State of California

M E M O R A N D U M

Date: June 10, 1992
To: PERSONNEL MANAGEMENT LIAISONS **Reference Code:** 92-71

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO ALL PERSONNEL OFFICERS, PERSONNEL TRANSACTIONS SUPERVISORS AND PERSONNEL TRANSACTIONS STAFF

From: **Department of Personnel Administration**
Benefits Division

Subject: FlexElect Reimbursement Accounts - 1993 Plan Year
Required Substantiation for Incurred Expenses

The purpose of this memo is to provide advance information concerning a change in what will be considered acceptable substantiation for incurred costs when employees request reimbursement from their Medical and/or Dependent Care Reimbursement Accounts for the 1993 FlexElect Plan Year.

Effective January 1, 1993, for the 1993 FlexElect Plan Year, copies of checks will no longer be accepted as substantiation for incurred costs when submitting claims for a Medical Reimbursement Account and/or a Dependent Care Reimbursement Account. As a result of this change, only the following items will be considered acceptable substantiation for incurred costs:

- A receipt marked "paid", or
- a doctor's statement, or
- an itemized bill for services signed by the person providing the service.

This change is the result of a ruling received from our tax attorneys stating that copies of checks including cancelled checks, are not acceptable substantiation under the Internal Revenue Code 125 (IRC 125) which requires a written statement from an independent third party as substantiation for incurred costs.

Enclosed is a notification letter which is being sent to all current participants in the FlexElect Medical and/or Dependent Care Reimbursement Accounts. While this change does not go into effect until the 1993 Plan Year, the purpose of the letter is to advise current participants of this change before they make their 1993 FlexElect elections. This change will not impact claims for reimbursement against the 1992 accounts and participants may continue to submit copies of checks as evidence of costs incurred.

If you have any questions regarding this information, please contact Janice Yates, Statewide FlexElect Coordinator at (916) 324-0535 or ATSS 454-0535. Employees should be directed to contact Anthem Group Services directly at 1-800-950-3539 should they have questions on submission of claims or their account balances.

Patricia Pavone, Chief
Benefits and Training Division

Enclosure

STATE OF CALIFORNIA PETE WILSON, *Governor*

DEPARTMENT OF PERSONNEL ADMINISTRATION
1515 "S" STREET, NORTH BUILDING, SUITE 400
SACRAMENTO, CA 95814-7243

June 12, 1992

TO: ALL PARTICIPANTS IN THE 1992 FLEXELECT MEDICAL AND/OR DEPENDENT CARE REIMBURSEMENT ACCOUNTS

SUBJECT: Required Substantiation for Incurred Expenses - 1993 Plan Year

The purpose of this memo is to provide advance information concerning a change in what will be considered acceptable substantiation for incurred costs when submitting a request for reimbursement from your Medical and/or Dependent Care Reimbursement Accounts for the 1993 FlexElect Plan Year.

Effective January 1, 1993, for the 1993 FlexElect Plan Year, copies of checks will no longer be accepted as substantiation for incurred costs when submitting claims for reimbursement. This change is the result of a ruling received from our tax attorneys stating that copies of checks, including cancelled checks, are not acceptable substantiation under the Internal Revenue Code 125 which requires a written statement from an independent third party as substantiation for incurred costs.

As a result of this change, only the following items will be considered acceptable substantiation for all claims:

- A receipt marked "paid", or
- a doctor's statement, or
- an itemized bill for services signed by the person providing the service.

This information is being provided at this time so that if you are considering participating in the FlexElect Program for the 1993 Plan Year you will be aware of what you will be required to submit for substantiation in order to be reimbursed for incurred expenses.

This change does not impact obtaining reimbursement from your 1992 Medical and/or Dependent Care Accounts and you may continue to submit copies of checks as evidence of costs incurred. Questions regarding your reimbursement account(s) should be directed to Anthem Group Services at 1-800-950-3539.

Patricia Pavone, Chief
Benefits and Training Division