



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE UNIFORM PAYROLL

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GOVERNOR

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COMMISSIONER OF ADMINISTRATION

July 6, 2005

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2006-03

TO: All ISIS HR Agencies

FROM: Jena W. Cary
Director

SUBJECT: Consecro Policies with Optional Cash Value Riders

After further review of the policies approved for payroll deduction, it has been determined that all Accident, Cancer and Heart policies approved for payroll deduction for Consecro are marketed with a cash value option. The IRS has taken the audit position that a miscellaneous insurance policy can not be under Section 125 Premium Conversion Option (Flexible Benefits Plan) if it is marketed in conjunction with a return of premium rider or a cash value rider. It does not matter if the employee selects the cash value rider; the premiums cannot be sheltered for these policies.

The deductions for these policies have automatically been converted to the correct cash value deduction codes by eEnrollment for the 7/8/05 payday. There will not be any one-time refunds or one-time charges required for this change, nor will a new Payroll Deduction Authorization (SED-4) form be required.

Since this was identified after the Flexible Benefits Plan (FBP) annual enrollment, OSUP has made the decision, with the approval of the Office of Group Benefits, to allow employee's in the FBP the option to select another approved Cancer or Heart policy during the month of July 2005 and have the deduction set up under the FBP.

A sample letter to the employee is attached for agencies to inform the employee of this change as well as their option under the FBP. Also attached, if applicable for your agency, is a listing of the employees affected in your agency.

If you have any questions about this situation, please contact Angel Vernon at (225) 342-5344.

JWC:ACV

Attachment(s): [Sample Letter to Employee](#)
[Agency Specific Spreadsheet](#)

c: Ray Harrison, OGB

OSUP Memorandum #2006-03 Attachment
July 6, 2005

SAMPLE

MEMORANDUM

TO: Employees with Conseco Accident, Cancer and/or Heart Deductions

SUBJECT: Conseco Policies with Cash Value Optional Riders

The Office of State Uniform Payroll has informed this agency that Conseco Cancer, Accident and Heart policies are not eligible to be sheltered under the Flexible Benefits Plan since a cash value rider is an option on the policy. The IRS has taken the audit position that a miscellaneous insurance policy can not be under Section 125 Premium Conversion Option (Flexible Benefits Plan) if it is marketed in conjunction with a return of premium rider or a cash value rider.

Your deductions will automatically change to the non-sheltered codes in the ISIS HR payroll system for the July 8, 2005 payday. Since this was identified after the Flexible Benefits Plan (FBP) annual enrollment, if you are participating in the FBP with a Conseco Cancer or Heart policy without the cash value rider, you will be allowed the option to select another approved vendor's Cancer or Heart product during the month of July 2005 and have this deduction sheltered under the FBP. If you take this option, you will need to complete the Request for Change to Flex Plan Elections form selecting "Significant Curtailment of Coverage" for the qualifying event. You can find this form at the following Internet address https://www.groupbenefits.org/ogb-images/docs/77756_Req_for_Change.pdf or obtain a form from your agency's Employee Administration Department. Submit this request form, your new deduction form (SED-4) and a copy of this letter to your Employee Administration Department by **July 29, 2005**. To view the approved products, you can go to the Office of State Uniform Payroll's website at http://www.doa.louisiana.gov/osup/Misc_Ins_July2005/Misc_Ins_Prod_Listing_July2005.pdf

If you have any questions, please contact ???? at ???? of your agency's Employee Administration Department.