

## Welcome to Your Benefit Source!

At BestChoice Administrators (BCA), we are committed to providing expert resources and personalized support to make your job easy.

With this goal in mind, we are pleased to provide Your BestChoice Administrators Benefit Source, a new quarterly publication provided exclusively to BCA clients, Benefit Consultants and Agents. This is your source for accessible, timely informa-

tion about COBRA regulations, Flexible Spending Accounts, Retiree Administration and a variety of other third-party administrator topics. Because we work hard to administer your BCA benefits, this forum will help you answer your employees' common questions.

Let us know what you think! If you have any comments or suggestions about Your Benefit Source, call us

directly at 503-265-5607.

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Jean DeLuca,  
General Manager  
BCA

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**BEST CHOICE**  
ADMINISTRATORS

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BestChoice Administrators is a subsidiary of ODS Health Plan, Inc.

## Initial Notification Requirement must be mailed to employee's home

Questions regarding COBRA initial notification requirement are among those most commonly addressed by our Member Specialists.

COBRA regulations recommend that an initial COBRA notice be sent to the spouse and dependent(s) of all new employees. This notice provides the employee's spouse and dependent(s) an outline of their COBRA rights.

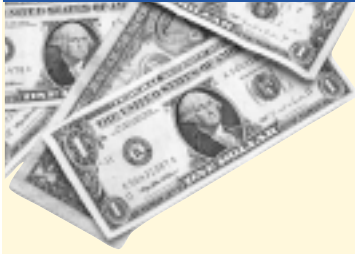
Many employers have asked if they could simply provide this notice to the employee during their orientation. The answer is no. The regulations strongly recommend the notice be mailed to the home of the employee, addressed to the employee, their spouse and their dependent(s).

The U.S. Department of Labor

confirms that a plan administrator is in compliance with election rules by sending a single, first class mailing addressed to covered employees, spouse and dependent children who reside at the same address.

BestChoice Administrators is committed to making it easy for you as an employer. We offer the option of notifying your new employees, their spouse and dependent(s) of their COBRA rights. This takes the burden off you and ensures that proper notification has been given in accordance with COBRA regulations.

For more information about our COBRA Continuation Services, contact our COBRA Supervisor, David Stalker at 503-417-3198.



## Confused about FSA covered expenses? Let us help.

### Interested in lowering your payroll taxes and putting more money in your employees' pocket?

As the cost of benefits increase each year, employers are faced with tough decisions. Many employers increase employee contributions or decrease the benefits covered by the insurance plans, making it tougher to attract or retain valuable employees.

#### Flexible Spending Accounts

That is why more employers are implementing a Flexible Spending Account (FSA) and Premium Contribution Plan. These plans offer the best of both worlds. They save money on payroll taxes while offering your employees more spendable income. And many employers are choosing BestChoice Administrators (BCA) because we make it easy for both you and your employees.

#### Employee Premium Contribution Plan

A Premium Contribution Plan uses before-tax dollars to cover the insurance premiums employees normally pay directly to you. Like a Flexible Spending Account, you save money each month because your employees' overall taxable income is lower.

If you'd like more information about our Flexible Spending Accounts, contact your agent, call Tim Garrison, BCA Marketing Representative at 503-265-5607, or the ODS Marketing department at 503-243-3948, or toll free at 1-888-578-1402.

While Flexible Spending Accounts cover a wide array of health care expenses, it's important that your employees understand the exclusions to this list. The following are some of the most common questions employees have regarding Flexible Spending Account reimbursable expenses.

#### Reimbursement for Flexible Spending Account health care expenses must be for "medical care". What is the IRS definition of "medical care"?

Code 213 defines medical care as: "For the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body."

#### What is the IRS definition of "cosmetic"?

Code 213(d)(9) states that a covered expense under a Flexible Spending Account: "Does not include cosmetic surgery or other similar procedures, unless the surgery or procedure is necessary to ameliorate a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease."

Cosmetic Surgery is defined as "any procedure, which is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease."

#### Is the new Lasik eye surgery reimbursable in the US and Canada?

Yes, the procedure and follow-up services are reimbursable, but if a mem-

ber travels a distance that requires travel expense for the service, the travel expenses are not reimbursable. Under code 213(d)(2) there must be no significant element of personal pleasure, recreation or vacation in the travel away from home.

#### Is massage therapy reimbursable?

Only if it is for the treatment of injury or illness and requires a written prescription and diagnosis from the treating physician. It is not reimbursable for treating stress or depression.

#### Are smoking cessation programs reimbursable?

Yes, as are amounts paid for prescribed drugs.

#### Are over-the-counter medicines such as aspirin or vitamins reimbursable?

No, not even if prescribed by a physician.

#### Can orthodontist expenses be reimbursed in one lump sum prior to the treatment if the member has pre-paid the service?

No, the service must be rendered prior to reimbursement. If the member is required to pay the full amount prior to the service, the orthodontist should apportion out the cost for the entire treatment.

If you or your employees have further questions regarding reimbursable Flexible Spending Account expenses, call our FSA Member Specialists at (503) 219-3679, or toll-free at 1-888-398-8057.

## Common questions about COBRA beneficiary requirements

### If I currently have other group coverage, am I qualified to receive benefits from COBRA?

Yes. Individuals who have secondary coverage prior to electing COBRA are still considered qualified beneficiaries.

The Supreme Court unanimously ruled in June 1998—*Geissal vs. Moore Medical Corporation*—that a qualified beneficiary who has other group coverage at the time of a COBRA election remains entitled to elect COBRA, and can choose to have dual coverage. As required, the IRS incorporated this rule in its 1999 final regulations.

