



County of Los Angeles  
*Options*  
SUMMARY PLAN DESCRIPTION

Effective January 1, 2012

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## INTRODUCTION

The *Options* Flexible Benefits Plan (“*Options*”) is a cafeteria plan that gives you and your eligible dependents access to the following benefits:

- Medical
- Dental
- Optional group term life insurance
- Dependent term life insurance
- Accidental death and dismemberment (AD&D) insurance
- Medical coverage protection (LTD Health Insurance)
- Spending accounts
  - Health Care Spending Account
  - Dependent Care Spending Account

In addition, the County provides basic term life insurance.

If you have questions not answered in this Summary Plan Description (SPD), contact the insurance carrier directly (see **Contact Information** on page 48) or the County’s Benefits Hotline at **213-388-9982** from 8:00 a.m. to 4:00 p.m., Monday through Friday.

## GENERAL INFORMATION

### Eligibility

#### ***Employee Eligibility***

If you are a full-time, permanent employee of the County of Los Angeles and you are represented by a bargaining unit listed below, or you are in an eligible class of employees approved for *Options* by the Board of Supervisors, then you may enroll in *Options*.

<b>Bargaining Units Eligible for <i>Options</i></b>			
<b>Bargaining Unit #</b>	<b>Bargaining Unit Name</b>	<b>Bargaining Unit #</b>	<b>Bargaining Unit Name</b>
111	Clerical and Office Services	702	Supervising Deputy Probation Officers
112	Supervising Clerical & Office Services	711	Social Workers
121	Administrative, Technical & Staff Services	722	Medical Social Workers
122	Supervising Administrative, Technical & Staff Services	723	Child Welfare Workers
201	Building Custodians & Services Employees	729	Health Financial Support Services
211	Institutional Support Services Employees	731	Social Services Investigators
221	Paramedical Technical Employees	732	Supervisory Social Services Investigators
222	Supervising Paramedical Health Employees	777	Supervising Social Workers
311	Registered Nurses	811	Librarians
312	Supervising Registered Nurses	850	LACERA Administrative, Technical, Clerical & Blue Collar
341	Health Science Professionals	851	LACERA Supervising Unit
342	Supervisory Health Science Professionals	860	Superior Court Legal Process Unit
431	Artisan and Blue Collar Employees	861	Superior Court Reporters
432	Supervisory Artisan and Blue Collar Employees	867	Superior Court Supervisory Unit

#### ***Dependent Eligibility for County-Sponsored Plans***

If you are eligible to participate in County-sponsored medical, dental, optional group term life, and accidental death and dismemberment (AD&D) insurance plans, so are your eligible dependents. Your *eligible dependents*<sup>1</sup> generally include:

- Your legal spouse/domestic partner (see page 3 for special rules concerning domestic partner and same-sex spouse eligibility).
- Your children:
  - Under age 19.
  - Under age 19 for whom you have legal custody, or have to cover under your medical plan as part of a qualified medical child support order.
- Your adult children:
  - Age 19 through age 25 who are not eligible for other employer-sponsored coverage (except under a parent's plan) such as a plan from their own job or their spouse's job, and you certify as such during enrollment.

<sup>1</sup> The dependent group term life and accidental death and dismemberment plans have different dependent eligibility requirements. See pages 22-23 for details. Different dependent requirements also apply to the spending accounts. See page 26 for details.

Coverage for a disabled child may continue past age 25 if your health plan determines that your child became disabled before the limiting age (check with your health plan to determine the limiting age). Proof of your child's disability may be required from time to time. Your disabled child's coverage ends when the plan no longer considers your child to be disabled, your child marries or no longer depends on you for support, or you stop coverage for any reason.

### **Children**

For eligibility purposes, "children" includes children born to you, children legally adopted by you, children awaiting finalization of their adoption by you, stepchildren, children of whom you are the legal guardian, children you support because of a valid court order, and children of your domestic partner.

### **Ineligible Dependents**

Your former spouse/domestic partner, parents, parents-in-law, other relatives, and nondisabled dependent children age 26 and over are not eligible for coverage under your medical and dental plans.<sup>2</sup>

You must drop coverage for your enrolled spouse/domestic partner or dependent children when they lose eligibility under your medical and dental plans (e.g., you divorce, your adult child becomes eligible for employer sponsored coverage (except under a parent's plan)).

### **Rules Governing Domestic Partners and Same-Sex Spouses**

If you are in a domestic partnership and you and your partner both meet **all** of the criteria listed below, you may enroll your domestic partner and his or her legally dependent children in your *Options* medical, dental, optional dependent group term life insurance, and optional accidental death and dismemberment insurance plans.

Under the County's program, a domestic partnership is defined as a relationship between two people who live in an exclusive relationship and who both:

- Are at least age 18, unmarried, and not blood relatives close enough to bar marriage in the State of California, and
- Are jointly responsible for each other's welfare and financial obligations, and
- Live in the same principal residence and intend to do so indefinitely, and
- Are in a domestic partnership as attested by both parties through either a signed *County of Los Angeles Declaration of Domestic Partnership Form*, or under a **registered** State of California *Declaration of Domestic Partnership Form* (or under proof of a similar legal union validly formed in another state) that has been submitted to and approved by the *Options* Administrator.

Similarly, if you have a same-sex spouse legally recognized under California law or a similar legal union validly formed in another state, you may enroll him or her in your *Options* medical, dental, optional dependent group term life insurance, and optional accidental death and dismemberment insurance plans. You must furnish a copy of your marriage certificate.

### **Cost of Medical/Dental Benefits**

If you have coverage for yourself only, or yourself and one family member, and you add a domestic partner or same-sex spouse, or the children of such partner or spouse to your medical and/or dental coverage, your monthly premium (cost of coverage) will increase. You will receive an increase in your monthly allowance to help you pay for this coverage; the amount of the increase depends on the number of people enrolled.

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<sup>2</sup> The dependent group term life and accidental death and dismemberment plans have different dependent eligibility requirements. See pages 22-23 for details. Different dependent requirements also apply to the spending accounts. See page 26 for details.

### **Taxation of Medical/Dental Coverage for Domestic Partners and Same-Sex Spouses**

If you purchase medical or dental coverage for your same-sex spouse or your domestic partner or his/her children who do not qualify as your federal tax dependents, the cost of that coverage will be paid (whether from the County allowance or additional salary deduction) with after-tax dollars for federal tax purposes. If you currently pay medical or dental premiums for coverage for “you and two or more family members” and you add a same-sex spouse or domestic partner or his/her children, your monthly premium and benefit allowance will not increase, but you must pay taxes on the fair market value of the additional coverage. The value is set at the “you only” premium rate for your medical or dental plan, no matter how many of your domestic partner’s children you enroll. The fair market value will appear as imputed income on your monthly paychecks.

The cost of medical coverage furnished under the LTD Health Insurance program to a same-sex spouse or domestic partner or his/her children also will be paid with after-tax dollars for federal tax purposes.

However, if you provide the *Options* Administrator with a copy of your marriage certificate or **registered** State of California *Declaration of Domestic Partnership Form* (or proof of a similar legal union validly formed in another state), your cost for such coverage will be deducted before California state taxes are taken out of your pay. Note that your County of Los Angeles registration alone does not qualify you for this tax break.


If you want to take advantage of the state tax exemption applicable to domestic partners and same-sex spouses, you must submit a copy of your **registered** State of California *Declaration of Domestic Partnership Form* (or proof of a similar legal union validly formed in another state) or marriage certificate to the *Options* Administrator, P.O. Box 67128, Los Angeles, CA 90067, or fax it to 310-788-8775.


To register your domestic partnership with the State, obtain a State of California *Declaration of Domestic Partnership Form* from the Secretary of State. You may write to Secretary of State, Domestic Partnerships, P.O. Box 942877, Sacramento, CA 94277-0001, or call 916-653-3984, or visit the Web site at [www.ss.ca.gov/dpreistry](http://www.ss.ca.gov/dpreistry).

**PLEASE NOTE: Other insurance coverage provided to or on behalf of a same-sex spouse or domestic partner or his/her children may also be determined to be taxable under federal law. Thus, to the extent required by law, the County may require you to purchase these benefits with after-tax dollars or report imputed taxable income with respect to those benefits.**

### **Enrolling a Domestic Partner**

When enrolling a domestic partner for the first time, you must send a completed County of Los Angeles *Declaration of Domestic Partnership Form* to the *Options* Administrator at P.O. Box 67128, Los Angeles, CA 90067. Coverage for your domestic partner and your domestic partner’s eligible dependents will not be activated until the *Options* Administrator approves your completed and signed form.

 **Enrolling via the Web?** You can download and print the County of Los Angeles *Declaration of Domestic Partnership Form* from the Web enrollment system at [www.mylacountybenefits.com](http://www.mylacountybenefits.com).

 **Enrolling by phone?** After you enroll over the phone, the County of Los Angeles Benefits Administrator will mail the County of Los Angeles *Declaration of Domestic Partnership Form* to you.

**Note:** If you are a new hire or newly eligible for *Options* and meet with an enroller to enroll, you will receive a copy of the form and instructions during your enrollment meeting.

### **Adding Domestic Partners During the Year**

You may add a domestic partner and your domestic partner’s children to your medical and/or dental coverage during the year under the rules described in the section **Enrollment Changes During the Plan Year: Changes in Status** (see pages 13-16).


### **When Coverage for a Domestic Partner Begins**


If you are enrolling your domestic partner during annual enrollment, coverage will become effective January 1 of the following year provided the County approves your form. If you are enrolling a domestic partner during your initial new hire enrollment, coverage will become effective as shown in the **Benefit Effective Date Schedule** on page 9. If you are enrolling a domestic partner during the year under the plan's changes in status rules, refer to the section **When Changes Become Effective** on page 16.

### **STOPPING COVERAGE FOR A DOMESTIC PARTNER DURING THE YEAR**

You can stop coverage for your domestic partner and/or your domestic partner's children on the Web enrollment system under the rules described in the section **Enrollment Changes During the Plan Year: Changes in Status** (see pages 13-16).

If you also want to terminate your domestic partnership, you must send your completed *County of Los Angeles Termination of Domestic Partnership Form* or appropriate **registered** State of California document (or proof of similar **valid** documents from another state) to the *Options* Administrator. Once you terminate a domestic partnership, you must wait **12 months** to enroll a domestic partner for coverage. The 12-month exclusion is waived if you submit a copy of the registered State of California *Notice of Termination of Domestic Partnership Form* to the *Options* Administrator, P.O. Box 67128, Los Angeles, CA 90067.

 **Via the Web:** Go to [www.mylacountybenefits.com](http://www.mylacountybenefits.com), click on **Web enrollment system**, then click on life event and indicate that you have a termination of domestic partnership. Download and print the *County of Los Angeles Termination of Domestic Partnership Form* from the Web enrollment system.

 **By phone:** The *Options* Administrator will mail the *County of Los Angeles Termination of Domestic Partnership Form* to you after you request to terminate your domestic partnership on the telephone enrollment system.



**Required Proof of Dependent Eligibility**

If you are a current participant and you choose to add a dependent during annual enrollment, you must provide proof of dependent status and your dependent's Social Security number within 10 calendar days from the date of your enrollment. If you are a new hire or newly eligible employee, you must provide proof of dependent status and the Social Security number for each dependent you are adding to coverage no later than the 25th of the month before your medical or dental benefits begin. Documents that serve as proof of dependent eligibility are:

**Note:** There are different rules for adding dependents due to a qualified change in status. Refer to pages 13-16 for details.

Dependent	Required Documents	Note
<b>Spouse (including a legally recognized same-sex spouse)</b>	Photocopy of your church, county or state marriage certificate	<p>Marriage certificates must include:</p> <ul style="list-style-type: none"> <li>▪ Names of parties,</li> <li>▪ Signature of solemnizing official, and</li> <li>▪ Marriage date</li> </ul> <p><b>Marriage licenses will NOT be accepted</b></p>
<b>Child</b>	<p>Photocopy of the hospital, state, county, or foreign (requires notarized translation) birth certificate, OR legal adoption papers*</p> <p><i>*Adoptive Placement Agreements or Court-Appointed Guardianship Documents are valid.</i></p>	<p>Birth certificates must indicate:</p> <ul style="list-style-type: none"> <li>▪ Name of parents</li> <li>▪ Child's date of birth</li> </ul>
<b>Disabled child age 26 and older</b>	Proof of disability requirements may differ by plan and may include certification of the disability from a licensed doctor or the Social Security Administration. See page 2 for eligibility information and contact your health plan for proof documents	

<b>Other Important Information About Required Documentation</b>	
<b>Translated documents</b>	If document is in a foreign language (not in English), a notarized translation is acceptable and must be included with a copy of the foreign document
<b>Name changes</b>	<p>Provide court-ordered name change documents, passports or naturalization documents which show both former and current name</p> <p><b>All names must match with names on system records. If names differ between supporting documents and name on record, a change of name document must be provided.</b></p>

Write your name and employee number and the Social Security number for the dependent you are adding on each certificate or document and fax all documents to 310-788-8775, or mail them to the **Options Administrator at P.O. Box 67128, Los Angeles, CA 90067.**

### **Special Note for New Hires and Newly Eligible**

For dependent coverage to be activated at the same time as your coverage, the *Options* Administrator must receive the necessary documents providing proof of dependent status by the 25th of the month before your medical and dental benefits begin. Coverage for your dependents will not begin until these documents are received.

If the *Options* Administrator receives your documents by the 25th of the month, your dependent's coverage is effective the first day of the following month. If the documents are received after the 25th of the month, dependent coverage does not take effect for another month.

You have a total of 90 days from the date of your enrollment to provide the required documents. If the *Options* Administrator does not receive these documents within 90 days of your enrollment date, your dependent's medical or dental coverage will not go into effect and you must wait until the next annual enrollment to enroll your eligible dependents for coverage.

### **Enrolling in *Options***

The County conducts an annual enrollment for current participants. Annual enrollment is typically held in October, with coverage changes effective on the next January 1. During annual enrollment you will have an opportunity to:

- Enroll or re-enroll in the Health Care and Dependent Care Spending Accounts.
- Enroll in or change medical and dental plans.
- Waive medical and/or dental coverage if you meet the criteria that you have other coverage (see **Waiving Medical or Dental Coverage** on page 8 for details).
- Select, change, or cancel optional group term life insurance, accidental death and dismemberment (AD&D) insurance, or medical coverage protection (LTD Health Insurance, see page 24 for limitations).
- Add or drop coverage for dependents. If you are adding dependents, you must provide satisfactory documentation before coverage for your newly added dependent may begin (see **Required Proof of Dependent Eligibility** on page 6 for a list of the required proof documents).
- Do nothing and your current coverage will continue, with two exceptions:
  - *Health Care and Dependent Care Spending Accounts* – you must re-enroll every year to continue participating.
  - *Waiving Medical Coverage* – If you are currently waiving medical coverage and want to continue waiving coverage in the coming Plan Year, you must complete a waiver each year (see **Waiving Medical or Dental Coverage** on page 8 for details).

