

Sourcebook

Your Flexible Reimbursement Accounts

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Register for an online account now!

If you have a current FRA and haven't registered on the new online portal yet, please do so today — to register, just visit www.wageworks.com and click "Register with WageWorks now!" You'll need to verify your employee status, confirm your contact information and create a user name and password.

Questions? Ask us.

If you have any questions or concerns, you can talk to a trained expert to learn more about the program. Just call 877-WageWorks (877-924-3967) Monday through Friday, from 8 a.m. to 8 p.m. ET.

File a claim

You can file a claim online to request reimbursement for your eligible expenses. **To submit a paper claim by fax or mail, log into your account at www.wageworks.com, download a Pay Me Back claim form and follow the instructions for submission.**

www.wageworks.com

Start Saving. Here's How.

A Flexible Reimbursement Account (FRA) (also referred to as a Flexible Spending Account (FSA)) is an account you set up to pre-fund your anticipated, eligible medical services, medical supplies and dependent care expenses that are normally not covered by your insurance. You can choose from two accounts: **Medical Flexible Reimbursement Account** (also referred to as a Health Care FSA) and **Dependent Care Flexible Reimbursement Account** (also referred to as a Dependent Care FSA).

Not only are your Medical FRA funds available to you in one lump sum at the beginning of your plan year, but your funds are deducted before federal and state taxes are calculated on your paycheck. Dependent Care FRA funds are only available as they are deducted from your paycheck.

With either account, you benefit from having less *taxable* income in each of your paychecks, which means more *spendable* income to use toward your eligible medical and dependent care expenses.

Before you sign up, review this Sourcebook to understand how you and your family can save. Once you decide how much to contribute to your Medical FRA and/or Dependent Care FRA, the amount is deducted in small, equal amounts from your paychecks during the plan year.

Important Dates to Remember

Your Plan Year is: **July 1, 2012 through June 30, 2013**

Last date to file for Reimbursement: **September 30, 2013**

Welcome to WageWorks

Starting July 1, 2012 the administration of the Commonwealth of Virginia's Flexible Reimbursement Accounts (FRAs) will move from the Fringe Benefits Management Company, a Division of WageWorks, platform to a new system supported by WageWorks, Inc. ("WageWorks"). The Commonwealth of Virginia is pleased to continue working with the same FRA administrator, and to bring enhanced capabilities to our employees.

The Benefits of the WageWorks Platform

Using your FRA will continue to be quick and convenient while offering key enhancements with WageWorks.

- ▶ **Website** – The WageWorks website is a world class site with many features that are leading edge. Once enrolled in the FRA plan you will be encouraged to set up direct deposit reimbursements and provide an email to receive up-to-date account and claims status information and access on-demand account activity statements. The site has the ability to upload claims, and you can use the mobile application to file a claim from your Smartphone.
- ▶ **Customer Service** – The WageWorks customer service team is available from 8 am to 8 p.m. Eastern Time to answer your questions. Just call the toll-free number 1-877-924-3967. Helpful tips, guides, video tutorials and FAQs are available online at www.wageworks.com.

Flexible Reimbursement Accounts

Managing Your Account

You can manage and check your account through WageWorks online or over the phone. The online "Statement of Activity" page details all your account activity and will even alert you if any Card transactions are in need of verification.

For the latest information, visit www.wageworks.com and log into your account 24/7. In addition to reviewing your most recent account activity, you can:

- ▶ Update your account preferences. View your transaction and account history for current and past plan years.
- ▶ Check the complete list of eligible expenses for your program.
- ▶ Order additional WageWorks Health Care Cards for your family.
- ▶ Manage your account while on the go via the WageWorks mobile website.
- ▶ Download the EZ Receipts™ app so that you are able to file claims and take care of Card use paperwork from your smartphone.

FRA Eligibility

All employees who are eligible to participate in the State Health Benefits Program are eligible to participate in Medical and Dependent Care FRAs. Changes to your employment status could affect your eligibility. For more information, contact your agency Benefits Administrator.

New Hires

The initial election period is within 30 days of your date of eligible employment. If enrolled, coverage will be effective the first of the month coinciding with or following the date of employment.

