IC Memorandum 01-10

TO: **KEHP Insurance Coordinators**

FROM: **Department of Employee Insurance (DEI) – Flexible Benefits Branch**

RE: **FSA and HRA Procedures**

DATE: **January 14, 2010**

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This memo is to remind you of a few policies and procedures affecting termination for non-payment of FSA and HRA contributions; refund of contributions; and account credits.

1. Termination for Non-Payment of FSA and HRA Contributions

Semi-Monthly Basis

- If contributions are not received for 1 semi-monthly period then *you* will receive notification via fax or email, that coverage may be terminated and if so, any claims paid by Humana will need to be refunded by the employee.

- If contributions are not received for 2 semi-monthly periods, then *you as well as your employee* will receive notification via fax or email, that coverage may be terminated and if so, any claims paid by Humana will need to be refunded by the employee.

- If contributions are not received for 4 semi-monthly periods, then coverage will be terminated on the last day of the semi-monthly period in which contributions were received. ***You and your employee will receive notification via US Mail advising you of the termination date, as well as whether or not any claims have been processed by Humana since termination. Your employee will be responsible for refunding any claims that Humana has processed.***

Monthly Basis

- If contributions are not received for 1 monthly period, then *you* will receive notification via fax or email, that coverage may be terminated and if so, any claims paid by Humana will need to be refunded by the employee.

- If contributions are not received for 2 monthly periods, then coverage will be terminated on the last day of the monthly period in which contributions were received. ***You and your employee will receive notification via US Mail advising you of the termination date, as well as whether or not any claims have been processed by Humana since termination. Your employee will be responsible for refunding any claims that Humana has processed.***

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2. Refund of Contributions

A refund of FSA/HRA contributions will only be given for up to 60 days from the end of the pay period in which the qualifying event occurred. The exception to this rule is the qualifying event of death, in which the HRA contributions are eligible to be refunded back to the first day of the plan year (if necessary).

Example:

- Qualifying Event is on May 5
- Update Form is received on October 7
- End of the semi-monthly pay period from the QE is May 15; therefore a refund will be given for the semi-monthly pay periods of May 16 – May 30; June 1 – June 15, June 16-June 30 and July 1- July 15.

Example:

- Qualifying Event of *death* is on May 5
- Update Form is received on October 7
- End of the semi-monthly pay period from the QE is May 15; therefore a refund will be given for the semi-monthly pay periods of May 16 – May 30; June 1 – June 15, June 16-June 30 and July 1- July 15, July 16-July 31, August 1-August15, August 16 – August 31, September 1 – September 15, September 16 – September 30, and October 1-October 15.

3. Credits

Any credit on your bill must be taken before 60 days. Any credits that are 60 days or older will not be refunded to you.

The above procedures will be strictly enforced, so it is extremely important to submit all of your updates in a timely manner. If you have any questions you may contact the Flexible Benefits Branch at 502-564-0350, or 502-564-0351.