you and your family. Accordingly, it's important to make sure your health and dental needs are met before you enroll in a Cash Option. Here are some factors to consider when making your enrollment decision.

- ✓ ***Three-Year Commitment***—If you enroll in the Cash Option in lieu of dental benefits, you may not re-enroll in a State-sponsored dental plan for three "plan years." (Plan years run from January 1 through December 31.) After completing the three-year commitment, you may enroll in a dental plan during the open enrollment period. The only exception is if you lose your other dental coverage. In this instance, you would be allowed to reenroll in a State-sponsored dental plan within 60 days.
- ✓ If you are eligible to receive survivor health and dental benefits after the death of a spouse or domestic partner, you can continue to receive the FlexElect Cash.
- ✓ If you're a State employee eligible for State-sponsored health/dental benefits, you **CAN NOW** enroll in a Cash Option by being listed as a dependent on your parent's State-sponsored health and/or dental plan. This is a change from prior years due to the recent change in the IRC.

## How to Change or Cancel Your Cash Option

If you currently are enrolled in a Cash Option and want to make a change or discontinue it for 2012 you must complete a Cash Option Enrollment Authorization (STD. 701C) and submit it to your personnel office during open enrollment (October 10 - November 4, 2011).

## Cash Option for Unit 6 Employees

If you're in Bargaining Unit 6, you may not enroll in the Cash Option for dental benefits. This restriction is set by the union's Benefit Trust. However, you may enroll in the Cash Option for health benefits.

## Cash Option for CoBen Employees

If you're covered by Consolidated Benefits (CoBen), your Cash Option is available through CoBen, not FlexElect. CoBen covers excluded employees and bargaining units 2, 7, 8, 16, 17, 18, and 19. Contact your personnel office for information and forms to enroll in a CoBen Cash Option. You may access the CoBen Cash enrollment authorization form (STD. 702) on DPA's website at www.dpa.ca.gov or at the end of this handbook.

## Cash Option for Permanent-Intermittent Employees

If you're a permanent-intermittent (PI) employee and want to receive cash in lieu of your health and/or dental benefits, you must enroll each plan year you want to participate. You must complete the enrollment form (STD. 701C) during open enrollment, or as "newly eligible" after open enrollment but prior to January 1.

In order to receive the cash payment, you also must meet all of the following criteria:

- ✓ be eligible to enroll in health and/or dental insurance as of January 1, 2012 (i.e., you qualified in the July 1–December 31, 2011 control period);
- ✓ have a PI appointment from January 1 through June 30, 2012; and
- ✓ be paid for at least 480 hours worked from January through June 2012.

**Lump sum payment:** If you enroll in a Cash Option for health and/or dental benefits as a PI employee, you will receive your payment in a lump sum. The amount is for the period of January through June; you are not eligible for the Cash Option for the July through December period. After June 30, 2011, once your Personnel Office certifies your eligibility based on the criteria listed above, you will receive your Cash Option payment as follows;

- ✓ $768 in lieu of health benefits;
- ✓ $72 in lieu of dental benefits; or
- ✓ $840 in lieu of health and dental benefits

These payments are made within 60 days after the State Controller's Office receives the certification from your personnel office. The $2.50 monthly administrative fee ($30 total for the plan year) is deducted from your lump sum payment.

### Impact of Time Base Changes

If you're appointed to a permanent position with a time base of half-time or more, you lose eligibility for the PI cash payment. If you want to enroll as a newly eligible permanent employee, you must complete a new STD. 701C within 60 days after your appointment.

This appointment makes you newly eligible for a reimbursement account; if you want to enroll in a Medical and/or Dependent Care Reimbursement Account, you must complete a STD. 701R within 60 days after the date of your appointment. Conversely, if you change from permanent status to PI, you lose eligibility for the reimbursement account, unless you choose to continue your Medical Reimbursement Account deductions through COBRA.

## If Your Status Changes

Once you enroll in a Cash Option, you can't cancel or change your enrollment during the plan year (January 1 through December 31) unless you experience a change in status, called a "permitting event." See pages 13-14 for a list of status changes that permit you to cancel or change your enrollment.