Medical FRAs

Your Medical FRA may be used to reimburse eligible expenses incurred by:

- ▶ yourself
- ▶ your spouse
- ▶ your qualifying child or
- ▶ your qualifying relative.

An individual is a **qualifying adult child** if they do not attain age 27 during your taxable year and they have the following relationship to you:

- ▶ son/daughter or stepson/daughter
- ▶ eligible foster child
- ▶ legally adopted child or legally placed with taxpayer for adoption

An individual is a **qualifying child** if they are not someone else's qualifying child and:

- ▶ are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- ▶ have a specified family-type relationship to you

An individual is a **qualifying relative** if they are a U.S. citizen, national or a resident of the U.S., Mexico or Canada and:

- ▶ have a specified family-type relationship to you, are not someone else's qualifying child and receive more than one-half of their support from you during the taxable year or
- ▶ if no specified family-type relationship to you exists, are a member of and live in your household (without violating local law) for the entire taxable year and receive more than one-half of their support from you during the taxable year.

Note: There is no age requirement for a qualifying child if they are physically and/or mentally incapable of self-care. An eligible child of divorced parents is treated as a dependent of both, so either or both parents can establish a Medical FRA.

Dependent Care FRAs

You may use your Dependent Care FRA to receive reimbursement for eligible dependent care expenses for qualifying individuals. A qualifying individual includes a **qualifying child**, if they:

- ▶ are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- ▶ have a specified family-type relationship to you
- ▶ live in your household for more than half of the taxable year

- ▶ are under the age of 13 years old
- ▶ have not provided more than one-half of their own support during the taxable year.

A qualifying individual includes your **spouse**, if they:

- ▶ are physically and/or mentally incapable of self-care
- ▶ live in your household for more than half of the taxable year and
- ▶ spend at least eight hours per day in your home.

A qualifying individual includes your **qualifying relative**, if they:

- ▶ are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- ▶ are physically and/or mentally incapable of self-care
- ▶ are not someone else's qualifying child
- ▶ live in your household for more than half of the taxable year
- ▶ spend at least eight hours per day in your home and
- ▶ receive more than one-half of their support from you during the taxable year.

Note: Only the custodial parent of divorced or legally-separated parents can be reimbursed using the Dependent Care FRA.

Flexible Reimbursement Accounts

FRA Funds

Fund Availability

All of your Medical FRA funds are available to you at the beginning of your plan year. The amount you elected will be deducted from your paycheck in small amounts during the plan year to fund your account. Dependent Care FRA funds are only available after they are deducted from your paycheck and posted to your account.

Administration Fee

There is a monthly administration fee to participate in the Flexible Reimbursement Accounts. The fee of \$3.67 will be deducted from your salary on a pre-tax basis. (Note: if you are not paid on a semi-monthly basis, please see your Benefits Administrator for the applicable administration fees).

“Use It or Lose It”

Be conservative when estimating your medical and/or dependent care expenses for the plan year. IRS regulations state that any unused funds which remain in an FRA after your plan year and run-out period ends, and all reimbursable requests have been submitted and processed, cannot be returned to you nor carried forward to the next plan year.

Budget conservatively. Any unused funds will be forfeited at the end of the plan year.

Run-out

You have a **90-day run-out period** (ending September 30) after your plan year ends to submit reimbursement requests for all eligible FRA expenses incurred DURING your period of coverage for the plan year.

Guidelines

- ▶ No reimbursement or refund of FRA funds is available for services that do not occur within your plan year.
- ▶ Reimbursed expenses cannot be deducted for income tax purposes or used to pay medical or other insurance premiums.
- ▶ You may not receive insurance benefits or any other compensation for expenses which are reimbursed through your FRAs.
- ▶ Funds cannot be transferred between FRAs.
- ▶ You cannot pay a dependent care expense from your Medical FRA or vice-versa.

Annual Contribution Limits

For Medical FRA:

Minimum Annual Deposit: \$10 per pay period
Maximum Annual Deposit: \$5,000 per plan year

For Dependent Care FRA:

Minimum Annual Deposit: \$10 per pay period
Maximum Annual Deposit: \$5,000 per plan year

Your maximum amount for the Dependent Care FRA is determined by the IRS and is based on a calendar year (January through December) for tax purposes and depends on your tax filing status.

