

# DEVEREUX ADVANCED BEHAVIORAL HEALTH & FLEXIBLE SPENDING PROGRAMS

*Who doesn't want to save money . . . when it's this easy?*



## What are Flexible Spending Accounts?

Even with benefit plans and options, there are many medical-related expenses that you must pay for out of your pocket such as deductibles, co-pays and coinsurance. Additionally, many families have dependent day care expenses—costs to care for a child or an elderly parent while you are at work. A Flexible Spending Account (also referred to as an FSA) is a tax shelter that allows you to reduce your taxable income by the amount of money you contribute to the plan. This means that you do not pay federal or state income taxes on the money you put aside for medical related or dependent day care expenses for the plan year. The money you put into a Medical Spending Account is then used to pay medical related expenses with pretax dollars while money you put into a Dependent Spending account is used to pay for day care expenses with pretax dollars.

**PARTICIPATION IN A MEDICAL SPENDING ACCOUNT DOES NOT REQUIRE PARTICIPATION IN DEVEREUX'S WELFARE BENEFITS.**

### How the Accounts Work

There are two spending accounts—one for medical related expenses and one for dependent day care expenses. You can make deposits to one account or both accounts.

If you choose to participate, you will estimate how much your medical related and/or dependent day care expenses will be for the plan year. The election amount will then be deducted evenly from your paychecks throughout the plan year. When you have an eligible expense, you can use your Benefits Card for payment (details on page 9) or pay out of pocket and complete a claim form to receive reimbursement from your spending account. **In the end, you never pay taxes on your deposits—or on your reimbursements.**

**IMPORTANT NOTE: IF YOU ARE ELECTING THE HIGH DEDUCTIBLE HEALTH PLAN / HEALTH SAVINGS ACCOUNT (HDHP / HSA) YOU WILL NOT BE ELIGIBLE TO ENROLL IN A MEDICAL SPENDING ACCOUNT. HOWEVER, YOU WILL BE ELIGIBLE TO ELECT A DEPENDENT CARE SPENDING ACCOUNT.**

## Effect of Change in Status

If you leave your employment during the year, your participation in the Medical Spending Account and/or Dependent Care Account will automatically stop on your date of your termination. However, you can continue your participation in the Medical Spending Account by making a COBRA election. If you terminate participation, only expenses incurred while you were a plan participant (up until the point of termination) are eligible for reimbursement. You do, however, have until the end of the claim run-out period to submit these expenses. By electing to continue your Medical Spending Account under COBRA, expenses incurred after your termination date are potentially eligible for reimbursement. The expense must have been incurred during your COBRA continuation period or up through the end of the current plan year, whichever comes first. You may only continue your Medical Spending Account under COBRA through the remainder of the current plan year. The Medical Spending Account can not be elected under COBRA for subsequent plan years.

According to present IRS codes, you can elect to change benefits during a plan year ONLY if the change is necessary and appropriate as a result of one of the following events:

- Marriage
- Birth, adoption, placement for adoption or death of a dependent
- Termination or commencement of employment, strike or lockout, commencement or return from LOA or change in work site affecting you, your spouse, or your dependents
- Reduction or increase in hours that causes the employee to become eligible or cease to be eligible for benefits

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## IRS Limitations

In exchange for the tax advantage, the IRS places some restrictions on the spending accounts as follows:

- Participants can submit eligible expenses only for individuals that are considered to be tax dependents of the participant. Domestic partners may be eligible if they are tax dependents.
- The IRS has permitted a maximum of \$640 carryover on any unused money from the previous year into the new year. This means you can carryover any remaining amount up to \$640 without losing it!
- The amount you elect to contribute to an FSA can not be changed during the year unless a qualified family status change is experienced.
- Expenses paid through a medical-related account cannot also be deducted on your tax return and expenses paid through a dependent day care account cannot be used as a tax credit.
- Employees who are interested in participating in the spending accounts must enroll each year. **Prior year enrollments can not be carried over to the next year.**
- The Limited Health FSA can be used to pay for eligible vision and dental expenses. Any funds left in your Health Care FSA will be transferred to a Limited Health FSA, if you do not re-enroll in the Health Care FSA. The Limited Health FSA can be used in conjunction with the HSA since the Limited FSA is for vision and dental expenses only.



## Medical Spending Account

A Medical Spending Account (also referred to as a Flexible Spending Account or FSA) is designed to reimburse for out-of-pocket medical care expenses incurred by you or your eligible dependents that are not reimbursable through any other benefit. Some common



examples of eligible expenses are deductibles, co-payments, prescription eyeglasses, and vision exams. During the year, you can use the medical-related expense account to reimburse yourself for any medical care expense that would be allowed as a deduction on your federal income tax return.

In 2024, you can contribute an annual maximum in the Medical Spending Account of \$3,200. There is a plan minimum of \$30. This includes expenses you or any of your dependents incur. After you have incurred an eligible expense, you may be reimbursed up to the annual plan amount you have elected. Expenses can be reimbursed regardless of the amount of current contributions into the account.

**EVEN “HEALTHY” PEOPLE CAN BENEFIT FROM THE MEDICAL SPENDING ACCOUNT!**

- Do you wear eyeglasses or contact lenses?
- Does your child need braces and you are required to make payments?
- Did you have a routine physical exam this year that required a co-payment at the doctor’s office?

If you answered YES to any of these, then you SHOULD be participating in the medical spending account!

