

Flexible Reimbursement Accounts 2003

Enroll During November 1 – November 30

It's that time of year again. Time to take advantage of Medical and Dependent Care Flexible Reimbursement Accounts (FRAs). These Flexible Benefits give you great ways to set money aside



for certain medical and/or child care expenses and save on taxes. Read on to learn more about how these accounts work and how to enroll in them for 2003.

Five Great Reasons To Enroll In An FRA

- 1. Save money on taxes.** You may put aside before taxes are deducted as much as \$5,000 per year from your salary for a Medical Reimbursement Account (MRA) and/or \$5,000 per year for a Dependent Care Reimbursement Account (DCRA) (filing as single or filing as married with a joint return).
- 2. Get reimbursed.** The amount you set aside in your account can be used to reimburse yourself as you incur eligible expenses.
- 3. Budget planning.** An FRA helps you plan for expenses. You can request tax-free reimbursement for certain medical expenses not covered by your health plan, such as copayments for doctor's office visits and prescription drugs. You can also reimburse yourself for eligible dependent care expenses; for example, day care facility or baby-sitting fees for at-home care of qualified dependents.
- 4. You can start small.** Decide which accounts you need and begin with the minimum annual contribution of \$480 per year. That way, you can determine the personal benefits of an FRA and whether to increase the amount put aside next year. Before you enroll in an MRA, check with your doctor on whether you are a candidate for certain surgical procedures.
- 5. Easy and convenient.** It's easy to enroll (see pages 2-3) and also to file for reimbursement through Fringe Benefits Management Company. Simply mail or fax in your reimbursement form and receipts. FBMC can have the funds deposited directly into your bank account. Plus, there's no administrative fee for setting up an FRA.

Re-Enroll For 2003!

Remember that any existing Medical or Dependent Care accounts will end on Dec. 31, 2002.

Learn more about FRAs! See page 6.

What's Inside

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Enrolling In An FRA During November



If you want to set up an FRA for the first time or re-enroll in a Medical or Dependent Care FRA for 2003, choose from one of two ways:

- **Use EmployeeDirect on the Web** at <http://edirect.state.va.us>. Look for and select the Fall Open Enrollment for Flexible Reimbursement Accounts option. See pages 4-5 for more information on the EmployeeDirect do-it-yourself online service.

OR

- **Complete an FRA Election Form.** You may find the form on the Fringe Benefits Management Company (FBMC) Web site at <http://www.fbmc-benefits.com> or request one from your Benefits Administrator.

Remember, the enrollment period begins November 1 and ends November 30.

Facts About FRAs

- **Plan Year.** Medical Expense and Dependent Care FRAs are set up on a yearly basis from January 1 through December 31.
- **Use It Or Lose It.** You must use all of the money in your account by the end of the calendar year, so plan wisely!
- **How Much You Can Put Aside.** You may put aside the following amount each year:
 - Medical Expense \$480 to \$5,000
 - Dependent Care \$480 to \$5,000
(see the FRA Election Form for special rules)
- **No Transfer.** You may not transfer money between the two accounts.
- **Getting Reimbursed.** Reimbursement checks are issued within 5 working days from the time a complete reimbursement request is received.
- **File For Reimbursement By March 31.** If you are in an FRA for 2002, you have until March 31, 2003 to file for reimbursement. Fax or send Reimbursement Request Forms to:

Fax to: (850) 425-4608

Contract Administrator
Fringe Benefits Management Company
P.O. Box 1800
Tallahassee, FL 32302-1800

Receive Tax Savings With An FRA

Here's how you save on taxes when you enroll in a Medical or Dependent Care Flexible Reimbursement Account (FRA). The example below is for a Medical FRA and is based on a 22.65% tax rate (15% Federal and 7.65% Social Security taxes). The money you set aside in your Medical and Dependent Care FRA for expenses is deducted before taxes, so the income used is ALWAYS TAX-FREE.

