

State of California

M E M O R A N D U M

To: Personnel Management Liaisons

Date: May 3, 1990
Reference Code: 90-14

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

**ALL PERSONNEL OFFICERS, PERSONNEL TRANSACTIONS SUPERVISORS
AND PERSONNEL TRANSACTION STAFF**

From: Department of Personnel Administration

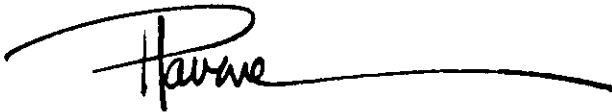
Subject: 1990 FlexElect Program

Attached please find a copy of a letter containing critical information the Department of Personnel Administration (DPA) has mailed to the home of all 1990 FlexElect participants. Beginning May 1, 1990, please ensure that a copy of this letter and the employee FlexElect brochure is given to all employees who enroll during the 1990 plan year as newly eligible.

Employees have been instructed to contact their Personnel Office regarding all issues contained in the letter except the change in the mileage reimbursement rate of transportation for medical purposes. Employees should direct those questions/concerns to Nick Villa at DPA, 1515 S Street, North Bldg., #400, Sacramento, CA 95814.

Personnel Offices should contact Nick Villa at (916) 324-9486 or ATSS 454-9486 regarding COBRA procedures for those employees who leave pay status and wish to continue their contributions into the medical reimbursement account.

Thank you for your assistance in communicating these benefit provisions.



Patricia Pavone, Chief
Benefits Division

Attachment

DEPARTMENT OF PERSONNEL ADMINISTRATION

1515 "S" Street, North Building, Suite 400
Office Box 944234
Sacramento, CA 94244-2340



May 3, 1990

Dear FlexElect Participant:

This letter serves as a reminder of several important facts regarding the FlexElect Program and also corrects some information you may have received earlier.

Reimbursement Account Information

- You must fill out your claim form completely and mail the original claim form with a copy of the appropriate receipt(s). You keep a copy of the claim form with your original receipt(s).
- All reimbursement claim forms, regardless of plan year, should be mailed to:

Department of Personnel Administration
Attn: Benefits Division
1515 S Street, North Building, #400
Sacramento, CA 95814

- Internal Revenue Service regulations stipulate that receipts for expenses for which you are requesting reimbursement must be for services rendered to you (or an eligible dependent) within your plan year. (1990 plan year begins with the effective date of participation and continues through December 31, 1990.)
- Medical reimbursements are issued once per month. Dependent care reimbursements are issued twice per month. Payment for all claims postmarked by the 5th of each month should be issued between the 20th - 25th of the same month. Payment for dependent care claims postmarked by the 15th of the month should be issued between the 1st - 5th of the following month. Due to the volume of mail generated during the Thanksgiving and Christmas holidays, please mail your reimbursement claims in early to ensure your requests are processed in a timely manner.
- Transportation required for health care is an allowable expense which may be reimbursed under your medical reimbursement account. In the 1990 FlexElect brochure, page 6, it is noted that you may claim up to 24¢ per mile for "health care" transportation. That is incorrect. You may only claim up to 9¢ per mile.

It has recently been determined by our consulting firm that, in order for the Department to be in compliance with the Internal Revenue Service regulations which govern the FlexElect Program, the following modifications must be made to the Program:

- Effective immediately, we cannot allow participants in the Program to make a change to their FlexElect elections based on a "significant change in dependent care". Significant was defined as (a) your dependent care provider was no longer available, or (b) your current dependent care provider increases or decreases your cost by 5% or more, and either change was beyond your control. NOTE: You may continue to make necessary changes in you FlexElect elections based on significant change in medical coverage.
- Effective immediately, in order to allow participants of the medical reimbursement account who leave pay status (either take an unpaid leave of absence, receive IDL, terminate or retire) during the FlexElect Plan Year to submit reimbursement requests for any services or supplies received after they have left pay status, we must allow those participants the opportunity to continue their medical reimbursement contribution under COBRA.

In other words, participants of the medical reimbursement account who leave pay status can either: 1) continue making their monthly medical reimbursement account contribution on a direct pay basis and, therefore, will be allowed to request reimbursement for services/supplies received after or during their "separation" from active pay status through the end of the Flex Plan Year; or 2) elect not to continue making their monthly medical reimbursement account contribution and, therefore, will not be reimbursed for supplies/services received after or during their "separation" from active pay status. Under both alternatives, the participant can continue to be reimbursed for supplies/services received prior to the "separation" from active pay status, and still has until June 30, of the year following the Flex Plan Year to submit reimbursement requests for those expenses.

Participants of the medical reimbursement account who, for whatever reason (dock, NDI), do not net enough in any pay period for their deduction to be taken, must follow the alternatives outlined in the above paragraph.

To clarify the purpose of the following family status change as listed in the FlexElect brochure: "A change in the eligibility of an enrolled dependent;" refers only to participants enrolled in the FlexElect Program who must make a change in their current Flex elections (such as party code of their medical/dental insurance benefits) as a direct result of a mandatory deletion of an

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enrolled dependent.

The Public Employee's Retirement System (PERS) will be holding a health benefits open enrollment in May, 1990 with changes being effective August 1, 1990. Internal Revenue Service regulations stipulate FlexElect participants may not change any of their Flex elections during the plan year unless the participant experiences an allowable family status change. (1990 plan year begins with the effective date of participation in Flex and continues through December 31, 1990.) Therefore, FlexElect enrollees may NOT participate in PERS' May open enrollment. 1990 FlexElect participants must make any desired changes to their health insurance coverage during the FlexElect open enrollment in September, 1990, with all changes being effective January 1, 1991.

Please contact your Personnel Office if you have any questions regarding the FlexElect Program. Concerns regarding the mileage rate for transportation for medical purposes should be addressed to Nick Villa, DPA, at the above address no later than May 31, 1990.

To ensure that you continue to receive important information regarding the FlexElect Program and other employee benefits, please keep your home address updated by completing the appropriate forms through your Personnel Office.

Sincerely,



Patricia Pavone, Chief
Benefits Division

PP:BHW:pm