### ***Enrollment for New Hires and Newly Eligible***

#### *Represented Employees*

Special enrollment meetings are held for represented new hires or represented employees newly eligible for the *Options* program. At your meeting, you will review the different coverage options available to you, see how your benefit elections can affect your take-home pay, and enroll in the benefits of your choice. There is no enrollment form to complete. The benefit enroller will enter your elections directly into the computer during your meeting. At the end of the meeting, you will receive a confirmation statement of your coverage. **Important:** If you miss your enrollment meeting, contact your departmental Personnel Office.

#### *Non-represented Employees*

If you are a new hire or newly eligible for *Options* and are a non-represented employee, you must enroll via the Web enrollment system at [www.mylacountybenefits.com](http://www.mylacountybenefits.com) or the telephone enrollment system at **1-888-822-0487**.

### **When You Need to Enroll**

As a new hire, or as an employee who is newly eligible to participate in *Options*, you must enroll within 60 days of the date you become eligible (i.e., initial date of employment, date of promotion, date of appointment, or date

of reinstatement). The benefits you elect during your enrollment meeting are effective through December 31 of the year you become eligible. If you are a new hire and you do not enroll during this 60-day period, you will not be enrolled in *Options* and you will not be eligible to receive a monthly benefit allowance from the County. This means you will not receive benefits and your next opportunity to enroll for benefit coverage in *Options* will be the next scheduled annual enrollment.

If you are newly eligible for *Options* and are currently enrolled in benefits under *Choices*, *MegaFlex*, or *Flex* and you do not enroll in *Options* within the 60-day period, you are automatically enrolled in comparable benefits under *Options* on the first day of the second month after the 60-day period ends.

### **Monthly Benefit Allowance**

As an *Options* participant, you get a monthly benefit allowance. You use this monthly allowance to go “shopping” for the benefits you need. If you have any allowance left over, the unused amount will be added to your paycheck as taxable pay. If your benefits cost more than your benefit allowance, you are responsible for paying the difference. Your portion of the cost is deducted from your paycheck before taxes are applied.

### **Waiving Medical or Dental Coverage**

You may waive medical and/or dental coverage only if you meet **all** of the following criteria:

- 1) You have medical or dental coverage through your spouse’s/domestic partner’s plan, another employer’s group plan, an individual or private plan, or Medicare (medical only).
- 2) Your other plan offers coverage similar to the coverage offered under the County-sponsored plans.
- 3) You are enrolled in the other plan when you waive coverage under *Options*, and you stay enrolled in that other plan for the duration of the Plan Year.

If you waive medical coverage, the monthly “waiver” allowance, minus the cost of other benefits you elect, is added to your paycheck as taxable pay.

### **Waiver Certification**

#### *During Annual Enrollment*

When you elect to waive medical and/or dental coverage, you must submit a waiver certification. If you enroll using the Web enrollment system, you can enter your information online. If you elect to waive coverage using the telephone enrollment system, the *Options* Administrator will mail you a *Waiver Certification Form*. You must complete the form and send it back to the *Options* Administrator by the deadline shown on the form.

#### *For New Hires and Newly Eligible*

If you want to waive coverage, you must elect “waive coverage” during your special enrollment meeting. You should bring your medical ID card for your other coverage to this meeting. After your medical and/or dental waiver is approved, you may not enroll in an *Options* medical and/or dental plan for the remainder of the year unless you have a qualified change in status (see pages 13-16). If you enroll by phone or the Web rather than by special enrollment meeting, you may certify during your phone or Web enrollment.

### **Effective Date of Coverage**

#### *During Annual Enrollment*

If you enroll or make changes during annual enrollment, your benefits become effective January 1 of the following Plan Year.

#### *For New Hires and Newly Eligible*

You become an *Options* participant on the first day of the month after you complete your enrollment. Your *Options* benefits start on the date shown in the **Benefit Effective Dates Schedule** on page 9 and continue through December 31.

The following benefits start the same month you become an *Options* participant:

- Health Care Spending Account.
- Dependent Care Spending Account.

This means that if you enroll in a spending account, you generally may begin incurring expenses eligible for reimbursement in the month in which you become a participant. **Note: If you enroll in November, however, your spending account coverage will not begin until January 1, when your payroll deductions begin.**

The following benefits begin on the first day of the month following the month you become an *Options* participant:

- Medical plan.
- Dental plan.
- Optional group term life insurance.
- Dependent term life insurance.
- Accidental death and dismemberment (AD&D) insurance.
- Medical coverage protection (LTD Health Insurance).

If you qualify for, and enroll in, optional universal life insurance during your enrollment meeting, your coverage is effective immediately. Payroll deductions for this voluntary benefit begin within 60 days of your enrollment meeting. You will receive more information about this benefit in your enrollment packet.

<b>Benefit Effective Dates Schedule</b>			
<b>Month in Which You Enroll</b>	<b>Participation Begins<sup>3</sup> (Participation Date)</b>	<b>Benefit Effective Date</b>	<b>Date Paycheck Deductions &amp; Benefit Allowance Begin</b>
January	February	March 1	March 15
February	March	April 1	April 15
March	April	May 1	May 15
April	May	June 1	June 15
May	June	July 1	July 15
June	July	August 1	August 15
July	August	September 1	September 15
August	September	October 1	October 15
September	October	November 1	November 15
October	November	December 1	December 15
November	January	January 1	January 15
December	January	February 1	February 15

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<sup>3</sup> Generally, you may begin incurring expenses for spending account reimbursement during the month you become a participant. If you enroll in November, however, your spending account coverage will not begin until January 1, when your payroll deductions begin.

## After You Enroll

### Verifying Payroll Deductions for the Benefits You Elected

To make sure you are enrolled in the benefits you elected, check your mid-month paycheck during the month in which your payroll deductions are scheduled to begin. Compare the information at the bottom of your paycheck stub to the information on your confirmation statement.

Your paycheck stub will show the amount of your monthly benefit allowance (CTY-ALLOW) and the cost of the specific benefits you elected. Payroll deduction codes for all benefits are listed below. Below is a sample paycheck stub..

Cafeteria Benefits Information							
Cafeteria Category		Cafeteria %	County Contribution	Salary Reduction	Contributed Benefits	Taxable Cash	Taxable Cash Limit
RF011 OPTIONS CONTRIB		.0%	659.13	.00		79.71	.00
Benefit Category	Benefit Type	Benefit Plan	County Contributed	Salary Reduction		Benefit Applied	Available Balance YTD
EF136	EF136	KAISER 721 1PTY		533.91	.00	533.91	.00
EL202	EL202	LIFE 1XSAL		4.45	.00	4.45	.00
EF410	EF410	AD&D 200K-EE		3.40	.00	3.40	.00
EF300	EF300	DLTADNTAL-O 1PTY		45.51	.00	45.51	.00
EF012	EF012	OPTIONS ADM FEE		3.79	.00	3.79	.00
<b>Total Cafeteria Benefit</b>				<b>\$579.42</b>	<b>\$.00</b>	<b>\$579.42</b>	<b>\$.00</b>

### Administrative Fee

You will be assessed a before-tax administrative fee of \$3.79 per month to help defray *Options* administration costs.

### Payroll Deduction Codes

Review your paycheck stub to verify that you are enrolled in the benefits you elected. The payroll deduction codes shown below will appear on your paycheck stub next to the *Options* benefits you elected.

#### Medical Insurance

EF140-142 UnitedHealthcare HMO  
 EF144-146 UnitedHealthcare Choice Plus PPO  
 EF 136-138 Kaiser

#### Dental Insurance

EF300-302 Delta Dental  
 EF320-322 SafeGuard  
 EF312-314 DeltaCare

#### Miscellaneous

EF045 100% LTD Health Insurance (medical coverage protection)  
 EF012 *Options* administrative fee

#### AD&D

EF410, EF411 & EF413 AD&D (employee only or employee plus family)

#### Life Insurance

EL202 - Employee only (1x - 8x salary pre-tax)  
 EL203 - Employee only (1x - 8x salary after-tax)

#### Spending Accounts

EF500 Health Care Spending Account  
 EF505/RS 505 Dependent Care Spending Account

EL301 - Dependent Term Life (\$5,000-\$20,000)

## ***When Coverage Ends***

### **For Yourself**

Your coverage under *Options* ends as shown in the table below:

<b>If this event occurs...</b>	<b>Then your coverage ends...</b>
Your employment ends	At the end of the month following the month in which your employment ends, as long as you are in a paid status for at least 8 hours during the month your employment ends
Your employment status changes to temporary or part-time	At the end of the month following the month in which your permanent status ends, as long as you receive at least 8 hours of pay under permanent status during the month your status changes
You are billed for insurance premiums under the County's self-pay program (see page 17) and you do not pay by the deadline	On the first day of the billed coverage month
You are offered and you elect to pay for coverage under COBRA	When you stop paying your monthly premiums or at the end of the continuation coverage period (see page 42)
You become eligible for a new benefit plan, such as <i>MegaFlex</i> or <i>Choices</i>	On the date your benefits under the new plan begin

## For Your Dependents

Your dependent child's coverage under *Options* ends as follows:

If this event occurs...	Then coverage for your child ends...
Your child reaches age 26	At the end of the month in which your child reaches age 26
A dependent otherwise ceases to be an eligible dependent under the terms of the applicable benefit plan	On the last day of the month your dependent no longer qualifies as an eligible dependent. For Spending Accounts, coverage ends on the day your dependent no longer qualifies as an eligible dependent
Your child is 26 or older and your health plan requests proof of disability, but you do not comply or do not meet the criteria for disability	On the last day of the month your child no longer qualifies as an eligible dependent. For Spending Accounts, coverage ends on the day your child no longer qualifies as an eligible dependent

Your former spouse or domestic partner is no longer eligible for benefits upon divorce or dissolution of domestic partnership, and you must drop coverage for them in accordance with the Change in Status rules on pages 13-16.

**Important Notes:** You will need to make a Change in Status election to modify your *Options* election to reflect a loss of eligibility. You and your dependents may continue coverage under certain circumstances when coverage otherwise would end, as described in **General Plan Administration: COBRA Continuation of Health Coverage** on page 42.

## Enrollment Changes During the Plan Year: Changes in Status

If you do not enroll in the Plan when you are first eligible, or you do not make changes during annual enrollment, you will not be allowed to enroll or make changes later UNLESS:

- You qualify for certain special health plan enrollment periods under HIPAA.<sup>4</sup>
- You have a qualified change in status.
- There are certain cost or coverage changes.
- You experience other special circumstances (see page 14 for details).

### **Special Enrollment Periods for Health Plans**

#### **Special Medical Plan Enrollment Rights for New Dependents**

If you have a new dependent due to a mid-year marriage, birth, adoption, or placement for adoption, then you, your new dependent, and your spouse (even if he or she is not the new dependent) may enroll under any *Options* medical plan option. (See Consistency Rules on page 14 for more details.)

HIPAA special enrollment rules allow you to switch plans if you acquire a new dependent. However, you must make any such changes to your coverage carefully to ensure that any costs and claims incurred will be paid because you will be subject to the new plan's continuity/transition-of-care rules. You should check with the new plan you want to elect before the date of your special enrollment.

#### **Loss of Health Coverage**

If you previously waived medical coverage under *Options* because you had alternative coverage and you lose that alternative coverage, you may enroll yourself and any dependents in any *Options* medical plan. In addition, if your dependent loses health coverage under another plan, you may enroll that dependent and yourself under any *Options* medical plan (whether or not you are already enrolled in an *Options* medical plan). For these purposes, a person is generally not considered to have lost coverage if he or she failed to pay premiums or lost coverage for cause, e.g., fraud. COBRA coverage is considered lost only when the available COBRA period runs out.

### **Changes in Status**

You may request a change to your *Options* coverage during the year (e.g., adding or dropping coverage) provided the election change is on account of and consistent with a qualified change in status that affects eligibility for coverage for you or your dependents. Qualified changes in status include:

- You get married.
- You get divorced or legally separated, or your marriage is annulled.
- A child is born to you or placed with you for adoption.
- Your spouse/domestic partner or dependent dies.
- Your spouse/domestic partner or dependent begins or ends employment.
- You, your spouse/domestic partner, or your dependent has a change in employment status that affects your hours and you lose or gain eligibility (this includes changes in hours due to strikes and lockouts).
- Your eligible dependent child loses eligibility status due to age
- Your dependent gains eligibility for other employer-sponsored coverage.
- You or your spouse/domestic partner begins or ends an unpaid leave of absence.
- You, your spouse/domestic partner, or your dependent changes where that individual lives or works and this change affects eligibility for benefits under *Options*.

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<sup>4</sup> Health Insurance Portability and Accountability Act of 1996.



## **Consistency Rules**

If you have a qualified change in status during the year and you request a change in your benefit election, your election change must satisfy the following consistency rules:

- **For medical and dental coverage:** If a qualified change in status causes you, your spouse/domestic partner, or a dependent to lose or gain eligibility for coverage under *Options*, or under a plan sponsored by your spouse's/domestic partner's or dependent's employer, you may make a change in your medical and/or dental coverage as long as the change is because of, and is consistent with, that change in status. For example: If a dependent dies or is no longer eligible for coverage, you may elect to cancel coverage for that dependent; however, you cannot cancel coverage for any other individual.
- **For life insurance and AD&D coverage:** If you have a qualified change in status, you may increase or decrease your life and/or AD&D coverage. Life insurance increases are limited to one level or "increment." For example: If you have coverage equal to one times your annual salary, you may increase coverage to two times your annual salary. If you have coverage equal to two times your annual salary, you may increase coverage to three times your annual salary, etc.
- **For the Dependent Care Spending Account:** If you have a qualified change in status, you may make a change in your spending account election as long as that change is consistent with your status change. For example: If you have another baby, you may elect to increase your Dependent Care Spending Account contribution to cover the additional day care costs.