If You Don't Have A Medical FRA...		If You Have A Medical FRA...	
Monthly medical expense budget	\$75.00	Monthly medical expense budget	\$75.00
Taxes taken from your paycheck	<u>-\$16.99</u>	No taxes on your FRA deposits!	<u>-\$0.00</u>
Amount left every month for medical expenses	\$58.01	Amount left every month for medical expenses	\$75.00

For details, see your *Flexible Benefits Sourcebook*, or visit the *Flexible Benefits* link on the DHRM Web site at <http://www.dhrm.state.va.us/services/health/flexacct1.htm>.

Once You Enroll...

- A confirmation will be mailed to your home address from FBMC prior to the beginning of the new plan year. Check it to be sure the election information is accurate.
- The payroll deduction for your Flexible Reimbursement Account(s) will be reflected beginning with your Jan. 16, 2003 paycheck. Check your pay stub to verify that the amount deducted for your FRA(s) is accurate.
- Visit the FBMC Web site at www.fbmc-benefits.com once the plan year begins. You will be able to check on the status of your account(s) and claim submissions during the year.
- You may not change the amount of your FRA election until the next FRA Annual Enrollment unless you experience an applicable qualifying mid-year event (life



event). See Enrolling and Making Changes on the DHRM Web site at www.dhrm.state.va.us/hbenefit.htm or consult your *Flexible Benefits Sourcebook*.

- Availability of funds – *Medical Reimbursement Account:* You may be reimbursed for medical expenses as they occur. The only exception is extended medical treatments, such as orthodontics. In those cases, you will be reimbursed only after monthly services are rendered.

Dependent Care Reimbursement Account: Your payroll contribution must be received and posted before you can be reimbursed.

See the *Flexible Benefits Sourcebook* for additional information.

EMPLOYEE DIRECT

EmployeeDirect – Check It Out!

Q. What is EmployeeDirect?

A. EmployeeDirect is a do-it-yourself online service that represents one more step toward making the Commonwealth's goal of electronic government (E-Government) a reality. Using this online health benefits enrollment system, state employees and retirees can make changes to their health benefits and personal information without using a paper form.

Q. Why was EmployeeDirect developed?

A. Using advanced technology, EmployeeDirect automates a previously manual process and reduces overall program costs. It also promotes employee responsibility for individual health benefits.

Q. Who can use EmployeeDirect?

A. EmployeeDirect is available 24 hours a day to the nearly 120,000 employees and retirees of the Commonwealth of Virginia from any computer with Internet access.

Q. How does EmployeeDirect benefit the Commonwealth?

A. Having employees key in information themselves saves time and improves accuracy. EmployeeDirect also helps state agencies save time and money while preserving the integrity of personal health benefits information. During the one-month spring open enrollment period,



the Commonwealth saved approximately \$45,000 in areas such as administrative and mailing costs.

Q. How successful is EmployeeDirect so far?

A. Our goal is to have 80% of state employees using EmployeeDirect by 2004. Introduced this spring for health benefits open enrollment, several thousand state employees and early retirees have already taken advantage of this new technology to change their health plans, membership category or to update personal information such as name and mailing address.

Navigating EmployeeDirect

Visit EmployeeDirect on the Web in one of two ways. Either go:

- Directly to <http://edirect.state.va.us>, or to
- The DHRM Web page at www.dhrm.state.va.us, click on Health Benefits and then the EmployeeDirect tab.

The Site Menu is your key to using EmployeeDirect. Here are several of the links and what they represent.

Login: Enter your personal identification number and passcode.

Don't Know Passcode: If you do not yet have a passcode, or have forgotten it, use this link to submit your request. (See the article on page 5 for additional information about passcodes).

E-Mail EmployeeDirect: Send your technical questions and concerns. They will be addressed within 24 hours.

About Security: Details on what browser you are using and how to upgrade if necessary.

