

Subject: All CPF E-Mail - BEST Bulletin #2003-1/FSA and #2003-2/LTC

Sent: Thursday, 15 May 2003

The purpose of this E-mail is to forward Benefits and Entitlements Service Team (BEST) Bulletins #2003-1 and #2003-2. The reason for issuing these bulletins is to provide important information regarding the Federal Employees Health Benefits Flexible Spending Account (FSA) and Long Term Care Insurance (LTC) Programs.

Flexible Spending Account (FSA) - The initial FSA open season will take place from 19 May through 20 Jun 03. Unfortunately, we've just learned that the Defense Finance and Accounting Service (DFAS) -- the payroll office for most Air Force-serviced civilians -- will not have the payroll system ready to handle the necessary allotment deductions until Sep 03. As a result, while Air Force employees may still enroll during the 19 May-20 Jun 03 open season, the plan year will be 1 Sep-31 Dec 03 instead of 1 Jul-31 Dec 03. Expenses incurred prior to 1 Sep 03 are not eligible for reimbursement. Benefits Bulletin 2003-1 is attached. To view OPM's trifold brochure, "Introducing the Flexible Spending Account Program for 2003," go to <http://www.opm.gov/insure/pretax/fsa/trifold/tri-fold.pdf>.

Long Term Care (LTC) - For those employees who enrolled in LTC, some will be receiving "adjustment" bills from Long Term Care (LTC) Partners in the next few weeks. The purpose of the bill is to collect LTC premiums that for various reasons were uncollectible via payroll deduction. This will not affect current or future premiums - they will continue to be paid via payroll deduction. Employees with questions should contact a LTC Partners' customer service representative at the phone numbers in the bulletin article.

We have distributed BEST Bulletins #2003-1 and #2003-2 to all subscribers of the BEST Newsletter, and placed the information on the BEST Homepage under "What's New" for May 03. If you have electronic capability, please forward this E-mail to all directorates/organizations at your base and ask that they forward it to all levels within their organization.

As always, thank you for your support.

Acting Chief, Special Operations Division
Air Force Personnel Center

Attachments:

1. Benefits Bulletin 2003-1
2. Benefits Bulletin 2003-2

Flexible Spending Account (FSA) Initial Open Season 19 May - 20 Jun 03

The initial Open Season for the Flexible Spending Account (FSA) Program is here!

What are FSAs and what can they do for you?

A pretax benefit for federal civilian employees, FSAs may be used to pay for certain health care expenses that are not reimbursed elsewhere, such as dental care, co-payments, deductibles, non-covered services, services with dollar or visit maximums, and laser corrective vision. Employees who elect to enroll in this program will contribute before-tax monies from their salary each pay period.

When will the Flexible Spending Account (FSA) Program start?

The FSA Program will start with an Open Season beginning 19 May and ending 20 Jun 03. For Department of Defense (DoD) employees (which includes Air Force employees), the initial plan year will be linked to when the DoD payroll system is ready. According to the Defense Finance and Accounting Service (DFAS), the DoD payroll system will be ready sometime in September. The specific date is not known at this time.

Will DoD employees have their own Open Season?

No. DoD employees who want to begin participating in FSA this year must make their elections during the 19 May through 20 Jun 03 Open Season.

Since the DoD payroll system won't be ready until sometime in Sep 03, will the initial Plan Year for DoD employees be 1 Oct - 31 Dec, or 1 Sep - 31 Dec, or will it be retroactive to 1 Jul, for covered expenses?

For DoD employees, the initial Plan Year will be 1 Sep - 31 Dec 03. Expenses incurred prior to 1 Sep 03 are not eligible for reimbursement.

How will employees enroll during this initial Open Season?

Enrollment will be conducted directly with SHPS (the administrator of the FSA program) via the FSAFEDS Web site at www.fsafeds.com or a toll-free telephone call to a SHPS customer service representative at 1-877-372-3337. Employees who use the web site to enroll will receive a little pop-up message that reminds them their election begins 1 Sep, not 1 Jul. Employees will need to know their payroll office number. For DoD employees, the payroll office number is currently included on leave and earning statements in the Remarks section.

What will the Plan Year be after 2003 and when will Open Season be held?