## **Cost or Coverage Changes**

*Options* benefits and benefit costs have been agreed to by the County, SEIU Local 721, and the insurance carriers; approved by the Board of Supervisors; and are not expected to change during the year. If the *Options* Administrator determines that the cost of the benefit plan you elected has increased significantly, the *Options* Administrator may allow you to make a corresponding change in your payroll deductions *or* allow you to revoke your existing election and enroll in another benefit plan with similar coverage. If the cost of another *Options* plan has significantly decreased, the *Options* Administrator may allow you to change your existing election and enroll in the *Options* plan that has lower costs. Similarly, if the *Options* Administrator determines that your existing coverage under a benefit plan was reduced significantly, the *Options* Administrator may allow you to revoke your existing election and enroll in another plan that offers more coverage. Finally, if during the year a new benefit plan is offered or an existing benefit plan is eliminated, the *Options* Administrator may allow you to enroll in the new benefit plan, or the replacement plan, depending on the circumstances.

## **Spending Account Cost or Coverage Changes**

You cannot make changes to your Health Care Spending Account elections because of changes in benefit costs or coverage.

Elections on how much you put in your dependent care account can be adjusted in the middle of the year if your day care expenses change. Mid-year changes are only allowed if the dependent care provider is not your relative. Also, a dependent care election may be changed during the year to reflect a change in your dependent care provider or a change in the number of hours or days you utilize the provider.

## **Other Special Circumstances**

You may make changes to your *Options* coverage under the following special circumstances:

### **Judgment, Decree, or Court Order**

If you receive a judgment, decree, or court order requiring you to cover a child, then you may elect to cover the child during the year under the *Options* medical, dental, or accidental death and dismemberment (AD&D) plan. If your spouse/domestic partner receives a judgment, decree, or court order requiring him/her to provide medical, dental, or AD&D coverage for a child, then you may elect to cancel that child's same coverage under *Options*.

### **Medicare or Medicaid Entitlement**

If you become covered under Medicare or Medicaid, you may cancel or reduce coverage under the *Options* medical, dental, and AD&D plans. Also, if your spouse/domestic partner or dependent becomes covered under Medicare or Medicaid, you may cancel or reduce coverage for that person under the *Options* medical, dental, and AD&D plans. If you, your spouse/domestic partner, or your dependent loses eligibility under Medicare or Medicaid, you may elect to begin (or increase) medical, dental, or AD&D coverage under *Options* for the affected person.

### **Change in Coverage under another Employer-Sponsored Plan**

You may make a corresponding change to your *Options* election if you are doing so because of a change that was made during a mid-year open enrollment under another employer-sponsored plan (e.g., your spouse's/domestic partner's employer's plan).

You may also make a corresponding change to your *Options* election if you are doing so because of a change that was made under another employer-sponsored benefit plan **if** the change was permitted by the other plan and is as a result of one of the federal tax rules discussed in this section.

For purposes of both of the above circumstances, "another employer-sponsored benefit plan" includes 1) a plan offered as an option under *MegaFlex*, *Flex*, *Choices*, or *Options*, and 2) a plan sponsored by your spouse's/domestic partner's or dependent's employer.

**Example:** Assume that you enroll your family for health coverage under *Options*. Also assume that your spouse's/domestic partner's employer previously offered employee-only health coverage only, but in the middle of the year adds family coverage as an option. The addition of family coverage constitutes the addition of a new coverage option under the cost or coverage change rules described earlier. Therefore, you may be permitted to revoke your election under *Options* if your spouse/domestic partner elected family coverage under his or her employer's plan.

If you have any questions related to this section, please call the Benefits Hotline at 213-388-9982.

### **Taxation of Medical/Dental Coverage for Domestic Partners and Same-Sex Spouses**

Remember, if you purchase medical or dental coverage for your same-sex spouse or your domestic partner, the cost of that coverage will be paid (whether from the County allowance or additional salary deduction) with **after-tax** dollars for federal tax purposes. If you provide the *Options* Administrator with a copy of your marriage certificate or **registered** State of California *Declaration of Domestic Partnership Form* (or proof of a similar legal union validly formed in another state), however, your cost for such coverage will be deducted before California state taxes are taken out of your pay. Note that your County of Los Angeles registration alone does not qualify you for this tax break.

**Other insurance coverage provided to or on behalf of a same-sex spouse or domestic partner or his/her children may also be determined to be taxable under federal law. Thus, to the extent required by law, the County may require you to purchase these benefits with after-tax dollars or report imputed taxable income with respect to those benefits.**

## ***How to Submit a Request for an Election Change Due to a Change in Status***

**Within 90 days of the qualified change in status, you must:**

- 1) **Go** to the Web enrollment system at [www.mylacountybenefits.com](http://www.mylacountybenefits.com) or **call** the telephone enrollment system, toll-free, at **888-822-0487**. Indicate that you have a qualified change in status and follow the instructions. If you are adding new dependents to your health coverage, you must provide Social Security numbers. (Social Security numbers for newborns must be provided as soon as possible.)
- 2) **Confirm** your elections and submit your request on the system.
- 3) **Photocopy** any appropriate “proof” documents, such as a marriage certificate, birth certificate, or divorce decree (see list on page 6). In the case of an election change that involves obtaining coverage under another employer’s plan, you will be asked to certify that such coverage was or will be obtained.
- 4) **Write** your employee number on each certificate and document.
- 5) **Submit** your proof documents within 90 days of the date of your change in status. Fax them to 310-788-8775 or mail them to *Options* Administrator, P.O. Box 67128, Los Angeles, CA 90067. Any request for a qualified change in status is not finalized until the *Options* Administrator receives and approves all necessary proof documents, and processes your request. **Proof documents received after 90 days will not be processed!**

### ***Getting Changes Approved***

When all supporting documents are received and approved, the *Options* Administrator mails a *Confirmation Statement* to you. This statement shows the effective date of any approved changes. If the *Options* Administrator does *not* approve your request, you will also be notified.

### ***When Changes Become Effective***

If the *Options* Administrator receives your change request and the required supporting documentation on or before the 25<sup>th</sup> day of any month, the changes you requested will be effective on the first day of the following month. However, when you request to enroll a spouse, or child to your current medical coverage due to marriage, birth, adoption, or placement for adoption, coverage will be effective on the date that the respective marriage, birth, adoption, or placement for adoption took place. When you request a change in medical plan coverage due to birth, adoption, or placement for adoption, coverage will be effective on the date that the birth, adoption, or placement for adoption took place.

## Coverage While Not Receiving Pay

If, for any reason, you receive no pay for any month, you will not receive the *Options* benefit allowance.<sup>5</sup> When you do not receive an *Options* benefit allowance, your insurance premiums cannot be withheld from your paycheck. Thus, to continue your insurance coverage while you are in a “no-pay” status, you must pay the entire monthly insurance premiums for your coverage.

**In addition, different rules may apply with regard to your coverage if you are on leave covered by the Family and Medical Leave Act (“FMLA”) and the California Family Rights Act (“CFRA”). See pages 40-41 for details.**

If you are enrolled in one or more of the following *Options* plans, you will be billed monthly for your insurance under the County’s Self-Pay program:

- Kaiser or UnitedHealthcare HMO or UnitedHealthcare Choice Plus PPO medical.
- DeltaCare, Delta Dental, or SafeGuard dental.
- Optional group term life insurance.
- Dependent term life insurance
- Accidental death and dismemberment (for a maximum of three years).
- Medical coverage protection (LTD Health Insurance).
- Health Care Spending Account (HCSA).

Your insurance coverage continues as long as you are employed with the County and you pay your monthly insurance premiums by the given deadlines. Your coverage ends when you stop making your monthly premium payments. You will only receive **one** notice of the premium payment due. If you do not pay the premium by the due date, your coverage ends. If you are enrolled in optional group term life insurance, and you become completely disabled, you may be eligible for a waiver of premium up to the age of 65.

If you leave County service, you will be offered the opportunity to elect and pay for continued health coverage for up to 18 months (29 months if you are disabled) under a federal law known as COBRA. When federal COBRA coverage ends, you may be entitled to extend coverage further under California law. In addition, under federal COBRA, your dependents may be entitled to elect and pay for continued coverage for up to a total of 36 months if certain “qualifying events” occur during the 18-month period. When you first become covered under a County-sponsored health plan, you should receive a notice that explains your rights and obligations under COBRA as well as a notice explaining your rights and obligations under California law. Please contact the Benefits Hotline at 213-388-9982 if you did not receive your notices or need new copies.

If you elect to continue your health coverage under COBRA or California law, you are responsible for paying the monthly insurance premiums, plus an administrative fee, by the given deadlines. Your COBRA or California continuation coverage ends when you stop paying your monthly premiums or at the end of the continuation coverage period. If you become entitled to COBRA or California continuation coverage, you will receive more detailed information regarding your rights from your health plan.

### ***Return to Work***

If you return to work, your coverage resumes on the first day of the following month. Your benefit allowance resumes and your insurance premiums are withheld from your mid-month paycheck.

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<sup>5</sup> This is also true if you work less than eight hours in a month, or receive pay for less than eight hours of leave benefits such as sick or vacation.

## YOUR MEDICAL PLAN OPTIONS

As a member of *Options*, you have the option of enrolling in one of several medical plans. A brief description of each is provided below.

Plans	How They Work
<b>Kaiser Permanente HMO</b> <i>A group model health maintenance organization (HMO) with its own hospitals, outpatient facilities, doctors, nurses, and other health care professionals</i>	You receive all care from a Kaiser facility or physician. No benefits are paid for services received from other providers—except for emergencies outside the Kaiser Permanente service area. You choose a Kaiser Permanente primary care physician after coverage begins. (Contact Kaiser directly for details.)
<b>UnitedHealthcare HMO</b> <i>A health maintenance organization (HMO) that contracts with private hospitals, medical groups and individual private practice physicians for services at negotiated rates</i>	Each family member may choose his or her own PCP from UnitedHealthcare's network of private practice physicians. You pay only a small copayment for most services. There's no deductible and no claim forms. Services received from other providers are not covered—except for emergencies outside the UnitedHealthcare network provider area.
<b>UnitedHealthcare Choice Plus PPO</b> <i>A medical plan that allows you to choose an in-network PPO provider or an out-of-network provider each time you need care</i>	You have the freedom to see any physician you choose at any time; however, when you use a UnitedHealthcare network provider (doctor or hospital) you pay less.

## Special Notices Regarding Your Rights under the Health Plans

### **Statement of Newborns' and Mothers' Rights**

Under federal or state law, as applicable, group health plans and health insurance issuers offering group health insurance coverage generally may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a delivery by cesarean section. However, the plan or issuer may pay for a shorter stay if the attending provider (e.g., your physician, nurse midwife, or physician assistant), after consultation with the mother, discharges the mother or newborn earlier.

Additionally, plans and health insurance issuers may not set the level of benefits or out-of-pocket costs so that any later portion of the 48-hour (or 96-hour) stay is treated in a manner less favorable to the mother or newborn than any earlier portion of the stay. In addition, a plan or issuer may not require that a physician or other health care provider obtain authorization for prescribing a length of stay of up to 48 hours (or 96 hours). However, to use certain providers or facilities, or to reduce your out-of-pocket costs, you may be required to obtain precertification. For information on precertification, contact your health plan administrator.

### **Important Notice about the Women's Health and Cancer Rights Act**

Federal law requires a group health plan to provide coverage for the following services to an individual receiving plan benefits in connection with a mastectomy:

- Reconstruction of the breast on which the mastectomy was performed.
- Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- Prosthesis and treatment of physical complications for all stages of a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes).

The Plan will determine the manner of coverage in consultation with you and your attending doctor. Coverage for breast reconstruction and related services is subject to deductibles and coinsurance amounts that are consistent with those that apply to other benefits under the Plan.

## Precertification Requirements

The medical plan administrators have the sole and exclusive power to exercise discretion as to claims for coverage for any other items not specifically listed in the *Medical and Dental Plans Comparison* chart (included in your enrollment packet). You should contact the providers before obtaining a service or treatment if you have a question about whether the Plan covers the service or treatment. See page 48 for a complete list of the insurance carriers and their contact information.

Refer to the *Medical and Dental Plans Comparison* chart included in your enrollment packet for details about services covered that require precertification (e.g., out-of-network hospital care). Failure to precertify before obtaining services that require precertification can mean a reduction in benefits or a penalty.

## Exclusions and Limitations for HMO and PPO Medical Plans

The medical plan options limit or exclude some medical treatments, services, and supplies. See the insurance carrier for information about items that are not eligible for reimbursement.

## Other Benefits and Programs

Each medical plan carrier has special programs and benefits for members. They may include healthy lifestyle, smoking cessation, and stress management programs, discounts, etc. Visit each plan's Web site, or contact the member services department, for details.

## YOUR DENTAL PLAN OPTIONS

As a member of *Options*, you have the option of enrolling in the following dental plan options:

Plans	How They Work
<b>SafeGuard and DeltaCare</b> <i>HMO-style dental plans</i>	As with a medical HMO, you receive all of your dental care within a network of participating dental offices. When you enroll, you choose a dental office that becomes your "primary care office," and you must obtain all of your care from this office.
<b>Delta Dental</b> <i>A PPO-style dental plan</i>	You have the freedom to visit any in-network or out-of-network dentist of your choice. You pay less out-of-pocket when you visit in-network dentists.

## How to Obtain Dental Benefits

### ***HMO-Style Dental Plans***

When you enroll in an HMO-style dental plan, you must choose a primary care office to coordinate all of your dental care. When you need care, call your designated dental office and schedule an appointment. Depending on the services you obtain, you may have to pay a co-payment. You do not need to file any claim forms for services.

### ***PPO-Style Dental Plans***

Under a PPO-style dental plan, you have the freedom to visit any licensed dentist of your choice. The Delta Dental plan has a special network feature with two different networks of participating dentists and dental care providers:

- *The Delta Preferred Provider Option (PPO) network:* This network offers the highest benefit. Most preventive services are covered at 100 percent; many other services are covered at 85 percent. You pay no deductible.
- *The Delta Participating Dentist network:* Under this network, Delta pays benefits based on a pre-arranged fee agreed to by the network's dentists. Most routine services are covered at 85 percent.

You may go to any dentist from either network, or you may go to an out-of-network dentist. When you go to any licensed out-of-network dentist, the plan pays the same percentage of cost that it pays a Delta Participating Dentist. However, the payment is based on the charge that is considered reasonable and customary (R&C) for the geographical area. This means that your share of the expenses may be higher if your out-of-network dentist charges more than the R&C amount.

