



Benefits Briefing

[Return to Tri-Star Web Site](#)

June 8, 2004 Issue # 8

Editor's Note

In an effort to keep you informed of regulation issues and new developments, we will be sending quarterly issues of our newsletter, Benefits Briefing. If there are HR contacts at your company who would benefit from this, please give us their names and email addresses, and we will add them to the distribution list.

in this issue....

- [COBRA Final Regulations Issued](#)
- [Treasury Department Continues to Issue HSA Guidance](#)
- [On-Line FSA Claims Filing Coming Soon](#)
- [How To Contact Us](#)

COBRA Final Regulations Issued

On May 26, 2004 the Department of Labor published final regulations for COBRA Notice requirements, setting minimum standards for the timing and contents of the notices required under COBRA. They include Model Notices to assist employers and administrators in satisfying the requirements. You may view and download the DOL press release, regulations, and model notices at www.dol.gov/ebsa/.

The rules are similar to the proposed ones issued on May 28, 2003. They will be effective for the first plan year that begins 6 months after they were published, which is January 1, 2005 for calendar year plans.

Highlights of the regulations include:

- Model General Notice of COBRA Continuation Coverage Rights which must be provided to covered employees and covered spouses within 90 days from the date coverage begins. The notice may be included in an SPD if provided within the 90 days.
- Model COBRA Continuation Coverage Election Notice (Qualifying Event Notice or QEN)
- Model COBRA Continuation Election Form, including Important Information About Your COBRA Continuation Coverage Rights.
- Regulations require plans to establish “reasonable procedures” for qualified beneficiaries to notify the plan administrator of the qualifying events of divorce, legal separation or a dependent child’s ceasing to be a dependent under the plan or a second qualifying event, or Social Security Disability event.
- The regulations require the plan administrator to give a covered employee or qualified beneficiary requesting COBRA a “Notice of unavailability of continuation coverage” if it determines the individual is not entitled to coverage. It also requires the administrator to give a “Notice of termination of coverage” of any termination of coverage that takes effect earlier than the maximum period of continuation applicable to such qualifying event. (No Model Notices were provided.)

[Back to Top](#)

Treasury Department Continues to Issue HSA Guidance

The Treasury Department has been very aggressive in issuing guidance clarifying various HSA issues. On March 30, 2004 they issued Notice 2004-23 providing a safe harbor definition of “preventive care” in a high deductible health plan (HDHP) and Notice 2004-25 providing transition relief for individuals who have trouble finding an HSA trustee.

They also issued Revenue Ruling 2004-38 confirming that an individual covered by an HDHP that does not cover prescription drugs and a separate plan or rider that covers prescription drugs below the statutory minimum deductible is not an “eligible individual” able to make a contribution to an HSA. At the same time, they issued Revenue Procedure 2004-22 partially suspending Revenue Ruling 2004-38 until January 1, 2006.

The Treasury Office of Public Affairs has established a web site specifically for HSA information.

It is an excellent HSA resource with links to Technical Guidance (including those referenced above), Press Releases, FAQs and links to other resources. You may visit it at <http://www.treas.gov/offices/public-affairs/hsa/>. A hotline and an email address have also been established.

Officials promised answers within five business days. Voicemail phone number: (202) 622-4HSA (4472) and the email where you can submit questions: hsainfo@do.treas.gov.

Their most recent guidance came in the form of Revenue Ruling 2004-45. The Office of Public Affairs press release describing it is reprinted below.

FROM THE OFFICE OF PUBLIC AFFAIRS.

May 11, 2004
JS-1535

Treasury Clarifies Interaction Of Health Savings Accounts With Other Employer-Provided Health Reimbursement Plans

Today Treasury and the IRS issued Revenue Ruling 2004-45 which clarifies how health Flexible Spending Arrangements (FSAs) and Health Reimbursement Arrangements (HRAs) interact with Health Savings Accounts (HSAs). The guidance provides a number of ways that individuals may have access to benefits from FSAs and HRAs and remain eligible to contribute to an HSA.