## If You Retire

If you're enrolled in a Cash Option when you retire, your Cash Option will stop automatically. You need to take the following actions to protect your benefits:

**If enrolled in Cash Option for health benefits:** You have 30 days prior to or 60 days following the date of your retirement to enroll in a California Public Employees' Retirement System (CalPERS) health plan. If you don't enroll within this time period, you must wait until the next health open enrollment. Your enrollment at that point would be handled through CalPERS.

**If enrolled in Cash Option for dental benefits:** You have 30 days prior to or 60 days following the date of your retirement to enroll in a dental plan. If you don't enroll within this time period, you must wait until the next dental open enrollment. If you enroll prior to retirement, your dental enrollment will be processed through your personnel office. If you enroll following retirement, your enrollment is handled through CalPERS.

# Changes in Status "Permitting Events"

If you experience a change in status that's listed on the following chart, you're permitted to take the action that's listed next to that change. You have 60 days following the date of your status change to take the corresponding action.

Your completed form(s) must be received at the State Controller's Office by the 10th of the month to be effective on the first of the following month.

| Status Change | Action Permitted |
|---|---|
| Initial appointment to State service (includes reinstatement following a permanent break in service) | May enroll in Cash Option and/or reimbursement account(s) as newly eligible. |
| Marriage | May enroll in Cash Option and/or reimbursement account(s) as newly eligible or, if currently enrolled, may cancel/change Cash Options and/or reimbursement accounts. |
| Divorce (date of final divorce), legal separation, or annulment | May enroll in Cash Option and/or reimbursement account(s) as newly eligible or, if currently enrolled, may cancel/change Cash Options and/or reimbursement accounts. |
| Birth, adoption, or child placed for adoption | May enroll in reimbursement account(s) as newly eligible or, if currently enrolled in a reimbursement account, may increase payroll deduction. |
| Change of physical custody of child | May enroll in dependent care account as newly eligible or, if currently enrolled in a dependent care account, may cancel/change enrollment. |
| Death of spouse or domestic partner | May enroll in reimbursement account(s) or Cash Option as newly eligible or, if currently enrolled, may cancel/change Flex elections. |
| Loss or commencement of spouse's or domestic partner's employment | May enroll in reimbursement account(s) as newly eligible or, if currently enrolled, may cancel/change Cash Options and/or reimbursement accounts. New enrollment into cash not allowed. |
| Loss of medical and/or dental coverage provided through spouse, domestic partner, or other source, due to an employment status change | If currently enrolled in Cash Option, may cancel/change Cash Option. New enrollments not allowed. |
| Commencement of medical and/or dental coverage provided through spouse, domestic partner, survivor benefits, or other source, due to an employment status change | May enroll in Cash Option as newly eligible or, if currently enrolled, may cancel/change Cash Option. |
| Child enters military service | If currently enrolled in a medical reimbursement account, may cancel/decrease payroll deduction based on this status change. New enrollments not allowed |
| Marriage of child | If currently enrolled in a medical reimbursement account, may cancel/decrease payroll deduction. New enrollments not allowed. |

| Status Change | Action Permitted |
|---|---|
| Death of dependent (other than spouse) | If currently enrolled in reimbursement account(s), may cancel/decrease payroll deduction. New enrollments not allowed. |
| Child attains age 13 | If currently enrolled in dependent care account, may cancel/decrease payroll deduction. New enrollments not allowed. |
| Child attains age 26 | If currently enrolled in a medical reimbursement account, may cancel/decrease payroll deduction. New enrollments not allowed. |
| Move out of group practice plan's service area | May enroll in a new plan if your plan is no longer available. May not change reimbursement account(s). New enrollments not allowed. |
| New health and/or dental plan(s) in area where none was previously available or health/dental plan no longer available | If currently enrolled in health and/or dental plan, may change coverage. May not change reimbursement account(s). New enrollments not allowed. |
| Change in bargaining unit or employee designation (e.g., transfer, promotion) that results in a loss or gain of eligibility for Cash Option | If currently enrolled in health and/or dental plan, may change coverage or cancel/change Cash Option per union requirements. May not change reimbursement account(s). New enrollments not allowed. |
| Change in employee's or spouse's work schedule (e.g., FMLA, NDI, SDI, IDL, time base change, reduction of hours, separation, commencement or return from an unpaid leave of absence) or work site that results in a loss of eligibility | If currently enrolled in dependent care account may cancel/change enrollment. New enrollments not allowed. |
| Change in dependent care provider | May enroll in dependent care account as newly eligible or, if currently enrolled, may cancel/change enrollment. |
| Change in provider dependent care cost | May enroll in dependent care account as newly eligible or, if currently enrolled, may cancel/change enrollment. Action allowed only if the provider is not a relative. |

