

**California Department of Human Resources
Memorandum**

TO: Personnel Management Liaisons (PML)

SUBJECT: Clarification of Eligibility Criteria for FlexElect and Consolidated Benefits (CoBen) Cash Option Programs	REFERENCE NUMBER: 2015-018
DATE ISSUED: June 26, 2015	SUPERSEDES:

This memorandum should be forwarded to:

**Personnel Officers
Personnel Transaction Supervisors
Personnel Transaction Staff**

FROM: California Department of Human Resources
Benefits Division

CONTACT: Susan Coats
(916) 327-6429
Fax: (916) 322-3769
Email: susan.coats@calhr.ca.gov

The purpose of this memorandum is to clarify eligibility rules for participation in the state's FlexElect and CoBen Cash Option programs to conform to the market reform provisions of the federal Patient Protection and Affordable Care Act (ACA).

FlexElect and CoBen Cash Option Eligibility Criteria

The Internal Revenue Code Section 125, which governs eligibility rules for participation in the state's FlexElect or CoBen Cash Option programs, requires a health benefit-eligible employee to attest that they have "other" health coverage without requiring a specific type or level of coverage.

Under the ACA, the Internal Revenue Service has recently prohibited employers from offering cash to employees who elect to opt out of employer-sponsored health coverage and enroll in "individual" health coverage.¹ To ensure the state's compliance with the market reform provisions of the ACA, employees who elect to enroll in the state's FlexElect or CoBen Cash Option programs will be required to attest that they have other qualifying group coverage to receive cash in lieu of state-sponsored health coverage.

¹ Refer to "Application of Market Reform and other Provisions of the Affordable Care Act to HRAs, Health FSAs, and Certain other Healthcare Arrangements" available at: <http://www.irs.gov/pub/irs-drop/n-13-54.pdf>

Effective immediately, only employees who attest that they have other qualifying group health coverage are eligible to enroll in the state's FlexElect or CoBen Cash Option programs and receive cash in lieu of state-sponsored health coverage. Employees are not required to show proof of coverage.

Qualifying Group Health Coverage

Qualifying group health coverage includes health coverage that provides minimum value and is maintained by an employer or employee organization.² All state California Public Employees' Retirement System (CalPERS) health plans currently meet the law's minimum value standards.

Employees enrolled in individual coverage, such as Tricare, Medicare, Medi-Cal, and Covered California, are not eligible to receive cash in lieu of other health coverage, even if the coverage provides minimum value.

Cash in Lieu of Dental Coverage

The new eligibility requirements for other qualifying group health coverage do not affect employees' enrollment into the FlexElect Cash in lieu of dental benefits. CoBen employees are not eligible for dental-only cash, so if an employee does not attest that they have other qualifying group health coverage, they are not eligible to participate in the CoBen Cash Option program.

FlexElect and CoBen Cash Option Enrollment Forms

The California Department of Human Resources (CalHR) has updated the FlexElect and CoBen Cash Option enrollment forms (STD. 701C and STD. 702) to include the employee's attestation of other qualifying group health coverage. The updated enrollment forms are attached to this memo and are available on CalHR's website at: <http://www.calhr.ca.gov/Pages/forms.aspx>.

The State Controller's Office (SCO) will only process new enrollments into the FlexElect or CoBen Cash Option program using the updated enrollment forms. Old forms that do not have the 6/2015 revision date will no longer be accepted by SCO after the issuance of this PML and will be returned to the initiating personnel office unprocessed.

²The ACA establishes a minimum value standard of benefits of a health plan. For a qualifying group health plan to meet the ACA's minimum value standards, the plan must cover at least 60 percent of the total allowed costs of benefits provided under the plan. Employees may refer to their plan's Summary of Benefits and Coverage document to determine if their coverage meets the law's minimum value standards.

Employees Currently Enrolled in FlexElect or CoBen Cash Option Programs

Employees currently receiving cash in lieu of health coverage will be required to complete and submit a new enrollment form to their personnel office attesting that they have other qualifying group health coverage in order to continue to receive FlexElect or CoBen cash. Personnel offices shall retain the new enrollment form in the employee's official personnel file. These forms should NOT be submitted to SCO for processing.

