CSU The California State University



FLEXCASH PLAN AND TAX ADVANTAGE PREMIUM PLAN

This booklet is intended to provide the highlights of the California State University (CSU) FlexCash Plan and Tax Advantage Premium Plan. Complete details of the plans are provided in the official plan documents, which supersede in the event of any discrepancy. If you have questions about the plans, or if you would like to review the plan documents, please contact your campus benefits office.

Overview

The CSU offers two programs to help you tailor your benefits package to meet your needs and save you valuable tax dollars. If you have group medical and/or dental coverage outside of the CSU, the FlexCash Plan pays you cash in lieu of CSU coverage, allowing you to receive only the coverages you and your family need.

If you want coverage through the CSU, the Tax Advantage Premium Plan (TAPP) allows you to pay for your medical insurance coverage on a pre-tax basis, so that you pay lower income and Social Security/ Medicare taxes.

New FlexCash Eligibility Rules

Under the Federal Patient Protection and Affordable Care Act (ACA), the IRS prohibits employers from offering cash to employees who choose to waive employer-sponsored medical coverage and enroll in "individual" medical coverage. Employees who are enrolled in individual medical coverage, such as Tricare, Medicare, Medi-Cal and Covered California, are not eligible to receive cash in lieu of other medical coverage even if the coverage provides minimum value. These requirements do not apply to dental coverage.

What is FlexCash?

FlexCash is an optional benefit plan that allows you to waive CSU medical and/or dental insurance coverage in exchange for cash, provided you meet the eligibility requirements. If you waive CSU medical and/or dental insurance coverage, you will receive additional cash in your paycheck each month.

The FlexCash payment is treated as taxable income and will be subject to the same payroll taxes (i.e., federal, state, Social Security, Medicare) as regular salary. However, FlexCash will not be considered compensation for retirement purposes. The additional cash income will be reported as income on Form W-2 for the year you receive it.

You should ensure your medical and dental needs are met before you choose the FlexCash Plan. If you decide to waive the CSU medical and/or dental coverage, you will be required to attest that you have non-CSU group medical plan coverage that meets the ACA minimum value standards.

How Much is the Cash Payment?

If you meet the eligibility requirements for health coverage and you choose to receive FlexCash in lieu of medical and/or dental coverage, you will receive the following monthly cash payments:

IF YOU WAIVE	PAYMENT
Medical and Dental	$140 per month
Medical Only	$128 per month
Dental Only	$12 per month

Who is Eligible?

You are eligible for the FlexCash Plan if:

- You meet the eligibility requirements for CSU medical and dental benefits, and
- You are an active non-represented employee, or an active represented employee in a bargaining unit for which FlexCash participation has been negotiated, and
- You have other, non-CSU medical (group coverage) and/ or dental coverage related to employment outside the CSU system.

You are not eligible to participate in FlexCash if you are covered for medical and/or dental as a dependent of another CSU employee.

How Do I Enroll?

To enroll, reach out to your campus benefits office. You will be asked to attest/certify that you are covered by a non-CSU group medical and/or dental plan and you agree to the terms and conditions of the FlexCash Plan.

Please note: Proof that you are enrolled in a non-CSU group medical and/or dental plan without any lapses in coverage is required for initial and continued enrollment in FlexCash and is subject to verification at the discretion of the campus benefits office.

Your enrollment in the FlexCash Plan will continue from year to year until you change or terminate your enrollment.

You cannot receive CalPERS health and/or CSU dental benefits and be enrolled in FlexCash. Therefore, when you enroll in the FlexCash Plan, you will also need to cancel the corresponding CSU medical and/or dental coverage if you are currently enrolled. If it is later determined that you received health/dental benefits at the same time as being enrolled in FlexCash, the necessary adjustments will be deducted from subsequent pay warrants.

Enrollment and Effective Date of Coverage

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

New employees may enroll in the FlexCash Plan within 60 days of becoming eligible or during open enrollment. Coverage will become effective on the 1st of the month following enrollment, subject to campus and State Controller's Office processing timelines.

Your FlexCash enrollment will continue each plan year unless you choose to enroll in medical and/or dental coverage during subsequent open enrollment periods or within 60 days of a status change event.

If you do not enroll in FlexCash during the open enrollment period, you may enroll during the plan year (from January 1 through December 31) only if:

- You are a new employee hired after the open enrollment period and you meet medical and dental plan eligibility; or
- You were on an approved leave of absence during the open enrollment; or
- You experience a status change event as defined.

Can I Change My Election During the Plan Year?

You may not start or stop your FlexCash election in the middle of a plan year, except for allowable status change events as defined by Internal Revenue Service (IRS) regulations. These regulations specify that changes in FlexCash elections must be necessary, or appropriate as a result of the status change. Enrollment changes must be requested within 60 days of the status change event.

If allowable status changes occur, you can make the following changes within 60 days of the status change event:

- If you chose cash, you can now choose medical and/or dental coverage.
- If you kept your medical and/or dental coverage, you can now choose cash.