- ▶ If you are married and filing separately, your maximum annual deposit is \$2,500.
- ▶ If you are single and head of household, your maximum annual deposit is \$5,000.
- ▶ If you are married and filing jointly, your maximum annual deposit is \$5,000.
- ▶ If either you or your spouse earn less than \$5,000 a year, your maximum annual deposit is equal to the lower of the two incomes.
- ▶ If your spouse is a full-time student or incapable of self-care, your maximum annual deposit is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

If you enroll in a Dependent Care FRA, carefully evaluate your election to ensure you remain within the IRS limits.

Written Certification

When enrolling in either or both FRAs, written notice of agreement with the following will be required:

- ▶ I will only use my FRA to pay for IRS-qualified expenses and only for my IRS-eligible dependents
- ▶ I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s) before seeking reimbursement from my FRA
- ▶ I will not seek reimbursement through any additional source, and
- ▶ I will collect and maintain sufficient documentation to validate the foregoing.

Flexible Reimbursement Accounts

Medical FRA

A Medical FRA is used to pay for eligible medical expenses which aren't covered by your insurance or other plan. These expenses can be incurred by you, your spouse, a qualifying child or relative. Your full annual contribution amount is available at the beginning of the plan year, so you don't have to wait for the money to accumulate.

Dependent Care FRA

The Dependent Care FRA is a great way to pay for eligible dependent care expenses such as after school care, baby-sitting fees, elder care services, nursery and preschool. Eligible dependents include your qualifying child, spouse and/or relative.

You can request reimbursement from your Dependent Care FRA as often as you like. However, your approved expense will not be reimbursed until the last date of service for which you are requesting reimbursement has passed. Also, remember that for timely processing of your reimbursement, your payroll contributions must be current.

Typical FRA-Eligible Expenses

Use your FRA to save on hundreds of products and services for you and your family. Eligible expenses are defined by the IRS and your employer. For details and more eligible expenses, visit: www.wageworks.com.

Eligible medical expenses

Typically, your Medical FRA covers:

Acupuncture
Ambulance service
Birth control pills and devices
Breast pumps
Chiropractic care
Contact lenses (corrective)
Dental fees
Diagnostic tests/health screening
Doctor fees
Drug addiction/alcoholism treatment
Drugs
Experimental medical treatment

Eyeglasses
Guide dogs
Hearing aids and exams
In vitro fertilization
Injections and vaccinations
Nursing services
Optometrist fees
Orthodontic treatment
Over-the-counter items (some require prescription)
Prescription drugs to alleviate nicotine withdrawal symptoms
Smoking cessation programs/treatments
Surgery
Transportation for medical care

Weight-loss programs/meetings
Wheelchairs
X-rays

Eligible dependent care expenses

Your Dependent Care FRA typically covers expenses that allow you to work such as:

After school care
Baby-sitting fees
Day care services
In-home care/au pair services
Nursery and preschool
Summer day camps

FRA Savings Example*

	(With FRA)	(Without FRA)
Annual Gross Income	\$31,000.00	\$31,000.00
FRA Deposit for Eligible Expenses	-2,500.00	-0.00
Taxable Gross Income	\$28,500.00	\$31,000.00
Federal, Social Security Taxes	-5,885.25	-6,401.50
Annual Net Income	\$22,614.75	\$24,598.50
Cost of Eligible Expenses	-0.00	-2,500.00
Spendable Income	\$22,614.75	\$22,098.50

By using an FRA to pay for anticipated recurring expenses, you convert the money you save in taxes to additional spendable income. That's a potential annual savings of **\$516.25!**

Typical Ineligible Expenses

For Medical FRA:

- ▶ insurance premiums
- ▶ vision warranties and service contracts
- ▶ cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition and
- ▶ over-the-counter items requiring a prescription.

For Dependent Care FRA:

- ▶ books and supplies
- ▶ child support payments or child care if you are a non-custodial parent
- ▶ health care or educational tuition costs and
- ▶ services provided by your dependent, your spouse's dependent or your child who is under age 19.

