

Date: October 5, 2011

To: All Benefited Employees

From: Pamela Oppelt, Benefits Coordinator and GIC Coordinator

Subject: 1) **Open Enrollment Buy-out Option Begins Monday, October 3, 2011 to Nov. 10, 2011**

2) **Open Enrollment for the GIC Flexible Spending Account Pretax Benefits October 3 to November 18, 2011**

3) **“For your Benefit” Newsletter Fall 2011**

1) BUY-OUT OPEN ENROLLMENT: OCTOBER 3 – NOVEMBER 10, 2011:

State employees and retirees now have the option to buy-out their GIC health coverage in the fall (and will continue to have the option again in the spring). This is a great opportunity, particularly for state employees whose spouse's annual enrollment period takes place in the fall. Employees who were insured with the GIC on July 1, 2011 or before and continue their health coverage through December 31, 2011, may buy out their health plan coverage during the enrollment period above for an effective date of January 1, 2012. You must have other non-state health insurance coverage that is comparable to the health insurance you now receive through the Group Insurance Commission. Under the buy-out plan, eligible state enrollees receive 25% of the full cost monthly premium in lieu of health insurance benefits for one 12-month period. These 12 monthly payments are based upon the employees':

- Current health plan; and
- Type of coverage (individual or family) as of July 1, 2011

Directions if you wish to enroll in the fall buy-out:

Complete page 1 of the attached buy-out form. Attached are the buy-out rates for active employees and retirees effective July 2, 2011. If you are a retiree this form must be submitted to the Group Insurance Commission (address on the form). **ACTIVE employees** complete the form and mail or bring to Pam Oppelt, Human Resources' Benefits Coordinator/GIC Coordinator. Please make sure your forms are received by Pam by November 10, 2011.

See attached buy-out form and monthly buy-out rates.

2) OPEN ENROLLMENT FOR FLEXIBLE SPENDING ACCOUNT (FSA) PRE-TAX BENEFITS OCTOBER 3 – NOVEMBER 18, 2011:

New Members - If you were not in the plan last year – use the enclosed paper enrollment form (attached) and submit to Pam Oppelt in Human Resources no later than Nov. 18th.

Current Participants - If you were in a Flexible Spending Account Plan this year you must re-enroll on-line. You will be mailed instructions, but VERY IMPORTANT remember that when you have finished your enrollment on-line YOU MUST PRINT OUT THE CONFIRMATION PAGE, SIGN IT AND DATE IT AND BRING ORIGINAL TO PAM OPPELT in Human Resources. Please make a copy for your own records. This confirmation page is your authorization to Payroll that you have enrolled. Directions to re-enroll are also attached.

The Group Insurance Commission offers two types of Flexible Spending programs. The primary purpose of having one or both of these plans is the “tax savings” you will receive by putting aside pre-tax dollars throughout the 2012 year in 26 bi-weekly payroll deductions to pay for health care and dependent care needs that you have to pay “out of pocket” anyway. Please read the attached “For your Benefit” newsletter page 6, or go to the Group Insurance Commission website at www.mass.gov/gic for additional information.

By the time you receive this, the open enrollment period for the GIC’s Flexible Spending Accounts (FSA) – the Health Care Spending Account and the Dependent Care Assistance Program will have started. State employees who enroll in one or both of these plans, administered by Benefit Strategies, will save on state and federal taxes. **On average, employees save \$250 for every \$1,000 contributed to a FSA. Your savings depend on your tax bracket. The fee for participation in one or both programs is \$3.60 per month.**

Information for Plan Year 2012:

- More information is available on the GIC’s website: www.mass.gov/gic
- Reminder: **Over-the-Counter Drug Costs Not Eligible for HCSA Effective January 1, 2011:** As part of the Federal Patient Protection and Affordable Care Act, over-the-counter (OTC) drugs (such as Tylenol (OTC) and Prilosec(OTC) will no longer be an eligible expense for HCSA benefits effective January 1, 2011 unless accompanied by a prescription. OTC expenses incurred on or after January 1, 2011 will require a doctor’s written directive. Medical supplies are still eligible expenses: bandages, blood pressure monitors, dentures, eye glasses, first aid kit, hearing aids, crutches, walkers, pregnancy tests and other medical equipment. It is the over-the-counter drugs like cold and flu medicine, cough drops, allergy, laxatives, sleeping aids, etc. that are no longer allowed to be used unless you have a doctor’s prescription. If you have a doctor’s prescription pay for these at the pharmacy with your FlexExpress Card as they will not ring up correctly at any other cash register. **Please read the attached list of IRS Eligible Expenses and Non-Eligible Expenses.**

Health Care Spending Account (HCSA):

The beauty of having a Health Care Spending Account is that you will receive a FlexExpress card which has been pre-loaded with the amount you decide to enroll in for the year. When you go to the doctor’s instead of writing a check for your co-payment you use your FlexExpress card. **Remember to always save your receipts.** Most doctor’s offices, pharmacies etc. will accept your FlexExpress card. If not, pay the bill and save your proof of payment and submit a claim form (attached). If you were in the plan last year, and you re-enroll on-line for 2012 your card will have any balance that you haven’t used from 2011 on it, plus your new 2012 election amount loaded to your card as of January 1st. **Remember that for participants in the 2011 plan year you have until March 15, 2012 to “spend down” your 2011 contributions and until April 15, 2012 to submit all reimbursement forms to Benefit Strategies.**

FlexExpress cards are good for three years so don’t throw away your card from this year. Additional cards are available for \$5.00.