### ***If You Lose Coverage During Treatment***

If you or a covered dependent terminates or loses dental coverage during a course of treatment, the plan may continue coverage for certain specified dental conditions. Upon loss or termination of coverage, call your plan's customer service department to see if your course of treatment qualifies.

## **Exclusions and Limitations for HMO and PPO Dental Plans**

The dental plan options limit or exclude some dental treatments, services, and supplies. See your insurance carrier for information about items that are not eligible for reimbursement.

### ***Need More Information?***

If you have questions about the medical and dental plan options, or need more information about what's covered, contact the insurance carrier directly. See page 48 for carrier contact information.

## **LIFE INSURANCE BENEFITS**

Life insurance offers you and your family financial protection if you or a covered family member dies.

### **Basic Term Life Insurance**

The County gives you basic term life insurance at no cost to you.

- *General Members of Retirement Plan A, B, C, or D:* You are insured for \$2,000.
- *Members of Retirement Plan E:* You are insured for \$10,000.

### **Optional Group Term Life Insurance**

When you are newly eligible for *Options*, you may purchase optional group term life insurance at low monthly group rates, in amounts equal to 1, 2, 3, 4, 5, 6, 7, or 8 times your annual salary. If you buy optional group term life insurance for yourself, you may also buy a limited amount of life insurance for your spouse/domestic partner and dependent children. The monthly premium rates go up as your salary increases or as you reach the age brackets shown in the **Optional Group Term Life Monthly Rates** table on page 21.

### **Before-Tax/After-Tax Premiums for You**

IRS rules say you can receive or buy up to \$50,000 worth of life insurance through *Options* with *before-tax* dollars. So, if you need more than \$50,000 worth of life insurance, you will pay for the excess coverage with *after-tax* dollars (see the example on page 21).

**Example:** Paying for optional group term life insurance with before-tax dollars

	Amount of Basic Life Insurance County Provides	IRS Maximum	Amount of Optional Life Insurance You May Buy with Before-Tax Dollars
Members of Retirement Plan E	\$10,000	\$50,000	\$40,000
Members of all other retirement plans	\$2,000	\$50,000	\$48,000

**The cost of any life insurance over \$50,000 must be paid with after-tax dollars.**

**IMPORTANT NOTICE**

The IRS places a \$50,000 limit on the total combined life insurance you can receive from the County and purchase for yourself on a tax-free basis. The cost of life insurance coverage over the \$50,000 limit is deducted from your paycheck after taxes. The difference between the approved IRS value of life insurance more than \$50,000 and your actual cost of insurance is treated as taxable income to you and reported on your Form W-2 as imputed income.

**Calculating Your Monthly Premium**

To calculate your monthly premium, take the cost information that applies to your age as of your participation date from the **Optional Group Term Life Monthly Rates** table below and follow the steps shown in the sample calculation. **Note:** The County pays 15 percent of the monthly premium. You pay the difference. The rates below are rounded to two decimal points for simplicity. Actual rates are three decimal points.

Optional Group Term Life Monthly Rates	
Employee Age	Cost Per \$1,000 of Insurance
Under 30	\$.039
30-34	.067
35-39	.075
40-44	.084
45-49	.125
50-54	.192
55-59	.36
60-64	.552
65-69	.788
70 and older	1.515

After your new coverage takes effect, the County automatically adjusts your monthly premium cost as your age or salary changes.

Be sure that the life insurance coverage you elect meets your current needs. Each year at annual enrollment, you will have the opportunity to increase your coverage by one level, to a maximum of eight times your annual salary.

**Sample Calculation**

Use the following example to calculate your monthly cost of coverage on a before-tax and after-tax basis.

You are 37 years old, you earn \$37,500 per year, and you choose coverage of two times your annual salary.

- ❶ Round your salary to the next highest \$1,000 if it is not an even multiple of \$1,000 (\$38,000)
- ❷  $\$38,000 \times 2 = \$76,000$
- ❸  $\$76,000 \div \$1,000 = \$76$
- ❹  $\$76 \times \$0.075 = \$5.70$  total monthly premium

You are a member of Retirement Plan D; therefore, the total amount of coverage you can pay for with before-tax dollars is \$48,000.

- ❺  $\$48,000 \div \$1,000 = \$48$
- ❻  $\$48 \times \$0.084 = \$4.03$  monthly before-tax cost\*

Your monthly after-tax cost is:

- ❼  $\$5.70 - \$4.03 = \$1.67$  monthly after-tax cost\*

\*The County pays 15% of the monthly premium.



**Example:** If you elected coverage equal to one times your annual salary, at the next annual enrollment you will only be able to increase coverage to two times your annual salary. If you elected coverage equal to two times your annual salary, you will be able to increase it to three times your annual salary, etc.

**Beneficiary Designation**

When you designate a specific beneficiary (such as a child) and your personal circumstances change (such as marriage), your beneficiary remains the same as you originally designated unless you request a change. To designate a beneficiary, mail a completed *Request For Change Of Beneficiary* card to CIGNA Life. The card is included in new hire packets, and you may request one from CIGNA Life at 800-842-6635. If you do not have a named beneficiary on file, the plan will pay out your life insurance benefit in the following order:

- 1) Your surviving spouse.
- 2) Your surviving children.
- 3) Your surviving parents.
- 4) Your surviving siblings.
- 5) Your estate.

**Disability and Terminal Illness Provisions**

If you become totally disabled before age 65 and provide proof of disability to CIGNA Life, your optional group term life insurance coverage is extended for the period of disability without further premium payment. In addition, if you become terminally ill and have a life expectancy of 12 months or less, you can receive 25 percent to 75 percent of the face value of your policy and use it for whatever you choose. Read the plan brochure or policy material for details.

**Dependent Term Life Insurance**

When you purchase optional group term life insurance for yourself, you may also purchase coverage for your spouse/domestic partner and dependent children. You may purchase one of the following coverage amounts for your dependents:

Amount of Optional Dependent Term Life Coverage*	Monthly Cost for Family Coverage
\$5,000	\$0.91
\$10,000	\$1.82
\$15,000	\$2.74
\$20,000	\$3.65

\*Coverage for newborns from birth to six months is limited to \$500.

The monthly cost is for coverage for *all* of your eligible family members, regardless of the number of family members covered. For example, a person covering a spouse/domestic partner and one dependent child will pay the same amount as a person covering four dependent children. **The cost is added to your monthly life insurance premium, and you pay it with after-tax dollars.**

Each covered family member over age six months is insured for the same coverage amount. **Dependent children are covered for the full amount from age six months through age 20 (through age 25 for full-time students).** Dependent children from birth to six months are covered at \$500.

**Dependent Term Life Insurance Coverage for Domestic Partners**

To purchase dependent term life insurance for your domestic partner, you must have a registered County of Los Angeles or State of California *Declaration of Domestic Partnership Form* (or proof of a similar legal union validly formed in another state) on file with the *Options Administrator*.

## Accidental Death and Dismemberment Insurance

You can buy accidental death and dismemberment (AD&D) insurance at low monthly group rates. If you die in an accident, become paralyzed, or lose a limb, eyesight, speech, or hearing because of an accident, your AD&D coverage pays benefits. AD&D coverage amounts are shown in the following table. During annual enrollment, refer to the *Personalized Enrollment Worksheet* in your enrollment package. It will show the before-tax monthly premium rates for AD&D insurance. If you are enrolling for the first time, you will receive a rate sheet with your enrollment package.

### Beneficiary Designation

When you designate a specific beneficiary (such as a child) and your personal circumstances change (such as marriage), your beneficiary remains the same as you originally designated unless you request a change. To designate a beneficiary, mail a completed *Request For Change Of Beneficiary* card to CIGNA Life. The card is included in new hire packets, and you may request one from CIGNA Life at 800-842-6635. If you do not have a named beneficiary on file, the plan will pay out your life insurance benefit in the following order:

- 1) Your surviving spouse.
- 2) Your surviving children.
- 3) Your surviving parents.
- 4) Your surviving siblings.
- 5) Your estate.

### AD&D Coverage for Dependents

When you enroll yourself for AD&D coverage under *Options*, you may also buy coverage for your spouse/domestic partner and dependent children under age 21 (or through age 25 if full-time students). The amount of coverage you have for yourself determines the amount of coverage your family members may have. Amounts are shown in the following chart.

Accidental Death Benefits				
Employee	Spouse/Domestic Partner only	Spouse/Domestic Partner with Children		Children Only
Coverage	Spouse/Domestic Partner	Spouse/Domestic Partner	Each Child	Each Child <sup>2</sup>
\$ 10,000	\$ 6,000	\$ 5,000	\$ 1,000	\$ 2,000
\$ 25,000	\$ 15,000	\$ 12,500	\$ 2,500	\$ 5,000
\$ 50,000	\$ 30,000	\$ 25,000	\$ 5,000	\$ 10,000
\$ 100,000	\$ 60,000	\$ 50,000	\$ 10,000	\$ 20,000
\$ 150,000	\$ 90,000	\$ 75,000	\$ 15,000	\$ 25,000
\$ 200,000	\$ 120,000	\$ 100,000	\$ 20,000	\$ 25,000 <sup>2</sup>
\$ 250,000 <sup>1</sup>	\$ 150,000	\$ 125,000	\$ 25,000	\$ 25,000 <sup>2</sup>

<sup>1</sup> The maximum employee AD&D benefit is limited to the lesser of 10 times salary or \$250,000.

<sup>2</sup> The maximum death benefit for each child is limited to \$25,000.

### AD&D Coverage for Domestic Partners

To purchase AD&D insurance for your domestic partner, you must have a registered County of Los Angeles or State of California *Declaration of Domestic Partnership Form* (or proof of a similar legal union validly formed in another state) on file with the *Options* Administrator.

## MEDICAL COVERAGE PROTECTION (LTD HEALTH INSURANCE)

The LTD Health Insurance plan is designed to help you continue your medical insurance coverage if you are eligible for long term disability and become totally and permanently disabled. If you meet the eligibility requirements listed below and become totally disabled, the LTD Health Insurance plan continues your County medical insurance coverage while you are receiving County LTD benefits. The cost of medical coverage furnished under the LTD Health Insurance program to a same-sex spouse or domestic partner or his/her children will be paid with after-tax dollars for federal tax purposes.

You are eligible to participate in the LTD Health Insurance plan if you meet both of the following requirements:

- You are a General Member of Retirement Plan A, B, C, D, or E of the Los Angeles County Employees Retirement Association (LACERA).
- You are enrolled in a County-sponsored medical plan.

If you meet the eligibility requirements, and you experience a disability on or after the later of January 1, 2008 or the date your medical coverage begins, the LTD Health Insurance plan pays 75 percent of your monthly medical premium while you are disabled and receiving LTD benefits. You must pay the other 25 percent of the monthly medical premium. For disabilities occurring after January 1, 2008, this coverage is provided automatically at no cost to you.

For disabilities occurring on or after January 1, 2008, eligible employees can elect to “buy up” to 100 percent LTD Health Insurance at a cost of \$3.00 per month. Under this optional coverage, the LTD Health Insurance plan will pay 100 percent of the monthly medical plan premium while you receive LTD benefits. **If you do not elect to purchase the optional 100 percent coverage for a Plan Year, you cannot elect this coverage for the next Plan Year. You must wait two calendar years before you again have the option to elect this coverage.**

### When Coverage Begins

If you meet the LTD Health Insurance eligibility requirements described above, your medical coverage protection under the LTD Health Insurance plan begins after you satisfy the long term disability plan’s eligibility waiting period (five years of continuous County service **OR** total disability as a result of a work-related injury or illness).

If you are already currently disabled and in the qualifying period, or receiving long term disability benefits, and you were not covered by the 75 or 100 percent LTD Health Insurance plan when you became disabled, your enrollment in the 75 percent LTD Health Insurance plan, or your election to “buy up” to 100 percent LTD Health Insurance coverage will not become effective until you return to work. The enrollment or election will not be effective with regard to a recurrence of the same disability unless you have returned to work for at least six months.

### When Benefits Begin and End

If you enroll in the LTD Health Insurance plan while you are still actively at work, and you satisfy the eligibility requirements, your LTD Health Insurance plan benefits begin when you start receiving long term disability benefits (after six months of total disability). Your LTD health benefits will continue for so long as you are disabled and receiving LTD benefits, except that, if you become eligible to receive retiree health benefits from the Los Angeles County Employees’ Retirement Association (“LACERA”), your LTD health benefits will stop whether or not you elect to receive the retiree health benefits provided by LACERA. You must maintain your County-sponsored medical coverage until you begin long term disability benefits to qualify for continuation coverage under the plan.

If you die while receiving benefits under this plan, coverage is extended to your survivor. A “survivor” for this purpose means your spouse, domestic partner (as defined in the **Eligibility** section of this SPD), or dependent

child under age 19 (if full-time student through age 24), provided that the survivor was an eligible dependent before the onset of your disability. Survivor benefits continue until the survivor's death or until the individual ceases to be an eligible survivor, except that, if the survivor becomes eligible to receive retiree health benefits from LACERA, the LTD health benefits will stop whether or not the survivor elects to receive the retiree health benefits provided by LACERA. However, if you have between five and ten years of service, and your disability or death does not arise out of and in the course of the performance of your duties, benefits won't stop because of eligibility for benefits from LACERA unless and until your survivor has received LTD health benefits for a period of two years.

For more information on long term disability benefits, please visit [http://ceo.lacounty.gov/rtw/rtw\\_default.htm](http://ceo.lacounty.gov/rtw/rtw_default.htm).

## HEALTH CARE AND DEPENDENT CARE SPENDING ACCOUNTS

Health care and dependent care can get expensive. But, you can save money by paying certain health and dependent care expenses with before-tax dollars. How? Through a Health Care Spending Account or a Dependent Care Spending Account maintained for eligible employees of the County of Los Angeles. These accounts are available to employees under *Options*. This section summarizes the important terms that apply to the spending account plans available to eligible County of Los Angeles employees. These plans are intended to comply with applicable federal tax law and will be interpreted and administered by the County consistent with the law. If there is any discrepancy between the statements in this SPD and the terms of the relevant plans, as stated in the County Code, the terms of the plans will control.

### The Spending Account Tax Advantage

When you elect to participate in a spending account, you set aside part of your salary on a before-tax basis to pay certain eligible expenses. In addition, the County will make contributions to a Dependent Care Spending Account on your behalf if you elect to participate. (See page 32 for information on the County contribution.) You would normally pay these expenses out of your own pocket with after-tax dollars. But when you make contributions to a spending account, you pay no taxes on the money you contribute. This means you lower your taxable income and pay less in taxes.

