

MEDICAL FLEXIBLE SPENDING ACCOUNT

Enhanced Benefits

Take advantage of a benefit that can increase your spendable income -- a Medical Flexible Spending Account (FSA). You can enhance your benefits package by participating in this valuable account, available through your employer's flexible benefit plan. A Medical FSA can help you pay for eligible out-of-pocket medical costs while increasing your spendable income. By taking time to learn more about this account, you can make the most of your benefit choices.

The History

Medical FSAs are qualified benefits under Internal Revenue Code (IRC) Section 125. The United States Congress created IRC Section 125 as part of the Revenue Act of 1978 to make benefits more affordable for employees. Your employer has asked Benefit Resource, Inc. to implement the flexible benefit plan and present it to you.

How It Works

When you participate in a Medical FSA, you elect to have a specified number of tax-free dollars deducted from your gross earnings before taxes are calculated. Many out-of-pocket expenses for medical services provided to you, your spouse or your dependents may be eligible for payment from your Medical FSA.

Eligibility of expenses is governed by Internal Revenue Service (IRS) regulations and your plan. ***In general, eligible expenses include those that are not fully covered by a health care plan and are prescribed by a physician or other licensed professional. The expenses must be primarily to prevent, treat, diagnose or mitigate a physical or mental defect or illness. Expenses for solely cosmetic reasons and those that are merely beneficial to one's general health are not considered expenses for medical care. Certain over-the-counter items may also be eligible.***

Note that the date a service is provided (not the date of payment) determines the plan year in which an expense is eligible. The IRS allows one exception: eligibility of orthodontia expenses can be based either on date of payment, date of service or payment due date on statements/coupons.

Be sure to check your Plan Highlights for specific information regarding eligible expenses under your plan.

Adequate documentation that verifies the eligibility of an expense must be obtained from the provider.

Your Spendable Income Increases

When you contribute tax-free dollars to a Medical FSA, you lower your taxable income; therefore, you pay fewer taxes and increase your spendable income.

The Next Step

Take time to go through this worksheet to determine how a Medical FSA will benefit you. Because of the "use-or-lose" rule (described in your Summary Plan Description), it is important for you to plan carefully.

MEDICAL CARE EXPENSE WORKSHEET

Out-of-pocket expenses for the following services for you, your spouse, and your dependents may be eligible for payment from your Medical FSA. Please check your plan documents to determine whether eligible expenses are limited under your plan. Estimate your eligible out-of-pocket expenses below.

MEDICAL

_____ Acupuncture
 _____ Alcohol/drug treatment
 _____ Allergy treatments
 _____ Ambulance
 _____ Anesthesia
 _____ Artificial limbs
 _____ Braille books and magazines
 _____ Chiropractor fees
 _____ Crutches, wheelchairs
 _____ Emergency room visits
 _____ Health care equipment
 _____ Hospital bills
 _____ Immunizations
 _____ Infertility treatments
 _____ Insulin & diabetic supplies
 _____ Laboratory fees
 _____ Mileage to/from provider*
 _____ OB/GYN exams
 _____ Office visits
 _____ Osteopath fees
 _____ Over-the-counter drugs and medicines
*Effective 01/01/2011: must be for a specific medical condition and requires a prescription from a medical provider. ***
 _____ Over-the-counter medical supplies***
Not for cosmetic items (e.g. lotions, creams) or toiletries (e.g. toothpaste)
 _____ Oxygen
 _____ Pap smears
 _____ Parking/tolls
 _____ Physical therapy
 _____ Physician fees
 _____ Prescription drugs (for a specific medical condition)
 _____ Private hospital room
 _____ Private nurses
 _____ Psychiatric Care
 _____ Psychological Care
 _____ Routine checkups
 _____ Special school, handicapped
 _____ Surgery
 _____ Vaccinations
 _____ Well baby care
 _____ X-rays

\$ _____ **SUBTOTAL (a)**

DENTAL

_____ Anesthesia
 _____ Bondings
 _____ Cleanings
 _____ Crowns, bridges
 _____ Dental exams
 _____ Dentures
 _____ Extractions
 _____ Fillings
 _____ Fluoride treatments
 _____ Mileage to/from provider*
 _____ Occlusal guards
 _____ Oral surgery
 _____ Orthodontia (braces)
 _____ Parking/tolls
 _____ Root canal/therapy
 _____ X-rays

\$ _____ **SUBTOTAL (b)**

VISION

_____ Contact lens supplies
 _____ Corrective eye wear
 _____ Corrective eye surgery
 _____ Eye exams
 _____ Mileage to/from provider*
 _____ Parking/tolls
 _____ Prescription contact lenses
 _____ Prescription sunglasses

\$ _____ **SUBTOTAL (c)**

HEARING

_____ Hearing aids
 _____ Hearing exams
 _____ Mileage to/from provider*
 _____ Telephones for hearing impaired

\$ _____ **SUBTOTAL (d)**

TOTAL PLAN YEAR ESTIMATE (e) = a + b + c + d \$ _____

TOTAL PLAN YEAR TAX SAVINGS (e x 35%) \$ _____

*The mileage rate for services provided:

- on or after 1/1/2018: 18 cents x # of miles.
- from 1/1/2017 – 12/31/2017: 17 cents x # of miles.

**To be reimbursed for these expenses, a completed claim form must be submitted to Benefit Resource, Inc. along with one of the following:

- a customer receipt identifying the name of the person for whom the prescription applies, the date and amount of the purchase, and an Rx number; or
- a customer receipt that reflects the date and the amount of the purchase, along with a copy of the prescription.

***Check for a sample list of eligible over-the-counter items at www.BenefitResource.com.

