

## Meet another member of BCA's team

**K**athy Baldwin brings 25 years of experience in the insurance industry to the BCA team. As manager, Kathy is responsible for handling all facets of operations and service to BCA clients. College certified in Supervision and Management, Kathy's background in medical claims complements her experience with workflow analysis. Joining ODS Health Plans, BCA's

parent company, in 1994, Kathy attends Employee Benefits Institute of America training annually to stay abreast of changing insurance laws and regulations.

Kathy says there are both challenges and rewards to her position in BCA.

"Working with our clients to make sure that our systems and processes can accommodate their

needs is a challenge and also one of the biggest rewards."

You can reach Kathy directly at 503-243-3973 or [kathb@odshp.com](mailto:kathb@odshp.com)

**Kathy Baldwin**  
***Manager, BCA***



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BestChoice Administrators is a subsidiary of ODS Health Plans.

## Retirees satisfied with BCA services

**B**CA has administered the Public Employee Retirement System (PERS) Benefit Program since 1994. Services provided to over 40,000 retirees include:

- producing the member handbook
- conducting annual statewide plan change meetings
- ongoing eligibility determination
- monthly premium administration
- both telephone and onsite customer services.

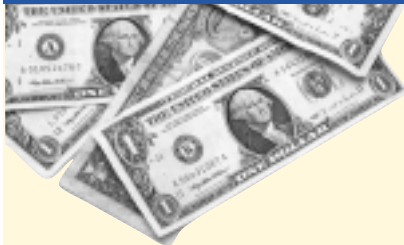
Last November, BCA sent 960 random surveys to PERS retirees throughout the state. A total of 420 retirees, or 44 percent, responded to the survey. This excellent response rate provides great confidence in the

reliability of the survey.

Survey results indicated that a great majority of respondents were satisfied or very satisfied with all BCA services, and that the satisfaction level increased in all three areas surveyed from a previous survey conducted in 1997.

"We are very pleased to learn of the positive satisfaction rate among our PERS Health Insurance members," said PERS Program Manager Gloria English. "Several changes and enhancements were added during the past year which we believe improved customer service to our members. We will continue to search for ways to better serve our membership."

See ***Satisfied Retirees***, back page



## Tackling FSA Questions

### Reimbursable Expenses?

Clarification of what medical expenses are reimbursable expenses in accordance with the IRC regulations under FSA can be difficult. BCA frequently receives questions regarding reimbursement of expenses for hot tubs used to treat back injuries. The IRS considers a hot tub to be a Capital Expense because it will increase the value of the home. Expenses that are normally understood to be personal, living or family expenses, will not be deductible unless they would not have been incurred "But For" the medical condition.

#### **Examples:**

1. A child's ballet lessons were found to be not deductible because, although the dancing lessons helped to alleviate the child's scoliosis, she had already been taking the lessons prior to diagnosis.
2. Expenses incurred for a divorce are not deductible, even if a physician had prescribed the divorce.
3. A computer obtained to assist with the treatment of attention deficit disorder may fail to qualify under the "But For" test noted above.

If the expense in question would have been incurred in the absence of the medical condition, then it is not reimbursable.

Wireless phone: allowable FSA Expense?

The IRS has issued a letter stating that the cost of a special wireless telephone used for a deaf person is a qualified medical expense and can be reimbursed under an FSA plan. The IRS defines qualified expenses as an expense incurred "for the diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body."

How long do FSA participants have to submit claims for the 2000 plan year?

#### **Answer:**

In setting up an FSA plan, an employer can specify the run-out period. Most employers limit this period to 90 days past the end of the plan year.

Is there a web site where I can learn more about government regulations relating to FSA plans?

#### **Answer:**

Yes, it is [www.irs.gov](http://www.irs.gov). You can find information about FSA accounts here.

As an employer do I have to offer COBRA for FSA participants?

#### **Answer:**

If you have more than 20 employees, you must offer COBRA to FSA par-

ticipants who have money available in their FSA account. The COBRA period for an FSA plan is limited to the current plan year. A former employee does not have the opportunity to enroll for a new plan year after their separation from employment.

Are services by Naturopaths, Holistic and other alternative providers reimbursable? Can drugs and medicines prescribed by Alternative Medicine providers be reimbursed under FSA?

#### **Answer:**

Charges for visits to these providers are reimbursable. Only drugs and remedies that by law require a prescription in order to be dispensed can be reimbursed under an FSA plan regardless of the prescribing provider. Over the counter remedies and treatments are not reimbursable.

We welcome your newsletter comments!