**ELIGIBLE MEDICAL CARE EXPENSES**

❖ **MEDICAL SPENDING ACCOUNT DOLLARS CAN NO LONGER BE USED FOR MOST OVER-THE-COUNTER (OTC) ITEMS THAT ARE CONSIDERED MEDICINES OR DRUGS UNLESS THERE IS A DOCTOR’S PRESCRIPTION.**

**GENERAL EXPENSES**

- Medical plan deductibles, co-payments, and co-insurance
- Routine physical exams
- Dental and Orthodontics (braces)
- Dentures
- Vision care expenses, including eye exams, glasses, contact lenses
- Contact lens maintenance (drops, cleaning solutions, etc)
- Cost of laser vision correction surgery
- Hearing exams, hearing aids and batteries
- Routine checkups and physicals
- Routine foot care
- Services for alcoholism or drug addiction performed outside of a hospital or skilled nursing facility
- Medically necessary cosmetic surgery (scar treatment, etc)
- Birth control pills, devices and procedures
- Private duty nursing services
- Well baby care and immunizations
- Occupational/Physical therapy
- Infertility treatments
- Psychiatric services
- Chiropractic expenses for medical care
- Massage therapy used to treat injury or trauma (must document condition and length of treatment)
- Speech therapy
- Weight-loss program prescribed to treat an existing disease (must document condition)
- Smoking cessation programs and prescriptions prescribed by a physician
- Tobacco cessation programs prescribed by your physician (not including over the counter programs)
- Adoption expenses

**MEDICAL TREATMENTS**

- **Over-the-counter (OTC) drugs and medicines purchased to alleviate or treat illnesses must include a doctor’s prescription (see page 5 for detailed list)**
  - Prescription drugs
  - Acupuncture or related procedures when treating a medical condition
  - Healing services
  - Sterilization
  - Vasectomy
  - Abortions (operations that are legal)
  - Whirl pool baths
  - Breast reconstruction surgery
  - Hormone replacement therapy (menopause)
  - Insulin
  - X-ray expenses

- Back support devices
- Cost of installing stair-seat elevator for person with heart condition
- Elastic hosiery
- Specialized chairs or apparatuses adapted for use by individuals with physical disabilities
- Orthopedic shoes (excess cost over normal shoes)
- Special mattress for relief of arthritis of spine
- Reclining chair if prescribed by doctor
- Repair of special phone equipment for the deaf
- Wig advised by doctor as essential to mental health of person who has lost all hair from disease
- Blood Pressure monitoring devices
- Artificial limbs
- Diabetic supplies

#### MISCELLANEOUS ITEMS

- Braille books (excess cost of Braille books over cost of regular editions)
- Convalescent home (for medical treatment only)
- Fees paid to a health institute for exercises that are prescribed by a physician
- Kidney donor's or possible donor's expenses
- Nurses' board and wages, including Social Security taxes you pay on wages
- Remedial reading for child with dyslexia
- Guide dog and its maintenance
- Special school costs for physically and cognitively handicapped children
- Telephone/teletype costs and television adapter for closed-caption services for a deaf person

## Ineligible Medical Care Expenses

#### GENERAL ITEMS

- **Over-the-counter (OTC) drugs and medicines purchased to alleviate or treat illnesses without a doctor's prescription (see page 5 for detailed list)**
- Diaper service/diapers
- Baby formula
- Athletic club expense to keep physically fit
- Bottled water bought to avoid drinking fluoridated city water
- Cosmetic surgery that is not medically necessary
- Cost of trips for a change of environment to boost morale of an ailing person, even if prescribed by a physician
- Deductions from your wages for sickness insurance under state law
- Domestic help-even if recommended by doctor because of spouse's illness (but part of the cost attributed to any nursing duties performed by a domestic is deductible)
- Funeral, cremation or burial, cemetery plot, monument or mausoleum
- Health programs offered by resort hotels, health clubs and gyms
- Marriage counseling fees
- Maternity clothes
- Patent medicine
- Premiums for medical or dental insurance for spouse or dependents paid with either before or after tax dollars
- Medical newsletters
- Special foods or beverage substitutes – but excess cost of chemically uncontaminated foods over what would have ordinarily been spent on normal food is deductible for allergy patients
- Transportation costs of disabled persons to and from work
- Tuition and travel expenses to send problem child to a particular school for a beneficial change of environment
- Veterinary fees for pet
- Vitamins
- Weight reduction programs undertaken for general health, not for specific ailments
- Diet foods
- Electrolysis or other types of hair removal
- Missed appointment charges
- Herbs
- Naturopathic visits and treatments
- Teeth bleaching and bleaching supplies
- Hair growth medications or hair replacement treatments
- Cosmetic and hygiene products and similar items
- Massage therapy to treat stress or not prescribed for a specific medical condition
- Experimental drugs

## Guidelines for Over-the-Counter (OTC) Drug Expenses

Medical Spending Account dollars can no longer be used for most over-the-counter (OTC) items that are considered medicines or drugs unless there is a doctor's prescription. "Medicine and drugs" includes only items that are generally accepted as falling within the category of medicine and drugs and used to treat personal sickness. Other OTC medical supplies and products that are not considered medicines or drugs (first aid supplies, contact lens solution, etc.) will continue to be covered without a prescription.

The following list indicates whether or not specific OTC medicines are eligible or ineligible. If an OTC medicine is list as “Eligible\*”, an employee or dependent will be required to obtain a doctor’s prescription or doctor’s note in order to be reimbursed through their Medical Spending Account.