Beginning in 2004, the Plan Year will be from 1 Jan through 31 Dec of each year and the Open Season will coincide with the FEHB Open Season. In fact, the FEHB Open Season brochures for the 10 Nov - 8 Dec 03 open season will have 4 pages devoted to the FSA. Deductions for elections made during this "normal" open season will begin with the first pay date in Jan.

Is there more than one type of FSA?

Yes, there are two types:

Health Care FSA (HCFSA). Covers certain medical and dental expenses for the employee and eligible family members not reimbursed by any other source and not claimed on the employee's income tax return. The maximum an employee may contribute per plan year is \$3,000; this is not being prorated for 2003. The minimum contribution is \$250.

Dependent Care FSA (DCFSA). Covers eligible dependent care expenses enabling the employee (and spouse, if married) to work or seek work, or enabling the spouse to attend school full-time. There is a \$5,000 maximum per plan year (\$2,500 if participant is married and filing a separate income tax return). The minimum contribution is \$250.

Is participation automatic?

No. If you wish to participate, you must make a "positive" election, each and every year. Elections are irrevocable once the plan year has begun, unless you experience a qualifying "change in status" event.

Who is eligible to enroll in the FSA program?

Employees eligible to enroll in the Federal Employees Health Benefits (FEHB) program are eligible to participate in the FSA program. This includes temporary employees who become eligible for FEHB after completing on year of continuous service. All employees with qualified dependents may elect to enroll in the Dependent Care FSA except temporary employees with no fixed work schedule whose tour of duty is six months or less.

Can an enrolled employee change his/her election outside of open season?

Yes, if they have a qualifying status change/life event. Examples include change in legal marital status via marriage, divorce, legal separation, annulment; change in number of dependents via birth or adoption of a child, youngest child aging up; or change in employment status that affects eligibility for benefits. Enrollment changes must be of and consistent with the status change/life event. SHPS will make all qualifying status change/life event determinations for FSAs.

When will new hires and newly eligible employee be able to participate in FSAs?

New hires and newly eligible employees will be given a 60-day window to enroll in the FSA program.

Can an employee roll over money from one Plan Year to the next Plan Year?

If by the end of the Plan Year the money in an employee's account is not used, then the money will be forfeited. A statement about forfeiture of funds will be included on the Federal FSA web site. There is proposed legislation in Congress that would permit an annual rollover of \$500 for each established FSA account.

Is there a web site with information about the FSA program?

The web site for the Federal FSA program, www.fsafeds.com, is under construction but will be ready by 19 May. Not only will Federal employees be able to enroll in the FSA program via this web site, but they can obtain lots of information about the program as well. The web site will be a secure web site once the employee clicks on the registration form. Once the web site is fully

operational, the employee will be able to get claim forms, sign up for EFT reimbursement, check claim status, and account balance, along with a calculator to estimate the potential tax savings employees need to know before electing the FSA dollar amount. It will also have a general FAQs section.

May I obtain FSA program information or enroll by calling the Benefits and Entitlements Service Team (BEST)?

No. Employees must contact SHPS via the web site or toll-free phone number mentioned in this article to obtain information about the FSA program or to enroll. BEST will not be involved in the FSA program.

Adjustment Bill for Uncollected Long Term Care Insurance Premiums

The Office of Personnel Management has announced some employees enrolled in the Long Term Care (LTC) insurance program may receive an “adjustment bill” in the next few weeks for premiums which LTC Partners was unable to collect via payroll deduction. A missed premium can happen for various reasons, such as an employee entering into a nonpay status; a paycheck insufficient to cover the premium; or a timing issue with a particular pay period prevented the premium from being deducted through payroll deduction.

Employees will be billed directly for missed premiums. This will not affect current or future premiums -- they will continue to be paid via payroll deduction. The adjustment bills are for past due premiums and payroll cannot make adjustments to an employee’s payroll deduction for any uncollected FLTCIP premiums.

If you receive an adjustment bill and have questions, please call LTC Partners’ Customer Service Center at 1-800-LTC-FEDS (1-800-582-3337) or for hearing impaired TTY 1-800-843-3557, for assistance. LTC customer service representatives are available Monday – Friday from 8 a.m. to 8 p.m., and Saturday, 9 a.m. to 5 p.m. Eastern Standard Time.