### How Spending Accounts Work

- First, you need to estimate your eligible out-of-pocket health care and dependent care expenses for the coming calendar year. These are the expenses not covered by your health plans, such as deductibles, co-payments, over-the-counter medication expenses, day care costs, etc. Use the handy worksheets on pages 30 and 37 of this SPD to help you in estimating expenses.
- When you have an eligible health care or dependent care expense, pay the bill as usual and then submit your claim for reimbursement. You may also submit unpaid bills for eligible expenses. See page 39 of this SPD for information on submitting a claim for eligible spending account expenses.
- You are paid back from your spending account with tax-free dollars:
  - Anytime during the year you may file a health care claim and be reimbursed for the maximum annual amount that you elected to be deposited into your Health Care Spending Account, even if the full amount has not yet been deposited into your account.
  - Dependent care expenses are reimbursed up to the amount in your account at the time the claim is filed.
- Remember, these are separate accounts. You may not use money from your health care account to pay dependent care expenses, and you may not use money from your dependent care account to pay health care expenses.

Careful planning is the key to saving taxes through spending accounts. You should contribute money only for eligible expenses you are sure you will have during the calendar year—do not deposit money for unanticipated expenses. You will forfeit any money in your spending accounts that is not used to reimburse you for eligible expenses incurred during the plan year. IRS rules do not allow you to carry over a spending account balance from one year to the next, so be sure to estimate your expenses carefully AND submit your claims on time. You

have until June 30 of the following year to file a claim for reimbursement of eligible expenses that you incurred as a spending account participant in the calendar year in which the money was deposited in your account.

## Eligibility

To have a spending account, you must be eligible to participate in *Options*.

## Enrolling in a Spending Account

**Annual Enrollment:** If you are an “existing” employee (i.e., not a new hire or a newly eligible employee), and you would like to participate in a spending account, you may elect to participate in one or both accounts during annual enrollment. You must re-enroll each year you wish to participate. You will have an opportunity to elect a spending account when you use the Web or telephone enrollment system. If you enroll during annual enrollment, you will begin participating in your spending accounts—and contributing to your spending accounts—in January.

**New Hires and Newly Eligible Employees:** If you are a new hire or a newly eligible employee, you will have an opportunity to enroll in one or both of the spending accounts during your initial enrollment. If you do not enroll in a spending account when you are first eligible, you will have to wait until the next annual enrollment to enroll unless you have a qualified change in status (see pages 13-16). The schedule below provides key dates that apply to new hires and newly eligible employees who enroll in a spending account from January through December. Employees who are hired and enroll in November and December, or employees who are newly eligible for and enroll in the spending account plans in November and December, will begin participation in January of the following year and will begin making contributions in January (November enrollees) or February (December enrollees).

### Spending Account Eligibility/Enrollment/Participation/Contribution Schedule for New Hires and Newly Eligible Employees

You Become Eligible and Enroll During...	Your Participation Begins...	Your Contributions Begin...
January	February	March
February	March	April
March	April	May
April	May	June
May	June	July
June	July	August
July	August	September
August	September	October
September	October	November
October	November	December
November	January	January
December	January	February

## Health Care Spending Account

The Health Care Spending Account helps you save tax dollars on eligible medical, dental, vision, and hearing expenses not covered by any benefit plan. You may submit claims for yourself, your spouse, and your eligible federal tax dependents. An eligible dependent for the Health Care Spending Account is an individual:

- For whom you provide more than half his or her financial support for the taxable year, and
- Who lived with you for the entire year as a member of your household or is related to you by blood or marriage (as recognized under federal law) or adoption, and

- Who is a U.S. citizen or resident, or a resident of Canada or Mexico for some part of the tax year.

Under applicable federal tax rules, domestic partners or same-sex spouses and his or her dependents who do not qualify for your federal tax dependents may not participate in your Health Care Spending Account.

*Eligible expenses include the following items if they are not covered by your insurance. See the worksheet on page 30 for additional eligible expenses:*

- Medical and dental deductibles and co-payments.
- Routine physical exams.
- Orthodontia treatment not covered by your dental insurance.
- Vision care—including prescription eyeglasses, contact lenses and solution, laser eye surgery, and nonprescription reading glasses.
- Over-the-counter medications and drugs, such as pain relievers, antacids, allergy and cold medicines (with a doctor's prescription).
- Hearing aids and tests.
- Special equipment prescribed by a doctor for family members with mental or physical disabilities.
- Smoking cessation programs
- Nicotine patches and nicotine gum (with a doctor's prescription).

*Examples of expenses that **cannot** be reimbursed from your Health Care Spending Account include:*

- Cosmetic surgery and procedures if not medically necessary, including teeth whitening.
- Cotton balls, bandages, rubbing alcohol.
- Diaper service (unless medically required).
- Electrolysis.
- Expenses reimbursed by any other health care plan including Medicare or Medicaid.
- Funeral expenses.
- Health club dues (unless prescribed by a doctor for a medical condition).
- Herbal remedies.
- Health foods.
- Insurance premiums, including long term care insurance premiums.
- Long-term care services.
- Nonprescription dietary supplements or vitamins.
- Nonprescription glasses.
- Vaseline, toothpaste, cosmetics.
- Weight loss medications, non-prescribed weight control programs.
- Dependent care expenses.

#### **An Example of How You Can Save Money Using Your Health Care Spending Account**

Suppose that you paid \$350 for new contact lenses, which are not considered a covered expense under your medical plan. So you wrote a check for \$350 and gave it to your optometrist. If you paid 25 percent in federal income taxes when you earned this \$350, **your real cost for the contact lenses was \$437.50** (\$350.00 + \$87.50 federal income taxes = \$437.50).

Now suppose that you bought the same contact lenses for \$350 but you paid for them with money you put into your Health Care Spending Account. Because you did not pay federal income taxes on this money, **your real cost for the contact lenses was only \$350**. You saved \$87.50 in taxes by paying for your contact lenses with money that was in your Health Care Spending Account!

## **Contributing to Your Health Care Spending Account**

You may put from \$10 to \$400 each month (up to \$4,800 each calendar year) into your Health Care Spending Account. To calculate your monthly contribution amount, estimate your eligible out-of-pocket health care expenses for the plan year (or the remainder of that year if you are enrolling mid-year) and divide that number by the number of months in that year that you have left to contribute. Your contributions must be stated in whole dollars.

Example: Let's assume you estimate that your annual eligible out-of-pocket health care expenses will come to \$800. As a new hire, you enroll in a Health Care Spending Account in January and begin contributing in March (see schedule on page 26). To determine your monthly contribution amount, simply divide \$800 by 10 (the number of months left in the calendar year). In this example, you would be contributing \$80 a month into your Health Care Spending Account.

**Remember**, the money in your spending account is yours to use for eligible health care expenses that you incur while you are a participant *and* in the same calendar year in which you contributed money to your account.

**TIP:** To help you estimate your health care expenses, use the worksheet on page 30. You should also review the important rules on below.

## **Important Rules on Health Care Spending Accounts**

- **Plan carefully**—The IRS says that your election to put a specific amount of money each month into a Health Care Spending Account is an “irrevocable” decision. This means that once you make your election for the year, you may not change your mind unless you experience a qualified change in status and your change is consistent with the change in status. The change-in-status rules are explained in this SPD. Please note that the beginning or ending of an unpaid leave of absence is not treated as a qualified change in status for purposes of your Health Care Spending Account. If you take an unpaid leave of absence, you will be billed directly for your monthly contribution to your Health Care Spending Account while you are on leave and, upon your return, your original election will automatically be effective again. Unless you have a qualified change in status, you may not change your election even if you do not incur an estimated expense or an expense turns out to be ineligible for reimbursement.
- **Be conservative**—don't put more money into your account than you think you'll need. Why? Because the IRS says you must forfeit (lose) any money that you don't spend on unreimbursed, eligible expenses that are incurred within the Plan Year. You cannot deduct any unclaimed account money from your federal income taxes.
- **Expenses must be incurred during the Plan Year and while you are a participant**—You may not submit claims for reimbursement of expenses that are incurred before the date you become a participant in an account, or after December 31 (end of the Plan Year).
- **Expenses are “incurred” at point of service**—An expense is “incurred” when a service is provided or a product is received, not when a bill is sent or paid. A Health Care Spending Account cannot make advance reimbursements of future or projected expenses.
- **Expenses must not be reimbursed or reimbursable from other sources**—Any eligible expenses for which you are not otherwise reimbursed may be paid from your account.
- **Be an active participant**—You may submit claims for expenses incurred only for those months in the Plan Year in which you are an “active participant” in the Health Care Spending Account. You are considered an active participant during any month that you make a contribution to the account and, if you are a new hire or are newly eligible, the month before your first contribution. (Except for employees who are newly eligible for and enroll in a Health Care Spending Account in November. These employees' participation and contribution begin in January of the following year.)
- **COBRA participation is available**—If you take a leave of absence or leave County service while you are a participant, you may continue participation in a Health Care Spending Account for the rest of the year by making your monthly payments through COBRA. Also see the rules on page 40 regarding the special rules that apply while you are on FMLA leave.

- **Accounts must be kept separate**—Dollars you put into your Health Care Spending Account may not be transferred to a Dependent Care Spending Account, or vice versa. These accounts must be kept separate. In addition, dependent care expenses may not be reimbursed from your Health Care Spending Account.
- **No double tax shelter**—You may not take a tax deduction on your income tax return for expenses paid through your Health Care Spending Account.
- **You must enroll every year**—Participation in a Health Care Spending Account does not continue automatically from one year to the next. If you want an account, you must enroll every year.
- **Termination of participation**—Your participation in the Health Care Spending Account terminates when you stop making contributions to the account, for example, because you terminate from County service and you elect not to continue your coverage under COBRA. Expenses incurred when you are not a participant are not eligible for reimbursement. If you return to County service in the same year in which your employment terminated and within 30 days of your termination, you must make the same election that was in effect at the time of your termination unless you experience a qualified change in status during your unemployment. If you return to County service 30 or more days after your termination, you can make a new election for coverage under the account.



## Health Care Spending Account Worksheet

This is a partial list of eligible expenses. Refer to Internal Revenue Service (IRS) Publication 502 for expenses that qualify for a tax deduction under Internal Revenue Code Section 213. Please note that some expenses (such as insurance premiums) that are eligible for purposes of Code Section 213 are not eligible for reimbursement from your Health Care Spending Account. Call your local IRS office to obtain a copy of Publication 502 or access the list through the IRS Web site at [www.irs.gov/formspubs/index.html](http://www.irs.gov/formspubs/index.html).

Type of Expense	Expense Amount	Type of Expense	Expense Amount
Acupuncture	_____	Smoking cessation programs; and, nicotine patches, and nicotine gum (with doctor's prescription)	_____
Ambulances	_____	Special equipment and treatment for the mentally or physically disabled	_____
Artificial limbs	_____	Sterilization	_____
Birth control pills	_____	Substance abuse and alcohol treatment programs	_____
Braille books	_____	Surgery	_____
Breast pump	_____	Therapy	_____
Charges in excess of reasonable & customary	_____	Transplants	_____
Chiropractic care	_____	Weight loss programs as prescribed by a physician to treat a specific medical condition	_____
Crutches	_____	Wheelchairs	_____
Deaf adapters for telephone & television	_____	X-ray fees	_____
Deductibles and copayments	_____		
Dental fees	_____		
Dentures	_____		
Doctor's fees	_____		
Eyeglasses or contact lenses	_____		
Insulin	_____		
Lab fees	_____		
Lactation supplies	_____		
Laser eye surgery	_____		
Learning disability counseling	_____		
Nursing fees	_____		
Orthodontia	_____		
Orthopedic shoes	_____		
Over-the-counter medicines (with doctor's prescription)	_____		
Oxygen	_____		
Podiatry	_____		
Prescription drugs	_____		
Psychiatric care	_____		
Psychoanalysis	_____		
Radial keratotomy	_____		
Routine physicals	_____		
Seeing-eye dogs	_____		
		A. Total annual eligible health care expenses:	A. \$ _____
		B. Decide how much of the total annual amount in Line A you want to put into your individual account for the year:	B. \$ _____
		C. Divide the annual amount in Line B above by the number of months during the year that you can put money into your health care spending account. This will give you your monthly contribution amount (must be between \$10 and \$400):	C. \$ _____

## Dependent Care Spending Account

A Dependent Care Spending Account allows you to use non-taxable County contributions and pre-tax contributions deducted from your own salary to pay certain eligible dependent care expenses so you (and your spouse) can work or attend school full-time. You may use the account to pay eligible dependent care expenses for the following qualifying individuals:

- A dependent child under age 13 for whom you may claim as an exemption on your federal income tax return. Generally, in the case of divorce or separation, the parent who has custody of a child for the greater portion of the calendar year may treat the child as a dependent for purposes of the spending account.
- Your spouse (as defined under federal law) and any member of your household who is your dependent for federal tax purposes and who is physically or mentally incapable of caring for himself/herself. This person must live with you at least eight hours per day if his or her care is provided outside the home.

A qualifying child, spouse, or other dependent must live with you for at least half of the year. Under applicable federal tax rules, a domestic partner or same-sex spouse and his or her dependents who do not qualify as your federal tax dependents are not eligible for coverage under your Dependent Care Spending Account.

*Eligible expenses include, but are not limited to:*

- Day care provider at your home.
- Nursery schools and preschools (if cost of schooling cannot be separated from cost of care).
- Properly licensed day care centers that care for six or more children (including summer day camps).
- Care outside of the home.
- The cost of transportation of a qualifying individual by the care provider to or from the place care is provided.

*Expenses that **cannot** be reimbursed from your Dependent Care Spending Account include:*

- Overnight camps.
- Babysitting so you can attend a social event.
- Kindergarten.
- Education for a child in the first grade or a higher grade.
- Tutoring or summer school.
- Dependents' health care expenses.
- Payments you make to: 1) someone you or your spouse may claim as a dependent; 2) your child who is under age 19 at the end of the year; 3) your spouse; or 4) the other parent of your dependent child who is a qualifying individual.
- Food, education, or entertainment expenses unless they are incidental to, and cannot be separated from, the cost of dependent care.

Refer to IRS Publication 503 for a list of eligible and ineligible expenses. Call your local IRS office to obtain a copy or access the list through the IRS Web site at [www.irs.gov/formspubs/index.html](http://www.irs.gov/formspubs/index.html). If you are married and you would like to use a Dependent Care Spending Account, your spouse must also be currently employed, seeking employment, enrolled as a full-time student for at least five months of the year, or disabled and incapable of self-care.

