

Administrative Manual

FOR VENDORS

COMMONWEALTH OF VIRGINIA

Miscellaneous Insurance and 403(b)

Administered by



OVERVIEW

FBMC Benefits Management, Inc. is the Third Party Administrator (TPA) for the Commonwealth of Virginia, Department of Accounts for Miscellaneous Insurance and 403(b).

These Miscellaneous Insurance and 403(b) products are supported through payroll deductions by State Employees and are processed through the Commonwealth Integrated Payroll/Personnel System (CIPPS).

The Commonwealth of Virginia allows various deductions to be taken from employee pay. The Department of Accounts (DOA) is responsible for deductions required by law or authorized by the employee as a prerequisite for participation in State-sponsored programs such as health care insurance, flexible spending accounts, or deferred compensation. These activities are not a component of the voluntary Miscellaneous Insurance and 403(b) program.

The Commonwealth does not sponsor the products offered under the Miscellaneous Insurance and 403(b) program. The program is intended to benefit employees by providing payroll deduction services for commercially available products among a “network” of independent Vendors.

Although they are included in the program, Tax Sheltered Annuity (TSA) (pre-tax) products are available only to employees at higher educational institutions and 501(c)(3) organizations. The deductions for products offered under the Miscellaneous Insurance and 403(b) program will herein be referred to as “miscellaneous deductions.”

Note: Providers are allowed to enroll employees in products that are approved by the Virginia Provider Network. A complete listing of approved products can be found at www.fbmc-benefits.com/vaprovidernetwork.

Salaried employees receive Cash Match contributions on paydays in which they receive a salaried paycheck and make a contribution to a 403(b) (i.e., tax-sheltered annuity) or 457 (Deferred Compensation Plan). The cash match amount is 50% of the 403(b) contribution up to the amount authorized in the Fiscal Year Appropriations Act (typically \$20 semi-monthly and \$40 monthly). Accelerated or catch-up contributions are not permitted in order to reach the maximum annual Cash Match. *Employees who are participants of the VRS Hybrid Retirement Plan can only receive the cash match once they have enrolled up to the maximum percentage of voluntary contribution.* An employee may make one (1) change of participating Provider Company annually.

Administrative fees are charged to fund the consolidated billing process, as the Commonwealth does not sponsor the voluntary products for which deductions take place.

Fees: Miscellaneous Insurance Products:

Vendor-paid administrative fees vary based on the level of participation with the Vendor. (Must maintain a minimum participation of 10 participants) Vendors with 1-10 participants will pay \$1.15 for each post-tax deduction, 11-99 participants pay \$.50 per deduction, 100-999 participants pay \$.40 per deduction, and 1000 or more participants pay \$.35 per deduction. A deduction is defined as the amount deducted for each policy. Fees are assessed per policy/plan

per pay period and not per person/employee. FBMC, the Network Administrator will bill the providers for the administrative fees, monthly if more than 100 participants, and quarterly if less than 100 participants.

Fees: 403(b) Program/Cash Match Program:

Vendor-paid administrative fees vary based on the level of participation with the Vendor. (Must maintain a minimum participation of 10 participants) Vendors with 1-10 participants will pay \$1.15 for each post-tax deduction, 11-99 participants pay \$.50 per deduction, 100-999 participants pay \$.40 per deduction, and 1000 or more participants pay \$.35 per deduction. A deduction is defined as the amount deducted for each policy. Fees are assessed per policy/plan per pay period and not per person/employee. FBMC, the Network Administrator will bill the providers for the administrative fees, monthly if more than 100 participants, and quarterly if less than 100 participants.

The Virginia Provider Network Agreement requires that all provider fees be paid within 30 days of receipt of bill. Providers who do not pay in 30 days will receive one late notice requesting that fees be paid immediately in 15 days with a 5% late penalty of amount due for that month. After 15 days, a second notice is sent notifying the provider that they are expelled from the Provider Network due to non-payment. Payments received must be postmarked by the due date.

Providers who wish to be reinstated after expulsion will be required to pay the \$2500 entrance fee. For more information, go to the Provider Network at www.fbmc-benefits.com/vaadmin/.