<b>Category</b>	<b>Example</b>	<b>Eligible/Not Eligible</b>
Acid Controllers	Pepcid AC, Zantac, Prilosec	Eligible*
Acne Creams	Clearasil, OXY	Eligible*
Acupuncture		Eligible
Alcoholism treatment	Inpatient facility meals/lodging	Eligible
Alertness aid (OTC Drugs)	No Doz, caffeine pills	Not Eligible
Allergy & Sinus	Alavert, Benadryl, Claritin, Sudafed	Eligible*
Ambulance		Eligible
Anesthesiologist		Eligible
Antibiotic Products	Bacitracin, Neosporin, triple antibiotic ointment	Eligible*
Anti-Diarrheals	Imodium, Kaopectate	Eligible*
Antifungal (Foot)	Lamisil, Lotrimin	Eligible
Anti-Gas	Gas-X, Phazyme	Eligible*
Anti-Itch & Insect Bite Remedies	Caladryl, Lanacane, Sarna, hydrocortisone	Not Eligible
Antiparasitic Treatments	Nix, Rid, lice treatments	Eligible*
Antiseptics & wound cleansers	Alcohol, peroxide, Epsom salts, Betadine, Hibiclens	Eligible*
Asthma medications (OTC drugs)	Inhaler, Inhaler Refills, Primatene Mist	Eligible*
Baby Electrolytes & dehydration	Pedialyte	Eligible*
Baby Rash Ointments & Creams	Desitin, Aveeno Baby	Eligible*
Baby Teething Pain	Baby Orajel, Anbesol Oral Gel	Eligible*
Cold Sore Remedies	Abreva, Herpecin, Orajel	Eligible*
Contraceptives	Condoms, female contraceptives, spermicidal, foam	Eligible
Cough, Cold, & Flu	Robitussin, Theraflu, Vicks, Halls, & Cepacol,	Eligible*
Denture Adhesives, Repair, Pain Relief, & Cleansers	Poligrip, Benzodent, Plate Weld, Efferdent	Eligible
Diabetes Testing & Aids	Ascencia, One Touch, Diabetic Tussin, insulin syringes, glucose products	Eligible
Diagnostic Products	Thermometers, blood pressure monitors, cholesterol testing	Eligible
Digestive Aids	Lactaid, Lactase, Beano	Eligible*
Ear Care	Ear drops, syringes, and ear wax removal; Debrox, Similasin	Eligible*
Elastics/Athletic Treatments	ACE, Futuro, elastic bandages, braces, hot/cold therapy, orthopedic supports & rib belts, etc	Eligible
Eye Care	Contact lens care, Visine, Refresh Tears	Eligible*
Family Planning	Pregnancy kits, ovulation kits	Eligible
Feminine Antifungal & Anti-Itch	Monistat, Gyne-Lotrimin, Vagisil, Soothing Care	Eligible*
Fertility Treatments	Treatment that impacts the participant or a dependent of the participant. Expenses paid to or for an in vitro surrogate if surrogate is dependent or participant	Eligible
Fiber Laxatives (bulk forming)	Benefiber, Fibercon, Metamucil (powder or pills)	Eligible*

First Aid Burn Remedies	Dermoplast, Solarcaine	Eligible
First Aid Dressings & Supplies	Band Aid, 3M Nexcare, J&J First Aid, non-sport tapes, etc	Eligible
Foot Care Treatment	Corn & callus treatments, wart removers, medicated, devices, therapeutic insoles	Eligible*
Glucosamine &/or Chondroitin	Osteo-Bi-Flex, Cosamin D, Flex-a-min	Eligible
Hearing Aid/Medical Batteries		Eligible
Hemorrhoidal Preparations	Preparation H, Tucks	Eligible*
Home Health Care (limited segments)	Ostomy, walking aids, decubitis/pressure relief, enteral/parenteral feeding supplies, patient lifting aids, orthopedic braces/supports, splints & casts, hydrocollators, nebulizers, electrotherapy products, catheters, wound care, & wheel chair	Eligible
Homeopathic Remedies	Boiron & Hyland products	Eligible
Incontinence Protection & Treatment Products	Attends, Depend, GoodNites for juvenile incontinence, Prevail, anti-fungals, Calmoseptine	Eligible
Laxatives (non-fiber)	Dulcolax, Ex-Lax, Miralax	Eligible*
Motion Sickness	Dramamine, Sea-Band Wristband, Bonine	Eligible*
Nasals Sprays, Drops, & Inhalers	Afrin Spray, Ocean Nasal Spray	Eligible*
Oral Remedies or Treatments	Salivia substitutes, mouth sore treatments, dental repair, Salivart, Anbesol, Orajel, Dentemp	Eligible*
Pain Relief (includes aspirin)	Tylenol, Advil, Midol, Bayer	Eligible*
Prenatal Vitamins	Stuart Prenatal, Nature's Bounty Prenatal Vitamins	Eligible*
Reading glasses & maintenance accessories		Eligible
Respiratory Treatments & Vapor Products	Primatene, Bronkaid, Vicks Vapor Rub, Sudacare	Not Eligible
Skin Treatments	Psoriasis, MG217, Dermarest Eczema	Eligible
Sleep Aids & Sedatives	Unisom, Nytol, Sominex	Eligible*
Smoking Deterrents	Nicoderm, Nicorette	Eligible*
Stomach Remedies	Mylanta, Maalox, Tums	Eligible*

**NOTE:** This is a summary of common expenses covered under the IRS code and should not be considered a complete list of allowable items. Items on the list are subject to IRS regulation and evolving legal interpretation and can, therefore, change at any time without notice.

**The following are some guidelines in regard to OTC medicines and drugs:**

- Some have a “dual purpose” – these will require a medical practitioner’s note. Such drugs have both a medicinal purpose and a personal, cosmetic or general health purpose. The note must state the specific medical condition and that the OTC drug is recommended to treat the condition and that the treatment is not a cosmetic procedure.
- Items that are merely beneficial to overall good health like vitamins, dietary supplements, toiletries or cosmetics are **not** reimbursable.
- Reimbursement requests must include the store receipt indicating the name of the drug or medicine, the date it was purchased, the amount, along with a doctor’s prescription where applicable.
- Additional questions in regard to OTC drugs can be referred to Employee Benefits Corporation at 1- 800-346-2126.

## **Dependent Care Spending Account**

A Dependent Care Flexible Spending Account is designed to reimburse you for expenses incurred to care for your eligible dependents to enable you to be employed. The most common examples of these are daycare and elder care. During the year, you can use the Dependent Care Spending Account to reimburse yourself for work related child care or other dependent care expenses that allow you (and, if your married, your spouse) to work. These expenses can be claimed for children under age 13 who qualify as dependents on your federal income tax return. You may claim expenses for other dependents that are physically or mentally incapable of self-care, such as elderly parents who live in your home at least eight hours each day and who qualify as exemptions on your federal income tax return. Most kinds of day care are covered, including care in your home or at a day care center.