# Payroll Status Changes

In addition to the permitting events listed on the chart on pages 13-14, here are some other payroll status changes and how they affect your FlexElect enrollment:

**Non-Industrial Disability Insurance (NDI):** If you go on NDI while enrolled in a reimbursement account and/or Cash Option, your monthly deductions and/or Cash Option payment remains in effect and will be reflected on your NDI check.

**Industrial Disability Leave (IDL) and Temporary Disability (TD):** If you go on IDL or TD while enrolled in a FlexElect Cash Option, your enrollment remains in effect. You will receive a separate check for your Cash Option, issued about a week after your IDL or TD check.

If you're enrolled in either reimbursement account, your account deductions will stop for as long as you're on IDL or TD.* If you return to regular pay within the FlexElect plan year, your deductions will resume. However, if you go on IDL or TD with Supplementation (IDL or TD/S), your reimbursement account deduction will continue, provided the amount of your supplementation income is large enough to cover the full amount of your account deductions.

**State Disability Insurance (SDI)** for employees in Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20 & 21: If you go on SDI while enrolled in a reimbursement account and/or Cash Option, your enrollment will stop while you are on leave. If you return to pay status in the same FlexElect plan year, your enrollment will resume. If you are enrolled in the medical reimbursement account and wish to continue to submit claims for services provided during your unpaid leave of absence, you may elect to continue to make contributions through COBRA. Contact your Personnel Office for details.

**Unpaid Leave of Absence:** If you are on an unpaid leave of absence while enrolled in a reimbursement account and/or Cash Option, your enrollment will stop while you are on leave. If you return to pay status in the same FlexElect plan year, your enrollment will resume. Keep in mind that if you are enrolled in the medical reimbursement account and wish to continue to submit claims for services provided during your unpaid leave of absence, you may elect to continue to make contributions through COBRA. Contact your personnel office for details.

**Military Leave:** If you are called to active military duty for the War on Terrorism, you are eligible to retain your State benefits for up to 365 calendar days above the 180 calendar days provided by GC Section 19775.17. If you are currently receiving Flex Cash in lieu of health and/or dental benefits, you may continue to receive the cash for the duration of your military leave, not to exceed the time limits mentioned above. Military Leave is not a permitting event to newly enroll into the Flex Cash Program.

*If you are enrolled in the medical reimbursement account you may elect to continue your coverage via COBRA, or your deductions will stop for the duration of your leave.

# Instructions for Completing Forms

Forms to enroll in the FlexElect reimbursement account(s) and/or Cash Option are included at the back of this handbook. Refer to the following instructions when completing these forms. Please type or print using a ball point pen.

## Reimbursement Account Enrollment Authorization (STD. 701R):

If you want to enroll or reenroll in a FlexElect medical account and/or a dependent care account, you must complete a Reimbursement Account Enrollment Authorization.

### Section 1 — Enrollment:

- ✓ If you're enrolling during the annual open enrollment period, check Item A.
- ✓ If you're "newly eligible" enrolling outside the open enrollment period due to a permitting event (see pages 13-14), check Item B.
- ✓ If you're changing your enrollment due to a permitting event (see pages 13-14), check Item C.
- ✓ If you're canceling your enrollment, check Item D.

### Section 2 — Social Security Number:

Enter your Social Security number.

### Section 3 — Name:

Print your first name, middle initial, and last name.

### Section 4 — SCO Use Only:

SCO will complete.

### Section 5 — Total Monthly Amount to be Deducted:

If you're enrolling in a FlexElect medical account, enter the total amount in Item 5A you want deducted from your paycheck each month and deposited in your medical account. If you're enrolling in a FlexElect dependent care account, enter the total amount in Item 5B you want deducted from your paycheck each month and deposited in your dependent care account.

