Thank you very much Eliza, Deborah and Jennifer for that helpful information. And now I'm going to turn the floor over to our operator, Joel, to remind us how to ask a question.

But before that, let me just say that this is a lot of information to absorb, and for those who are not aware of it, we are taping the call. It will be available on the Wi$eUp Web site-- www.wiseupwomen.org --in three formats as soon as we edit the transcript. It'll be available in Word, in MP3 and in PDF. So you can either read or listen to the transcript after the call.

And now, Joel, could you remind us how to ask a question?

At this time, to ask a question please press star 1 on your touchtone phone. Please unmute your phone and record your name when prompted. Your name is required to introduce your question. One moment for our first question, please.

Thank you. While we're waiting for the first question, Jennifer, you alluded to flexible spending accounts, but you didn't describe them. Could you - I know in the federal government we have a flexible spending account--can you talk about the distinction between the two?

Sure. A flexible spending account is where you're putting money in. It's deducted from your wages, but it's pretax dollars. There's an annual maximum. I don't know what that is right now, but I could look it up and tell you if you need me to. But you have to identify before you put that money into your spending account how much you're going to use that year, so it's a guessing game. [Editor’s Note: See “Flexible Spending Arrangements” (FSAs) in IRS
Publication 969, mentioned above. It includes the benefits of FSAs. Health FSAs are employer-established benefit plans. These may be offered in conjunction with other employer-provided benefits as part of a cafeteria plan. There is no limit on the amount of money you or your employer can contribute to the accounts; however, the plan must prescribe either a maximum dollar amount or maximum percentage of compensation that can be contributed to your health FSA.]

You know, you think you might have a big surgery next year and you know that your deductible -- the deductible--is going to be so much. Well then you're just going to have to kind of guess how much you need to put into that flexible spending account for that year, because if you don't use all that's in that account you lose it. [Editor's Note: The plan can provide for a grace period of up to two and one-half months after the end of the plan year. If there is a grace period, any qualified medical expense incurred in that period can be paid can be paid from any amounts left in the account at the end of the previous year.]

The employer gets the remainder of the flexible spending account. That's the downside. The positive side to it is--and, you know, there's the potential of this being abused--for the employer [this is a] downside -- is that an employee could, you know, put money into that flexible spending account throughout the year, set it up so that each paycheck the amount is taken out of their pay.

But in February they have a big surgery and they use all of that deferred amount for the whole year in February. And then in March they quit, so now the employer is stuck with the costs of that surgery and not having the employee pay into that flexible spending account. So it's not as beneficial for an employee and an employer, or it depends on how you look at it.

But it is nice…it is a nice, you know, way to put money into a pretax account for health insurance or for medical expenses.
Jane Walstedt: Well I'm a big fan of it, I must say. I signed up for it--we federal employees can sign up--and I've put aside $3000, and as you said, you have to guess how much you're going to use in a year or you lose what you don't use. But I didn't put enough. I've almost used it up. So...and then of course you're not taxed on the amount that you're contributing to it. So I see it as a big benefit. [Editor’s Note: One way to estimate how much to contribute is to look at what your out-of-pocket medical expenses have been going back a few years and average that.]

Joel, do we have a question?

Coordinator: Our first question comes from Laura. Go ahead. Your line is open.

Laura: Hi. I was wondering…I was laid off in June, and they cut my insurance on June 30. And I just received today - because they were withholding COBRA-- so I called the state insurance people - I'm in New York state - and I just got an email today saying that I needed to pay for June and July to be covered with the COBRA.

But they're just telling me…like I did without things because I thought I had no insurance; I didn't go to the doctor because I thought I had no insurance. And now they're telling me I need to pay for June retroactively. Is that legal?

Deborah Perry: Did you say - this is Deborah--did you say that you were actually terminated on June 1?

Laura: I was laid off on June 5.

Deborah Perry: Okay.
Laura: My insurance was terminated on June 30. And I was harassing them to try to get…they sent, you know, kind of incomplete COBRA information.

Deborah Perry: Right, right.

Laura: With no amount that I needed to pay, no date to pay by, no effective date, nothing, you know...

Deborah Perry: Right, right.

Laura: ...that kind of thing, what, you know, I need more information. And today I got an email-- because I think the state was calling them and harassing them--so I got the email that [said] you need to come into the office today. And I said, you need to answer my questions. I sent an email back saying you didn't answer any of my questions.

Because I wasn't sure with the...

Deborah Perry: Yeah.

Laura: ...subsidy, if I paid the whole amount of the premium and they refunded it or how to do that whole thing.

Deborah Perry: Essentially the…an employer - an employer-sponsored group health plan - and is your employer a private sector employer?

Laura: No it's a not for profit.

Deborah Perry: Okay, that's still private sector.

Laura: Oh. Okay.
Deborah Perry: Yeah, as opposed to government or public.