In 2024, you can contribute an annual maximum in the Dependent Care Spending Account of \$5,000 (or \$2,500 per year if you are married and you and your spouse file separate income tax returns). There is no minimum contribution amount. After you have incurred an eligible expense, you may be reimbursed up to the current account balance at the time of the reimbursement request. Claims submitted for expenses that exceed your current account balance will remain pending until additional contributions are applied to your account.

### **ELIGIBLE DEPENDENT CARE EXPENSES**

#### **GENERAL EXPENSES**

- Care at licensed nursery schools\* as the individual is partly responsible for the well being and care of your qualified dependents.
- Before and after school care for children under age 13\*
- Day camps\*
- Child care centers that provide day care\*
- Services from individuals who provide care in or outside your home while you work. Dependents of you or your spouse and children under age 19 are not acceptable.
- Household services (related to the care of the elderly or disabled adults or children who live with you) provided by a housekeeper, maid, cook, etc. as long
- Adoption expenses

\*To qualify, the school or center must comply with state and local laws, serve at least seven individuals, and receive a fee for its services.



## INELIGIBLE DEPENDENT CARE EXPENSES

### GENERAL ITEMS

- Services provided by your spouse
- Services provided by a child of yours younger than 19
- Services provided by a dependent whom you claim as an exemption for federal income tax purposes
- Nursing home or custodial care
- Overnight camp expenses
- Babysitting expenses for time when you are not working
- Tuition expenses for schooling
- Expenses claimed under the Dependent Care Tax Credit

**ANYONE WITH A CHILD IN A LICENSED DAYCARE SHOULD LIKELY HAVE A DEPENDENT CARE SPENDING ACCOUNT!**

## Why Should I Participate?

Contributions made into a flexible spending account are taken on a pretax basis. This means that every deduction made for a spending account from your paycheck reduces your taxable income. In other words, you pay less federal income tax, Social Security and Medicare taxes, and state and local taxes (in most states) and increase your net take home pay.

### *Examples of your Savings*

#### **Scenario #1 –Medical Spending Account**

Ralph earns \$25,000 per year and claims Single and no dependents on his W-2. He estimated his medical related expenses to be \$1,000 per year and chose this amount as his annual contribution amount for a Medical Care Spending Account. This equates to a \$38.46 deduction from his pay check per pay period. The following displays his savings with the spending account contributions:

Per Pay Period	Earnings <i>without</i> a medical spending account	Earnings <i>with</i> a medical spending account
Gross Earnings	\$961.54	\$961.54
(-) Pre-Tax Medical Spending (FSA) Deductions	\$ 0.00	\$ 38.46
= Taxable Earnings	\$961.54	\$923.08
(-) Tot Federal Taxes (15%)	\$144.23	\$138.46
= Net Pay	\$817.31	\$784.62
(-) Medical & Dependent Costs not paid thru FSA (Post tax expenses)	\$ 38.46	\$ 0.00
= Take-Home Pay	\$778.85	\$784.62

**TOTAL SAVINGS = \$5.77 PER PAY OR \$150.02 PER YEAR**

#### **Scenario #2 – Dependent Care Spending Account**

Karen earns \$50,000 per year and claims Married Filing Separately and 1 dependent on her W-2. Her son is enrolled in daycare with a tuition expense of \$8,000 per year; thus, Susie elects the entire \$5,000 as her contribution amount for a Dependent Care Spending Account. This equates to a \$192.31 deduction from her pay check per pay period. The following displays her savings with the spending account contributions:

Per Pay Period	Earnings <i>without</i> a dependent care spending account	Earnings <i>with</i> a dependent care spending account
Gross Earnings	\$1,538.40	\$1,538.40
(-) Pre-Tax Deduction	\$ 0.00	\$ 192.31
= Taxable Earnings	\$1,538.40	\$1,346.09
(-) Tot Federal Taxes (25%)	\$ 384.60	\$ 336.52
= Net Pay	\$1,153.80	\$1,009.57

(-) Medical & Dependent Costs not paid thru FSA (Post tax expenses)	\$ 192.31	\$ 0.00
= Take-Home Pay	\$ 961.49	\$1,009.57

**TOTAL SAVINGS = \$48.08 PER PAY OR \$1,250.08 PER YEAR**

## Pretax vs. After Tax Payment

Under current law, you can only deduct your medical expenses on your federal income tax return if your annual medical expenses exceed 10% of your adjusted gross income. Since most of us do not reach that level, the medical related expense account is the only way to save taxes on medical expenses.

You may want to consult a tax advisor to help you determine whether the medical related expense account or the tax credit is better for you.

If you have day care expenses, you may be taking a tax credit to reduce your income tax at the end of the year. Through the Dependent Care Spending Account, you reduce your income tax throughout the year—each time you make a deposit.

In both cases you may only take a tax deduction/credit or use the spending account. You may not do both.

For some people, though, the tax savings for day care expenses may be greater using the tax credit than it will be using the dependent day care account. As a general rule, if your adjusted gross family income is greater than \$24,000, the spending account will provide more tax savings. If your income is less than \$24,000, you will need to evaluate your tax savings using both methods. You may want to consult a tax advisor to help you determine whether the Dependent Care Spending Account or the tax credit is better for you.

**NOTE:** The above is intended to inform you of the differences between pretax and after tax credits and should not replace the advice of a professional tax consultant.

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## Reimbursements

Employee Benefits Corporation provides participants with two options to receive reimbursement for your eligible medical and dependent care expenses:

- Immediate reimbursement using the Benefits Card (see page 11) at the point of service and/or sale.
- After the service is delivered or product purchased, participants can submit a claim form and reimbursements will be made via a check or direct deposit. Employee Benefits Corporation processes claims on a daily basis.

## Employee Benefits Corporation Benefits Card Reimbursements

The preferred method of flexible spending reimbursement is using EBC's Benefits Card. The Benefits Card is used as a credit card on the worldwide Mastercard® network and is used at the point of service and/or sale to make payment. A PIN number is not required; however, funds are limited, like a bank debit card. The card contains "purses" of monetary value, which is a record of the specific amount available for the Medical Spending accounts. These "purses" are based on the annual election amount the participant has chosen during open enrollment.