### Section 6 — SCO Use Only:

SCO will complete.

### Section 7 — Employee Signature:

Read this section carefully, then sign and date the form on the line marked. This section contains important information you should be aware of when enrolling in FlexElect. Your signature certifies you have read the information and agree to the terms and conditions of the FlexElect program as outlined on the STD. 701R and in this handbook.

### Sections 8–20:

Your personnel office must complete.
If you use the enrollment form in this handbook, we recommend you make a copy of your completed form before you send it to your personnel office. Once your personnel office has completed the "Agency Use Only" sections, the original copy is forwarded to the State Controller's Office along with any other necessary forms (e.g., HBD–12, STD. 692). Your personnel office has been instructed to keep a copy in your personnel file and send you a copy.

## Cash Option Enrollment Authorization (STD. 701C) and (STD. 702):

If you want to enroll for the first time, cancel, or make changes to your current Cash Option, you must complete a Cash Option Enrollment Authorization.

In addition to the Cash Option enrollment form, you must complete the CalPERS Health Benefits Enrollment Form (HBD–12) if you:

- ✓ change or cancel your current health coverage; or
- ✓ a covered dependent has a change in eligibility or you want to add an eligible dependent.

You also must complete the Dental Enrollment Form (STD. 692) if you:

- ✓ change or cancel your current dental coverage; or
- ✓ a covered dependent has a change in eligibility or you want to add an eligible dependent.

The health and dental forms must be submitted to your personnel office along with your Cash Option enrollment form (if you're making the changes indicated above). Both forms are available from your personnel office.

**When husband and wife or domestic partners both work for the State:** If you're a FlexElect enrollee canceling your health and/or dental coverage to go on your spouse's or domestic partner's plan, who also is a State employee, you and your department's personnel staff must coordinate submission of the health, dental, and FlexElect Cash Option enrollment forms for you and your spouse/domestic partner. The effective date for canceling your coverage, and the date for your spouse or domestic partner to add you as a dependent, should be the same. The health and/or dental enrollment forms for you and your spouse/domestic partner must be submitted as a package with your Cash Option enrollment form.

### Section 1 — Enrollment:

- ✓ If you're enrolling during the annual open enrollment period, check Item A.
- ✓ If you're "newly eligible" enrolling outside the open enrollment period due to a permitting event, check Item B.
- ✓ If you're changing your enrollment due to a permitting event, check Item C.
- ✓ If you're canceling your enrollment, check Item D.

### Section 2 — Social Security Number:

Enter your Social Security number.

### Section 3 — Name:

Print your first name, middle initial, and last name.

### Section 4 — Cash Option:

Medical Coverage: If choosing to receive the Cash Option in lieu of your health benefits, enter $128 in Item A. If you don't want to receive the cash and wish to keep your State-sponsored health plan, enter N/A in Item A.
Dental Coverage: If choosing to receive the Cash Option in lieu of your dental coverage, enter $12 in Item B. If you don't want to receive the cash and wish to keep your State-sponsored dental plan, enter N/A in Item B.
Total Cash: Enter the total Cash Option amount (sum of Items A and B) in Item C.

### Section 5 — SCO Use Only:

SCO will complete.

### Section 6 — Statement of Other Medical and/or Dental Coverage:

If choosing the Cash Option in lieu of health and/or dental benefits, you must complete Item 6. In Item A and/or B, list the carrier for your other health and/or dental insurance. In Item C, check the box showing who you have your other coverage through. If your coverage is through your parent, spouse or domestic partner, you also must complete Item D.

### Section 7 — Employee Signature:

Read this section carefully, then sign and date the form on the line marked. This section contains important information you should be aware of when enrolling in FlexElect. Your signature certifies you have other health and/or dental coverage and that you have read the information and agree to the terms and conditions of the FlexElect program as outlined on the STD. 701C and 702 and in this handbook.

### Sections 8–21:

Your personnel office must complete.