**Contributing to Your Dependent Care Spending Account**

Your Dependent Care Spending Account may be funded on a tax-free basis with County contributions and, if you elect, with deductions from your own pay. **You do not need to contribute amounts from your own pay to receive a County contribution.** If the County contribution is not large enough to cover your dependent care expenses, you may elect to have an additional amount deducted from your pay and contributed to your Dependent Care Spending Account on a pre-tax basis. If you elect to participate in the Dependent Care Spending Account, the County will make a non-taxable monthly contribution of up to the following amount (subject to an annual cap<sup>1</sup>) to your account based on your annual base pay:

<b>Your Annual Base Pay</b>	<b>County's Monthly Contribution</b> (subject to annual cap on contribution <sup>1</sup> )
Less than \$30,000	\$375
\$30,000 - \$34,999	\$300
\$35,000 - \$39,999	\$275
\$40,000 - \$44,999	\$200
\$45,000 - \$49,999	\$125
\$50,000 or more	\$75

If you do not elect to participate in a Dependent Care Spending Account, you will NOT receive any portion of the County contribution in cash.

<sup>1</sup> PLEASE NOTE: The County and SEIU Local 721 negotiated the level of County contribution and agreed to a cap on total annual County contributions. If the cap for the Plan Year is reached, the monthly contribution described above will be reduced pro rata for the month in which the cap is reached and then will be stopped completely for the remainder of the Plan Year. Because of the cap, there is no guarantee that you will receive the full monthly contribution listed above during the whole Plan Year. You will be notified if the County contribution is reduced or stopped during the Plan Year.

If the County contribution is reduced and/or stopped because of the cap, you may have the opportunity to increase the contribution amount deducted from your pay in order to keep the same total contribution level for the remainder of the Plan Year. In addition, you may be allowed to make other changes that are consistent with a qualified change in status, cost or coverage (for example, revoking your election if your dependent care provider quits or terminates its contract with you). (See pages 13-16 for a discussion of the changes in status and cost and coverage rules.)

The County will not make a contribution on your behalf if you work less than eight hours per month or receive less than eight hours of leave benefits. The County also will not make a contribution on your behalf beginning on the first day of the second month after you otherwise become ineligible to participate in *Options* (e.g., because you terminate employment). If you change flexible benefits program eligibility in the middle of a Plan Year (e.g., from *Options* to *Choices*) and do not complete your enrollment on time, you will be defaulted into a Dependent Care Spending Account under the new flexible benefits program as of the first day of the second month after the enrollment period ends. You then will be subject to the County contribution cap that applies under the new plan.

## **Limits on Total Contributions to Your Dependent Care Spending Account**

The amount that you deduct from your pay and contribute to a Dependent Care Spending Account may not be less than \$10 per month and, when added to the County contributions made on your behalf, may not exceed the limits discussed below.

### **Single or Married Filing a Joint Federal Tax Return?**

If you are single or married filing a joint return, the amount you deduct from your pay and contribute to the Dependent Care Spending Account cannot cause total contributions to the Dependent Care Spending Account to exceed \$400 per month (\$4,800 per calendar year) (or the lesser of your or your spouse's earned income). PLEASE NOTE: If you are married filing jointly (or single), the maximum amount that you and your spouse collectively may contribute to one or more Dependent Care Spending Accounts on a tax-free basis is \$5,000 per year (or, if less, the lesser of your or your spouse's earned income). In other words, if both you and your spouse are employed by the County and you both participate in a County-sponsored Dependent Care Spending Account, any amount you and your spouse receive under the Dependent Care Spending Accounts in excess of the applicable limit for a calendar year will be taxable income, even if not reported as taxable income in your individual W-2.

### **Married Filing Separate Federal Tax Returns?**

If you are married filing separate returns, the amount you elect to deduct from your pay and contribute to the Dependent Care Spending Account may not cause total contributions to the Dependent Care Spending Account to exceed \$2,500 per calendar year. PLEASE NOTE: If you are married filing separately, the maximum amount that you and your spouse each may contribute to Dependent Care Spending Accounts on a tax-free basis is \$2,500 per calendar year (or, if less, the lesser of your or your spouse's earned income).

For any month that your spouse is a full-time student or incapable of self-care, your spouse is deemed to be gainfully employed with an earned income of \$250 (or \$500 if you have more than one qualifying individual as described on page 31.)

### **Calculating Your Monthly Contribution Amount**

To calculate your monthly contribution amount, estimate your annual eligible, out-of-pocket dependent care expenses and divide that number by 12 months (or, if you are a new hire, the number of months in the Plan Year that you have left to contribute, see page 26). This number is the total monthly contribution that should be made to your account. If this number exceeds your monthly County contribution, subtract the monthly County contribution from this total amount to determine the amount you should deduct from your own pay. Your contribution must be stated in whole dollars.

**Example:** Assume that you make \$47,000 per year and your estimated out-of-pocket dependent care expenses for the Plan Year come to \$2,400. To determine how much you should contribute to the Dependent Care Spending Account, divide \$2,400 by 12, or \$200. Because this amount exceeds the County contribution (\$125 for someone making \$47,000), subtract the monthly County contribution to determine the monthly amount you should have deducted from your own pay ( $\$200 - \$125 = \$75$ ). This means you would elect to contribute \$75 per month, which will be deducted from your pay and deposited into your Dependent Care Spending Account. The County will contribute \$125 each month, for a total of \$200 per month.

Note: Use the worksheet on page 37 to determine your monthly contribution amount.

### **How Does a Dependent Care Spending Account Save You Money?**

Taking the facts from the example above, assume that you pay 25 percent in federal income taxes. This means that, without the Dependent Care Spending Account, your real cost for dependent care would be \$3,000 (\$2,400 + \$600 in federal taxes). However, if you elect to participate in a County Dependent Care Spending Account, your dependent care will only cost you \$900 for the year ( $\$75 \times 12 = \$900$ ) because you receive a County subsidy and you do not pay federal income taxes on amounts contributed to and distributed from your account.

**Remember**, the money in your spending account is yours to use for eligible dependent care expenses that you incur while you are a participant *and* in the same calendar year in which you contributed money to your account. Any money that is not used to reimburse expenses during the Plan Year is forfeited.

**TIP:** To help you determine the amount you should contribute to a Dependent Care Spending Account to cover your estimated dependent care expenses, use the worksheet on page 37. You should also review the important rules in the next section.

## **Important Rules on Dependent Care Spending Accounts**

- **Plan carefully**—The IRS says that your election to put a specific amount of money each month into a Dependent Care Spending Account is an “irrevocable” decision. This means that once you make your election for the year, you cannot change or cancel your monthly contribution amount unless you experience a qualified change in status or certain cost or coverage changes. And you cannot change your monthly contribution amount just because your expenses turn out to be ineligible for reimbursement. The changes in status, cost, and coverage rules that are applicable to you are explained on pages 13-16. Please note that to change your contributions to your Dependent Care Spending Account, your change must be consistent with a qualified change in status. Generally, you may be permitted to change your monthly contribution amount if, for example, you:
  - Experience an increase or decrease in day care fees charged by a dependent care provider who is not your relative.
  - Change day care providers and this change causes your day care fees to change.
  - Have a change in your work schedule (e.g., from full-time to part-time or vice versa), which causes a change in the number of hours or days worked by a provider.

In addition, if you are subject to a cap on annual County contributions and because of that cap your monthly County contribution stops, you may have an opportunity to increase the contributions deducted from your pay in order to keep the same total contribution level for the remainder of the Plan Year.

- **Dependent care must enable you to work**—Your dependent care expenses must be incurred to enable you to work. If you are married, your spouse also must be currently working, seeking employment, enrolled as a full-time student for at least five months of the year, or disabled and incapable of self-care.
- **Be conservative**—Don’t put more money into your account than you think you’ll need. Why? Because the IRS says you must forfeit (lose) any money that you don’t spend on unreimbursed, eligible dependent care expenses that are incurred while you were a participant. Be sure to submit all of your claims for eligible expenses that are **incurred** while you were a participant by June 30 of the following year! You cannot deduct any unclaimed account money from your federal income taxes.
- **Expenses must be incurred during the Plan Year and while you are a participant**—You may not submit claims for reimbursement of expenses that are incurred before the date you become a participant in the account or after December 31. You generally may not submit claims for expenses while you are absent from work, and expenses incurred for a period during only part of which you are actively at work must be allocated on a daily basis. You are not required to “carve out” expenses incurred during short, temporary absences from work (such as for vacation or minor illness) if your dependent care arrangement requires you to pay for care during the absence. An absence of two consecutive calendar weeks or less is deemed to be a short, temporary absence.
- **Expenses are “incurred” at point of service**—An expense is “incurred” when a service is provided or a product is received, not when a bill is sent or paid. Your Dependent Care Spending Account cannot be used to make advance reimbursements of future or projected expenses.
- **Be an active participant**—You may submit claims for expenses incurred only for those months during the Plan Year in which you are an “active participant” in a Dependent Care Spending Account. You are considered an active participant during any month that contributions are made to your account and, if you are a new hire or a newly eligible employee, the month before contributions begin. (Except for employees who are newly eligible for and enroll in a Dependent Care Spending Account in November. These employees’ participation and contributions begin in January of the following year.)
- **No COBRA rights**—Dependent Care Spending Accounts may not be continued after your County service ends.
- **Accounts must be kept separate**—Dollars you put into your Dependent Care Spending Account cannot be transferred to a Health Care Spending Account, or vice versa. These accounts must be kept separate. In addition, eligible health care expenses cannot be reimbursed from your Dependent Care Spending Account.
- **There is no double tax shelter**—You cannot take a tax deduction on your income tax return for expenses paid through your Dependent Care Spending Account.

- **Expenses must not be reimbursed from other sources**—Only eligible expenses for which you are not otherwise reimbursed may be paid from your account.
- **You must enroll every year**—Participation in a Dependent Care Spending Account does not continue automatically from one year to the next. If you want to participate in the Dependent Care Spending Account, you must enroll every year.
- **Termination of participation**—Your participation in the Dependent Care Spending Account terminates on the first day of the second month after you are no longer eligible to participate in a County flexible benefits program, for example, because you terminate from County service. Expenses incurred when you are not a participant are not eligible for reimbursement. If you return to County service in the same year in which your employment terminated and within 30 days of your termination, you must make the same election that was in effect at the time of your termination, unless you experience a qualified change in status during your unemployment. If you return to County service 30 or more days after your termination, you can make a new election for coverage under the account.

### **Dependent Care Spending Account vs. Child and Dependent Care Expense Tax Credit**

Your eligible dependent care expenses are the same expenses that can qualify for a tax credit for child and dependent care expenses on your federal income tax return. Therefore, before signing up for a Dependent Care Spending Account, you should consider whether the tax credit for child dependent care expenses taken on your tax return would provide you with a greater tax benefit. This determination depends on your specific income and tax situation. Some things to consider:

- Generally, if you receive your full County contribution for the whole Plan Year, that County contribution should be more valuable than the maximum tax credit you could receive *unless* you make \$50,000 or more per year. If you make \$50,000 or more per year and make pre-tax contributions from your own pay, the Dependent Care Spending Account still might be a better choice because you may receive an added tax advantage from the Dependent Care Spending Account that, together with the County contribution, may outweigh the value of the tax credit.
- You cannot take a tax credit on your income tax return for expenses reimbursed by your Dependent Care Spending Account. Any expenses you do not claim through your Dependent Care Spending Account are eligible to be claimed as part of your tax credit at the end of the year. However, the maximum tax credit is reduced for any benefits received from your Dependent Care Spending Account.
- You can participate in a Dependent Care Spending Account even if you and your spouse file separate tax returns. However, to claim an income tax credit, married couples generally have to file a joint return.

The County cannot give tax advice. Please consult a tax advisor to determine which option is best for your individual situation.

### **Dependent Care Spending Account Worksheets**

The following worksheets illustrate possible tax savings if you elect to participate in a Dependent Care Spending Account—be sure to complete both worksheets before deciding that you want to participate. First, calculate your Dependent Care Spending Account contribution for the Plan Year using Worksheet #1 below. Then, using Worksheet #2, estimate your tax savings. If appropriate, compare this amount to your possible savings from the child and dependent care tax credit. Refer to IRS Publication 503 or Form 2441 for information on how to calculate this amount. You might want to refer to your latest tax return for information as you complete these worksheets.