Change PCP: Directs you to the state health plans and gives instructions on how to change your primary care physician (PCP).

Contact BA: Communicate directly with your agency's Benefits Administrator.

Hot Links: Guides you to health benefits communications, eligibility information, forms and health plan options.

Health Benefits Page, DHRM Home Page, Payline & VRS: Directs you to health benefits, compensation and retirement information.

The Quick And Easy Way To Manage Your Health Benefits – On The Web!

<http://edirect.state.va.us>

Step 1: Welcome. Have your personal identification number, your passcode, and your preferred e-mail address handy when you login.

Step 2: Review Health Benefits Profile. Verify the health benefits information about you and covered family members. To make changes, click on the link at the bottom of the page.

Step 3: Choose a reason. Click on the reason you are changing your health benefits. The help buttons refer you to enrollment and eligibility information.

Step 4: Make your changes carefully. When you are finished, submit your request at the bottom of the page.

Step 5: Confirmation. Review the Health Benefits Profile describing your changes and logout.

Note: Those without Web access may use an FRA election form available from their Benefits Administrator.

How Do I Know My Changes Have Been Made?

EmployeeDirect will confirm your changes in one of two ways. Either it approves your request right away with a link to your updated Health Benefits Profile, or it tells you and your Benefits Administrator that your request needs additional review. Before updating your Health Benefits Profile, your Benefits Administrator could ask you for supporting documents.

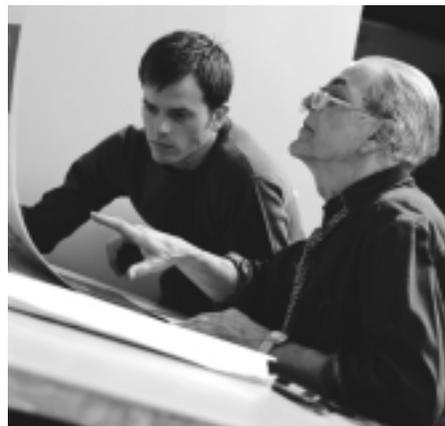
Don't Have an EmployeeDirect Passcode?

Visit EmployeeDirect and request it! Your passcode is sent directly by e-mail within an hour. Should EmployeeDirect not find your e-mail address, you will be asked to contact your Benefits Administrator or Human Resource Office for assistance. Be sure to keep your EmployeeDirect passcode confidential. It serves as your electronic signature in place of your written signature.

Users Rank EmployeeDirect

Introduced with little fanfare this spring for Open Enrollment changes, EmployeeDirect captured the attention of initial users. In an online survey, EmployeeDirect received an overall approval rating of nearly 93 percent.

Typical comments praising the system included "Very convenient. Thanks!" and "This is a great time saving feature. Really beats the old paper forms." One user was even overwhelmed: "This site is awesome!"



Read more about EmployeeDirect on the DHRM Web site! Go to IT News at <http://web1.dhrm.state.va.us/itech/>.

Flexible Reimbursement Accounts: A Snapshot

Type Of Account	Pre-Tax Reimbursement	Minimum And Maximum Account Contribution	Some Eligible Expenses*	Some Ineligible Expenses*
Medical Reimbursement Account	<ul style="list-style-type: none"> • Pays for out-of-pocket medical, dental and vision care expenses not covered by your health benefits plan 	<ul style="list-style-type: none"> • \$480 annual minimum • \$5,000 annual maximum 	<ul style="list-style-type: none"> • Doctor's office copayments • Diagnostic tests • Prescription drug copayments • Corrective contact lenses or eyeglasses • Dental fees • CommonHealth – fees for health and bone density screenings, flu shots 	<ul style="list-style-type: none"> • Insurance premiums • Vision warranties and service contracts • Over-the-counter drugs and medical supplies (even if prescribed) • Health or fitness club membership fees • Cosmetic surgery not deemed medically necessary
Dependent Care Reimbursement Account	<ul style="list-style-type: none"> • Pays for eligible expenses incurred for the care of your child (under 13 years old), disabled spouse, elderly parent or other dependent who is incapable of self-care and resides 8 hours per day in your household 	<ul style="list-style-type: none"> • \$480 annual minimum • \$5,000 annual maximum if filing as single, or married filing a joint federal tax return • \$2,500 annual maximum if married and filing separate tax returns 	<ul style="list-style-type: none"> • Day care facility and local day camp fees for qualified dependents • Baby-sitting fees for at-home care of qualified dependents while you and your spouse are working (care cannot be provided by you, your spouse, or other dependent) 	<ul style="list-style-type: none"> • Child support payments or child care if you are a non-custodial parent • Payments for dependent care services provided by your dependent, your spouse's dependent, or your child who is under age 19 • Health care costs or educational tuition • Inpatient nursing home fees • Diaper service