If you use the enrollment form in this handbook, we recommend you make a copy of your completed form before you send it to your personnel office. Once your personnel office completes the "Agency Use Only" sections, the original copy is forwarded to the State Controller's Office along with any other necessary forms (e.g., HBD–12, STD. 692). Your personnel office has been instructed to keep a copy in your personnel file and send you a copy.

# FLEXELECT PROGRAM
# REIMBURSEMENT ACCOUNT AND CASH OPTION
# ENROLLMENT AUTHORIZATION
# FORMS AND WORKSHEET

## Medical Reimbursement Account
## Annual Health Care Expenses Worksheet

- Enter your health care expenses for the last 12 months
- Enter your known or expected expenses for the next 12 months
- Your health expenses claimed through a medical reimbursement account may not exceed $5,000 for the 2012 plan year

| Eligible Expenses | Expenses Incurred in 2011 | Expected Expenses for 2012 |
|---|---|---|
| **Health Care Expenses:** | | |
| Deductibles | $ | $ |
| Copayments | $ | $ |
| Amounts above plan limits | $ | $ |
| Other eligible health care expenses not covered by your medical plan | $ | $ |
| **Dental Expenses:** | $ | $ |
| Deductibles | $ | $ |
| Copayments | $ | $ |
| Other eligible dental expenses not covered by your dental plan | $ | $ |
| **Vision Care Expenses:** | $ | $ |
| Deductibles | $ | $ |
| Copayments | $ | $ |
| Other types of eligible vision expenses not covered by your vision plan | $ | $ |
| **Other:** | $ | $ |
| Travel expenses (mileage, parking and toll changes | $ | $ |
| **TOTAL EXPENSES** | $ | |
| **2012 Annual Contribution (divide by 12 for monthly contribution)** | | $ |

# NOTES

STATE OF CALIFORNIA — PERSONNEL ADMINISTRATION

# REIMBURSEMENT ACCOUNT ENROLLMENT AUTHORIZATION

STD. 701R (REV. 12/2008)

## FLEXELECT PROGRAM

**R**

***Please type or use ballpoint pen and print clearly. Questions regarding completion of this form should be directed to your personnel/payroll office. Return completed form to your department's personnel/payroll office.***

**SEE PRIVACY NOTICE ON REVERSE**

1. ENROLLMENT *(Check appropriate box)*

A. ☐ Open Enrollment
B. ☐ Newly Eligible Enrollment
C. ☐ Change Due to Permitting Event
D. ☐ Cancellation
E. ☐ COBRA Continuation of MRA

2. SOCIAL SECURITY NUMBER

3. NAME *(First, Initial, Last)*

To establish a Medical and/or a Dependent Care Reimbursement Account enter the amount you want to have deducted EACH month from your paycheck and deposited in your account(s) in Item #5A and/or B.

| BENEFIT ITEM | **4. For SCO Use Only** DED/ORG CODE | 5. TOTAL MONTHLY AMOUNT TO BE DEDUCTED | **6. For SCO Use Only** Type of Change |
|---|---|---|---|
| **Medical Reimbursement Account (MRA)** | **352 -** | A. $ | |
| **Dependent Care Reimbursement Account (DCRA)** | **353 -** | B. $ | |

7. **I UNDERSTAND THAT MY ENROLLMENT INTO THE FLEXELECT REIMBURSEMENT ACCOUNT(SIS FOR THE CURRENT PLAN YEAR ONLY AND IF I WISH TO HAVE A REIMBURSEMENT ACCOUNT FOR THE NEXT PLAN YEAR I MUST RE-ENROLL DURING THE ANNUAL OPEN ENROLLMENT PERIOD.**

I have reviewed the handbook describing the State of California's optional FlexElect Program, including the legal definitions and change in benefit election limitations authorized under Section 125 of the Internal Revenue Service (IRS) Code. I understand that my FlexElect benefit choices include my existing health and/or dental benefits unless otherwise indicated by new health, dental, or FlexElect Cash Option Enrollment forms submitted during the FlexElect Open Enrollment Period. I understand that regulations under the IRS Code require that my benefit choices authorized by this election form are irrevocable during this Plan Year unless I have a "Change in Status Event" as defined in these regulations or other permitting events as described in the FlexElect Handbook.