Notes:

* Based upon a 20.65% tax rate (15% federal and 5.65% Social Security) calculated on a calendar year.

Flexible Reimbursement Accounts

Using Your FRA Dollars

When you pay for an eligible health care or dependent care expense, you want to put your account to work right away. WageWorks gives you several convenient reimbursement options.

Filing a claim

You can file a claim online to request reimbursement for your eligible expenses. **To submit a paper claim by fax or mail, log into your account at www.wageworks.com, download a Pay Me Back claim form and follow the instructions for submission. You may also contact Customer Service at 1-877-WageWorks (1-877-924-3967) to obtain a claim form.**

- ▶ Go to www.wageworks.com, log into your account and click the Health Care or Dependent Care tab.
- ▶ Select the online claim form.
- ▶ Fill in all the information requested on the form and submit.
- ▶ Scan or take a photo of your receipts, EOBs and other supporting documentation.
- ▶ Attach supporting documentation to your claim by using the upload utility.
- ▶ Make sure your documentation includes the five following pieces of information required by the IRS:
 - ✓ Date of service or purchase
 - ✓ Detailed description
 - ✓ Provider or merchant name
 - ✓ Patient name
 - ✓ Patient portion (or amount owed)

Most claims are processed within one to two business days after they are received, and payments are sent shortly thereafter. For assistance, visit www.wageworks.com/techtips.

Using your WageWorks Health Care Card

Use your WageWorks Health Care Card (Card) instead of cash or credit at health care providers and pharmacies for eligible services, goods and prescriptions. You can also use the Card at general merchants and drug stores that have an industry standard (IIAS) checkout system that can automatically verify if the item is eligible for purchase with your account.

- ▶ Pay for services or purchases on the same day you receive them. If your health plan covers a portion of the cost, make sure you know what amount you need to pay before using the Card.
- ▶ Present your health plan member ID card first so the health care provider can identify your co-pay or coinsurance amount and ensure claims are submitted properly for the service.
- ▶ When you swipe your Card at the checkout, choose “credit” (even though it isn’t a credit card).
- ▶ Save your receipts or digital copies. You will need them for tax purposes. Plus, even when your Card is approved, a detailed receipt may still be requested.

- ▶ If you’ve lost or can’t produce a receipt for an expense, your options may range from submitting a substitute receipt to paying back the plan for the amount of the transaction.
- ▶ If you use your Card at an eye doctor’s or dentist’s office, you will most likely be asked to submit an Explanation of Benefits (EOB) or other documentation for verification. Failure to do so will result in your Card being suspended.
- ▶ If you lose your Card, please call WageWorks immediately and order a new one. You will be responsible for any charges until you report the lost Card.

Using your Smartphone

With the EZ Receipts™ mobile application from WageWorks, you can file and manage your reimbursement claims and Card usage paperwork on the spot, with your smartphone, from anywhere. Go to www.wageworks.com/aboutmobile to learn more.

Examples of how to use your FRA

Medical FRA Example:

Paying an office visit

After paying for your care at a service provider’s office, obtain an Explanation of Benefits (EOB) or detailed receipt of the completed services. Submit these documents, along with a claim form to WageWorks. Within five business days, WageWorks will process your request and mail your reimbursement check to you or direct deposit your funds into the account of your choice. Or, you may have the ability to use your WageWorks Health Care Card, and have instant access to your medical reimbursement funds (see Page 7 for more information on the WageWorks Health Care Card).

Dependent Care FRA Example:

Paying for dependent care services

Once you have paid for (and received) dependent care service, send a completed claim form to WageWorks, along with documentation showing the following:

- ▶ **Provider Name** – Facility name or person who provided the service.
- ▶ **Dates of Service** – Start and end dates for services provided.
- ▶ **Service Description** – Detailed description for services provided.
- ▶ **Amount** – The amount incurred for the services.
- ▶ **Dependent Name** – Person who received the service.

Your request will be processed within five business days and either mailed to you or deposited into the account you have chosen.

Appeals

To Appeal a Denied Dependent Care FRA Claim

If you feel your claim was denied in error, you have the right to file an appeal by writing a letter that explains why you believe the claim should be approved.

