


# Cafeteria Mid-Year Election Changes

**Laurie Brophy**

---

**Del Horton**



## Making Mid-Year Election Changes

---

What we will cover:

- Tips on setting up Premium benefits and calendars
- How to make a mid-year election change for:
  - Premium benefits: Standard Rates and Override Rates
  - Reimbursement benefits: Health FSA's and DCAP's
- How mid-year election changes affect the annual election of a Health FSA
- Stopping an enrollment; i.e., termination, FMLA, etc.
- Restarting an enrollment; i.e., FMLA, Rehires, etc.

2



## Administering Mid-Year Election Changes

The administrator must:

- obtain substantiation of reasons for the change;
- decide whether the election has been requested in a timely manner and when the change becomes effective; and
- confirm that plan documents allow for the change.

3



## Setting Up a Premium Benefit

If you are not making premium payments, but merely keeping track of premiums for basic bookkeeping purposes, you can set up the Benefit Calendar using the same dates as the Payroll Calendar; i.e., payroll is twice-monthly (15<sup>th</sup> and 30<sup>th</sup>) so that the contributions match the premium payments creating a \$0 balance.

Enrollment - Lee, Derek									
		Data Entry		Enrollment History					
	Benefit	Election	Date Start	Date End	Last Contrib	EETPre		Balance	Payments
						Accrued	Actual		
<input type="checkbox"/>	HDHP		01/01/2009	12/31/2009		1,246.00	1,246.00	0.00	1,246.00
<input type="checkbox"/>	DCAP		01/01/2009	12/31/2009		1,020.00	1,020.00	620.00	400.00
<input type="checkbox"/>	MFSA		01/01/2009	12/31/2009		1,200.00	1,200.00	755.00	445.00

4



## Changing Premium Standard Rates

### Benefit | Rates -

1. Select 'New' from the *Effective* field
2. Press **Yes** to use the current rates as default entries, or press **No** to create a new description and rate

Description	Coverage			Employee		Employer	
	E	S	D	Pre Tax	Post Tax	Pre Tax	Post Tax
Employee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$125.00	\$0.00	\$0.00	\$0.00
Employee + Dependent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$200.00	\$0.00	\$0.00	\$0.00
Family	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	\$350.00	\$0.00	\$0.00	\$0.00

5




## Changing Premium Standard Rates (cont'd)

3. Enter the new 'Effective Date'
4. Change the existing amounts accordingly or press the **Add Rate** button to create a new description and rate
5. Press **Save**

Description	Coverage			Employee		Employer	
	E	S	D	Pre Tax	Post Tax	Pre Tax	Post Tax
Employee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$150.00	\$0.00	\$0.00	\$0.00
Employee + Dependent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$250.00	\$0.00	\$0.00	\$0.00
Family	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	\$400.00	\$0.00	\$0.00	\$0.00

6




## Changing Premium Standard Rates (cont'd)

The new date and corresponding rate will automatically appear on the employee's Enrollment screen.

Data Entry	Enrollment History	<b>Benefit Description:</b> MFSA: Gen Purpose Medical			
Effective Dates: 1/1/2009 5/1/2009		Reason For Enrollment Change: Initial Enrollment			
ESD	Benefit	Starting Date	Ending Date	Contrib Ending	EE Pre
E	HDHP: BCBS HDHP	05/01/2009	12/31/2009	12/31/2009	150.00

7



## Changing Premium Standard Rates (cont'd)

If you accidentally delete a rate, close the Benefits screen to prompt the save message, but **do not** save your changes. Press **No** and then you can go start over.

**Benefit - BCBS HDHP**

General | Provider | Eligibility | Rates

Benefit Calendar: BENEFIT

Effective: Current

Effective Date: Unload Benefit


Last Contribution C

Changes have been made to 'Benefit - BCBS HDHP'.  
would you like to save the changes?

Yes **No** Cancel

Add Rate **Delete Rate**

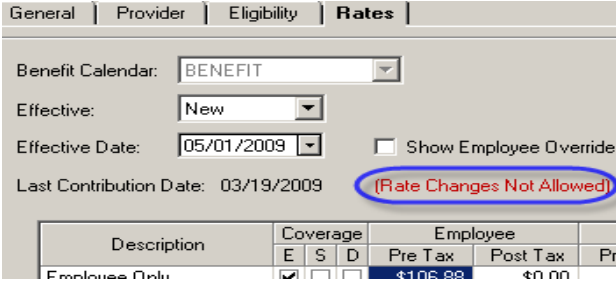
8



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.


## Changing Premium Standard Rates (cont'd)

'Rate Changes Not Allowed' message will appear if contributions have already been posted through the Effective Date.