I hereby agree to have my monthly pay reduced by the amount(s) specified above. This reduction in pay is effective with the December pay period paycheck 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 State of California contribute the amounts specified on my behalf to the FlexElect Plan, allocated to the various accounts as specified above. I also agree to pay the administrative fee through payroll deduction on a post-tax basis.

I understand that requests for reimbursement must be for eligible services/supplies incurred between the effective date of my participation in this Program through the end of my Plan Year. All reimbursement requests for this 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 Medical Reimbursement Account after that date will be forfeited.

**I HAVE READ AND AGREE TO THE TERMS AND CONDITIONS OF THE FLEXELECT PROGRAM AS OUTLINED ON THIS ENROLLMENT FORM AND IN THE FLEXELECT HANDBOOK.**

EMPLOYEE SIGNATURE

DATE SIGNED

**AGENCY USE ONLY**

8. EFFECTIVE DATE OF ACTION *MO DAY YEAR* -1-

9. EMPLOYEE CBID

10. PERMITTING EVENT DATE *MO DAY YEAR*

11. PERMITTING EVENT CODE

12. HEALTH FORM ATTACHED (HBD - 12) ☐ YES ☐ NO

13. DENTAL FORM ATTACHED (STD. 692) ☐ YES ☐ NO

14. AGENCY CODE

15. UNIT CODE

16. REMARKS

17. AGENCY NAME

18. AUTHORIZED AGENCY 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, that I am authorized to make this certification, and that the employee named herein is eligible for enrollment in the State FlexElect Program.

20. DATE RECEIVED IN EMPLOYING OFFICE *(mo day year)*

21. TELEPHONE NUMBER (Indicate if CALNET or give area code)

**DISTRIBUTION:** Original - State Controller's Office Pink - Agency Goldenrod - Employee

STATE OF CALIFORNIA — PERSONNEL ADMINISTRATION

# REIMBURSEMENT ACCOUNT ENROLLMENT AUTHORIZATION

STD. 701R (REV 12/2008) (REVERSE)

## FLEXELECT PROGRAM

### PRIVACY NOTICE

The Information Practices 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 plan administrator for the purposes of identification and document processing. It is mandatory to furnish all information requested on this form. Failure to provide the mandatory information may result in FlexElect 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 FlexElect Reimbursement Account 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 Reimbursement Account Enrollment Authorization forms upon request. Send requests to: State Controller's Office, Personnel/Payroll Operations Bureau, P.O. Box 942850, Sacramento, California 94250-5878, Attention: Benefits Unit.

STATE OF CALIFORNIA – PERSONNEL ADMINISTRATION

# CASH OPTION ENROLLMENT AUTHORIZATION

STD. 701C (REV. 11/2009)

## FLEXELECT PROGRAM

**C**

***Please type or use ballpoint pen, print clearly. Questions regarding completion of this form should be directed to your personnel/payroll office. Return completed form to your department's personnel/payroll office***

**SEE PRIVACY NOTICE ON REVERSE**

1. ENROLLMENT *(Check appropriate box)*

A. Open Enrollment

B. Newly Eligible Enrollment

C. Change Due to Permitting Event

D. Cancellation

2. SOCIAL SECURITY NUMBER

3. NAME *(First, Initial, Last)*

**PLAN ELECTIONS** - REFER TO THE FLEXELECT ENROLLMENT HANDBOOK FOR CASH OPTION ELECTION INFORMATION AND PROCEDURES FOR COMPLETING THIS FORM

| BENEFIT ITEM | ENTER MONTHLY CASH OPTION AMOUNT AND TOTAL | 5. **For SCO Use Only** Type of Change |
|---|---|---|
| 4. **Cash Option 354-001** | A. **Medical** $<br>B. **Dental** $<br>C. **Total Cash Option $** 0.00 | |

6. STATEMENT OF OTHER MEDICAL AND/OR DENTAL COVERAGE

I certify that I am covered by another medical and/or dental insurance plan as indicated below. I certify that I will maintain coverage in this medical and/or dental insurance plan on an ongoing basis and I agree to notify my Personnel Office within 60 days if I lose coverage.