REQUIRED FORMS

The FBMC SRA and SDA forms are the only forms that will be accepted to start, stop or change deductions. Vendors will primarily provide these forms directly to employees. Agency Payroll/Benefits Administrators can retrieve forms from the website as a contingency.

There are three forms utilized by various Vendors. The forms can be found at <http://www.fbmc-benefits.com/VaAdmin/>.

1. Post-Tax Salary Deduction Agreement (SDA)

The form is used for all post-tax Miscellaneous Insurance. Vendors are responsible for providing this form to the employee, properly completing the form, and providing it to FBMC when the policy has been issued and deductions should begin.

2. 403(b) Salary Reduction Agreement (SRA)

The 403(b) SRA form is used for 403(b) tax sheltered annuity deductions. The 403(b) products are available only to Commonwealth of Virginia employees in qualifying agencies. Employees in most "line agencies" are not eligible for these deductions; therefore, some Agency Payroll/Benefits Administrators will not utilize this form. This form authorizes the Agency to reduce the employee's salary by the amount to be sent to the investment provider by the Agency on behalf of the Employee.

3. Cash Match Form (CMF)

The Cash Match Form is used to either enroll or change provider companies in the Virginia Cash Match program. Eligible Employees may make one change of Provider Company annually.

NOTE: ENSURING THAT THE ORIGINAL ENROLLMENT FORMS ARE COMPLETED CORRECTLY WILL SIGNIFICANTLY LIMIT THE NUMBER OF EXCEPTIONS.

FORM FLOW

POST-TAX

All Post-Tax SDA forms must be initiated between the Vendor/Agent and the Employee. Upon completion, the form will be forwarded by the Vendor/Agent to the Vendor's main office. When all underwriting requirements have been fulfilled, the original form must be forwarded to FBMC for data entry. FBMC will provide a Change File to the Department of Accounts for setting up the deduction in CIPPS. FBMC must receive SDA forms by the established cut-off date in order for deductions to start, as requested.

The TPA cut-off schedule can be found at the following website,
http://www.doa.virginia.gov/Payroll/TPA/TPA_Main.cfm.

If the cut-off date has not been met, the deduction will start on the next scheduled payroll date.

Form flow is provided below.

1. Employee contacts Vendor.
2. Vendor processes application. Review the application for accuracy and ensure application is completed in its entirety to avoid processing delays. Should the employee elect multiple policies, please ensure they are reflected separately on the application.
3. Vendor provides SDA to FBMC. The form is provided to FBMC only AFTER underwriting (if required) has been completed.

Contact: Benefits Administration
Mail Slot #37
FBMC Benefits Management, Inc.
P.O. Box 1878
Tallahassee, Florida 32302-1878
Phone: 800-872-0345 Ext. 2312 or 2223 Barbara Reed or Carol Simmons
Fax: 850-514-5803
E-mail: Breed@fbmc.com or Csimmons@fbmc.com

4. FBMC data-enters the form and produces a Change File and an Enrollment Change Report, which is then published to the client's secure FTP site for downloading.
5. The Payroll/Benefits Administrator may notify FBMC via e-mail, letter, or SDA form to stop a post-tax deduction. The Employee must contact the Vendor.

Note: If this process is followed, the number of Exceptions/Discrepancies reported by FBMC to the Payroll/Benefits Administrators will be greatly reduced.

403(B) CONTRIBUTIONS

All 403(b) SRAs will be initiated between the Vendor/Agent and the employee. This form only authorizes the agency to reduce the employee's salary by the amount to be sent to the investment provider by the agency on behalf of the employee. This is not an internal investment provider application form to establish the 403(b) account. FBMC will provide a Change File to the Department of Accounts responsible for settings up the deduction in CIPPS. To ensure that the deductions start on the current payroll, the payroll cut-off dates must be honored. If the cut-off date has not been met, the deduction will start on the next payroll date.

The TPA cut-off schedule can be found at the following website.
http://www.doa.virginia.gov/Payroll/TPA/TPA_Main.cfm

Below is the form flow for Salary Reduction Agreements (SRAs).

1. Employee contacts Vendor.
2. Vendor processes application to establish 403(b) account.
3. Vendor and employee complete the original SRA. Review SRA for accuracy and ensure SRA is completed in its entirety to avoid processing delays.
4. Vendor and employee provide the original SRA to Agency Payroll/Benefits Administrator for approval and signoff. The original SRA remains with the Agency for filing.
5. Agency Payroll/Benefits Administrator provides the employer signed SRA to FBMC via fax.