If a qualified beneficiary becomes covered by secondary group coverage **after** electing COBRA coverage, COBRA coverage can be terminated.

### What about Medicare?

Individuals entitled to Medicare before they elect COBRA are still qualified beneficiaries. Medicare applies to individuals age 65 and older. Additionally, Medicare coverage may be extended to others who are not yet 65, including anyone determined to be disabled under the Social Security Act.

Any individual entitled to Medicare and who later experiences a qualifying event, such as a termination of employment, may wish to elect COBRA. Why? The employer's benefit plan may cover prescription drugs and other services not covered by Medicare.

Consequently, the 1999 final regulations make it clear that qualified beneficiaries who become entitled to Medicare benefits on or before the date they elect COBRA remain entitled to COBRA coverage just like those who become covered under another group health plan before electing COBRA.

## Retiree Administration

### As your employees retire, administering their retiree benefits can take more and more of your valuable time. Why not simplify?

From initial enrollment to premium payment, BCA can take care of your retiree administration. Our comprehensive packet of communication materials effectively explains the application process and billing arrangements to your retirees.

In addition, our qualified Member Specialists work hard to answer your retirees' questions regarding the many

types and levels of retiree benefit programs.

For more information about retiree administration, contact your agent, call Tim Garrison, BCA Marketing Representative at 503-265-5607, or call the ODS Marketing department at 503-243-3948, or toll free at 1-888-578-1402.

## COBRA: Are you in compliance?

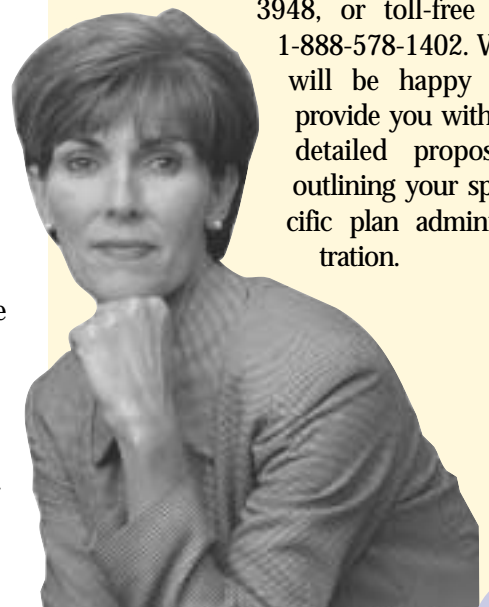
Changing regulations, too much paperwork, risk of costly penalties—sound familiar? With its intricate policies, guidelines and regulations, why not leave COBRA to the experts?

At BestChoice Administrators, we take a proactive approach to bring your risk to a minimum. Our Member Specialists work closely with the Employee Benefit Institute of America and our legal counsel, AterWynne Hewitt Dodson & Skerritt, to offer you the best protection from possible litigation.

Continuing Education in COBRA regulations and specialized accounting training allow our dedicated Member Specialists to provide each client with personalized customer service to make COBRA Administration easy for you.

To receive more information about our COBRA Continuation Services, contact your agent or call Tim Garrison, BCA Marketing Representative at 503-265-5607. You can also call the ODS Marketing department at 503-243-

3948, or toll-free at 1-888-578-1402. We will be happy to provide you with a detailed proposal outlining your specific plan administration.



## BCA News

### Customer service survey calls coming soon

As part of our commitment to make your benefit administration as easy as possible, we will be conducting a customer service phone survey to benefit administrators throughout the summer months. Your participation in this survey will help us target areas where we can serve you even better. We appreciate your feedback and look forward to talking with you soon.

### Email in your Qualifying Event Notice

Qualifying event notices are among the most common paperwork transferred between benefit administrators and BCA. In an effort to streamline your benefit administration, employers can now obtain a template online Excel spreadsheet of this form to submit via email. To obtain this form, contact your Member Specialist directly or David Stalker at 503-417-3198.

### Office closures

The BestChoice Administrators office will be closed on:

**September 4, 2000** • *Labor Day*

**November 23-24, 2000** • *Thanksgiving*

## A team of experts makes it easy

Exceptional service starts with exceptional employees. At BestChoice Administrators, we are proud to introduce the supervisors who help make your benefit administration easy.

In November of 1999, David Stalker was selected as Supervisor of COBRA Continuation Services and Retiree Administration. David has over ten years experience in the insurance industry, including three years with BCA and seven years with its parent company, ODS Health Plans.

While COBRA usually comprises only a fraction of a benefit manager's responsibilities, without detailed attention, it can be one of their biggest liabilities. "That's why both myself and my staff are constantly investigating and attending seminars to remain experts in this field," said David. "We eliminate

the guess work to keep your liability at a minimum."

In 1999, BCA selected Leith Ann Dist as Supervisor of Flexible Spending Accounts. Leith comes to BCA with 12 years experience in benefits administration with both private and public sector employees.

To give you the most value for your dollar, your Flexible Spending Account Program must be both understood and utilized. We offer a comprehensive, tailored packet of communication materials that clearly outline your benefit package for both you and your employees.

"The strength of our team lies in our commitment to personalized service," said Leith. "We're always striving to do things better for our clients."

## We offer a variety of third-party administrator benefits

- Flexible Spending Accounts
- Premium Contribution Plans
- COBRA Continuation Services
- Commuter Expense Accounts
- Retiree Administration
- Premium Administration