A. MEDICAL INSURANCE CARRIER'S NAME

B. DENTAL INSURANCE CARRIER'S NAME

C. OTHER COVERAGE THROUGH *(Check one)*

☐ Spouse ☐ Domestic Partner ☐ Other

D. IF YOUR MEDICAL AND/OR DENTAL INSURANCE IS THROUGH YOUR SPOUSE OR DOMESTIC PARTNER, COMPLETE THIS

**Spouse's or Domestic Partner's Employer**

☐ State ☐ Other

**Spouse's or Domestic Partner's Social Security Number**

7. **I UNDERSTAND THAT MY FLEXELECT CASH OPTION ENROLLMENT IN LIEU OF MEDICAL AND/OR DENTAL COVERAGE WILL CONTINUE FROM YEAR TO YEAR UNTIL I TAKE ACTION TO CHANGE OR CANCEL MY ENROLLMENT. IF I ENROLL IN THE CASH OPTION IN LIEU OF DENTAL BENEFITS, I MAY NOT RE-ENROLL IN A STATE-SPONSORED DENTAL PLAN FOR THREE "PLAN YEARS."**

**IF I AM A PERMANENT INTERMITTENT EMPLOYEE (PIE) I UNDERSTAND THAT THIS CONTINUOUS ENROLLMENT DOES NOT APPLY TO ME AND THAT I MUST RE-ENROLL EACH YEAR DURING THE ANNUAL OPEN ENROLLMENT PERIOD. IF I AM APPOINTED TO A PERMANENT POSITION WITH A TIME BASE OF HALF-TIME OR MORE, I LOSE ELIGIBILITY FOR THE PIE CASH PAYMENT AND MUST NEWLY ENROLL INTO THE CASH AS A PERMANENT EMPLOYEE.**

I have reviewed the handbook describing the State of California's optional FlexElect Program, 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 election form are irrevocable during my entire period of enrollment unless I have a valid "Change in Status Event" as defined in these regulations or other permitting events as described in the FlexElect Handbook. I also agree to pay the administrative fee through payroll deduction on a post-tax basis.

**I HAVE READ AND AGREE TO THE TERMS AND CONDITIONS OF THE FLEXELECT PROGRAM AS OUTLINED ON THIS ENROLLMENT FORM AND IN THE FLEXELECT HANDBOOK.**

EMPLOYEE SIGNATURE

DATE SIGNED

**AGENCY USE ONLY**

| 8. EFFECTIVE DATE OF ACTION *MO DAY YEAR* -1- | 9. EMPLOYEE CBID | 10. PERMITTING EVENT DATE *MO DAY YEAR* | 11. PERMITTING EVENT CODE |
|---|---|---|---|
| 12. HEALTH FORM ATTACHED (HBD - 12) YES NO | 13. DENTAL FORM ATTACHED (STD. 692) YES NO | 14. PERMANENT INTERMITTENT YES NO | 15. AGENCY CODE 16. UNIT CODE |

17. REMARKS

18. AGENCY NAME

19. AUTHORIZED AGENCY 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, that I am authorized to make this certification, and that the employee named herein is eligible for enrollment in the State FlexElect Program.

20. DATE RECEIVED IN EMPLOYING OFFICE *(mo day year)*

21. TELEPHONE NUMBER (Indicate if CALNET or give area code)

**DISTRIBUTION:** Original - State Controller's Office; Pink - Agency; Goldenrod - Employee

STATE OF CALIFORNIA – PERSONNEL ADMINISTRATION

# CASH OPTION ENROLLMENT AUTHORIZATION

STD. 701C (REV. 11/2009) (REVERSE)

## FLEXELECT PROGRAM

### PRIVACY NOTICE

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Copies of the FlexElect Cash Option 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 Cash Option Enrollment Authorization forms upon request. Send requests to: State Controller's Office, Personnel/Payroll Operations Bureau, P.O. Box 942850, Sacramento, California 94250-5878, Attention: Benefits Unit.