Contact: Benefits Administration
Mail Slot #37
FBMC Benefits Administration, Inc.
P.O. Box 1878
Tallahassee, Florida 32302-1878
Phone: 800-872-0345, Ext. 2270 Shana Bratcher
Fax: 850-514-5803
E-mail: Sbratcher@fbmc.com

6. FBMC verifies that the SRA is complete; FBMC data-enters the contribution amount and effective date. FBMC then produces a Change File.
7. The Department of Accounts imports the payroll deduction of premium and administrative fees into the CIPPS system.
8. To increase, decrease or stop deductions, changes must be communicated to FBMC via an SRA form. All changes will require written documentation to effect the change. Fax copies are acceptable. **Agency Payroll/Benefits Administrators must obtain authorization from FBMC prior to processing any requests for deduction refunds.**

VIRGINIA CASH MATCH – 401(a)

Cash Match Agreements (CMA) will be initiated between the Vendor/Agent and the Employee. Most often this application is completed simultaneously with the SRA for the 403(b) plan. The Cash Match Agreement form must be completed and signed by the Employee, and **must** be executed by the Agency Payroll/Benefits Administrators validating that the Employee is eligible for the cash match. The form will then be forwarded to FBMC for data entry. To ensure that the contributions start on the current payroll, the payroll cut-off dates must be honored. If the cut-off date has not been met, the contribution will start on the next payroll date. FBMC will process the new contributions and add them to the next Change File.

Employees that have multiple, participating providers may elect to change the provider that receives the cash match no more frequently than once each year. Please clearly indicate both the old and new providers on the form so FBMC can make the appropriate changes. To ensure that the deductions start on the current payroll, the payroll cut-off dates must be honored. If the cut-off date has not been met, the deduction will start on the next payroll date.

The TPA cut-off schedule can be found at the following website.
http://www.doa.virginia.gov/Payroll/TPA/TPA_main.cfm

Below is the form flow for the Cash Match.

1. Employee contacts Vendor.
2. Vendor processes application to establish 401(a) account.
3. Employee completes the original CMA.
4. Vendor and Employee provide the original CMA to Payroll Agency/Benefits Administrator for validation and signoff. The original CMA remains with the Agency for filing.
5. Agency Payroll /Benefits Administrator provides the employer-signed CMA to FBMC via fax or pdf.

Contact: Benefits Administration
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 Tallahassee, Florida 32302-1878
 Phone: 800-872-0345, Ext. 2270 Shana Bratcher
 Fax: 850-514-5803
 E-mail: Sbratcher@fbmc.com

6. FBMC verifies that the CMA is complete; FBMC data-enters the contribution amount and effective date. FBMC then produces a Change File.
7. The Department of Accounts imports the cash match contribution identified on the Change File into the CIPPS system.

Note: The Agency Payroll/Benefits Administrator may complete and sign the CMA form on behalf of the Employee for single, participating provider deductions.

ENTERING OR CHANGING DEDUCTIONS

A consolidated Enrollment Change Report for post-tax and pre-tax deductions inclusive of cash match contributions will be provided by FBMC to the Agency Payroll/Benefits Administrator for any event that affects deductions. The Change Report shows totals for the affected deduction slot. The Change Report is sent in accordance with the posted TPA cut-off schedule.

Entries made to CIPPS should be imported from the FBMC Change File only. Entries should not be made from an enrollment form or application provided by the Vendor or employee. **The risk of entering from a source other than FBMC's Change File is that the deductions could start before a policy is issued or before the plan effective date or the contributions may be sent to the incorrect provider.** The only exception is employee requested emergency cancellations. Emergency cancellations may be processed directly by payroll; however, FBMC must be notified immediately to prevent Vendor overpayment.