CalHR will send a spreadsheet to personnel offices with the names of employees currently enrolled in the FlexElect or CoBen Cash Option programs within two weeks of the release of this memorandum. Personnel offices will need to provide these employees with the attached Cash Option Recipient Memorandum along with the appropriate revised enrollment form by July 24, 2015. Employees who do not recertify and respond to their personnel office by August 7, 2015, will be administratively terminated from the FlexElect or CoBen Cash Option program effective October 1, 2015. These employees will have to wait until open enrollment to reenroll into the FlexElect or CoBen Cash Option program.

If the loss of FlexElect or CoBen Cash Option eligibility causes an employee to cancel their other health coverage, the employee may enroll in state-sponsored health coverage within 60 days of termination of the cash option benefit. Please use the loss of other coverage event code to enroll these employees in state-sponsored health coverage.

An editable version of the attached Cash Option Recipient Memorandum can be found on the CalHR's Human Resources Network at: <http://www.dpa.ca.gov/pie/main.htm>.

Personnel offices will be required to report information on employees who attested they have other qualifying group health coverage to CalHR by August 14, 2015. Reporting instructions will be included with the FlexElect and CoBen Cash Option participant spreadsheet.

The following is a summary of the recertification timeline:

Task	Deadline
Personnel office distributes Cash Option Recipient Memorandum and updated enrollment form to current FlexElect/CoBen Cash Option participants	July 24, 2015
Personnel office receives enrollment forms from employees attesting that they have other qualifying group health coverage	August 7, 2015
Personnel office reports information to CalHR on employees who attested they have other qualifying group health coverage	August 14, 2015
SCO terminates ineligible from participation in the FlexElect or CoBen Cash Option	October 1, 2015

Pending Enrollment Documents

CalHR will send personnel offices a second spreadsheet listing the names of employees whose FlexElect or CoBen Cash Option enrollment forms are currently pending at the SCO as of the date of this memorandum. CalHR will provide detailed instructions along with the spreadsheets. Personnel offices will need to contact these employees to have them recertify and attest to their eligibility using the updated enrollment forms. Enrollment into the FlexElect or CoBen Cash Option will be retroactive to the original enrollment effective date, provided the employee attests to other qualifying group health coverage.

Permanent-Intermittent Employees

Eligible permanent-intermittent employees who previously submitted their enrollment documents to be processed after June 30, 2015, must submit a new enrollment form and attest that they have other qualifying group health coverage.

For questions regarding this memorandum, please contact Susan Coats at (916) 327-6429 or susan.coats@calhr.ca.gov.

/s/Belinda Collins

Belinda Collins, Chief
Benefits Division

Attachments

Paste Departmental Memorandum Here

Date: Current Date

To: FlexElect or CoBen Cash Recipient

From: Department Personnel Office

Subject: Clarification to the Eligibility Criteria for the FlexElect and CoBen Cash Option Programs

Our records show that you are currently enrolled in the FlexElect or CoBen Cash Option in lieu of health benefits. You may also be enrolled in the cash option in lieu of dental benefits; however, this memo only pertains to cash in lieu of health benefits.

In accordance with the new market reform provisions of the federal Patient Protection and Affordable Care Act (ACA), the state is prohibited from offering cash to employees who elect to opt out of employer-sponsored health coverage and enroll in "individual" health coverage.

In order to comply with these market reform provisions, you must recertify and attest that you have other qualifying group health coverage to continue to receive cash in lieu of state-sponsored health coverage. Qualifying group health coverage includes health coverage that provides minimum value and is maintained by an employer or an employee organization. For a group health plan to meet the ACA's minimum value standards, the plan must cover at least 60 percent of the total allowed costs of benefits provided under the plan. All California Public Employees' Retirement System (CalPERS) health plans meet the minimum value standards. You may refer to your plan's Summary of Benefits and Coverage document to determine if your coverage meets the law's minimum value standards.

If you are covered under individual health coverage, such as Tricare, Medicare, Medi-Cal, and Covered California, you are no longer eligible to receive cash in lieu of other health coverage, even if the plan you have provides the minimum value. If termination of the cash option benefit causes you to cancel your other health coverage, you may enroll in state-sponsored health coverage within 60 days of the termination of your Cash Option benefit.