Your appeal may be submitted in writing and mailed to:

WageWorks Claims Appeal Board
P.O. Box 991
Mequon, WI 53092-0991

Otherwise, your appeal may be submitted in writing and faxed to:

Fax Number: 1-877-220-3248

- ▶ Your appeal must be received within 180 days of the date you receive notice that your claim was denied.
- ▶ You will be notified of the decision regarding your appeal in writing by WageWorks within 30 days of receipt of your written appeal.

The appeal decision on review is the Third Party Administrator's (WageWorks) final decision. If you choose to appeal this claim again, your employer has the final coverage decision.

- ▶ You can request copies of all documents and information related to your denied claim. These will be provided at no charge.

To Appeal a Denied Medical FRA Claim

If you feel your claim was denied in error, you have the right to file an appeal by writing a letter that explains why you believe the claim should be approved.

Your appeal may be submitted in writing and mailed to:

WageWorks Claims Appeal Board
P.O. Box 991
Mequon, WI 53092-0991

Otherwise, your appeal may be submitted in writing and faxed to:

Fax Number: 1-877-220-3248

- ▶ Your appeal must be received within 180 days of the date you receive notice that your claim was denied.
- ▶ You are welcome to submit additional information related to your claim along with your appeal, such as: written comments, documents, records, a letter from your health practitioner indicating medical necessity of the denied product or service, and any other information you feel will support your claim.

Appeal Review Process for FRA Claims

- ▶ Your appeal will be reviewed by a person who was not involved with the initial claim denial and who is not a subordinate of any person who was.
- ▶ The review will be a fresh look at your claim and appeal without deference to the initial denial and will take into account all information submitted with your claim and/or appeal.
- ▶ You will be notified of the decision regarding your appeal in writing by WageWorks within 30 days of receipt of your written appeal.

The appeal decision on review is the Third Party Administrator's (WageWorks) final decision. After the WageWorks appeal procedures have been exhausted, you may request an appeal with the Department of Human Resource Management (DHRM).

Your appeal should be submitted in writing to the Director of DHRM. Appeals to the Director must be filed within four (4) months of the notice of the adverse determination. To file such an appeal, you or your authorized representative must submit the following information to the Director of DHRM:

- ▶ Your full name
- ▶ Your identification number
- ▶ Your address
- ▶ Your telephone number
- ▶ A statement of the adverse decision you are appealing,
- ▶ What specific remedy you are seeking in filing this appeal, and

You may download an appeals form at www.dhrm.virginia.gov

To appeal by traditional mail, send your request to the following address:

Director, Virginia Department of Human Resource Management
101 N. 14th Street – 13th Floor
Richmond, VA 23219

Please mark the envelope:

Confidential – Appeal Enclosed.

To use email, send your request to appeals@dhrm.virginia.gov

To use facsimile, fax your request to (804)786-0356.

You have the right to submit written comments, documents, records, and other information supporting your claim. The appeal will take into account all information that you submit, regardless of whether it was submitted or considered in the initial determination.

DHRM does not accept appeals for matters in which the sole issue is disagreement with policies, rules, regulations, contract or law. If you are unsure whether a determination can be appealed, contact the Office of Health Benefits at (804)225-3642 or 1-888-642-4414.

You are responsible for providing DHRM with all information necessary to review your request. You will be allowed to submit any additional information you wish to have considered in this review, and you will have the opportunity to explain, in person or by telephone, why you think the determination should be overturned.

These appeals will be decided by the Director of DHRM, who will render a written decision. If the decision is not in your favor, you have the right to further appeal through the Administrative Process Act. The circuit court ruling is binding on all parties. The Virginia Administrative Process Act addresses court review of administrative decisions at Va. Code §2.2-4025 through Va. Code §2.2-4030. Part 2A of the Rules of the Virginia Supreme Court addresses appeals through the Administrative Process Act.

WageWorks Health Care Card



About Your Card

While your WageWorks Health Care Card and account offer a great deal of convenience, both are regulated by IRS rules that all participants are required to follow. In most instances, you will be able to use your Card with little or no inconvenience. **There are, however, situations where the Card will be declined or you will be required to submit receipts and/or other documentation to verify that the item or service purchased was eligible.**

How To...