Description	Coverage			Employee	
	E	S	D	Pre Tax	Post Tax
Employee Only	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$106.88	\$0.00

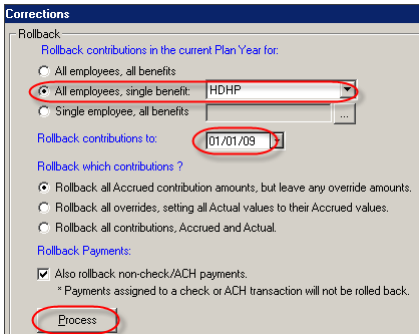
9




**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## Changing Premium Standard Rates (cont'd)

You must rollback contributions (Corrections folder) for this benefit to the **first day of the plan year** before you can change the rate(s).



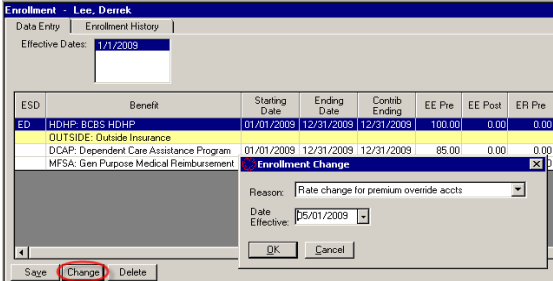
10




## Changing Premium Override Rates

**Enrollment | Data Entry -**

1. Press the **Change** button
2. Select a reason
3. Enter an effective date
4. Press <OK>
5. Press Yes to override the amounts

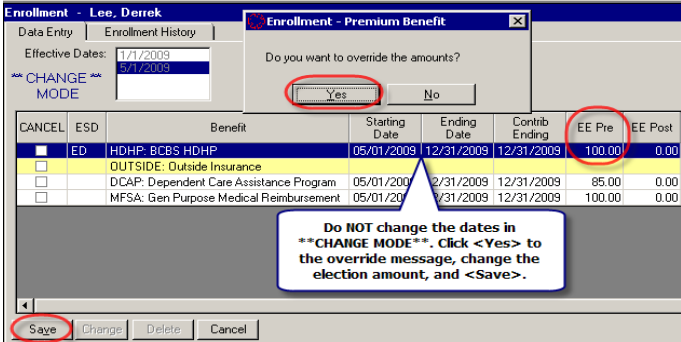


11




## Changing Premium Override Rates (cont'd)

6. Do NOT change anything other than the rate in **\*\*CHANGE MODE\*\*** and **Save**.



12



## Changing Premium Override Rates (cont'd)


To view the new rate, select the new Effective Date and the corresponding rate will appear, in dark gray, on the Enrollment screen as well as on the Benefit, Rates tab.

Data Entry | Enrollment History

Effective Dates: 1/1/2009  
5/1/2009

ESD	Benefit	Starting Date	Ending Date	Contrib Ending	EE Pre
ED	HDHP: BCBS HDHP	05/01/2009	12/31/2009	12/31/2009	123.00
F	HCAL: HCA	01/01/2009	12/31/2009	12/31/2009	88.00

**13**



## Changing Premium Override Rates (cont'd)

To change an override rate on the Rates tab, check the 'Show Employee Override Column' for override rates. Follow the same steps used to change a standard rate.

Note that the 'monthly' rate appears on the Benefit, Rates tab because the Benefit Calendar is set up a monthly basis.

Benefit - BCBS HDHP

General | Provider | Eligibility | Rates

Benefit Calendar: BENEFIT

Effective: 5/1/2009

Effective Date: 05/01/2009  Show Employee Override Column

Last Contribution Date: 04/30/2009

**Monthly Premium Rate**

Employee	Description	Coverage			Employee	
		E	S	D	Pre Tax	Post Tax
...	Employee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$150.00	\$0.00
...	Employee + Dependent	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$250.00	\$0.00
...	Family	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$400.00	\$0.00
...	Lee, Derrek	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$246.00	\$0.00

**14**



## Tips on Setting Up Benefit Rates

**Common Scenario:** Premiums are paid once a month, but the employees are paid twice a month. To calculate the per pay period election, divide the new annual premium by the remaining number of pay periods.

**Example:** Effective May 1 through December 31 Employee A's monthly premium goes up from \$200 to \$246. He gets paid on the 15<sup>th</sup> and 30<sup>th</sup> of each month. To calculate his new per pay period contribution, take the new monthly premium of \$246 and multiply that by the remaining 8 months in the plan year. Divide that amount of \$1,968 by the remaining 16 pay periods and his new contribution is \$123 (per pay period).