Laura: Right, okay.

Deborah Perry: Not for profit is still private. But it's just not for profit. Generally speaking they cannot terminate your insurance prior to the date of your termination, which would be June 5. They could charge you a prorated premium for the remainder of June.

Now this gets into sometimes whether they're fully insured or self-funded. Some states have laws [that] if it's fully insured they have to continue you to the end of the month. And then you have to look at what the plan says about whether they can charge you for that amount. If they do, the COBRA would start July 1.

What I would actually recommend that you do…because if you were laid off, you would be - it sounds like you would be--entitled to the ARRA subsidy, so that the government would pay the 65%. But the way that that works is that you actually have to…with the…the employer should be sending you a complete COBRA information [package] that also contains the ARRA information about the subsidy, as well as a request to apply for the subsidy.

It's not automatic. So you have to fill that out and say that like you don't have other coverage. Like, do you have a spouse that has coverage?

Laura: No, no.

Deborah Perry: Okay. Okay. So you have to…that's why you have to basically…why they impose the application process is because they have to certify too that people aren't eligible for other coverage or Medicare. And so you need to fill that out with your employer.
Once they say yes, she was involuntarily terminated, she's eligible for the ARRA benefit, then what you'll do is start paying 35% instead of the...the full 100%. And they [the employer] actually pay the 65%, and they get reimbursed by the government. You don't get paid by the government. It's all through the plan.

Laura: Okay, but can you tell me today on the 31st of July that I need to pay for July even though I thought I was uninsured?

Deborah Perry: Yeah. COBRA is always retroactive. You don't get to skip a month or two. And I know that's...

Laura: But they...

Deborah Perry: I know that's a frustrating point, but that's the way COBRA works.

Laura: They told me I was uninsured as of June 30. They told me I had no insurance. So it's...they didn't...they told me I had no insurance after June 30.

Deborah Perry: Yeah. The way COBRA works is it is always retroactive to the date of your termination. If you had incurred prescriptions or doctor's appointments, you would be able to resubmit those. And I understand your frustration, but that's just the way COBRA works. It's always retroactive, and you're not allowed to sort of skip months.

Laura: Okay.

Deborah Perry: So that's...but to help you with the dates and getting this process and stuff, you might, you know, you might want to call one of our benefit advisors who can help you.
Laura: Okay.

Deborah Perry: If you call that toll-free number, which again is 1-866-444-3272.

Laura: Okay.

Deborah Perry: They'll help call your employer and get some of this straightened out for you.

Laura: Great. Thank you.

Jane Walstedt: Thanks very much. Joel, do we have another question?

Coordinator: Our next question comes from Alicia Cornish. Go ahead. Your line is open.

Alicia Cornish: Hi. I was wondering, I am currently under insurance with my three kids and my significant other on his health plan, and he's a private…he has a private employer. And he is on leave - disability leave--and I am about to become a federal employee in the next month or two, and I want to switch all the benefits over.

But he's currently just had a major surgery, and I kind of want to just leave him on COBRA with his plan so he can have the same doctors to make sure he heals correctly, because he's on leave until like February. I don't know if there's something I need to be worried about in this transition like as far as having preexisting conditions or trying to put him on later or carrying on COBRA without the rest of the family, just him. I don't know.

Deborah Perry: Well the first thing is so you're being, with him being on disability, you're being offered COBRA under his job, correct?

Alicia Cornish: We have not yet, but I'm assuming we will.
Deborah Perry: Okay, yeah, you want to look at the eligibility requirements. Some plans—again, the thing, you know, it's not mandated—some plans will continue to provide people with active employee coverage while they're on disability, say for like six months or something like that.

Alicia Cornish: Okay.

Deborah Perry: Some will do a year. It just depends on the plan.

Alicia Cornish: Okay.

Deborah Perry: But certainly there…if you are offered COBRA, there is a thing in COBRA called an independent election right. So you do actually have the right to elect COBRA independently just for him. Okay?

Alicia Cornish: Okay.

Deborah Perry: Assuming that you're going to put yourself and the three kids on the other plan.

Alicia Cornish: Okay.

Deborah Perry: On your federal plan, when you start. So you'd want to do that. But having said that there, you know, the federal plan is not subject to HIPAA, but just from my…you'd want to check with the federal plan for the official rules, but they—the federal plan—applies very similar rules.

I mean just having been a federal employee, you get coverage right away, and you might want to look and see if the federal plan would cover your husband and see if it has the, like you said, the same doctors and stuff, because it's a lot cheaper to cover the whole family under the federal plan than to have to have you
guys paying family coverage under the federal plan and paying possibly full COBRA prices for your husband.

So you really want to, you know, contact your federal plan and see. They may have a plan, you know, that's basically, has the same network and doctors and stuff, so that there's no reason for you not to switch.

Alicia Cornish: Okay.

