

## 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 1/1/2012: 23 cents x # of miles.  
• 7/1/2011 - 12/31/2011: 23.5 cents x # of miles.  
• 1/1/2011 - 6/30/2011: 19 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](http://www.BenefitResource.com)