**JUST SAY NO TO MEDICAL SPENDING CLAIM REIMBURSEMENTS!**

There are numerous benefits to using the Benefits Card as opposed to the traditional method of claim reimbursement. These advantages include:

- **NO** cash out-of-pocket – you will no longer have to pay out of pocket for the service/product, the card can be used as a form of payment.
- **NO** paying twice – you will still have a payroll deduction for your Medical Spending (FSA), but you will not need to use your personal funds at the point of sale.
- **NO** preparation of claim forms – although claims forms will generally not be necessary, it is recommended you save your receipts because substantiation for a sale may be requested by Employee Benefits Corporation.
- **NO** wait period for your money to be reimbursed to you – there are **NO** reimbursements at all! The card is used at the point of service/sale.

**JUST SAY YES TO EASY CLAIM ADMINISTRATION & MORE MONEY IN YOUR POCKET!**

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## How does it Work?

The Benefits Card works just like a credit card in that it can be used at the point of sale. The Benefits Card may be used at qualified medical care providers who offer eligible services and products or at merchants who offer eligible over-the-counter items **and** comply with IRS approval system requirements. Whether or not your card can be used at a particular location will depend on one of two factors:

1. **Merchant Category Code (MCC)** – Credit card companies assign a universal code to each merchant category, indicating the type of services or products they offer. The IRS designates certain codes as qualified providers of FSA-eligible items/services. The IRS limits MCC-based approvals to only those categories that are specifically related to healthcare (doctors, hospitals, dentists, etc).
2. **Inventory Information Approval Systems (IIAS)** – Specialized, point-of-sale systems have been approved by the IRS for use at retail stores such as grocery stores, discount stores, pharmacies, and vision centers. By capturing detailed data on products, these

systems can determine which items are FSA-eligible as they are scanned at the check-out. The card may only be used at retailers who use these systems.

Medical debit cards may not be used at any provider or merchant who does not meet the IRS-defined criteria as outlined above. If you need to purchase eligible items at a location which does not meet the IRS criteria, you may make your purchase using an alternate form of payment (cash, check, credit card, etc) and then file a paper claim for reimbursement.

The following details the process when the Benefits Card is used at the point of sale:

- Participant uses the Benefits Card as the method of payment
- Merchant swipes the Benefits Card on a MasterCard® terminal
- An electronic claim is sent to Employee Benefits Corporation
- Employee Benefits Corporation verifies the validity of the transaction
  - ✓ Merchant Category Code is checked
  - ✓ IIAS-compliance is checked
  - ✓ Available funds/balances are checked
- Approval or denial is sent to the merchant

When an expense requires substantiation, the following will occur:

- The Participant will receive a letter in the mail (generally after three days of submitting the expense) or an e-mail requesting substantiation. The participant is asked to return the letter along with copies of the receipts to Employee Benefits Corporation; the participant can also log into Employee Benefits Corporation's website and print out the confirmation statement and fax that along with copies of the receipt to Employee Benefits Corporation. There is no substantiation form to complete.
- If the receipt reminder letter and copies of receipts are not received by Employee Benefits Corporation within 30 days, the claim will be denied and participants will receive a denial letter.
  - The Benefits Card will be deactivated after 45 days if no substantiation is provided by the employee.

When substantiation is sent to Employee Benefits Corporation by the participant, the following will occur:

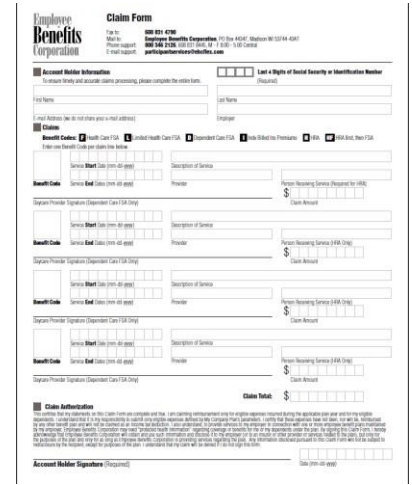
- Receipts will verify if a claim was an eligible expense
    - If claim is determined to be eligible, expense is considered paid in full. If the Benefits card was deactivated, it would be reactivated at this time.
    - If a claim is determined to be ineligible, Employee Benefits Corporation will ask for the funds to be reimbursed.
- If the participant does not send payment for the ineligible item, the following details the IRS guidelines for recovering the funds:
- ✓ Claims will be set into a negative balance
  - ✓ Temporarily deactivate the card
  - ✓ Post-tax payroll deduction 1099/W-2 will be issued

**SCENARIO:** Fred goes to CVS to pick up a prescription, but he also needs to buy some milk. Can he use his Benefits Card? YES! He can pay for his prescription with the Benefits Card, and pay for his milk in a separate transaction via his normal method of personal payment.

# Claim Reimbursements

You do have the option to pay for your medical and dependent care expenses out-of-pocket and submit your claims for reimbursement. To receive a reimbursement, you can use the following process:

- Go to the EBC's website ([www.ebcflex.com](http://www.ebcflex.com)) to submit your claim online. You will need to first login and then click on the File Claims tab or link.
- This will take you to your personalized EBC Claim Reimbursement Form. You must complete the claim reimbursement form (this includes date of service, dollar amount of claims, etc.).
- After you key all of the requested information on the claim reimbursement form, click submit. You will receive a claim confirmation page which verifies all of the information you just entered.
- Print the confirmation page (remember to keep a copy for your records). You must fax the confirmation page along with copies of the receipts to the fax number that will be provided on the form. Originals or copies of the receipts are acceptable, but be sure to keep copies for yourself. Credit card receipts, cancelled checks or balance forward statements are prohibited by the IRS.



