

# Instructions for FSA COBRA and layoffs with Optum

## COBRA Event:

There are two scenarios under which a terminated participant can begin Flexible Spending Account COBRA 1) by taking the remaining FSA annual contributions on their last paycheck; and 2) by completing an FSA COBRA form and submitting the form and check payment to ETF's Division of Trust Finance (DTF). In the event that a terminated employee was never enrolled in the FSA for the plan year, they are not eligible to begin FSA COBRA.

Roles and responsibilities for the two scenarios are noted below:

### 1. Participant's remaining annual elections are taken from the participant's last paycheck prior to termination.

Participant	Payroll Center	ETF	Optum
Notifies payroll center.	Notifies Optum of the full contributions taken on the last paycheck.	No responsibilities.	Extends Health Care FSA or LPFSA coverage through the end of the plan year in which the participant coverage is terminated.

### 2. Participant can continue FSA COBRA by making monthly contributions towards Health Care FSA or Limited Purpose FSA.

Participant	Payroll Center	ETF	Optum
Notifies payroll center. Completes an FSA COBRA form. Sends form to ETF.	Completes the top portion of an <b>FSA COBRA form</b> and provides the form to the participant.	Receives the completed FSA COBRA form from the participant.  Receives monthly installment payments.  Sends request to Optum to post payment in Optum system and extend health care or limited purpose FSA coverage through the end of the month indicated.	Posts/records payment in Optum system and extends participant's health care or limited purpose FSA coverage through the end of the month indicated.

ETF will allow a terminating participant to continue Health Care FSA Coverage (including the Limited Purpose FSA) through one of two methods:

**Option #1:** Allow their payroll center to take the remaining contribution owed toward the annual election through their final paycheck

**Option #2:** Submit COBRA premium checks to ETF's Division of Trust Finance on a monthly basis to cover their monthly contribution.

In the event Option #1 is used to continue the participant's coverage, the payroll center shall send an enrollment cancellation or equate the cancellation date to the first day of no coverage. The payroll center will notify [OFETFSupport@optum.com](mailto:OFETFSupport@optum.com) or Optum Electronic Data Interface (EDI) Coordinator of the increase in FSA contribution taken on the last paycheck. The full remaining FSA contribution must be taken on the last paycheck and cannot be split across the last few remaining paychecks. Optum will extend FSA coverage through the end of the year in which the participant terminated employment.

In the event Option #2 is used to continue the participant's coverage, the payroll center shall send the employment status termination date to Optum on the census file and send an enrollment cancellation on the enrollment file based on the standard account cancellation rules (varies by plan type). ETF's Division of Trust Finance will notify Optum when they receive a participant's COBRA payment and request that Optum Financial make the appropriate update manually. Requests should be submitted to [OFETFSupport@optum.com](mailto:OFETFSupport@optum.com).

### **Lay Off Event:**

Background: ETF allows employees who are enrolled in the High Deductible Health Plan (HDHP) Health Savings Account (HSA) when they are laid off to continue to receive the HSA-Employer contributions for up to 3 months post-termination. To be eligible for the 3-month HSA contribution, the participant must also be receiving the employer contribution for the HDHP. If the 3-month period overlaps into the next plan year, the participant must re-enroll in the HDHP/HSA to receive the HSA-Employer contributions for any of the 3-months that fall into the new plan year and may use compensation credits to pay for their coverage premiums when available. The laid off participant may not continue to make HSA-Employee contributions through payroll post-termination but may submit contributions directly to the HSA custodian.

If a laid off participant enrolls in the HDHP/HSA in the new plan year, the payroll center will send a completed HSA enrollment form to [OFETFSupport@optum.com](mailto:OFETFSupport@optum.com) to process the enrollment and election.



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