Cut-Off Dates

To allow for the proper editing and pre-audit of payroll entries, the TPA cut-off date for inclusion in the current payroll is four (4) business days prior to DOA specified certification deadline. Please refer to the TPA cut-off date schedule at www.doa.virginia.gov/Payroll/TPA/TPA_main.cfm to determine the proper pay period to begin a deduction or make a deduction change. It is very important that the cut-off dates are honored to assure that the deductions are entered simultaneously with CIPPS and FBMC for a specific pay date. **No backdating or retroactivity will occur through the payroll system.** The Agent/Vendor providing the policy (post-tax) is responsible for obtaining all retroactive premiums directly from the employee via check, money order or cash.

The Rounding Rule

Payroll deductions for monthly odd cents amounts are rounded up one cent when calculating the per pay amount to make the amount divisible by 2. Please ensure that all premiums are divisible by 2 prior to forwarding the SDA forms to FBMC. Any odd cents that may be collected will be applied to the employee's account by the particular vendor.

REMITTANCE LISTINGS

FBMC will produce remittance listings or a remittance file for each vendor. The remittances are broken out in agency order with each participant, social security number, benefit, and deduction/reduction. Vendors of Miscellaneous Insurance products (post tax) will receive a monthly Remittance Listing and payment postmarked by the 20th of the month for premiums deducted from the payrolls of the previous month. Vendors of 403(b) products (pre-tax) receive a Remittance Listing coinciding with a direct deposit of funds within five (5) business days of FBMC's receipt of data and funds from the Commonwealth of Virginia which typically occurs on each scheduled payday. FBMC will remit all pre-tax participant contributions and Virginia Cash Match employer's contribution to vendors via direct deposit or check.

TRANSFERS / EXCHANGES, LOANS, HARDSHIPS, DISTRIBUTIONS

Excluding 70½ RMD, Beneficiary and QDRO distributions, all transactions **“must”** be reviewed by the Administrator of the Plan before the transaction is approved for execution. Request for these transactions can be faxed to the following for processing:

Retirement Services
Mail Slot # 67
FBMC Benefits Management, Inc.
P.O. Box 1878
Tallahassee, Florida 32302-1878
Phone: 800-872-0345
Fax: 850-425-8345

WHO DO I CONTACT AT FBMC WHEN I NEED ASSISTANCE?

Home Office:

FBMC Benefits Management, Inc.
3101 Sessions Road
Tallahassee, FL 32303

Phone: 800-872-0345
FAX: 850-514-5803 (Benefits Administration) Post-Tax

Virginia Provider Network:

Account Manager: Holly Hance, Ext. 2211, hhance@fbmc.com
Analyst: Toni Milton, Ext. 2730, Tmilton@fbmc.com

Benefits Administration (Post-Tax and Pre-Tax Benefits):

Account Specialist (Pre-Tax, 403(b)/401(a)): Shana Bratcher, Ext. 2270, Sbratcher@fbmc.com
Team Leader (Pre-Tax, 403(b)/401(a)): Kimberly Christie, Ext. 2273, kchristie@fbmc.com
Account Specialist (Post-Tax): Barbara Reed, Ext. 2312, Breed@fbmc.com
Account Specialist (Post-Tax): Carol Simmons, Ext. 2223, Csimmons@fbmc.com
Team Leader (Post-Tax) Tricia Wilbur, Ext.2093, twilbur@fbmc.com

Retirement Services Administration:

Loans, Hardships, Distributions and Transfers
Administration: Toni Milton, Ext. 2730
Robert Pumphrey, Ext. 2729
E-mail: 403badmin@fbmc.com

Accounts Receivable: Administrative Fee Bills:

Amy Peters, Ext. 2069, accountingreceivables@fbmc.com

BENEFIT CODES

ACC	Accident Coverage
AD&D	Accidental Death & Dismemberment
ANNU	Annuity
AUHOM	Auto/Homeowners
AUTO	Auto
BOAT	Boat
CANC	Cancer
DENT	Dental
DISA	Disability
FIRE	Fire Insurance
HART	Heart, Heartcare, Heart Attack/Stroke
HIP	Hospital Income
HOME	Home
HOSI	Hospital Indemnity Coverage
INTC	Intensive Care
LEGAL	Legal
LIFE	Life Insurance
LTC	Long Term care
MISC	Unidentified Plan
SALCON	Individual salary continuance
SICK	Sickness
SUPPLE	Supplemental Hospital Income
VISI	Vision

Note: Agents must use the benefit name and code when completing forms.