The image shows a 'Claim Form' from Employee Benefits Corporation. It includes sections for 'Account Holder Information', 'Eligible Expenses' (with checkboxes for Health Care, Dependent Care, etc.), and 'Claim Details'. There are fields for name, address, phone, and email. It also has a section for 'Claim Authorization' with a signature line. The form is titled 'Employee Benefits Corporation Claim Form' and includes contact information for the company.

Claims are reviewed for the following information:

- Expense eligibility – is it a legitimate expense item
- Properly completed Claim Reimbursement Form
- Supporting Receipts accompanying form
- Date of service (not paid date) is within the plan year or grace period (2 months and 15 days after the end of the calendar year)
- Filed by the claim run-out date (90 days after the end of the plan year)

Claims are processed on a daily basis and provided the above conditions are met the claim will be paid either via check or direct deposit to the participant. Claims can be faxed or mailed to EBC. If faxing, do NOT include a fax cover sheet with your forms and receipts. As a reminder, the date of service does NOT equal the date the transaction is paid.

Reimbursements can be paid to you in the form of a check which will be mailed to your home address or via a direct deposit like your paycheck. In order to enroll in direct deposit, log on to EBC's website and set up an account. Once you are logged in, you can access a direct deposit enrollment form. If you do not have web access you can call Employee Benefits Corporation at 1-800-346-2126 and they will mail you a form.

**CLAIMS CENTER FAX: 1-608-831-4790**  
**MAILING ADDRESS: EMPLOYEE BENEFITS CORPORATION PO BOX 44347;**  
**MADISON, WI 53744-4347**

## Accessing your Account Information

Employee Benefits Corporation has three methods by which you can access your account information. Their benefit administration service center is located in Madison, Wisconsin and customer service representatives can be reached from 8:00 AM to 5:00 PM CT Monday through Friday. Additionally, participants have access to their account information by calling EBC's Interactive Voice Response (IVR) system. This is an automated phone system available to participants 24 hours a day, 7 days a week. Finally, participants will be able to access their account information on the web.



**Claims & Payments**

**Last Claim (as of 7/2/2012)**

Claim Amount	<a href="#">\$445.38</a>
Claim ID	11149781
Plan Type	Health Care FSA
Process Type	Approved
Amount Paid	\$445.38
Excluded	\$0.00

**Last Payment (as of 7/2/2012)**

Payment Amount	<a href="#">\$445.38</a>
Check Number	0
Payment Type	Check
Payment Date	6/27/2012

**File your claims online!**  
To start, hover over Claims & Payments above, then click "File a Claim."

Information on this portal represents the status of your account at the start of the business day.

**Contact Info**

<b>Toll Phone :</b> 800 346 2126	<b>Fax :</b> 608 831 4790
<b>Phone :</b> 608 831 8445	<b>E-mail :</b> <a href="#">Participant Services</a>

**Runout Plans** | **Current Plans** | **Future Plans**

**The BESTflex Plan**

**Devereux Flexible Spending Account Plan**

Status	Active
Benny	Yes

**User Account**

**First Name**

**Last Name**

**Suffix**

The web self-service has the following features:

- 24/7 access to account information
- Detailed account information including claims, contribution and payment details
- Claim, substantiation and direct deposit forms
- General information (eligible vs. ineligible expenses)
- Frequently Asked Questions (FAQS)
- Tax savings calculation worksheet – this will help you determine how much money to elect to contribute annually.

**CUSTOMER SERVICE** can be reached at 1-800-346-2126  
**WEB SELF-SERVICE** is accessed at [www.ebcflex.com](http://www.ebcflex.com).



## Frequently Asked Questions

### ***What is a Medical Spending Account (also referred to as a Flexible Spending Account or FSA)?***

A Medical Spending Account is an employer-sponsored benefit that allows employees to have pre-tax dollars withheld from their paychecks to be used to pay for unreimbursed medical care expenses.

### ***Does it only benefit people with medical problems to participate in the Medical Spending Account?***

No! “Healthy” people can benefit from participation as well. If you have purchased any of the following items in the last year you can benefit from a Medical Spending Account: dental expenses, physical therapy, eyeglasses, contact lenses, and contact solution. Similarly, if you visited the doctor for a routine exam, you would have paid a co-payment which is eligible. While people who need to visit the doctor more frequently and fill multiple prescriptions should elect higher contribution amounts and therefore reap a higher tax benefit, those with lesser expenses can and should still participate as everyone generally incurs some medical expenses during the year.

### ***What type of documentation am I required to submit to be reimbursed for OTC drugs and medicines?***

You are required to submit, along with a completed claim form and prescription, the usual required substantiation. Generally, this means a receipt from the merchant where the OTC was purchased that describes the product you are seeking reimbursement for, the cost of the product, and its date of purchase.

### ***Can I change my election amount if I find I will need more/less money during the year?***

You cannot change your election amount during the plan year unless you have a qualified family status change (see page 2 for the specific list of qualifying events).

### ***What if I don't use all of my election by the end of the plan year?***

You can carryover up to \$640 into the next plan year and use in addition to your current years election.

### ***What if I do not participate in Devereux's benefit plan, can I still participate in a Medical Spending Account?***

YES! You do not need to have Devereux's benefits in order to have a Medical Spending Account through Devereux.

### ***Does it only benefit people with families to participate in the Dependent Care Spending Account?***

Participation in this account does require that you have a dependent that needs care during the day while you work. This generally means a child in daycare or a tax dependent, such as an elder that requires nursing services.

### ***Can I elect to sign up for a Medical Spending Account if I am choosing the High Deductible Health Plan/Health Savings Account (HDHP/HSA) benefit option for 2024?***

No. If you enroll in the HDHP/HSA benefit option you will not be eligible to elect a Medical Spending Account as the Health Savings Account fulfills the same qualifications, it would be duplicating the HSA Benefit.

### ***Can I elect to sign up for a dependent care spending account if I am choosing the High Deductible Health Plan/Health Savings Account (HDHP/HSA) benefit option for 2024?***

YES! If you chose to elect the HDHP/HSA benefit option you can still enroll in the Dependent Care Spending Account.