STATE OF CALIFORNIA

# CONSOLIDATED BENEFITS (COBEN) CASH ENROLLMENT ELECTION

STD. 702 (NEW 4-2000)

# COBEN

**SEE PRIVACY NOTICE ON REVERSE SIDE**

**PLEASE TYPE OR USE BALL POINT PEN, PRINT CLEARLY--SEND COMPLETED FORM TO YOUR DEPARTMENT'S PERSONNEL/PAYROLL OFFICE**

1. ENROLLMENT *(Check appropriate box)*

A. ☐ Open Enrollment

B. ☐ Newly Eligible Enrollment

C. ☐ Change in Status Event

D. ☐ Cancellation

2. SOCIAL SECURITY NUMBER

3. NAME *(First,. MI, Last)*

**COBEN ELECTIONS - QUESTIONS REGARDING THE FOLLOWING PLAN ELECTIONS SHOULD BE DIRECTED TO YOUR PERSONNEL/PAYROLL OFFICE**

| BENEFIT ITEM | ENTER MONTHLY COBEN CASH AMOUNT | 5. For SCO Use Only Type of Change |
|---|---|---|
| 4. CoBen Cash 354-020 | A. Health Only $ _____<br>B. Health and Dental $ _____ | |

6. **STATEMENT OF OTHER HEALTH OR STATEMENT OF OTHER HEALTH AND DENTAL COVERAGE**

I certify that I am covered by another health or another health and dental plan as indicated below. I certify that I will maintain coverage in this health or health and dental plan on an ongoing basis and I agree to notify my Personnel Office within 60 days if I lose coverage.

A. HEALTH INSURANCE PLAN NAME

B. DENTAL INSURANCE PLAN NAME

C. OTHER COVERAGE THROUGH *(Check one)*

☐ Spouse ☐ Domestic Partner ☐ Other

D. IF YOUR HEALTH/ DENTAL INSURANCE IS THROUGH YOUR SPOUSE OR DOMESTIC PARTNER, COMPLETE THIS ITEM

**Spouse's or Domestic Partner's Employer**

☐ State ☐ Other

**Spouse's or Domestic Partner's Social Security Number**

7. **I UNDERSTAND THAT MY COBEN CASH ELECTION IN LIEU OF HEALTH OR HEALTH AND DENTAL COVERAGE WILL CONTINUE FROM YEAR TO YEAR UNTIL I TAKE ACTION TO CHANGE OR CANCEL MY ENROLLMENT.**

**IF I AM A PERMANENT INTERMITTENT EMPLOYEE I UNDERSTAND THAT THIS CONTINUOUS ENROLLMENT DOES NOT APPLY TO ME AND THAT I MUST REENROLL EACH YEAR DURING THE ANNUAL OPEN ENROLLMENT PERIOD.**

I understand that my benefit elections are regulated 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 election are irrevocable until the next scheduled open enrollment unless I have a valid "Change in Status Event" as defined in IRS Code Section 125 or other permitting events as defined by the Department of Personnel Administration (DPA).

**I HAVE READ AND AGREE TO THE TERMS AND CONDITIONS OF THE COBEN CASH ELECTION AS OUTLINED ON THIS ELECTION FORM AND BY DPA.**

EMPLOYEE SIGNATURE

DATE SIGNED

**AGENCY USE ONLY**

8. EFFECTIVE DATE OF ACTION *MO DAY YEAR* -1-

9. EMPLOYEE CBID

10. PERMITTING EVENT DATE *MO DAY YEAR*

11. PERMITTING EVENT CODE

12. HEALTH FORM ATTACHED (HBD - 12) YES NO

13. DENTAL FORM ATTACHED (STD. 692) YES NO

14. PERMANENT INTERMITTENT YES NO

15. AGENCY CODE

16. UNIT CODE

17. REMARKS

18. AGENCY NAME

19. AUTHORIZED AGENCY 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, that I am authorized to make this certification and that the employee named herein is eligible for enrollment in Consolidated Benefits.

20. DATE RECEIVED IN EMPLOYING OFFICE *(mo day year)*

21. TELEPHONE NUMBER (Indicate if CALNET or give area code)

**DISTRIBUTION:** Original - State Controller's Office; Pink - Agency; Goldenrod - Employee

STATE OF CALIFORNIA

# CONSOLIDATED BENEFITS (COBEN) CASH ENROLLMENT ELECTION

STD. 702 (NEW 4-2000) (REVERSE)

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