* This list is not all-inclusive. See the *Flexible Benefits Plan Sourcebook* for the complete list or visit Flexible Benefits on the DHRM Web site at <http://www.dhrm.state.va.us/hbenefit.htm> under the "Active Employees" tab.

Who To Contact For FRA Assistance

Fringe Benefits Management Company

Interactive Benefits Information Line:

- 1-800-865-FBMC (3262)

Customer Service (Monday – Friday, 7 a.m. to 10 p.m. EST)

- 1-800-342-8017
- 1-800-955-8771 (TDD)

Fax-In Reimbursement Requests

- 1-850-425-4608

Online Information

- www.fbmc-benefits.com

E-mail Address

- webcustomerservice@fbmc-benefits.com

Request A New Flexible Benefits Plan Sourcebook

Contact your agency Benefits Administrator or access online from the DHRM Web site at www.dhrm.state.va.us/hbenefit.htm.

The new Sourcebook features details about the FRA accounts, comprehensive lists of what is and is not eligible for reimbursement, helpful worksheets, and more.

FRA Worksheets

Deciding How Much To Deposit

To figure out how much to deposit in your FRA, refer to the following worksheets. Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket healthcare and/or dependent care expenses. **Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you or carried forward to the next plan year.**

TAX-FREE MEDICAL EXPENSE WORKSHEET

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year, which is January 1 through December 31.

YOUR ELIGIBLE UNINSURED MEDICAL, DENTAL AND VISION EXPENSES

	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____

SUBTOTAL = \$ _____

Estimated uninsured expenses during the plan year.

ANNUAL CONTRIBUTION \$ _____

This is the amount you will enter during your phone or Web enrollment, or when completing your paper election form. Amount cannot exceed \$5,000.

DIVIDE ÷ _____

by the number of paychecks you receive during the plan year.*

This is your pay period contribution = \$ _____

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year, based on your effective date.

TAX-FREE DEPENDENT CARE WORKSHEET

Estimate your eligible dependent care expenses for the plan year, which is January 1 through December 31.

NUMBER OF WEEKS _____

you will have eligible dependent care expenses from January 1 through December 31. *Remember to subtract holidays, vacations, and other times you may not be paying for eligible child, adult or elder care.*

MULTIPLY x _____

by the amount of money you expect to spend each week. \$ _____

SUBTOTAL = \$ _____

Remember, your total contribution cannot exceed IRS limits for the plan year and the calendar year.

ANNUAL CONTRIBUTION = \$ _____

This is the amount you will enter during your phone or Web enrollment, or when completing your paper election form.

DIVIDE ÷ \$ _____

by the number of paychecks you will receive during the plan year.*

This is your pay period contribution = \$ _____

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year, based on your effective date.

Be sure the expenses for which you are setting money aside are covered under the FRA! See the new *Flexible Benefits Plan Sourcebook* for a list of covered expenses.