### ***How do I get reimbursed for an eligible expense for which I have paid?***

When paying a co-payment at a doctor's office or filling a prescription at a pharmacy, you can use your Benefits Card. The card works just like a credit card in that it can be used as a form of payment on the

MasterCard® network. Reimbursement is essentially immediate in this case and filing a claim is not necessary. When purchasing items at a store which does not meet IRS requirements (IIAS-compliant), or if you choose not to use your Benefits Card for co-payments, you will pay with your normal method of personal payment, retain your receipt and submit a claim form along with your receipts to EBC via fax or mail. EBC processes claims on a daily basis so your reimbursement will be received as quickly as possible and can be in the form of a check made out to you or a direct deposit into your bank account.

***Can I fax my claims?***

Yes, you can fax claims directly to our administrator, Employee Benefits Corporation, at 1-608-831-4790. A fax coversheet is not needed. Claim forms can also be printed from EBC's website [www.ebcflex.com](http://www.ebcflex.com).

***Can my reimbursements be deposited directly to my account like my pay check?***

Yes! Just like your paycheck, reimbursements can be direct deposited into your bank account. Once you are enrolled in a Medical Spending Account, log on to EBC's website [www.ebcflex.com](http://www.ebcflex.com) and complete a direct deposit enrollment form. If you do not have web access, you can call EBC at 1-800-346-2126 and you will be mailed a form.

***When can I file claims for medical expenses? Can I file claims in advance when there is too little money in the account?***

Claims can be filed during the plan year, grace period or claim run-out time period. The Medical Spending Account **DOES NOT** require the funds to be available in order for a claim to be processed. This is true when using the Benefits Card as well. The claim is approved based on your total election amount for the plan year.

***When can I file claims for dependent care expenses? Can I file claims in advance when there is too little money in the account?***

Claims can be filed during the plan year, grace period or claim run-out time period. The Dependent Care Spending Account **DOES** require the funds to be available in your flex account in order for a claim to be processed.

***Why would I enroll when I could simply claim the medical expenses as deductions on my tax return and not risk losing any money in the process by not using it?***

While you do have the option of claiming eligible expenses at the end of the year, participation in a Medical Spending Account plan allows your tax credit to be benefited immediately as opposed to waiting until the end of the year. The same way that your health insurance premiums provide you with an immediate tax break, your Medical Spending Account deductions would as well. Additionally, depending on your annual salary amount, you may actually see a higher tax savings by participating in a Medical Spending Account than you would if you wait until you file your taxes. Medical care expenses can only be claimed on your tax return if they exceed 10% of your adjusted annual salary; the majority of people may never reach this limit to receive a tax benefit. This type of tax advice should be directed to a tax consultant who can better advise you of which plan is best for you.

***My medical expenses are estimated at \$4,500 per year, but the Medical Spending Account maximum is \$3,200. Should I participate in the plan or claim my expenses as deductions on my tax return?***

The IRS does not allow double dipping, so you must choose participation in the plan or claiming the expenses as deductions on your tax return. Under the current law, you can deduct your medical expenses on your federal income tax return if your annual medical expenses exceed 10% of your adjusted gross income. Since most people do not reach that level, the Medical Spending Account is the only way to save taxes on medical expenses. If, however, you know that your expenses meet that level, it may be more advantageous for you to submit your expenses on your tax return. As always, it is advisable to consult a tax account for more information.

***If I make an election for dependent care expenses, can I continue to deduct my dependent care expenses from my tax return?***

The IRS does not permit double dipping. You must determine which plan provides you with better savings, the tax deduction or the Medical Spending Account, and choose only one.

***Why does my employer think it is so important for me (and other employees) to enroll or take advantage of such a program?***

Great question! First, because it makes sense for many employees, as it increases your net pay by saving you tax dollars and therefore, your salary dollars go further. In addition, employers are required to pay FICA taxes (Social Security and Medicare taxes) for every employee. Thus, every dollar that an employee pays in FICA taxes, the employer pays as well. As a result, if the employee reduces their tax contributions, so does Devereux. Your participation not only saves you money, but Devereux as well!

***Can I use my Medical Spending Account for my child's eligible medical care expenses while he/she is in college?***

Yes, as long as you are claiming your child as a dependent.

***May I use my Medical Spending Account to pay for health insurance premiums?***

No, you can not use your Medical Spending Account to pay for the cost of your medical, dental, prescription or AD& PL coverage. Your health insurance deductions are already taken out of your pay check on a pre-tax basis so you can not also use your medical spending account to pay for these premiums. This would be considered double dipping and the IRS does not allow this.

***What expenses can be reimbursed?***

In general, IRS approved Medical Care and Dependent Care expenses that are not covered by another benefit plan are eligible for reimbursement through a Medical Spending Account. Refer to the list of eligible/ineligible expenses on pages 3 through 6. You can also visit [www.ebcflex.com](http://www.ebcflex.com) for these lists or the IRS Publication 502: "Medical and Dental Expenses" on the IRS website [www.irs.gov](http://www.irs.gov).

***Why aren't health club memberships or specific activities (Yoga or Tai Chi classes) included as reimbursable items?***

Generally, eligible expenses are predicated on a specific ailment or disability and treatment that has been diagnosed by a doctor and is not covered by any medical insurance program. As such, a weight-loss program may be covered as an eligible expense, but only if it is prescribed by a doctor to treat an existing disease. Furthermore, our current medical plan with IBC does have a Healthy Lifestyles program which reimburses for medical management programs.

***What happens if I retire or terminate employment during the plan year?***

Under IRS regulations, you would be able to submit claims for reimbursement of expenses incurred prior to your retirement or termination date. Medical Care expenses incurred after you leave your employer are not eligible for reimbursement unless you elect to continue making contributions under COBRA. You may only continue your Medical Spending Account on COBRA through the end of the current plan year in which you terminate. The Medical Spending Account can not be elected under COBRA for subsequent plan years. In addition, you can not continue your Dependent Care Spending Accounts under COBRA.