Deborah Perry: You just want to…you just really want to see if you can get the documents and look at it. Does that make sense?

Alicia Cornish: Yes.

Eliza Nevarro Bangit: Another - this Eliza at Georgetown.

Deborah Perry: Yes.

Eliza Nevarro Bangit: Just another issue that…kind of raised by this question is if later let's say you decide to keep him in his COBRA, and you move your children and yourself to the federal group plan, the question is if later on you decide that, you know, it's more beneficial for him to move to your federal employee health benefit plan, I don't think…I'm unsure whether there's any special enrollment opportunities there because there is no qualifying event.

Deborah Perry: No, you'd have to…you would have to wait until the COBRA exhausted.

Eliza Nevarro Bangit: Right, right.

Deborah Perry: Or the next open enrollment.
Eliza Nevarro Bangit: Yeah.

Deborah Perry: You know, one other thing that you brought up, Eliza--you made me think of--is when you started this, you said the three kids and your significant other. Is he actually your spouse?

Alicia Cornish: No.

Deborah Perry: Okay, that could be another problem in two ways. I'm not sure if the federal plan covers like domestic partners.

Alicia Cornish: Okay.

Deborah Perry: Did someone say it does?

Eliza Nevarro Bangit: Yeah, I don't know.

Deborah Perry: I don't know either, so that would be a question - that'd be your first question--whether he may not ever be able to be covered by this plan or by the federal plan under your new job. I just…I don't know the answer to that.

And then the other thing [is] if you were going to try to not get on the federal plan and stay on his COBRA, COBRA actually only applies to spouses. So even though the plan lets you stay on - when he's an active employee - when they actually offer COBRA they would not necessarily have to offer you COBRA.

Alicia Cornish: Oh.

Deborah Perry: So you have several different sorts of issues around that.
Eliza Nevarro Bangit: Yeah.

Alicia Cornish: Okay.

Deborah Perry: Very careful reading needed.

Alicia Cornish: Yes. Thank you.

Jane Walstedt: Would it, Deborah, behoove her to talk to a benefits advisor at EBSA? Would that...

Deborah Perry: Well she can, but the benefit advisors at EBSA can't really speak about the federal plan.

Jane Walstedt: Yeah.

Deborah Perry: We can only really tell her what we've sort of said about COBRA, and we wouldn't have the answers about the...her significant other's plan. Those are things you'd need to look at. If she can't get the information, they can certainly help with that.

Jane Walstedt: Right.

Deborah Perry: But for the federal plan you actually...you're going to have to contact either the...well the...like the HR...I'm trying to think. I know there's a...I know there's an 800 number--I just don't know what it is off the top of my head-- that you can call about benefits.

Jane Walstedt: Anyway, her agency...whoever...
Deborah Perry: Yeah, the agency should be able to tell.

Jane Walstedt: Human resource office...

Deborah Perry: Yeah.

Jane Walstedt: ...of the agency. Right.

Deborah Perry: Yeah. And the federal plan has lots of options, so there's a high probability that they may even have like the very same network of doctors and stuff. It's just I don't know whether they cover a non-spouse.

Alicia Cornish: Okay.

Jane Walstedt: Okay. Thank you.

Alicia Cornish: Thank you.

Jane Walstedt: Joel, do you...do we have another question?

Coordinator: Our next question comes from Janet Nelson. Go ahead. Your line is open.

Janet Nelson: Hi. This is Janet. Can you hear me?

Jane Walstedt: Yeah.

Eliza Nevarro Bangit: Yes.

Janet Nelson: I am from an HR office in a federal agency. And Barack Obama did issue an executive order recently that expanded benefits to domestic partners. Health insurance is not one of them. [Editor’s Note: On June 17, 2009, President
Barack Obama issued a Memorandum for the Heads of Executive Departments and Agencies, the subject of which was “Federal Benefits and Non-Discrimination,” stating that his Administration, in consultation with the Secretary of State, who oversees Foreign Service Employees, and the Director of the Office of Personnel Management (OPM), who oversees human resource management for civil service employees, had identified areas in which statutory authority exists to achieve greater equality for the Federal workforce through extension to same-sex domestic partners of benefits currently available to married people of the opposite sex. In the Memorandum, the President requested that the Secretary of State and the Director of OPM, in consultation with the Department of Justice, extend the benefits they have respectively identified to qualified same-sex domestic partners of Federal employees where doing so could be achieved and is consistent with Federal law.

Deborah Perry: Oh.

Janet Nelson: That kind of change would require a change in legislation, and Congress has not yet enacted that.

Deborah Perry: Okay. Well I guess that answers that question then.

Jane Walstedt: Well thank you, Janet, for that helpful information.

Janet Nelson: My pleasure.

Jane Walstedt: Okay. Joel, do we have another question?

Coordinator: At this time I'm showing no further questions.