<b>Worksheet #1: Determine Your Depending Care Spending Account Contribution</b>	
A. Estimate what you plan to spend on eligible dependent care:	A. \$ _____
B. If you are married and filing a joint return, enter your estimated earned income or your spouse's estimated earned income for the year, or \$4,800 whichever is less:	B. \$ _____
C. If you are married and filing separately, enter your estimated earned income for the year or \$2,500, whichever is less:	C. \$ _____
D. If you are a single/head of household, enter your estimated earned income for the year or \$4,800, whichever is less:	D. \$ _____
E. Enter the lesser of A or either B, C, or D, whichever applies:	E. \$ _____
F. Divide the amount in E by the number of months during the Plan Year that you can put money into a Dependent Care Spending Account; this will give you your monthly contribution amount (this amount must be at least \$10 and no more than \$400 a month and must be stated in whole dollars); this is the <b>total</b> monthly contribution that should be made to your account to cover your estimated dependent care expenses:	F. \$ _____
G. Subtract the monthly County contribution from the amount in F; this is the monthly amount that you should elect to have deducted from your pay to cover your estimated dependent care expenses:	G. \$ _____



### Estimating Your Dependent Care Spending Account Tax Savings

We are providing the 2010 federal tax tables below to help you determine your estimated tax bracket this year:

If You Are	And Your Income Is		Your Tax Is		
	Over	But Not Over		PLUS	Of Amount Over
Single	\$0	\$8,375	.....	10%	\$0
	\$8,375	\$34,000	\$837.50	+ 15%	\$8,375
	\$34,000	\$82,400	\$4,681.25	+ 25%	\$34,000
	\$82,400	\$171,850	\$16,781.25	+ 28%	\$82,400
	\$171,850	\$373,650	\$41,827.25	+ 33%	\$171,850
	\$373,650	.....	\$108,421.25	+ 35%	\$373,650
Married filing jointly, or qualified widow(er)	\$0	\$16,750	.....	10%	\$0
	\$16,750	\$68,000	\$1,675.00	+ 15%	\$16,750
	\$68,000	\$137,300	\$9,362.50	+ 25%	\$68,000
	\$137,300	\$209,250	\$26,687.50	+ 28%	\$137,300
	\$209,250	\$373,650	\$46,833.50	+ 33%	\$209,250
	\$373,650	.....	\$101,085.50	+ 35%	\$373,650
Head of household	\$0	\$11,950	.....	10%	\$0
	\$11,950	\$45,500	\$1,195.00	+ 15%	\$11,950
	\$45,500	\$117,650	\$6,235.00	+ 25%	\$45,500
	\$117,650	\$190,550	\$24,260.00	+ 28%	\$117,650
	\$190,550	\$373,650	\$44,672.00	+ 33%	\$190,550
	\$373,650	.....	\$105,095.50	+ 35%	\$373,650
Married filing separately	\$0	\$8,375	.....	10%	\$0
	\$8,375	\$34,000	\$837.50	+ 15%	\$8,375
	\$34,000	\$68,650	\$4,681.25	+ 25%	\$34,000
	\$68,650	\$104,625	\$13,343.75	+ 28%	\$68,650
	\$104,625	\$186,825	\$23,416.75	+ 33%	\$104,625
	\$186,825	.....	\$50,542.75	+ 35%	\$186,825

- A. Enter the amount on Line G from Worksheet # 1: A. \$ \_\_\_\_\_
- B. Estimate your taxable income and enter your estimated federal income tax bracket percentage from the table above: B. \_\_\_\_\_%
- C. Multiply Line A times Line B times the number of months in the year that you will be contributing to the Dependent Care Spending Account. This is your estimated tax savings from participation in a Dependent Care Spending Account: C. \$ \_\_\_\_\_

*Keep in mind that, in addition to possible tax savings, the County saves you money by making a contribution to your Dependent Care Spending Account on your behalf.*

*The County of Los Angeles cannot give tax advice. Please consult your tax advisor to help you determine whether the tax credit or the Dependent Care Spending Account is best for you.*

## **Submitting Your Spending Account Expense Claims**

1. When you have a claim under the **Health Care Spending Account**, you have to complete the *Health Care Spending Account Claim Form*. Fax your form and documentation toll-free to **866-629-6390**, or mail your completed form and documentation to Spending Account Plan Administrator, P.O. Box 67128, Los Angeles, CA 90067. The Spending Account Plan Administrator will not process your claim unless you include itemized bills or receipts from the provider of the services, and the explanation of benefits (EOB) statement you received for each claim you are submitting. Canceled checks will not be accepted.

### ***An itemized bill or receipt must include all of these items:***

- Name of provider.
- Patient's name.
- Date of service.
- Description of service.
- Charge for service.

2. When you have a claim under the **Dependent Care Spending Account**, you have to complete the *Dependent Care Spending Account Claim Form*. Fax your form and documentation toll-free to **866-629-6390**, or mail your completed form and documentation to Spending Account Plan Administrator, P.O. Box 67128, Los Angeles, CA 90067. The Spending Account Plan Administrator will not process your claim unless you include itemized bills or receipts as proof of each expense. Canceled checks will not be accepted. If you are not including bills or receipts, you must provide the following information on your reimbursement form:

- Provider signature.
- Provider address.
- Provider social security number or tax identification number.
- The date of service.
- The amount paid.

Submit this information when you send in your claim for reimbursement.

3. Claims are processed as they are received. You will either receive a check in the mail or (if you prefer) your reimbursement will be deposited directly into your bank account. To initiate direct deposit of your reimbursements, complete the *Flexible Spending Account Direct Deposit Authorization Form* and fax it toll-free to **866-629-6390**, or mail your completed form to Spending Account Plan Administrator, P.O. Box 67128, Los Angeles, CA 90067.
4. You can check the balance in your account at any time by going to [www.mylacountybenefits.com](http://www.mylacountybenefits.com), and by **clicking on Spending Accounts under my tools**.
5. Each time you submit a claim, you will receive a statement that shows the amount of your reimbursement and your current account balance.
6. Every three months, you will receive an additional statement to help you monitor your account balance. Review these statements carefully.
7. You must submit your claims for all eligible expenses incurred while you are a participant during the Plan Year by June 30 of the following year. If you submit a claim that is postmarked after this date, the claim will not be paid and you will forfeit any money left in your spending accounts.
8. If you leave County service during the Plan Year, you may continue to submit claims for eligible expenses incurred during the Plan Year until June 30 of the following year. However, these claims must be for eligible expenses incurred during the Plan Year while you were actively participating in the applicable spending account.

9. To submit a claim you can:

- Fax your completed form and documentation toll-free to **866-629-6390**, or
- Mail your form and supporting documentation, using the mailing label included in your claims kit, to:

Spending Account Plan Administrator  
P.O. Box 67128  
Los Angeles, CA 90067

10. If you have any questions about claims administration of the spending accounts, call the Spending Account Plan Administrator (Benefit Concepts Inc.) toll-free at **866-629-6436**.

### **Miscellaneous**

The spending account plans may be amended from time to time or terminated at any time by the County (subject to any applicable collective bargaining obligations). Subject to the approval of the Board of Supervisors, the CEO (or his or her delegate) is authorized to interpret the terms of the spending account plans, and any action is binding on all participants and their beneficiaries.

## **GENERAL PLAN ADMINISTRATION**

This section contains information on the administration of the *Options* benefit program, as well as your rights as a participant. You probably do not need this information on a day-to-day basis; however, it is important for you to understand your rights and the procedures you need to follow in certain situations.

If you have any questions about this information, contact the Benefits Hotline at **213-388-9982**, 8:00 a.m. to 4:00 p.m., Monday through Friday, or your departmental Personnel Office.

## **CONTINUING COVERAGE UNDER CERTAIN CIRCUMSTANCES**

### **Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA) Leave**

During Family and Medical Leave Act (FMLA) and California Family Rights Act (CFRA) leave, your group medical and dental coverage and Health Care Spending Account coverage will be continued on the same basis and under the same conditions as were applicable prior to the commencement of the leave. This means:

- If you are in pay status for at least eight hours in any month, the County will pay your full *Options* contribution.
- If you are not in pay status during the month FMLA/CFRA leave is taken, the County will continue to pay the portion of the County contribution allocated to the County-sponsored or County approved union-sponsored medical plan, the County-sponsored dental plan, and the Health Care Spending Account.
- If you paid any portion of the premium for your medical, dental and Health Care Spending Account coverage prior to the FMLA/CFRA leave, you will be billed for the same amount while on leave.
- If you fail to timely pay your share of the premium, your coverage will be suspended as of the first day of the month following the last month for which the premium was paid. You will not be entitled to payment or reimbursement of expenses incurred during any period your coverage is suspended.
- Under FMLA and CFRA, the County is entitled to recover any premium payments made on your behalf if you fail to return from FMLA/CFRA leave after the leave entitlement has been exhausted or the leave expires, unless:
  - You are unable to return to work because of the continuation, recurrence, or onset of a serious health condition which would entitle you to continue FMLA/CFRA leave.
  - You are unable to return to work due to unexpected circumstance(s) beyond your control.

You also may continue your Life insurance, Accidental Death & Dismemberment (AD&D), and Long Term Disability (LTD) Health Insurance, at your own cost. You will be billed monthly for the cost of these other benefits, under "direct pay." If you do not pay for the cost of one or more of these other benefits, the benefit(s) will be canceled.

Benefits that have terminated during your leave will be reinstated on the first of the month following the month you return to work. When you are reinstated in your Health Care Spending Account and your Dependent Care Spending Account, you will resume premium payments at the level in effect before the leave with a corresponding reduction in the total level of coverage for the remainder of the Plan Year. Alternatively, with regard to the reinstatement of your Health Care Spending Account only, you may elect to resume coverage for the remainder of the Plan Year at the level in effect before your leave with a corresponding increase in your premium payments. Any other change in your pre-tax premiums may only be made in accordance with Change in Status rules described on pages 13-16.

*Example:* Employee Colin elects \$1,200 worth of coverage under a calendar year Health Care Spending Account provided under *Options*, with an annual contribution of \$1,200. Colin is paying the \$1,200 through pre-tax salary reduction amounts of \$100 per month throughout the 12-month period of coverage. Colin incurs no medical expenses prior to April 1. On April 1, Colin takes FMLA leave after making three months of contributions totaling \$300 (3 months x \$100 = \$300). Colin's coverage ceases during the FMLA leave. Consequently, Colin makes no contribution for the months of April, May, and June, and Colin is not entitled to submit claims or receive reimbursements for expenses incurred during this period. Colin returns from leave and is reinstated in the Health Care Spending Account on July 1.

Colin will resume Health Care Spending Account coverage at a level that is reduced on a pro rata basis for the period during the leave for which no contributions were made (that is, reduced for 3 months or  $\frac{1}{4}$  of the Plan Year) less prior reimbursements (\$0) with contributions due in the same monthly amount payable before the leave (\$100 per month). Thus, Colin's coverage for the remainder of the plan year would equal \$900 and Colin would resume making contributions of \$100 per month for the remainder of the plan year. Alternatively, Colin could elect to resume coverage at the level in effect before the leave (\$1,200) and making up the unpaid contributions (\$300). If Colin chooses to resume coverage at the level in effect before the leave, Colin's coverage for the remainder of the plan year would equal \$1,200 and Colin's monthly contributions would be increased to \$150 per month for the remainder of the plan year, to make up the \$300 in premiums missed (\$100 per month plus \$50 per month (\$300 divided by the remaining 6 months.))

## **Continuation of Coverage During Active Military Service**

If you are ordered to active military duty related to the war on terrorism, you are entitled to receive benefits for a period not to exceed 720 days [or such longer time as is approved by the Board of Supervisors].

While on active military duty, you may participate in annual enrollment for benefits. Any benefit changes you make during annual enrollment will be effective on January 1 of the next year. If you make no changes, your benefits will continue except for health care and Dependent Care Spending Accounts, which will be canceled. **If you are away from home during the annual enrollment period, you may designate someone to enroll for you.** Your enrollment packet contains your employee number and PIN code needed to make your benefit elections using the Web or automated telephone enrollment system. If you use a designee, please ensure that person enrolls for you by the annual enrollment deadline.

**County Monthly Benefit Allowance**—Full-time permanent County employees receive a monthly benefit allowance as part of *Options*. While on military leave, you may continue to receive County pay. In your 15<sup>th</sup> of the month paycheck, you will receive your monthly benefit allowance and have payroll deductions taken for insurance premiums. If you do not receive enough County pay (because your County pay is offset by your military pay, causing you to have a smaller paycheck) and your benefit allowance is not enough to cover your portion of insurance premiums you will be billed monthly for your portion of the premiums. If you fail to timely pay your share of the premium, your coverage will be suspended as of the first day of the month following the last month for which the premium was paid.

**Medical & Dental Insurance**—Provided you timely pay your share of the premiums, you and any enrolled family members generally will continue to be covered under your County-sponsored or Union-approved medical and dental insurance plans. Your medical coverage with the military will be “primary” – that is, pay first – for all military service-related injuries or illnesses.

**Life Insurance**—Coverage under Optional Group Term Life Insurance for you and any family members will continue while you are on active duty if the required premiums are paid.

**Accidental Death & Dismemberment (AD&D)**—AD&D coverage will continue for 36 months if the required premiums are paid. The policy excludes loss resulting from declared or undeclared war or act of war, or from travel or flight of aircraft being used for any military authority.

**Health Care and Dependent Care Spending Accounts**—Provided you continue to make contributions to your spending accounts you may continue to participate in these accounts while on active duty. Remember, claims for reimbursement for services used during the year in which you are participant must be claimed by June 30 of the following year. See **Submitting your Spending Account Expense Claims** on page 39..

**Benefit Changes**—You may make certain changes to your benefits as a result of your military activation. You have 90 days from the date you begin active duty to change your benefits using the Web or telephone enrollment system. If you do not have life insurance coverage, you may purchase coverage in an amount equal to one times your annual salary. If you have life insurance coverage, you may increase your coverage by one level. **You may make changes to your medical and dental coverage only to the extent your military leave affects eligibility for coverage under an Options or military plan.** *For example: You may waive your County medical insurance because you will be covered under military medical; however, you generally cannot change your County medical plan from one plan to another or add dependents to a County plan solely due to your military service.*

## COBRA Continuation of Health Coverage

A federal law known as COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985) requires that the County offer employees and their families the opportunity for a temporary extension of health plan coverage (called “continuation coverage”), at group rates, in certain instances where group health coverage would otherwise end. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of that law. **Both you and your spouse should take time to read this notice carefully.** For additional information about your rights and obligations under the plan and under federal law, you should review the plan’s enrollment materials or contact the Plan Administrator.

### **What is COBRA Continuation Coverage?**

COBRA continuation coverage is a continuation of group health plan coverage when coverage would otherwise end because of certain “qualifying events.” After a qualifying event, COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” You, your spouse and your dependent children could become qualified beneficiaries if coverage under the group health plan is lost because of a qualifying event. Under the plan, qualified beneficiaries who elect COBRA continuation coverage must pay for continuation coverage.

## **Qualifying Events**

If you are a County **employee**, you will become a “qualified beneficiary” if you lose your group medical and/or dental coverage under the plan because *either* of the following qualifying events happens:

- 1) your hours of employment are reduced, or
- 2) your employment ends for any reason other than gross misconduct on your part.

If you are the **spouse** of a County employee, you will become a “qualified beneficiary” if you lose your group medical and/or dental coverage under the plan because *any* of the following qualifying events happens:

- 1) your spouse dies;
- 2) your spouse’s hours of employment are reduced;
- 3) your spouse’s employment ends for any reason other than gross misconduct on his or her part; or
- 4) your annulment, divorce, or legal separation from your spouse.

Your **dependent children** who are covered by a County-sponsored group medical and/or dental care plan will become “qualified beneficiaries” if they lose group coverage under that plan because **any** of the following qualifying events happens:

- 1) the parent-employee dies;
- 2) the parent-employee’s hours of employment with the County are reduced;
- 3) the parent-employee’s employment with the County ends for any reason other than gross misconduct on his or her part; or
- 4) the parents become divorced or legally separated, or receive an annulment.
- 5) A child ceases to be a “dependent child” under the terms of the plan.