***If I elect to participate in both the Medical Spending and Dependent Care, is it possible to transfer contributions between the two accounts?***

The Medical Spending and Dependent Care (FSAs) are two separate accounts. You may not transfer contributions between the two accounts. Claims for Dependent Care expenses will not be reimbursed from your Medical Spending, or vice versa.

***What is the maximum amount that I may contribute to my Medical Spending and Dependent Care Accounts?***

Each has its own separate limit. The maximum for the Medical Spending Account is \$3,200 with a \$30 minimum. The maximum for the Dependent Care Account is \$5,000 with no minimum amount.

***What happens if I need to take a leave of absence from employment?***

You have the option of suspending your Medical Spending Account at the time you complete your leave of absence paperwork. When you return to work, you may begin your Medical Spending Account again. If you decide to continue your Medical Spending Account during your leave, you will need to submit your monthly payment via a check to the Corporate People Operations department. In regards to the Dependent Care Spending Account, you do not have this option; it is an IRS requirement that both spouses be working to participate in the Dependent Care Spending Account. Thus, upon a leave of absence, you must suspend this account. You may begin participation again when you return to your employment. The same would be true if your spouse requires a leave of absence from his/her employment.

***Do I have to enroll every year or is there an automatic rollover?***

Your election does not carry over from plan year to plan year. You must make a new election during open enrollment if you wish to continue your Medical Spending and/or Dependent Care participation in the next plan year.



## **Frequently Asked Questions about the Benefits Card**

### ***How do I use my Benefits Card to pay for an eligible expense?***

The Benefits Card is used like a credit card on the worldwide Mastercard® network at the point of sale/service. It does not require the use of a PIN.

### ***Is there a limit to the amount of money I can charge on my card?***

Although the card works like a credit card, it is more like a debit card in that it contains “purses” of money that are based on the participant’s annual election amount. Purchases made with the card will only be allowed up to this election amount.

### ***Where can I use my Benefits Card to make a purchase?***

The IRS has issued clarification to the use of the Benefits Card and part of this clarification limits the number of places an employee can use the FSA card for purchases to those designated as health care related merchants (using a health care Merchant Category Code (MCC)). This also includes vendors who use the Inventory Information Accounting System (IIAS)

which provides product/service details at the point-of-sale to prove a purchase is valid. Thanks to new rules set by the IRS, employees who use their Benefits Card at IIAS-compliant merchants will not be required to submit substantiation for the purchase. In addition, the Benefits Card may be used in doctor’s offices, dental offices, hospitals, health care clinics, pharmacies, and online pharmacies.

### ***What will happen if I use my EBC benefits debit card to purchase over-the-counter medicine (OTC)?***

FSA debit cards will **not** be accepted for purchasing OTC items at pharmacies and grocery stores. Merchants will be required to remove OTC drugs and medicines from their eligibility lists and you will have to provide another form of payment when purchasing OTC drugs and medications, even if you have documentation from a physician.

### ***Can I use my Benefits Card at a department store that has a pharmacy, such as Wal-Mart?***

In many cases, you can use your card at a department store that has a pharmacy because these stores have multiple Merchant Category Codes. However, there is no official listing of which department stores have a valid pharmacy MCC. Your best bet is to attempt to use the card in one of these locations and it will be denied if it is not a valid health care related MCC. At which point, you can use a personal form of payment and submit a claim for reimbursement.

### ***What if I need to buy something that is ineligible, such as a birthday card, at the same time I am purchasing an eligible item like a prescription?***

In this case, pay for your items in two separate transactions. Use your Benefits Card to pay for the prescription and then use your normal method of personal payment to pay for the birthday card.

### ***What would happen if I try to pay for an ineligible item with my Benefits Card?***

For those merchants who are IIAS-compliant, the purchase would most likely be denied at the point of sale as it would not contain a proper MCC code. If the purchase does get processed on the Benefits Card and it is an ineligible expense, you will receive a letter from Employee Benefits Corporation requesting a receipt for substantiation of your purchase. Once Employee Benefits Corporation determines it is an ineligible expense, they will request you submit payment for the item. If this request has gone unanswered after 45 days, your card will be deactivated and your Medical Spending Account balance will be put into the negative. Should the amount not be repaid by year end, you will be issued a 1099.

***Can the Benefits Card be used online or over the phone for my Caremark mail-order prescriptions?***

Yes. The card can be used online or over the phone.

***How many cards will I receive after I enroll?***

One card per employee will be supplied (not per family member).

***Why should I use the Benefits Card instead of submitting a reimbursement request?***

The card reduces the waiting period for a reimbursement to zero! You will still have your Medical Spending amount deducted from payroll but, you do not have to pay twice for eligible expenses because you do not have to pay out-of-pocket and wait for reimbursement. This means less paperwork to complete as well because you do not have to file a claim the majority of the time. It is, however, recommended you hold on to all of your receipts in case substantiation is requested.

***Why was the Benefit card option eliminated for dependent care reimbursements?***

The IRS process requirements and restrictions set out in Notice 2006-69 make the use of the card for dependent care extremely complex to use. Thus, all dependent care claims must be submitted for reimbursement via paper claim forms. Employees should be prepared to pay for dependent care costs out-of-pocket and substantiate those expenses by submitting a claim form and attaching receipts.

***My day care provider requires payment at the beginning of the month. I have the funds in my account. Why can't I use my EBC Benefits card to pay for those services?***

IRS Notice 2006-69 eliminates Flexible Spending Account card use for dependent care reimbursements. Therefore, all dependent care claims must be submitted for reimbursement via paper claim forms. However, expenses can not be reimbursed until the period for which they are paid has passed. For example, if you pay child care expenses for the month of March, you can not be reimbursed any earlier than March 31<sup>st</sup>. Participants can download a claim form at [www.ebcflex.com](http://www.ebcflex.com).