

Health Care Reimbursement Account (HCRA)

OVERVIEW

The CSU Health Care Reimbursement Account, a voluntary benefit for eligible employees, offers you the ability to pay for eligible out-of-pocket health care expenses with pre-tax dollars. If you enroll in the plan, the contributions you make to your account are deducted from your pay before federal, state and FICA taxes are calculated. Your taxable income is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced. Expenses eligible to be reimbursed from the Health Care Reimbursement Account are expenses that are medically necessary but not covered by your own, or another insurance plan, and are expenses incurred by you, your spouse, and your dependents¹ as defined under IRS Code 152. The “Eligible Expenses” section of this brochure provides more information on reimbursable expenses. Expenses solely for cosmetic reasons or expenses that are merely beneficial to your general health are not reimbursable, as they are not medically necessary.

HCRA plan enrollment is based on calendar year from January 1–December 31.

Please note: I

The annual open enrollment period is normally held September–October. The effective date of the plan coverage will be January 1–December 31 of the following year.

ELIGIBLE EMPLOYEES

You are eligible to enroll in the Health Care Reimbursement Account if you are in an Executive, Management Personnel Plan (MPP), Confidential, or other nonrepresented position, or are covered by a collective bargaining agreement that provides the benefit. Rehired annuitants and employees under the Faculty Early Retirement Program (FERP) are not

YOUR HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA)

The Health Care Reimbursement Account provides reimbursement of eligible health care expenses that you or your eligible family members incur, via a special tax-free account set up for this purpose.

Each month, the dollar amount you preselect is deducted from your salary before federal, state and FICA taxes are withheld. These deductions are held in your personal Health Care Reimbursement Account until you incur eligible expenses and file a reimbursement claim. Reimbursement claim payments are not taxable.

Tax-free Health Care Reimbursement Accounts are governed by a number of rules, most of which are set by the Internal Revenue Service (IRS) and can be changed only by that agency.

AMOUNT YOU CAN CONTRIBUTE

You can contribute a minimum of \$20 to a maximum of \$208.33 each month to your account. Contributions must be made by payroll deduction. Due to Health Care Reform changes, effective in 2013, the annual maximum for the HCRA Plan is \$2,500.

The limits noted above may be lower for employees who are classified as “highly compensated employees” according to IRS rules. You will be notified of the limit on your Health Care Reimbursement Account contributions, if any apply.

Your payroll deductions are exempt from federal, state and FICA taxes, however, they are not exempt from CalPERS retirement contributions. Your account contributions have no impact on any other employer-provided benefits that are based on your salary. There may be some impact on your Social Security benefits as discussed in the section titled “Effect on Social Security.”

ELIGIBLE DEPENDENTS

Under HCRA, an eligible dependent as defined in Internal Revenue Code (IRC) Section 152 means the spouse (as defined under federal law), a “qualifying child,” or a “qualifying relative” of the Employee.

A “qualifying child” means an individual who:

- (1) Resides with the Employee for more than half the year;
- (2) Is the Employee’s child, stepchild, sibling, step-sibling or any of the descendants of these relatives (adopted and qualified foster children are considered the taxpayer’s children);

(3) Is under age 19, or under age 24 in the case of a full-time student. No age limit applies to any of the listed individuals if they are totally and permanently disabled; and

(4) Does not provide over one-half of his or her own support.

A “qualifying relative” means an individual who:

- (1) Receives over half his support from the Employee;
- (2) Is the Employee’s child, sibling, step-sibling or any of their descendants; a parent or step-parent or any of their ancestors; an aunt, uncle, niece, or nephew; children or parents-in-law; or an unrelated individual who shares the taxpayer’s residence as a member of the household; and
- (3) Is not a qualifying child of the Employee or another taxpayer during the plan year.

Note: Registered domestic partners (and/or a child of a registered domestic partner) may be considered a Dependent for purposes of reimbursement of medical expenses if the registered domestic partner (and/or a child of a registered domestic partner) meets the definition of Dependent as described above.

ELIGIBLE EXPENSES

Expenses qualify for reimbursement based on when incurred, not when paid.

Expenses eligible to be reimbursed from the Health Care Reimbursement Account Plan are those that are not eligible for reimbursement under another plan and medically necessary expenses that are incurred by you, your spouse, and your dependents during the plan year for medical care as defined in Section 213(d) of the Internal Revenue Code.

You may include all medical, dental and vision expenses for the diagnosis, cure, treatment or prevention of disease, and for treatments affecting any part or function of the body that are not covered or not reimbursed by insurance. Expenses may also be to alleviate or prevent a physical defect or illness.

Expenses incurred solely for cosmetic reasons or expenses that are merely beneficial to a person’s general health are not eligible for reimbursement.

You may refer to IRS Publication 502 for general information on deductible medical expenses.

How does the IRS Publication 502 HCRA. For example, federal regulations do not allow any insurance premiums or long-term care

expenses to be reimbursed under the HCRA plan, although they are listed as deductible expenses under IRS Publication 502.

Below is a partial list of expenses eligible for reimbursement under HCRA. A more detailed and comprehensive list of eligible expenses also can be obtained by visiting www.asiflex.com.

MEDICAL EXPENSES

- Deductibles;
- Copayments;
-

tions, vitamins and nutritional supplements, etc., you must have a prescription from a physician.

Below is a partial list of expenses ineligible for

HOW TO CLAIM REIMBURSEMENT

CSU Health Care Reimbursement Account claim forms are available from your campus Benefits office or the Claim Administrator, ASI. These forms may also be downloaded from the CSU benefits portal at www.calstate.edu/hr/benefitsportal and ASI's website at: www.asiflex.com. ASI can be contacted toll-free at (800) 659-3035.

You can file a claim for reimbursement online with your ASI-assigned user ID and password, or by completing the form and attaching an itemized bill for your health care expenses. If you wish to keep your originals, you may submit photocopies of your bills. Claims cannot be paid without such verification of expenses, and copies of canceled checks are not sufficient documentation.

In addition to the above claims procedures, claim reimbursement for over-the-counter drugs and medicines must include the following:

1. ***The receipt or documentation*** from the store must include the name of the drug purchased printed on the receipt. This information must be provided by the store, not just listed by the participant on the receipt or claim form.
2. The participant must ***submit a written prescrip-***

Two (2) Card(s) will be issued within 10-15 days.