15



## Changing Rates for Reimbursement (Health FSA & DCAP) Benefits

### Enrollment | Data Entry -

1. Press the **Change** button
2. Select a Reason
3. Enter an Effective Date
4. Press <OK>
5. Only change the election amount in **\*\*CHANGE MODE\*\***
6. Press **Save**

Benefit Description	Effective Date	Rate Change	Contrib Ending	EE Pre
DCAP: Dependent Care Assistance Program	01/01/2009   12/31/2009	12/31/2009	85.00	
MFS: Gen Purpose Medical Reimbursement	01/01/2009   12/31/2009	12/31/2009	100.00	

16



## Changing Rates for Reimbursement Benefits (cont'd)

The system will calculate the new Annual Election based on the new contribution and remaining number of pay periods.

Enrollment - Fukudome, Kosuke

Data Entry | Enrollment History

Effective Dates: 1/1/2009  
4/1/2009

ESD	Benefit	Starting Date	Ending Date	Contrib Ending	EE Pre	EE Post	ER Pre	ER Post	Calendar	Annual Election
	HSA: HSA									
	INDPREMIUM: Outside Insurance									
	DCAP: Dependent Care Assistance Program									
	MFSA: Gen Purpose Medical Reimbursement	04/01/2009	12/31/2009	12/31/2009	100.00	0.00	0.00	0.00	MONTHLY	1,500.00

17



## How a Mid-Year Election Change Affects the Annual Coverage Limit of a Health FSA

The FlexPlus System uses the 'Blended Approach' where the initial election and the changed election are "merged" for the coverage period.

Enrollment - Fukudome, Kosuke

Data Entry | Enrollment History

Benefit	Election	Date Start	Date End	Last Contrib	EE Accrued
MFSA		01/01/2009	12/31/2009		500.00
	2,100.00	04/01/2009	12/31/2009	04/30/2009	200.00
	1,200.00	01/01/2009	03/31/2009	03/31/2009	100.00

In this example, the maximum reimbursement of claims incurred up through 3/31/09 would be \$1,200 with an annual reimbursement up to \$2,100.

18



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## Blended Approach

**Example:** Mary participates in a calendar-year plan. She elects \$2,400 of coverage for the plan with a \$200 monthly premium. After three months, Mary changed her monthly premium to \$100. Using the Blended Approach, Mary would have \$2,400 of coverage for the first three months and \$1,500 of coverage for the last nine months (\$1,500 = \$600 of premiums for the first three months + \$900 of premiums for the last nine months). So if Mary incurred claims of \$900 in January and \$800 in June, she would be reimbursed \$900 for the January claim, but only \$600 for the June claim (\$600 = \$1,500 maximum, less \$900 already paid out).

19




**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## How Mid-Year Election Changes Affect a Participant's Annual Coverage Limit of a DCAP

**DCAP Benefit:** Unlike Health FSAs, no uniform coverage rule applies to the Dependent Care Assistance Program (DCAP) benefit; therefore, the amount of reimbursement available to a participant is limited to the amount previously contributed by them, less any amounts reimbursed.

20



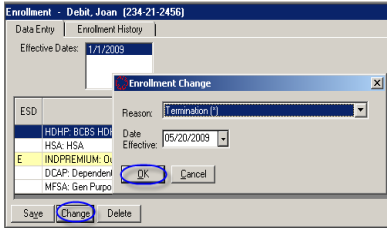
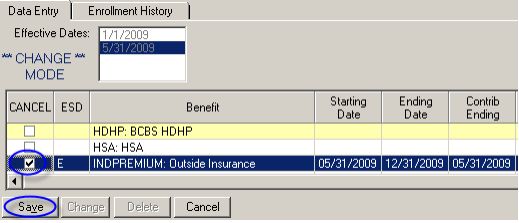
## Stopping an Enrollment

**Termination, FMLA, Loss of Eligibility, etc.**


**Enrollment | Data Entry:**

1. Press **Change** button
2. Select a Reason
3. Enter an Effective Date
4. Press <OK>
5. Check the 'Cancel' box in **\*\*CHANGE MODE\*\***
6. Press **Save**

Do NOT change any dates in **\*\*CHANGE MODE\*\***!

21



## Stopping an Enrollment (cont'd)

Changing a participant's election to \$0 due to loss of eligibility; i.e., termination, FMLA, etc. is NOT the proper way to stop enrollment. Doing so changes their annual election to match their contributions made YTD which violates the uniform coverage rule.