These new eligibility requirements for other qualifying group health coverage do not affect your enrollment into the FlexElect cash in lieu of dental benefits. However, employees receiving CoBen cash in lieu of health and dental benefits are not eligible to receive cash in lieu of dental benefits only, so your CoBen cash option will be cancelled if your health plan does not meet the new requirement of qualifying other group coverage.

To continue to receive cash in lieu of state-sponsored coverage, please submit a new enrollment form (attached) certifying that you have other qualifying group coverage to your personnel office by **August 7, 2015**. Failure to submit a new enrollment document by August 7, 2015, will result in an administrative cancellation of your participation in the Cash Option effective October 1, 2015. If cancelled, you will have to wait until open enrollment to reenroll into the Cash Option.

CASH OPTION ENROLLMENT AUTHORIZATION

STD. 701C (REV.6/2015)

C**FLEXELECT PROGRAM**

Please type or use ballpoint pen, print clearly.
Return completed form to your department's personnel office.

SEE PRIVACY NOTICE ON REVERSE

1. ENROLLMENT (Check appropriate box)		2. SOCIAL SECURITY NUMBER
A. <input type="checkbox"/> Open Enrollment	C. <input type="checkbox"/> Change in Status Event	3. NAME (First, Initial, Last)
B. <input type="checkbox"/> Newly Eligible Enrollment	D. <input type="checkbox"/> Cancellation	

PLAN ELECTIONS Refer to the FlexElect 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. FlexElect Cash Option 354-001 Bargaining Units 1, 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15, 20 and 21	A. Health (\$128) \$ _____	
	B. Dental (\$12) \$ _____	
	C. Total Cash Option (\$140) \$ _____	

6. ATTESTATION OF OTHER QUALIFYING GROUP HEALTH AND/OR DENTAL COVERAGE

I certify that I am covered by another qualifying group health plan that conforms to the Affordable Care Act's (ACA's) minimum value standards (see next page) and/or dental insurance plan as indicated below. I certify that I will maintain coverage in a qualifying group health and/or dental insurance plan on an ongoing basis and agree to notify my personnel office within 60 days if I lose coverage.

A. HEALTH INSURANCE CARRIER'S NAME	C. OTHER QUALIFYING GROUP HEALTH COVERAGE THROUGH (Check one) <input type="checkbox"/> Spouse <input type="checkbox"/> Domestic Partner <input type="checkbox"/> Other _____
B. DENTAL INSURANCE CARRIER'S NAME	D. IF YOUR HEALTH AND/OR DENTAL INSURANCE IS THROUGH YOUR SPOUSE, DOMESTIC PARTNER, OR PARENT, COMPLETE THIS ITEM Employer: <input type="checkbox"/> State <input type="checkbox"/> Other _____ Spouse's, Domestic Partner's, or Parent's Social Security Number _____

7. I UNDERSTAND THAT MY FLEXELECT CASH OPTION ENROLLMENT IN LIEU OF HEALTH 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 AS DESCRIBED IN THE FLEXELECT HANDBOOK.

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 OPTION PROGRAM 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
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AGENCY USE ONLY

8. EFFECTIVE DATE OF ACTION MO DAY YEAR -1-	9. EMPLOYEE CBID	10. TIME BASE/TENURE	11. PERMITTING EVENT DATE MO DAY YEAR	12. PERMITTING EVENT CODE
13. HEALTH FORM ATTACHED (HBD-12) <input type="checkbox"/> YES <input type="checkbox"/> NO	14. DENTAL FORM ATTACHED (STD. 692) <input type="checkbox"/> YES <input type="checkbox"/> NO	15. PERMANENT INTERMITTENT <input type="checkbox"/> YES <input type="checkbox"/> NO	16. AGENCY CODE	17. UNIT CODE
18. REMARKS		19. AGENCY NAME		
21. EMAIL ADDRESS		20. 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. 		
		22. TELEPHONE NUMBER (give area code)		23. DATE RECEIVED IN EMPLOYING OFFICE MO DAY YEAR

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

CASH OPTION ENROLLMENT AUTHORIZATION

STD. 701C (REV. 6/2015)

FLEXELECT PROGRAM

*The Affordable Care Act (ACA) establishes a minimum value standard of benefits of a health plan. For a qualifying group health plan to meet the ACA's minimum value standards, the plan must cover at least 60 percent of the total allowed costs of benefits provided under the plan. Employees may refer to their plan's Summary of Benefits and Coverage document to determine if their coverage meets the law's minimum value standards. For more information on qualifying group coverage, refer to the FlexElect Handbook on CalHR's website at www.calhr.ca.gov.