Use your Card

You can use your Card in these ways:

- 1) For eligible goods and services at health care providers and select pharmacies
- 2) For eligible over-the-counter (OTC) non-drug items at general merchandise stores (including most drugstores) that have an industry standard (IIAS) inventory and checkout system
- 3) For prescribed OTC drugs at the pharmacy counter, as long as the drug is dispensed as a valid prescription. Go to www.wageworks.com/healthcarereform to learn more about the OTC drug prescription requirement. In most instances, your Card transaction will be verified at checkout, which means you will not have to submit a receipt to WageWorks after the transaction. You are, however, required to keep each receipt for tax purposes, and in the event it is needed for verification.

Before shopping for prescriptions and over-the-counter items, always visit www.sigis.com for a list of merchants that have an IIAS system in place.

Use your Card at the doctor or other health care provider

If you use the Card at a health care provider or at a pharmacy that does not have an IIAS system, WageWorks will likely require that you submit a receipt or your health insurance explanation of benefits (EOB) to verify that the transaction was for an eligible health care expense or service.

Verify a Card transaction after the purchase

If WageWorks is unable to determine that your Card was used to pay for eligible health care products and services, you will need to take the following action to verify the transaction:

- ▶ Log into your account at www.wageworks.com
- ▶ Click on the "Submit Receipts for Health Care Card Use" link on the right-hand side of the Welcome page
- ▶ Select the unverified transaction
- ▶ Scan and upload the corresponding receipt and/or documentation

If you have lost or misplaced the receipt, you can submit a substitute receipt of equivalent value or repay your account.

Make sure your receipts meet the requirements for verification

In order for the receipt (or any documentation) to be valid, it must include the five specific pieces of information required by the IRS:

- ▶ The patient name
- ▶ Provider name
- ▶ Date of service
- ▶ Type of service
- ▶ The amount you were charged or your cost (e.g. your deductible or co-pay amount or the portion not covered by your insurance)
- ▶ For OTC prescriptions drugs, the receipt must also include the prescription number. If not included, a copy of the prescription must accompany the receipt.

Quick Tips

Log into your account at www.wageworks.com regularly to see if you have any Card transactions in need of verification.

If you have a Card transaction that requires verification, you will be notified immediately on the Welcome page upon login and via email. Remember to also monitor the Statement of Activity page for pending transactions, as it can take up to three weeks to verify a purchase. If a pending transaction cannot be verified, the Status will update to "Receipt Needed."

Avoid problems: Act quickly to resolve all unverified transactions.

You have 90 days from the date of the transaction to take care of any outstanding unverified purchases. If you do not take action within 90 days:

1. The amount of any outstanding unverified Card transactions may be deducted from your next Pay Me Back claim submission.
2. Your Card will be suspended.

If your Card is suspended, it will be reactivated within 24 – 48 hours after receipts or repayment have been processed for all unverified Card transactions.

Know when a Card transaction needs to be verified

WageWorks will notify you of any Card transactions that require attention by email and when you log into your account.

For tips and more information about how to use your Card go to www.wageworks.com/card.

FRA Worksheets

How much you save depends on how much you spend on health and dependent care, and on your tax situation. To estimate your expenses and see for yourself how your savings can add up, use the savings calculator at: FSAWorks4Me.com.

Use the worksheets below to determine how much to deposit in your account(s). Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket medical and/or dependent care expenses. This calculated amount cannot exceed established IRS and plan limits.

Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you.

Medical FRA Worksheet

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year.

UNINSURED MEDICAL EXPENSES

Health insurance deductibles \$ _____

Coinsurance or co-payments \$ _____

Vision care \$ _____

Dental care \$ _____

Prescription drugs \$ _____

Travel costs for medical care \$ _____

Other eligible expenses \$ _____

TOTAL \$ _____

DIVIDE by the number of paychecks you will receive during your period of coverage* ÷ _____

This is your pay period contribution \$ _____
(whole dollar amounts only)

* If you are enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year.