Grace Period:

You have a “**grace period**” of **Jan. 1, 2013 to March 15, 2013 to “spend down” your 2012 account.** Use your FlexExpress card and Benefit Strategies will use your 2012 funds first and then use your 2013 funds. **You will have until April 15, 2013 to submit all your receipts for plan year 2012. This is a “use it or lose it” plan, so any money remaining in your fund after the Grace Period of March 15, 2013 you will lose so estimate carefully!**

Note: The 2012 Plan Year is the Last Year for \$5,000 Maximum for Health Care:

Plan year 2012 will be the last year that you can put the maximum of \$5,000 into your health care account, so this might be the best year if you are holding off on any big medical/dental expenses to go to the maximum. For example maybe you have been putting off paying for orthodontia services for one of

your children. Go to the orthodontist and ask if you pay \$5,000 cash will they give you a discounted rate. As long as the orthodontia work is done no sooner than Jan. 1, 2012, you can use your Flexible Spending Account FlexExpress card to pay the entire \$5,000 up front. You pay the \$5,000 in 26 monthly payments starting January 3, 2012 to the end of December 2012. There is no limit for the number of health plan savings accounts you can have – so your spouse can have one through his/her company and you can have one through the state. You do not have to have Group Insurance health insurance to enroll in one or both of these programs (you just have to be eligible to receive GIC health insurance).

Estimate your out-of-pocket expenses for 2012 for your family:
Remember that this includes anything your health plan, your dental plan or your vision plan doesn't pay for:

Use the Attached Sheet "Determine your Expenses for the Year" for both Health Care and Dependent Care Expenses.

Out-of-Pocket Deductibles Now Applies for All GIC Health Plans:

Remember that starting last year if you carried GIC health insurance you now have a \$250 per person out-of-pocket deductible, \$500 for family of two and \$750 for a family of three or more. This out-of-pocket deductible is based on a calendar year. You may want to consider putting some money into a health care spending account to cover these expenses.

How does the FSA Work?

- Employee elects to participate and enroll
- Pre-tax premiums (annual election divided by 26 pay periods) are reduced from employee's paycheck.
- Enrollee/Dependent incurs an eligible expense
- Enrollee completes a claim form or files a claim online (DCAP)
- Benefit Strategies verifies claim and sends reimbursement to participant via check or direct deposit, or
- Participant can use their FlexExpress card for health care expenses and retain receipts for substantiation and the money comes directly out of your pre-loaded FlexExpress card.

Dependent Care Assistance Program (DCAP) – with this option, state employees can pay for qualified dependent care expenses for a child under the age of 13 and an adult dependent – including day care, after-school programs, elder day care and day camp – on a pretax basis. You may elect an annual DCAP contribution of up to \$5,000 per household. Under this plan you must have the money in the account before you can get reimbursed. You should elect to have your reimbursements direct-deposited and you would submit reimbursement forms each week by faxing them to Benefit Strategies. Your day care provider must sign the affidavit section of the claim form (cancelled checks are not acceptable). The claim forms can be send via email, mail, upload or fax claims and receipts to Benefit Strategies for reimbursement. There is no debit card for DCAP.

Enrollment:

New enrollment: If you were not in either plan last year – use the attached paper enrollment form and mail or give to Pam Oppelt in Human Resources.

Current participants must re-enroll each year if they want to participate. If you want to participate in 2012 plan year you must re-enroll on-line. Print, sign and date the confirmation at the end of the on-line process and mail or deliver to Pam Oppelt in Human Resources no later than November 18th. Do not send directly to payroll.

Questions/Contact Information:

Feel free to call me with questions. If you are having problems with re-enrolling on-line please call Benefit Strategies at 1-877-353-9442. More information is also available on the Benefit Strategies website at flexgic@benstrat.com.

3) FOR YOUR BENEFIT NEWSLETTER – FALL 2011

Please read the attached newsletter as it is an important source for all benefit news.

Benefit Questions - please call Pam Oppelt, Benefits Coordinator/GIC Coordinator at 978/542-6030

- Attachments:
- 1) Health Insurance Buy-Out Election Form
Monthly Rates for Active Employees and Retirees
 - 2) GIC Flexible Spending Account Brochure
Flexible Benefit Plan Enrollment Form (for those not currently participating)
Flexible Spending Account Reimbursement Request Form
Ltr. To Commonwealth Employee from Delores Mitchell, GIC
Ltr. To HCSA/DCAP Participants (directions to re-enroll on-line)
IRS Eligible Expenses
Determine Your Expenses for the Year
Physician's Statement – doctor's statement must be completed each plan year
for treatment of an "existing disease"
 - 3) "For your Benefit" Fall 2011 Newsletter