Coming From CommonHealth

Program	Begins
Breaking Free From Tobacco FREE smoking cessation program, call 1-800-394-6380	October 2002
Fitness center discounts	Fall 2002
Weight management	Spring 2003

For additional information, visit the CommonHealth Web site at www.chp-online.com/commonhealth.

Employee Assistance Can Help When Changes Happen

In today's complex world, change is expected—what we often need is help dealing with it. Employee Assistance Program (EAP) counselors are available to assist you, your dependents, and household members in sorting out the change that's occurring and in developing a plan of what to do next. They can help you with problems related to career planning, mental health, grief, financial issues and a host of other areas.

EAP services are easy to use, cost-free (for up to four visits) and confidential. Magellan Behavioral Health and Employee Assistance of Central Virginia provide EAP Services for the Commonwealth. Each health plan has a toll-free number for members to call for assistance.

- **Key Advantage and Cost Alliance** 1-800-775-5138
- **Aetna or Kaiser** 1-877-347-0140
- **Piedmont Community HealthCare** 1-800-400-7247



When You Need An Ambulance And It's Not An Emergency

It's common knowledge to call 911 or another special number to request an ambulance in the event of a life-threatening emergency. However, sometimes an ambulance is necessary in non-emergency situations, such as transporting a patient from a hospital to another type of facility, or from the hospital to a residence after a hospital stay.



Some Virginia localities are now charging fees for this kind of non-emergency service. All health plans under the

State Health Benefits Program offer non-emergency ambulance coverage. The chart below summarizes the conditions for reimbursement under each plan. For details, consult your plan's Member Handbook, contact the plan's Member Services department or visit the individual plan's Web site.

Key Advantage and Cost Alliance

Trigon Member Services
 (804) 355-8506 in Richmond or
 1-800-552-2682 outside Richmond
 Web: <http://state.trigon.com>

Aetna HMO and POS

1-800-323-9930
 Web: www.aetna.com/custom/cwva

Kaiser Permanente HMO

(301) 468-6000 in Washington, D.C. area
 1-800-777-7902 outside Washington, D.C.
 Web: www.kp.org/ehealth/mida/commonwealthofvirginia

Piedmont Community HMO/POS

1-888-674-3368
 Web: www.pchp.net

Non-Emergency Ambulance Coverage

All plans require that non-emergency ambulance services be medically necessary and approved in advance.

Key Advantage	Cost Alliance	Aetna	Kaiser	Piedmont
<ul style="list-style-type: none"> Subject to approval, after patient pays \$100 calendar year deductible, plan pays 80% of the allowable charge* 	<ul style="list-style-type: none"> Subject to approval, the plan pays 100% of the allowable charge; no copayment is applied* 	<ul style="list-style-type: none"> Plan pays 100% of the allowable charge – referral required 	<ul style="list-style-type: none"> Plan pays 100% of the allowable charge 	<ul style="list-style-type: none"> Subject to approval, the plan pays 80% of the allowable charge

*Note: Balance billing by a non-network provider is likely.

Spring Open Enrollment Results

Close to 11,700 health benefits Open Enrollment changes were made during April and May. See the charts at right to compare enrollment and membership in July 2002 and 2001.

EmployeeDirect Streamlines Enrollment And Changes Process

Making changes online through EmployeeDirect proved to be very popular with state agencies. About 74% of agencies with eligible employees used EmployeeDirect during the Open Enrollment period. At nine agencies, 100% of Open Enrollment transactions occurred through EmployeeDirect and an additional 14 agencies used EmployeeDirect for more than 50% of transactions.