Dependent Care Worksheet

Estimate your eligible dependent care expenses for the plan year. Remember that your calculated amount cannot exceed the calendar year limits established by the IRS.

CHILD CARE EXPENSES

Day care services \$ _____

In-home care/au pair services \$ _____

Nursery and preschool \$ _____

After school care \$ _____

Summer day camps \$ _____

ELDER CARE SERVICES

Day care center \$ _____

In-home care \$ _____

TOTAL Remember, your total contribution cannot exceed IRS limits for the calendar year \$ _____

DIVIDE by the number of paychecks you will receive during your period of coverage* ÷ _____

This is your pay period contribution \$ _____
(whole dollar amounts only)

* If you are enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year.

Direct Deposit delivers your money to you faster, and unlike with a check, the funds are in your account automatically – no waiting in bank or ATM lines, no waiting for it to clear. You will have the opportunity to elect Direct Deposit reimbursements when setting up your profile at www.wageworks.com.

Please note the bank information entered will be sent to the bank to confirm the account number. Any reimbursements issued during this prenote process will be issued as a check until this process has been completed. If you do not want your reimbursements sent via direct deposit, you may have your reimbursements sent via a check to your home address.

Changing Your Coverage

Changing Your FRA Election Amount

You can change your Flexible Reimbursement Account (FRA) election(s), or vary your salary reduction amounts you have selected during the plan year, only under limited circumstances as provided by your State health plan and established IRS guidelines. Within 60 days of a qualifying event, you must submit an election change request and supporting documentation to your agency Benefits Administrator. Election changes must be consistent with the event. Your employer will review, on a uniform and consistent basis, the facts and circumstances of each properly completed and timely submitted mid-plan year election change request. Upon the approval of your request, your existing FRA(s) elections will be stopped or modified (as appropriate). You may also be able to start an FRA if you experience a qualifying event. A few examples of qualifying mid-year events (QMEs) include:

- ▶ Change in **marital status**.
- ▶ A change in **number of dependents** includes birth, death, adoption and placement for adoption.
- ▶ Change in **employment status** of the employee, or a spouse or dependent of the employee, that affects the individual's eligibility under an employer's plan, including commencement or termination of employment.
- ▶ An event that causes the **gain or loss of a dependent's eligibility** status. May include change in age, student, marital, employment or tax dependent status.
- ▶ Change in dependent care providers or a change in the cost of dependent care services. However, if a relative (who is related by blood or marriage) provides custodial care for your eligible dependent, you cannot change your salary reduction amount solely on a desire to increase or decrease the amount being paid to that relative.

For more information on Enrolling or Making Changes to your flexible reimbursement account(s), visit www.dhrm.virginia.gov or see your agency's Benefits Administrator.

What is My Period of Coverage?

Your period of coverage for incurring expenses is based on your participation in the program. If you make a permitted mid-plan year election change it may affect your period of coverage. For a Medical FRA, a mid-plan year election change will result in split periods of coverage, creating more than one period of coverage within a plan year with expenses reimbursed from the appropriate period of coverage. Money from a previous period of coverage can be combined with amounts after a permitted mid-plan year election change. However, expenses incurred before the permitted election change can only be reimbursed from the amount of the balance present in the Medical FRA prior to the change.

Mid-plan year election changes are approved only if the extenuating circumstances and supporting documentation are within your employer's Medical FRA plan and the IRS regulations governing the plan.

Split periods of coverage do not apply to Dependent Care FRAs.

What are the IRS Special Consistency Rules Governing Change in Status?

1. **Loss of Dependent Eligibility** – If a change in your marital or employment status involves a decrease or cessation of your spouse's or dependent's eligibility requirements for coverage due to: your divorce, your spouse's or dependent's death or a dependent ceasing to satisfy eligibility requirements, you may decrease or cancel coverage only for the individual involved. You cannot decrease or cancel any other individual's coverage under these circumstances.

2. **Gain Coverage Eligibility Under Another Employer's Plan** – If you, your spouse or your dependent gains eligibility for coverage under another employer's plan as a result of a change in marital or employment status, you may cease or decrease that individual's coverage if that individual gains coverage, or has coverage increased under the other employer's plan.

