Office of State Uniform Payroll	
Procedure Title: Mid-Year Flexible Benefits Plan (Flex) Eligible Statewide Vendor Processing in LaGov HCM	**Revision Date:** 11/24/2020 **Issue Date:** 11/27/2018
Unit: Benefits and Financial Administration Unit	**Page Number:** 1 of 2
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Per Internal Revenue Service §125 cafeteria plan regulations, an employee cannot make changes (stop, increase, or decrease) to a flex (pre-tax) deduction without penalty, unless one of the below qualifying reasons apply.

- Administrative error approved by the Office of Group Benefits (OGB) – submit to statewideproducts@la.gov for approval
- Annual Enrollment
- Enhancement approved by the Office of State Uniform Payroll (OSUP) (within 60 days from the January 1st or July 1st enhancement effective date)
- New hire (within 30 days from hire date)
- Qualified Life Event (QLE)
- Rate or policy change approved by OSUP

Beginning December 17, 2018, agencies will only have access to maintain flex eligible deductions during Annual Enrollment. All flex changes (start, stop, increases, decreases) require OGB flex approval prior to submitting a LaGov HCM Help Desk Ticket; with the exception of the New Hire (signed within 30 days) or the Annual Enrollment (signed between 10/1 to 11/15) QLE. Once OGB flex approval is obtained, agencies must create the statewide vendor product record via HRBEN0001 as a post-tax record for the total amount (do not create as a split premium) and then submit a LaGov HCM Help Desk Ticket with the following information:

- Request post-tax amount to be moved to flex/pre-tax field
- Effective Dates (start, stop, etc.)
- Approved OGB Qualified Life Event (QLE)
- State OGB flex approval was received (email may be requested)

If a flex eligible deduction is increased or decreased during Annual Enrollment, the effective date must be the first day of pay period 1 of the next plan year. If a flex eligible deduction is stopped during Annual Enrollment, the end date must be the check date of the last pay period of the current plan year, beginning in 2019.

If an employee begins a deduction for a flex eligible product/policy and one of the above qualifying reasons apply, the deduction should be set up as flex. If an employee begins a deduction for a flex eligible product/policy and none of the qualifying reasons apply, the deduction should be set up as non-flex. At the beginning of the next plan year, the non-flex deduction will be automatically converted to flex.

Below are details on how mid-year flex eligible deduction changes should be handled:

- If an employee cancels their coverage for a flex eligible product/policy without a qualifying reason, the deduction can be stopped but a “required flex” deduction (WT 3B19 or 3E19) must be established on IT0014 for the same amount for the remainder of the current plan year. The funds collected from the “required flex” deduction are forwarded to the Division of Administration, not the vendor, as Income Not Available (INA).

- If an employee decreases their coverage for a flex eligible product/policy without a qualifying reason, the difference between the existing flex eligible deduction and the reduced deduction amount will be set up as a “required flex” deduction (WT 3B19 or 3E19) on IT0014 for the remainder of the current plan year. The funds collected from the “required flex” deduction are forwarded to the Division of Administration, not the vendor, as Income Not Available (INA).

- If an employee increases (i.e. adds a dependent, increases coverage, adds additional policies, etc.) their coverage for a flex eligible product/policy, the deduction amount will increase. If the increase is not associated with a qualifying reason, the deduction must be “split”. The difference between the existing flex eligible deduction and the increased deduction amount should be set up as non-flex. At the beginning of the next plan year, the non-flex amount will be automatically converted to flex. If there is a qualifying reason for the increase, the total amount of the increased deduction will be flex.