**Enrollment - Ach, Carlos (333-33-3333)**

Data Entry | Enrollment History

Effective Dates: 1/1/2009 - 5/1/2009

ESD	Benefit	Starting Date	Ending Date	Contrib Ending	EE Pre	EE Post	ER Pre	ER Post	Calendar	Annual Election
E	HDHP: BCBS HDHP	01/01/2009	12/31/2009	12/31/2009	62.50	0.00	0.00	0.00	2MONTH	
	OUTSIDE: Outside Insurance									
	DCAP: Dependent Care Assistance Program	01/01/2009	12/31/2009	12/31/2009	100.00	0.00	0.00	0.00	2MONTH	2,400.00
	MFSA: Gen Purpose Medical Reimbursement	05/01/2009	12/31/2009	12/31/2009	0.00	0.00	0.00	0.00	2MONTH	400.00

22




**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## Uniform Coverage Rule

Under the **“uniform coverage” rule**, if an employee elects the maximum amount of health FSA coverage and incurs a claim for that amount in the first month of the plan year, the employer must pay the claim even though almost no salary reductions will have been made. Some employers choose to minimize their risk by limiting the maximum amount of coverage that can be elected.

23

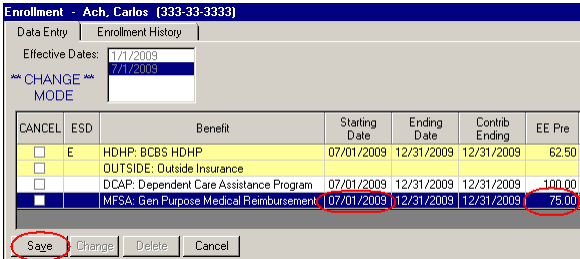


**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## Restarting an Enrollment

**Scenario: Employee is rehired and rejoins the plan with new election**

Enrollment screen: Press <Change>, select the Reason, enter the effective date and press <OK>. The Starting, Ending and Contrib Ending Dates will be blank. Enter the date of their return in the 'Starting Date' field, tab over and the system will populate the Ending and Contribution Ending Dates. Enter their new election amount and hit <Save>.



CANCEL	ESD	Benefit	Starting Date	Ending Date	Contrib Ending	EE Pre
<input type="checkbox"/>	E	HDHP: BCBS HDHP	07/01/2009	12/31/2009	12/31/2009	62.50
<input type="checkbox"/>		OUTSIDE: Outside Insurance				
<input type="checkbox"/>		DCAP: Dependent Care Assistance Program	07/01/2009	12/31/2009	12/31/2009	100.00
<input checked="" type="checkbox"/>		MFSA: Gen Purpose Medical Reimbursement	07/01/2009	12/31/2009	12/31/2009	75.00

24



### Restarting an Enrollment (cont'd)

Their Enrollment History will display the first period of coverage (1/1 - 4/30), their break in service (May-June), and their second period of coverage (7/1 - 12/31) with the new annual election.

**Enrollment - Ach, Carlos (333-33-3333)**

Data Entry | Enrollment History

	Benefit	Election	Date Start	Date End	Last Contrib	EEF	
						Accrued	
+	HDHP		01/01/2009	12/31/2009		375.00	
+	DCAP		01/01/2009	12/31/2009		600.00	
-	MFSA		01/01/2009	12/31/2009		300.00	
		1,300.00	07/01/2009	12/31/2009		75.00	
		1,200.00	01/01/2009	04/30/2009	03/31/2009	50.00	

25



### Balance Appears on Premium Account

**Problem:** Account Balance Report shows a balance for a premium account and the contributions do not reconcile with payroll.

Employee	Annual Election	Begin Balance	Contributions Employee	Contributions Employer	Received	Claims Approved	Claims Denied	Payments	Account Balance	Effective Balance
<b>Debit, Joan</b>		<b>0.00</b>	<b>960.00</b>	<b>0.00</b>	<b>50.00</b>	<b>0.00</b>	<b>50.00</b>	<b>600.00</b>	<b>360.00</b>	<b>1,840.00</b>
DCAP	1,400.00	0.00	480.00	0.00	0.00	0.00	0.00	0.00	480.00	1,400.00
INDPREMIUM		0.00	200.00	0.00	0.00	0.00	0.00	600.00	-400.00	400.00

26



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## Balance Appears on Premium Account (cont'd)

### Solution:

1. Run a Transaction Activity Report to match the participant's contributions with payments;
2. Checkbook folder: Locate the check containing the wrong payment and void it using the <Void> button;
3. Corrections folder: Rollback contributions for that benefit or employee;
4. Enrollment folder: Change the election accordingly; and
5. Pay Claims folder: Repost contributions and repay premiums.

27



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

# Questions?

28