3. **Dependent Care Expenses** – You may change or terminate your Dependent Care FRA election when a Change in Status (CIS) event affects (i) eligibility for coverage under an employer's plan, or (ii) eligibility of dependent care expenses for the tax exclusion available under IRC § 129.

Review the General FAQs at www.wageworks.com for information on rules governing periods of coverage and IRS Special Consistency Rules.

Changing Your Coverage

When Coverage Ends

Medical FRAs

If you experience an event affecting your active employment status, such as termination of employment, unpaid leave or retirement, you can continue to contribute to your Medical FRA on an after-tax basis by notifying your Agency Benefits Administrator within 60 days of the event to apply for continuation of your Medical FRA through Extended Coverage. If you do not elect to continue your participation in the Medical FRA through Extended Coverage, your participation in the program will end the last day of the month pre-tax contributions are received. As long as you make full after-tax contributions to your Medical FRA, you can receive reimbursements on eligible health care expenses incurred during your period of coverage. Your Medical FRA coverage will not be continued beyond the plan year in which the Extended Coverage qualifying event occurred.

Dependent Care FRAs

You cannot continue contributing to your Dependent Care FRA under Extended Coverage. You can, however, continue to request reimbursement for eligible expenses (which were incurred while you were actively at work) until you exhaust your account balance or the plan year ends.

Extended Coverage

What is continuation coverage?

The right to continuation of coverage was created for private employers by federal law through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and these rights are reflected in the continuation coverage provisions of the Public Health Service Act which covers employees of state and local governments. Federal law requires that most group health plans, including Medical FRAs, give employees and their families the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan.

How long will continuation coverage last?

For Medical FRAs:

You may continue your Medical FRA (on a post-tax basis) only for the remainder of the plan year in which your qualifying event occurs, if you have not already received as reimbursement the maximum benefit available under the Medical FRA for the year. For example, if you elected a Medical FRA benefit of \$1,000 for the plan year and have received only \$200 in reimbursement, you may continue your Medical FRA for the remainder of the plan year or until such time that you incur expenses to receive the maximum Medical FRA benefit of \$1,000.

When and How Must Payment for Continuation Coverage Be Made?

First Payment for Continuation Coverage

If you elect continuation coverage, you do not have to send any payment for continuation coverage with the Extended Coverage Election Form. However, you must make your first payment for continuation coverage within 45 days after the date of your election. (This is the date the Election Notice is post-marked, if mailed.) If you do not make your first payment for continuation coverage within the 45-day period, you will lose all continuation coverage rights under the Plan.

Your first payment must cover the cost of continuation coverage from the time your coverage under the Plan would have otherwise terminated up to the time you make the first payment. You are responsible for making sure that the amount of your first payment is enough to cover this entire period. You may contact Customer Service to confirm the correct amount of your first payment.

Periodic Payments for Continuation Coverage:

After you make your first payment for continuation coverage, you will be required to pay for continuation coverage for each subsequent month of coverage. Under the Plan, these periodic payments for continuation coverage are due on the first day of each month. If you make a periodic payment on or before its due date, your coverage under the Plan will continue for that coverage period without any break.

Grace Periods for Periodic Payments:

Although periodic payments are due on the dates shown above, you will be given a grace period of 30 days to make each periodic payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. If you pay a periodic payment later than its due date but during its grace period, your coverage under the Plan will be suspended as of the due date and then retroactively reinstated (going back to the due date) when the periodic payment is made. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a periodic payment before the end of the grace period for that payment, you will lose all rights to continuation coverage under the Plan.

For More Information

This Extended Coverage section does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available from your employer. You can get a copy of the Extended Coverage General Notice from your agency's Benefits Administrator or the **Department of Human Resources Management (DHRM)** website.

For more information about your continuation of coverage rights, the Health Insurance Portability and Accountability Act (HIPAA) and other laws affecting group health plans, contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa.

Questions?

Helpful tips, guides, video tutorials and FAQs are available online at www.wageworks.com. WageWorks Customer Service professionals also are standing by to help you. Just call 1-877-WageWorks (877-924-3967), Monday – Friday, 8 am – 8 p.m. ET.

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