“Although the statute does not permit individuals to contribute to an HSA while being covered by general purpose health FSAs and HRAs, the guidance provides significant flexibility to employers in structuring health reimbursements for employees,” stated Greg Jenner, Acting Assistant Secretary for Tax Policy. In particular, the ruling states that eligible individuals (who must be covered by a high deductible health plan (HDHP)) may continue to contribute to an HSA while also covered by the following types of employer-provided plans that reimburse employee medical expenses:

- Limited purpose FSAs and HRAs that restrict reimbursements to certain permitted benefits such as vision, dental, or preventive care benefits.
- Suspended HRAs where the employee has elected to forgo health reimbursements for the coverage period.
- Post-deductible FSAs or HRAs that only provide reimbursements after the minimum annual deductible has been satisfied.
- Retirement HRAs that only provide reimbursements after an employee retires.

“We believe that the ability of employers to allow employees to temporarily suspend reimbursements from HRAs so they can contribute to an HSA without forfeiting accumulated HRA benefits provides important transitional relief for employers adopting high deductible health plans with HSAs,” said Mr. Jenner.

The guidance also provides that combinations of these arrangements may also be provided without disqualifying an individual from contributing to an HSA. In addition, the ruling clarifies that individuals with coverage by an FSA and an HRA, as well as an HSA, may reimburse expenses through the FSA or HRA prior to taking distributions from the HSA, as long the individual does not seek multiple tax-favored reimbursements for the same expense.

[Back to Top](#)

On-Line FSA Claims Filing Coming Soon

On August 1st, 2004 Tri-Star will introduce its' new on-line claims filing process. We believe it will be a tremendous benefit to participants in a Flexible Spending Accounts (FSAs) as it will make the filing of claims faster and simpler. In addition, the participant will be able to immediately confirm their claims have been entered into the system and will be able to follow the approval process, which will be counted in hours instead of days, on line.

Here is how it works:

Currently a participant must obtain a claim form, complete and sign it, and return it to Tri-Star with all the supporting documentation (receipts, EOBs, etc.). Most participants fax their claims, but many still mail them. Upon receipt by Tri-Star, the claims have to be entered into the database, which may take up to 48 hours.

The on-line filing process will work much more efficiently. A participant may log in to our secure web server and complete an on-line claim form. There will be no need to enter their name or social security number because that will be pre-completed. They will simply enter the details for the claims they are submitting. Once they enter the [SUBMIT] button, the claim(s) will be entered directly into the database with a claim number assigned. The participant will then print the completed claim form (which will also serve as the fax cover sheet) and fax it to Tri-Star, along with the supporting documents.

This fax number will be a toll free number directed to a special unit at Tri-Star dedicated to handling ONLY the on-line claims that have been submitted. The process of reviewing these "on-line filed" claims and approving or requesting additional information will take only hours instead of days. Our target is to have all claims received from on-line filing and adjudicated within two business hours of receipt. This information being almost immediately available to the participant on the web site will be a tremendous benefit. If a claim is denied or pended requesting additional information and an email address is on file, a notice will go out via email. If an email address is not on file, a letter will go out that same day. Participants may also request an email confirmation of the claim approval.

Of course, the standard filing process will always be available to every participant. However, we believe the new filing process will be well received by the participants who use it. We are also excited because it will help us better serve our customers. Look for this new service soon.

[Back to Top](#)

Contact Us

Please feel free to forward this issue to friends and associates. Anyone can **subscribe** for free: Email stacy.hargrave@tri-starsystems.com and ask for the newsletter. Please include the name and email address of the person you wish to receive the newsletter.

To **unsubscribe** from this list: Email stacy.hargrave@tri-starsystems.com with the word "unsubscribe" in the subject line or anywhere in the email.

TO CONTACT US:

Stacy Hargrave

Tri-Star Systems

stacy.hargrave@tri-starsystems.com

14323 South Outer 40 Road, Suite 400 North
Chesterfield, MO 63017-5734

(314) 985-0262 or (800) 727-0182 Ext. 115

[Back to Top](#)

[Visit Us at <http://www.tri-starsystems.com/>]

© 2003 Tri-Star Benefit Systems, Inc.