If a County employee (or former employee) elects COBRA continuation coverage, a child who is born to or placed for adoption with that employee *during the continuation coverage period* also will become a “qualified beneficiary” and have a right to be added to that continuation coverage. Such a child will be added to the existing COBRA continuation coverage as of the date of birth or adoption if the Plan Administrator is notified of the addition within 30 days of the birth or adoption, and will have the same rights as other qualified beneficiaries. The addition of a newborn or newly-adopted child to the existing COBRA coverage may result in an increase in your monthly premium. Moreover, if you take leave under the Family and Medical Leave Act of 1993 (“FMLA”) and do not return to County employment at the end of the FMLA leave, you will be considered to have ended your employment with the County and you and your covered family members may have the right to elect COBRA continuation coverage.

## **When is COBRA Coverage Available?**

The plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has happened. If the qualifying event is the employee’s death, end of employment, or reduction of hours, the County must notify the Plan Administrator of the qualifying event.

## **You Must Give Notice of Some Qualifying Events**

For the other qualifying events (*annulment, divorce or legal separation* of the employee and spouse, or a *dependent child’s losing eligibility for coverage as a dependent child*), **you (or the qualified beneficiary) must notify the Plan Administrator in writing within 60 days after the later of (1) the qualifying event, (2) the date coverage will end as a result of the event, or (3) the date of this notice. The procedure for notifying the Plan Administrator of a qualifying event is explained on page 45.**

### ***How is COBRA Coverage Provided?***

When the Plan Administrator is properly notified that a qualifying event has happened, the Plan Administrator will send a notice of COBRA eligibility and election form, offering COBRA continuation coverage to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

If you properly elect and pay for continuation coverage, your regular group health coverage will end and your COBRA continuation coverage period will begin on the date of your qualifying event. If you have a right to elect continuation coverage because of the end of FMLA leave, your COBRA continuation coverage period will begin on the last day of FMLA leave.

If you elect continuation coverage, you are entitled to continue the coverage you were receiving immediately before the qualifying event that caused you to lose coverage. You may elect different coverage options only during an open enrollment.

### ***How Long Will COBRA Coverage Be Provided?***

The law requires that you be afforded the opportunity to maintain continuation coverage for a period of three years from the date of the qualifying event that made you eligible to elect continuation coverage, unless the qualifying event was the end of County employment or a reduction in hours of employment. In that case, the required continuation coverage period is 18 months from the date of the qualifying event. If, however, the employee becomes entitled to Medicare benefits less than 18 months before the employee's end of employment or reduction in hours, the employee's spouse and dependent children may continue coverage for up to 36 months from the date of the employee's Medicare entitlement. For example, if the employee became entitled to Medicare 8 months before the date his or her employment ends, COBRA continuation coverage for the employee's spouse and children may last up to 36 months after the date of Medicare entitlement, which equals 28 months after the qualifying event (36 months minus 8 months).

The maximum period of coverage for a child born to or placed for adoption with an employee who has elected COBRA continuation coverage is measured from the same date of the same qualifying event as for other qualified beneficiaries, and not from the date of birth or adoption.

### ***Disability Extension of 18-month Continuation Coverage Period***

If any qualified beneficiary is determined by the Social Security Administration (SSA) to have been disabled at any time before the 60<sup>th</sup> day of continuation coverage (or, for a newborn or adopted child, within 60 days of the birth or adoption), the 18-month continuation coverage period may be extended to 29 months for each qualified beneficiary, if the disability lasts at least until the end of the 18-month period of continuation coverage.

**However, in order for the extended coverage to apply, you must notify the Plan Administrator about the disability determination before the end of the 18-month continuation coverage period and within 60 days after the latest of (1) the date of the SSA determination; (2) the date of the qualifying event; (3) the date on which the disabled qualified beneficiary loses (or will lose) coverage as a result of the qualifying event; or (4) the date of this notice.** The procedure for notifying the Plan Administrator of a disability determination is explained on page 45.

If the SSA later determines that the disabled qualified beneficiary is no longer disabled, you must notify the Plan Administrator of that fact within 30 days of the SSA's determination following the procedure on page 45. The plan may end the extended continuation coverage for all qualified beneficiaries as of the first month that begins more than 30 days after the SSA's final determination.

### ***Second Qualifying Event Extension of 18-month Continuation Coverage Period***

The 18-month period of COBRA continuation coverage may be extended for an employee's spouse and dependent children if, during the original continuation coverage period, another qualifying event occurs and the Plan Administrator is notified of the second qualifying event. This extension may be available to the spouse and any dependent children receiving continuation coverage if one of the following qualifying events occurs: (1) the employee and spouse are divorced or legally separated, or receive an annulment; (2) the employee dies; or (3) a child ceases to be a dependent child under the plan. If one of these events has occurred during the original continuation coverage period, coverage for the employee's spouse and dependent children may be extended up to 18 months, for a maximum of 36 months. ***In order for the spouse and dependent children to be entitled to this extended coverage, the Plan Administrator must receive notice of the second qualifying event within 60 days of the date of the event (or the date this notice was mailed to the spouse, if later).*** The procedure for notifying the Plan Administrator of a second qualifying event is explained in the following section.

### ***How Do I Notify the Plan Administrator of a Disability Determination or a Qualifying Event?***

If you wish to notify the Plan Administrator of a qualifying event, including a second qualifying event, or a disability determination, you must complete a ***Notice of Qualifying Event or Disability Form*** and return it according to the instructions on the Form. This Form is available from the Plan Administrator. The ***Notice of Qualifying Event or Disability*** will not be considered complete unless the Plan Administrator is able to determine:

- 1) the covered employee and qualified beneficiary or beneficiaries,
- 2) the qualifying event, and
- 3) the date of the qualifying event.

If you are notifying the Plan Administrator of a disability determination, you must also include a copy of the SSA's determination with the completed Form. If the SSA later determines that the disabled qualified beneficiary is no longer disabled, you must notify the Plan Administrator using the ***Notice of Qualifying Event or Disability Form***, and should include a copy of the SSA's final determination.

The ***Notice of Qualifying Event or Disability*** may be completed and submitted to the Plan Administrator on behalf of all related qualified beneficiaries with respect to a qualifying event by the covered employee, a qualified beneficiary, or any representative acting on behalf of the covered employee or qualified beneficiary. ***If a completed Notice of Qualifying Event or Disability is not timely delivered to the Plan Administrator, the affected qualified beneficiary will lose any right to elect continuation coverage.*** You may be required to provide additional information or documents to the Plan Administrator.

### ***Can COBRA Coverage Ever be Cut Off Early?***

The law provides that the continuation coverage described above **may be cut short for any of the following reasons:**

- 1) the County ceases to provide group medical and/or dental coverage to any of its employees;
- 2) the monthly premium for your continuation coverage is not received within 30 days of the due date;
- 3) after electing COBRA coverage, the qualified beneficiary becomes covered under another group health plan that does not impose any exclusion or limitation with respect to any pre-existing condition of the person;
- 4) after electing COBRA coverage, the qualified beneficiary becomes entitled to Medicare; or
- 5) for any reason the group medical and/or dental plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

If a qualified beneficiary becomes covered under another group health plan after electing COBRA coverage, the Plan Administrator may request that he or she provide a copy of the other plan or other information it may need to evaluate whether or not, and for what period of time, the other plan excludes or limits coverage with respect to a pre-existing condition.



### ***Special Rules for Health Care Spending Accounts***

In certain circumstances you may be entitled to continue coverage under your Health Care Spending Account. The Plan Administrator will provide you with additional information about any rights you have to continue this coverage if you experience a qualifying event. Generally, unlike your group medical and dental coverage, your Health Care Spending Account coverage may be continued only for the rest of the plan year.

### ***Electing and Paying for COBRA Continuation Coverage***

Under the law, each qualified beneficiary has at least 60 days from the later of (1) the date he or she would lose coverage because of a qualifying event or (2) the date of the notice of COBRA eligibility, to notify the Plan Administrator of his or her election of continuation coverage.

You do not have to show that you are insurable to elect continuation coverage. However, under the law, you will have to pay all of the premium for your continuation coverage, which may include an administrative charge of 2% (or 50% if you extend the 18-month continuation coverage period up to 29 months due to disability, unless the disabled individual is not included in the group of qualified beneficiaries purchasing the extended coverage). If the cost of coverage under the plan is increased, you will be notified of the increased rates and will be subject to the new premiums. In addition, any changes to the plan will affect you, including termination of the plan.

Generally, payment for continuation coverage is due monthly. Your initial payment of COBRA premiums, however, is due no later than 45 days from the date you elect continuation coverage. If you submit the continuation coverage request form after your regular coverage ends, this initial payment must include the full cost of your selected continuation coverage for the months after your regular coverage ended up through the month in which you make your initial payment. Following your initial premium payment, your monthly premium payment is due on the first day of each month of coverage.

### ***After COBRA Continuation Coverage Ends***

During the 180-day period immediately before the expiration of your 18-month, 29-month, or 36-month continuation coverage period, you have the option of enrolling in the conversion health plan otherwise generally available under the medical and/or dental plan under which you are covered. For detailed information on your conversion rights, contact the Plan Administrator listed below.

### ***Keep Your Plan Informed of Address Changes***

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

### ***Plan Contact Information***

If you have questions about the Plan or COBRA continuation coverage, contact the Plan Administrator:

#### **COUNTY OF LOS ANGELES**

Department of Human Resources  
Employee Benefits Division – COBRA Unit  
3333 Wilshire Boulevard, 10<sup>th</sup> Floor  
Los Angeles, CA 90010  
213-388-9982

## **Extended Medical Coverage Under California Law After Exhaustion Of Federal COBRA**

### ***Eligibility Period and Extended Coverage***

Under California law, if you elect 18 months (or 29 months in the case of disability) of federal COBRA continuation coverage, you may be entitled to extend your medical coverage (but not separate dental or vision coverage) after your federal COBRA coverage is exhausted, for up to 36 months from the date federal COBRA coverage first began. If you are eligible for and elect Cal-COBRA coverage, the coverage will begin when federal COBRA coverage is exhausted. Cal-COBRA coverage will provide the same benefits as if your federal COBRA medical coverage had remained in force.

The extended medical coverage ends automatically on the earlier of:

- 1) 36 months after the COBRA continuation coverage began;
- 2) the date the covered individual is covered under any other group health plan that does not impose any exclusion or limitation for preexisting condition of the covered individual;
- 3) the date the covered individual is entitled to Medicare;
- 4) the date that the County ceases to provide any group health plan for its employees;
- 5) the date the covered individual moves out of the service area for the HMO or insurance contract, or commits fraud or deception in the use of HMO or insurance contract services.

Extended medical coverage may also be terminated as provided in the applicable group contract and the insurer or HMO for failure to pay premiums on time.

### ***Electing and Paying for Extended Coverage***

**If you are entitled to Cal-COBRA extended medical coverage and wish to elect it, you must do so by notifying the applicable insurer or HMO directly in writing during your 60-day federal COBRA election period, or at any later date stated by the applicable insurer or HMO. You also must pay the premium for your coverage on time.**

You will be responsible for paying the premiums for your Cal-COBRA extended medical coverage. Your premiums generally will be 110% (or 150% in the case of a disabled individual) of the total premiums that otherwise would be charged for that coverage. The insurer or HMO can tell you the amount of your premium and when it is due.

**PLEASE NOTE: If you are eligible and want to elect Cal-COBRA extended coverage, you must contact the applicable insurer or HMO directly during the election period.** The County does not handle these elections. Additional details regarding your rights under California law should be included in the evidence of coverage provided by the insurer or HMO.

### ***Conversion Option after Extended Coverage Ends***

If you elect extended coverage under California law, you may have the option of obtaining conversion coverage under California law from the applicable insurer or HMO after your extended coverage is exhausted.

Generally, you have up to 63 days from the date that your extended coverage ends under California law to notify the insurer or HMO that you want to convert your medical coverage and to pay the initial premium payment for such conversion coverage.

Please examine your options carefully before declining the coverage described in this notice. You should be aware that companies selling individual health insurance typically require a review of your medical history that could result in a higher premium or you could be denied coverage entirely.

## KEEP YOUR PLAN INFORMED OF ADDRESS CHANGES

To protect your and your family's rights, you should keep your departmental Personnel Office informed of any changes in your address.

### Contact Information

Contact	Phone Number	Website
<b>County Department of Human Resources</b>		
Benefits Hotline	213-388-9982	<a href="http://dhr.lacounty.info/">http://dhr.lacounty.info/</a>
<b>Benefit System</b>		
Web enrollment	N/A	<a href="http://www.mylacountybenefits.com">www.mylacountybenefits.com</a>
Telephone enrollment	888-822-0487	N/A
Fax	310-788-8775	N/A
<b>Medical</b>		
UnitedHealthcare HMO	800-367-2660	<a href="http://www.healthyatcola.com">www.healthyatcola.com</a>
UnitedHealthcare Choice Plus PPO	800-367-2660	<a href="http://www.healthyatcola.com">www.healthyatcola.com</a>
Kaiser Permanente HMO	800-464-4000	<a href="http://www.kp.org/countyofla">www.kp.org/countyofla</a>
<b>Dental</b>		
SafeGuard	800-880-1800	<a href="http://www.safeguard.net">www.safeguard.net</a>
DeltaCare	800-422-4234	<a href="http://www.deltadentalins.com">www.deltadentalins.com</a>
Delta Dental	888-335-8227	<a href="http://www.deltadentalins.com">www.deltadentalins.com</a>
<b>Health Care and Dependent Care Spending Accounts</b>		
Administrator (Benefit Concepts Inc.)	866-629-6436	<a href="http://www.mylacountybenefits.com">www.mylacountybenefits.com</a>
Fax	866-629-6390	N/A
<b>Life and AD&amp;D</b>		
CIGNA Life Insurance	800-842-6635	<a href="http://www.cigna.com">www.cigna.com</a>

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This guide is the Summary Plan Description (SPD) for the *Options* Flexible Benefits Plan. The benefits described in this SPD are offered to certain employees of the County of Los Angeles.

This SPD is a summary of the Plan and does not constitute an implied or express contract or guarantee of employment. This SPD provides highlights of important information about your participation in *Options*. Complete details about the Plan are contained in the legal plan documents that govern plan operation and administration. If there is a discrepancy between the information provided in the SPD and the provisions of plan documents, the plan documents will govern.

The County of Los Angeles reserves the right in its sole discretion to terminate, suspend, withdraw, amend, or modify the Plan, or any benefit or cost-sharing arrangement under any plan, at any time and for any reason (subject to any relevant collective bargaining arrangements).

The County of Los Angeles also reserves the right to take appropriate action against any person who knowingly presents a false or fraudulent claim for payment under the Plan, or who otherwise attempts to defraud the Plan, including (but not limited to) termination from participation in the Plan, termination of employment, and criminal prosecution.