Employee Health Plan Enrollment (includes employees and non-Medicare eligible retirees)

	July 2002	July 2001
Key Advantage	39,100	44,850
Key Advantage With Expanded Benefits	33,613	30,566
Cost Alliance	3,642	3,377
Cost Alliance With Dental	13,058	8,693
Aetna HMO	1,238	196
Aetna POS	157	31
Kaiser Permanente HMO	1,819	1,792
Piedmont Community HMO-POS	144	101
*CIGNA HMO	N/A	2,873
*Optimum Choice High Option POS	N/A	133
*Optimum Choice Standard Option POS	N/A	34
*Optimum Choice Standard Option HMO	N/A	23
<i>* No longer offered as of July 1, 2002</i>		

Enrollment By Membership Category (for all health plans)

	July 2002	July 2001
Single	43,647	44,222
Employee Plus One	21,697	21,310
Family	27,427	27,137

Health Plans Update

Trigon Is Now Anthem

This summer Trigon Blue Cross Blue Shield became part of Anthem Blue Cross and Blue Shield. This fall Trigon's name will be publicly changed to Anthem. On December 2, 2002 the Trigon Web site address will change to **www.anthem.com**. Don't worry if you forget the Web address. If you go to **http://state.trigon.com**, you'll be able to link to the new site from there.

Your plan ID card and any other materials that say Trigon are still valid. The transition to the Anthem name will be a gradual one.

Refill Your Key Advantage And Cost Alliance Home Delivery Pharmacy Prescriptions Online

Simply go to **www.medcohealth.com** to refill your Home Delivery Pharmacy Service medicines online! Or you may visit the Trigon Web site and click on the Medco Health link under Prescription Drug Resources on the home page.

Emergency Services Under Key Advantage And Cost Alliance

The term "emergency services" has been clarified under the Key Advantage and Cost Alliance plans as care in response



to the sudden onset of a medical condition that manifests itself by symptoms of sufficient severity. This includes severe pain that, without immediate medical attention could reasonably be expected, by a prudent lay person who possesses an average knowledge of health and medicine, to result in:

- Serious jeopardy to the mental or physical health of the individual;
- Danger of serious impairment of the individual's body functions;
- Serious dysfunction of any of the individual's bodily organs; or
- In the case of a pregnant woman, serious jeopardy to the health of the fetus.

Trigon Extends Member Services Hours

Good news! Trigon has extended Member Services hours:

- 8:00 a.m. to 6:00 p.m. Monday through Friday
- 9:00 a.m. to 1:00 p.m. on Saturday

Reminder For All Employees

Remember To Update Your Address!

Help the Commonwealth reduce postage costs. Be sure your agency has your e-mail address and correct mailing address. The easiest way to be sure that you receive the information you need is to visit EmployeeDirect at **http://edirect.state.va.us** and make changes to your personal information. See page 5.

Selecting Or Changing Your PCP

If you are changing plans or enrolling for the first time, you must choose a primary care physician (PCP). Contact the plan directly to choose a PCP, even if you will be using the same PCP from your previous plan. Failure to select a PCP will result in reduced coverage or no coverage for some plans except in life-threatening emergency.

- Choose a PCP from the plan's network directory, located on the plan's Web site or available from your agency's Benefits Administrator. You may also contact the plan's Member Service department to inquire if a particular physician is in the plan's provider network.
- Complete the appropriate PCP selection form and fax or mail it to the plan. Some plans will also allow you to register your PCP by telephone.

Find It On Our Web Site!

Link up with the health benefits information you need on the Web at www.dhrm.state.va.us/hbenefit.htm.

- *Link to EmployeeDirect and...*
 - Review your Benefits Profile
 - Update your address or other personal information
 - Make Open Enrollment changes
- *Visit the Flexible Benefits link for...*
 - Flexible Benefits Member Handbooks and Sourcebooks
 - FRA Election Forms
 - FRA Reimbursement Forms
 - Information and assistance
- *Look up Frequently Asked Questions on...*
 - Key Advantage and Cost Alliance
 - Eligibility Rules
- *Link to the Active Employee page...*
 - Find Statewide Plan and Regional Plan information and forms
 - Download Member Handbooks, Enrollment/Waiver forms, and Monthly Premiums



Virginia Department of
**HUMAN RESOURCE
MANAGEMENT**