



# SABC FLEXNews Sept. 15, 2010

SOUTHERN ADMINISTRATORS AND BENEFIT CONSULTANTS, INC.

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## State Health Rate Increase Effective January 1, 2011

Effective January 1, 2011, the State of Mississippi's health insurance rates are increasing. For the first time, legacy employees will pay a small monthly premium for their coverage, and dependent coverage rates will be increasing. In addition, deductibles are increasing. Cafeteria plan regulations consider a change in cost and/or coverage an allowable status change under your plan. Therefore, non-calender plans can give their employees the following options when the change goes into effect:

- Current Cafeteria plan participants that choose to keep their coverage, do not need to do anything. Their premium change, will automatically increase under the plan.
- Current Non-Cafeteria participants that wish to shelter their new premium under the Cafeteria plan, need to complete a status change form, which is available on-line at [www.sabcflex.com/sc.pdf](http://www.sabcflex.com/sc.pdf). Under description they need to write change in cost or coverage, and write Major Medical under payroll reduction items, along with the new premium. After signing YES at the bottom of the page, this form should be turned into payroll. After payroll records the information, they should approve it and send a copy to us.
- Current Cafeteria plan participants that wish to drop their coverage or change to the base plan, must complete the status change form (see above) using the same description as above. They will write Major Medical under payroll reductions and a zero premium if they are dropping, or the new premium if changing to the base plan with dependents.

Please note, that regulations **do not** allow employees to increase their Unreimbursed Medical in the middle of the plan year, due to deductible changes.

## Health Savings Accounts

Employees choosing to elect the base plan for their coverage would now qualify for a Health Savings Account (HSA) if they also meet the following qualifications:

- They do not have other coverage except for accident, disability, vision, dental, specific disease or insurance the pays a fixed amount per day (hospital indemnity insurance) and long term care.
- They do not have a un-restricted Unreimbursed Medical Spending Account (URM). They can have a restricted URM account, that pays only eligible out-of-pocket dental and vision expenses. If their only URM plan is with us, we offer restricted coverage.

For a plan to offer restricted coverage, the restricted coverage must be outlined in your plan document. Therefore, please check with us to ensure that language has been included in your plan. If a spouse has unlimited coverage through his/her URM plan, then the employee would not qualify for an HSA.

Employees that meet all the qualifications, can set up an account through their participating bank or log on to our web site at [www.sabcflex.com/page10.html](http://www.sabcflex.com/page10.html) and click on First Horizon. They do charge a small monthly fee, but interest is earned on deposits. There are also investment options available after deposits have exceeded a certain amount. Additional HSA information is also available on the above link.

Participants can have the amount they elect deducted through their Cafeteria Plan tax free (if the plan has adopted this option), or can claim the amount they deposit at the end of the year as a deduction on their tax return. Employers wishing to add this option to their plan should contact us for complete details.

### **Over-the-Counter Drugs (OTC)**

Please remember with the enactment of the “Patient Protection and Affordable Care Act” (PPACA), over-the-counter drugs will no longer be reimbursable under your Unreimbursed Medical Spending Account (URM), if purchased after December 31, 2010. This same rule applies to HSA’s. The only exception would be with a prescription/letter from an doctors stating that he/she has prescribed the medication to treat a condition. Insulin, contact lens solution, hearing aid batteries and wound care supplies would still be allowed. Participants with a doctors letter prescribing an OTC, who have the SABCFlex card, will have to submit the claim to SABC for reimbursement. The card will no longer allow purchases for OTC items. You may still utilize the card for medication requiring a prescription and the items list above.

Please contact SABC at 601-856-9933 if you have any questions.