Write to:

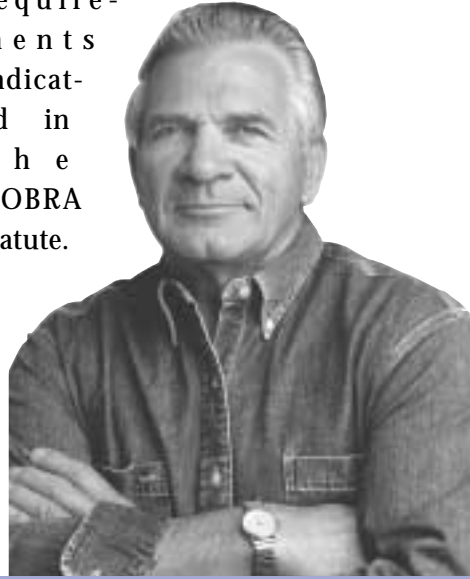
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## Reviewing a COBRA court case

A recent court case illustrates the importance of COBRA restrictions and timelines. In this case, an employee terminated employment when he suffered a disabling heart attack. At that time, he applied for both Social Security benefits and elected COBRA coverage. After his initial 18 months of COBRA, he sought 11 months of additional COBRA coverage due to his disability. This extension was denied because he had not yet received a Social Security disability determination.

The employee lost his COBRA coverage and suffered another heart attack a short time later. The second heart attack resulted in \$80,000 in medical bills. The employee eventually received a disability determina-

tion from the Social Security Administration, but it was too late for his COBRA extension. He disputed his denial of a disability extension but lost because he could not show he followed the requirements indicated in the COBRA statute.



## COBRA and disability rules

This court case shows how a qualified beneficiary can lose their opportunity for a disability extension because they don't or can't meet the required deadlines.

The standard 18-month COBRA coverage can be extended if a disability determination is rendered. The extra coverage can extend COBRA to 29 months. A qualified beneficiary is determined to be eligible for this extension if they are disabled on any day during the

first 60 days of COBRA coverage. The definition of disabled in this context requires a Social Security Administration's determination of disability. A copy of this Social Security determination must be provided within 60 days of the determination and within the original 18-month COBRA coverage period.

Should a qualified beneficiary be granted the disability extension, the COBRA premiums for the 11-month extension are charged at a rate of 150 percent of the regular premium rate. Timeliness is key.



## COBRA: Who is a qualified beneficiary?

Why is it important to know which COBRA enrollees are qualified beneficiaries? If a second qualifying event were to occur, only qualified beneficiaries would be entitled to an extended COBRA period. To be considered a qualified beneficiary, a person must be:

- covered under the group health plan and be an employee, or
- the spouse or dependent child of a covered employee, or
- a child born to or adopted by a covered employee during a period of COBRA continuation coverage.

There are many situations that may result in individuals who are not qualified beneficiaries being covered under a COBRA plan. For example, a dependent child who is added to a COBRA policy due to a qualifying event other than birth or adoption is not considered a qualified beneficiary. A spouse added to COBRA coverage for any reason is not considered a qualified beneficiary.

Many groups don't realize they may offer coverage to domestic partners of covered employees, but they are not required to offer COBRA to these partners. Under current state laws, it is not possible for domestic partners to qualify as legal spouses, therefore they may be denied qualified beneficiary status and in-turn denied COBRA rights. There are groups that choose to offer COBRA rights to domestic partners despite the lack of laws requiring it.

Extending COBRA coverage to other than qualified beneficiaries may adversely affect your group's experience rating, and have an impact on future rates for all employees.

## BCA News

### Toll-free fax number

BestChoice Administrators now has a toll-free fax available for your use. You can fax us at 503-243-3943 in the Portland area, or toll-free at 1-888-393-2943.

### BCA Web Site

BestChoice Administrators is proud to announce the launch of our new web site: [www.bestchoiceadmin.com](http://www.bestchoiceadmin.com) From our new web site you can:

- Review BCA services
- Obtain a quote for services
- Email a Member Specialist with your question
- Review commonly asked questions

We welcome your suggestions regarding how to continually improve the information available on our web site. Our email address is: [contactbca@odshp.com](mailto:contactbca@odshp.com)

### Office closures

The BestChoice Administrators' office will be closed on:

May 28, 2001 • **Memorial Day**

## Satisfied PERS retirees

### Continued from Page 1

- Ninety-six percent of respondents were satisfied or very satisfied with the Member Handbook.

BCA Member Specialists answer approximately 10-12,000 calls each quarter. Of those, almost all were answered within 30 seconds and less than five percent of calls are abandoned.

- Ninety-seven percent of respondents who contacted a BCA Member Specialist were satisfied or very satisfied with the service that they received. Specialists were evaluated on speed, courtesy and accuracy.

- Ninety-seven percent of respondents who attended a Plan Change meeting were satisfied or very satisfied with the topics covered at the meeting

and the manner in which the meetings were conducted. More than half of the respondents had not attended a PERS Plan Change meeting.

- Only 17 percent of respondents had experience in using the PERS web site. Many did not know it existed or chose other avenues for receiving information.

"Future plans include developing a communication strategy to inform retirees of the existence of the web site," said Barbara Sandoval, BCA PERS Health Administration Supervisor. "We will also find additional ways of meeting retirees' needs using the Internet. However, we will continue to ensure that PERS members who prefer to speak to a real person always have that option."