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 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 Services Division, P.O. Box 942850, Sacramento, California 94250-5878, Attention: Benefits Unit.

**CONSOLIDATED BENEFITS (COBEN)
CASH ENROLLMENT ELECTION**

STD. 702 (REV. 6/2015)

COBEN

*Please type or use ballpoint pen, print clearly.
Return completed form to your department's personnel office.*

SEE PRIVACY NOTICE ON REVERSE

1. ENROLLMENT (Check appropriate box)		2. SOCIAL SECURITY NUMBER
A. <input type="checkbox"/> Open Enrollment	C. <input type="checkbox"/> Change in Status Event	3. NAME (First, Initial, Last)
B. <input type="checkbox"/> Newly Eligible Enrollment	D. <input type="checkbox"/> Cancellation	

PLAN ELECTIONS Refer to the CoBen Handbook for cash 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. CoBen Cash 354-020 Bargaining Units 2, 7, 8, 16, 17, 18, 19, and Excluded Employees	A. Health Only (\$130) \$ _____ B. Health and Dental (\$155) \$ _____	

6. ATTESTATION OF OTHER QUALIFYING GROUP HEALTH COVERAGE OR ATTESTATION OF OTHER DENTAL AND QUALIFYING GROUP HEALTH COVERAGE

I certify that I am covered by another qualifying group health plan that conforms to the Affordable Care Act's (ACA's) minimum value standards (see next page) and/or dental insurance plan as indicated below. I certify that I will maintain coverage in a qualifying group health and/or dental insurance plan on an ongoing basis and agree to notify my personnel office within 60 days if I lose coverage.

A. HEALTH INSURANCE PLAN NAME	C. OTHER QUALIFYING GROUP COVERAGE THROUGH (Check one)	
	<input type="checkbox"/> Spouse	<input type="checkbox"/> Domestic Partner <input type="checkbox"/> Other _____
B. DENTAL INSURANCE PLAN NAME	D. IF YOUR HEALTH AND DENTAL INSURANCE IS THROUGH YOUR SPOUSE, DOMESTIC PARTNER, OR PARENT, COMPLETE THIS ITEM	
	Employer: <input type="checkbox"/> State <input type="checkbox"/> Other	Spouse's, Domestic Partner's, or Parent'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 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 AS DESCRIBED IN THE COBEN HANDBOOK.

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 OPTION PROGRAM AS A PERMANENT EMPLOYEE.

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 Human Resources (CalHR).

I HAVE READ AND AGREE TO THE TERMS AND CONDITIONS OF THE COBEN CASH ELECTION AS OUTLINED ON THIS ELECTION FORM AND IN THE COBEN HANDBOOK.

EMPLOYEE SIGNATURE 	DATE SIGNED
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AGENCY USE ONLY

8. EFFECTIVE DATE OF ACTION MO DAY YEAR -1-	9. EMPLOYEE CBID	10. TIME BASE/TENURE	11. PERMITTING EVENT DATE MO DAY YEAR	12. PERMITTING EVENT CODE
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18. REMARKS		19. AGENCY NAME		
		20. 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 Consolidated Benefits.		
21. EMAIL ADDRESS		22. TELEPHONE NUMBER (give area code)		23. DATE RECEIVED IN EMPLOYING OFFICE MO DAY YEAR

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

**CONSOLIDATED BENEFITS (COBEN)
CASH ENROLLMENT ELECTION**

STD. 702 (REV. 6/2015)

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Copies of the Consolidated Benefits (CoBen) Cash Enrollment Election are maintained in confidential files of the State Controller's Office for five years. Employees have the right of access to copies of their Consolidated Benefits (CoBen) Cash Enrollment Election upon request. Send requests to: State Controller's Office, Personnel/Payroll Services Division, P.O. Box 942850, Sacramento, California 94250-5878, Attention: Benefits Unit.