What is a Status Change Event?

Allowable status change events include:

- Marriage, divorce, annulment or legal separation;
- Domestic partnership or dissolution of domestic partnership;
- Death of spouse, domestic partner or dependent, (or loss of eligible dependent status);
- Birth, adoption or placement for adoption of a child;
- Change in custody that affects the child's eligibility for coverage under this Plan or the plan of the child's parent;
- Termination or commencement of employment of employee, spouse, domestic partner or dependent;
- Commencement or return from an unpaid leave by employee, spouse, domestic partner or dependent;
- Change from full-time to part-time employment (or vice versa) by either you or your spouse or domestic partner, if that change affects your medical and/or dental coverage;
- Gain or loss of alternative non-CSU coverage;
- A significant change in the alternative non-CSU coverage;
- Entitlement to Medicare or Medicaid by an employee, spouse, domestic partner or dependent; or
- A change in worksite or residence resulting in eligibility or cessation of the employee's coverage under any health maintenance organization offered through the Plan.

TAX ADVANTAGE PREMIUM PLAN

What if I Go On Leave While Enrolled in FlexCash?

FlexCash payments continue during periods of paid leave, but when you take a leave without pay, the payments stop until you return to active status.

What if I Terminate While Enrolled in FlexCash?

As an active employee, if you choose to participate in the FlexCash Plan and waive coverage under the medical and/or dental plan, you also waive any Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation rights you may have had. This means you will NOT be able to enroll in CSU group medical and/or dental coverage via COBRA continuation if your CSU employment ends.

What if I Retire While Enrolled in FlexCash?

FlexCash payments stop when you retire. If you are not enrolled in a CalPERS medical and/or CSU dental plan prior to retirement, but you retire within 120 days of separation, you (and your eligible spouse or domestic partner) may enroll within 60 days of retirement, or during any subsequent annual open enrollment, in conjunction with Government Code Section 22831 (See also 22830/22839). Enrollment requests at that time would be handled by CalPERS. Retirees are responsible for contacting CalPERS to enroll in medical and dental. Systemwide Human Resources administers retiree dental and is available to assist retirees with enrollment. If, as an annuitant, you subsequently die while not enrolled in the medical and/or dental plan, your surviving spouse may be allowed to enroll within 60 days of your death, or during any subsequent open enrollment period, provided you have met the 120-day requirement and your surviving spouse is eligible to receive a monthly CalPERS allowance.

What if I Die While Enrolled in FlexCash?

If you are married or have a domestic partner and waive medical and/or dental coverage under the FlexCash Plan, and you subsequently die, your surviving spouse or domestic partner will NOT have the right to COBRA continuation or be eligible to enroll in medical and/or dental coverage if the survivor is not eligible for a monthly CalPERS allowance.

However, if your spouse or domestic partner is eligible to receive a monthly CalPERS allowance as a survivor, then as part of the surviving spouse benefit package, eligible family members who were not enrolled in a CalPERS medical and/or CSU dental plan at the time of your death can enroll in medical and/or dental coverage within 60 days of the death, or during any subsequent open enrollment.

What is TAPP?

The Tax Advantage Premium Plan (TAPP) is also known as the California State University Premium Conversion Plan. TAPP allows you to pay required health plan premiums from your salary on a pre-tax basis. Any such premiums for the CSU-sponsored coverage you have selected will be deducted each month from your salary before federal and state income and Social Security/ Medicare taxes are calculated and deducted. This means you will not pay taxes on those premiums—they are converted to tax-free expenses.

Who is Eligible?

You are eligible to participate in TAPP if you are an active CSU employee enrolled in a CalPERS health plan.

How Do I Enroll?

If you are a new employee enrolling in health coverage, you will be enrolled in TAPP automatically. If you prefer to pay your premiums from after-tax salary, you must notify your campus benefits office within 60 days of becoming eligible or during the open enrollment period in September–October for coverage for a full plan year (January 1 through December 31).

Can I Change My Election?

Once your choice of pre-tax premium payment has become effective for a plan year, you can only make changes during the annual open enrollment period, unless you have a status change event. The open enrollment period is every September–October for coverage effective January 1 through December 31 of the following year. Status change events are explained in the FlexCash section of this booklet.

What Happens if My Premium Changes or if I Go On Leave?

If your premium contributions change during the year, your TAPP deductions will be adjusted automatically for the change. Contributions will continue during any paid leave but will stop if your leave is unpaid. If your unpaid leave qualifies for continuation of benefits under the Family and Medical Leave Act, you may continue your coverage during your leave on an after-tax basis.

What Effect Does TAPP Have On My Other Benefits?

TAPP will have no impact on your CalPERS retirement, nor on any other CSU-paid benefit. However, depending on your salary, your Social Security benefits at retirement may be reduced slightly, because you will have paid Social Security taxes on a lower wage.