

Flexible Spending Accounts

*"Give Yourself a
Raise!"*



Planned
Benefit
Systems

"Signing up for my Flexible Spending Account was such a smart move! Our medical co-pays just seem to keep going up every year and the FSA program helps us keep those increases in check."

Kathy R.



Medical

- Acupuncture
- Alcoholism & Drug Addiction Rehabilitation
- Allergy Shots
- Ambulance Fees
- Artificial Limbs
- Asthma Meds
- Blood Pressure Monitors
- Childbirth Classes
- Chiropractic
- Co-Insurance
- Co-Payments
- Contraceptives
- Crutches
- Deductibles
- Diabetic Supplies & Monitors
- Durable Medical Equipment
- Flu Shots
- Hearing Aids & Batteries
- Immunizations
- Learning Disability Treatment
- Medical Supplies
- Nebulizers
- Physical Exams
- Physical Therapy
- Pregnancy Tests
- Prenatal Care & Vitamins
- Prescriptions (Including mail order from U.S.)
- Psychiatric Care
- Smoking Cessation

Section 125 Flexible Spending Accounts

What is a Flexible Spending Account?

A Flexible Spending Account (FSA) is an extremely popular IRS approved plan that allows you to pay for eligible medical, dental, vision and dependent care expenses for you and your family with a portion of your salary that is NOT taxed.

Why should I participate?

Quite simply, because it will save you money! Why not pay for expenses you will undoubtedly incur with *pre-tax* rather than *post-tax* dollars?

For each \$100 you earn, the government takes a minimum of 15% for Federal taxes, 7.65% for Social Security/Medicare taxes and state taxes come out on top of that, if you have them, often leaving only about \$70 for each \$100 you earn!

An FSA allows you to redirect the money you spend on Health Care or Dependent Care into a separate account which will not be taxed. For each \$100 you earn, you get the WHOLE \$100 to spend on these types of expenses.

Participating in your FSA plan could save you HUNDREDS of dollars each year. It really just makes sense.

How does it work?

First of all, a Section 125 Plan allows you to pay for your company sponsored healthcare premiums with pre-tax dollars. You don't even have to sign up for this benefit, your company is already providing it. Plus, a Section 125 Plan includes two types of Flexible Spending Plans:

Healthcare FSA

Healthcare expenses include out-of-pocket medical, dental and vision related expenses incurred by you AND your dependents. The entire amount you elect to put in this plan for the year is available to you on the first day of your eligibility. In other words, this is a "prefunded" account. Note: if you or your spouse are participating in a Health Savings Account (HSA), you are restricted to a *Limited Purpose FSA*, which allows eligible dental and vision expenses only.

Dependent Care FSA

Dependent Care costs include daycare expenses that allow you and your spouse (if you're married), to work, seek work, or attend school (full-time). Eligible expenses apply to children under 13 or other dependents requiring care such as elderly parents. Unlike the Healthcare FSA, the Dependent Care FSA is NOT prefunded. Claims are paid as contributions are made. Make no mistake—taking advantage of the Dependent Care FSA may save you over \$1,000 each year!

How much will it cost me?

Great news! Your employer is sponsoring this plan so it costs you NOTHING to participate.

How do I enroll?

You must complete an FSA enrollment form each year during open enrollment. See your HR contact for details.

How much should I elect to put into my FSA?

That really depends upon your family's expenses. We recommend using a worksheet to review your previous years' expenses and estimate your upcoming out-of-pocket expenses. Take a good look at the list of eligible items. Consider any upcoming dental work, medical procedures, maintenance drugs, eyeglasses, etc. you and your family members may purchase during the plan year.

The maximum amount you may elect to put into your Healthcare FSA is determined by your employer. The Dependent Care household maximum is \$5,000 per year if married and filing jointly or \$2,500 if filing separately.

Be conservative when determining your election amount(s). Any funds remaining in your account after the plan run-out period become the property of your employer.

How does the money I elect get INTO my FSA?

Your annual election(s) will be divided equally by the number of payroll periods in your plan year. This amount will be deducted from your paycheck BEFORE any taxes are taken.

How do I get money OUT of my FSA ?

There are two ways: the quickest way is to use your PBS Benefits Card when paying for an eligible, out-of-pocket expense.



Use your PBS Benefits Card for access to your FSA funds in seconds!

Soon after enrolling, you'll receive your PBS Benefits Card "loaded" with your Healthcare FSA annual election amount. Use it to pay at the point of sale for all your eligible expenses. The amount paid will automatically be deducted from your Healthcare FSA. Per IRS guidelines, you may be asked to submit a receipt for your expenses, so KEEP YOUR RECEIPTS.

If you cannot use your PBS Benefits Card, you may pay for the expense with your own funds. Submit the receipt along with a claim form to PBS and we will either mail you a reimbursement check or make a payment directly into your checking account (if direct deposit is available with your plan). Or for quicker service, submit your claim using our Online Claim Submission available on the PBS website.



"We really take advantage of our FSA. Last year, I used it to pay for LASIK vision correction and it was a life-saver when our son ended up in the Emergency Room."

Anne & Steve D.

Flexible Spending Plan Considerations

Eligibility & Enrollment



Expenses incurred by you AND your tax dependents are eligible under this plan.

Remember to re-enroll every year you wish to participate.

You DON'T have to participate in your group medical insurance to participate in the Flexible Spending Plans.

Grace Period

Your employer may choose to adopt a Grace Period which allows you to incur FSA expenses for up to an additional 2½ months after your plan year ends. Check with your HR contact to see if this applies to your FSA plan.

Your Election Is Locked

Your annual election is locked for the plan year unless you incur one of the following changes in status:

- ⇒ Change in marital status
- ⇒ Change in dependent status
- ⇒ Change in employment status
- ⇒ Change in daycare or provider expense (Dependent Care only)

Check with your employer for a detailed description of YOUR plan.

Eligible & Ineligible Expenses

- Out-of-pocket medical expenses, prescription drugs, deductibles, co-payments, dental, and vision related expenses are all eligible.
- See the sidebars for more eligible expenses. Log on to www.cci-pbs.com, or www.fsaandyou.com for more complete FSA lists.
- Expenses MUST be incurred during the plan year (or Grace Period if offered) to be eligible.

Using the PBS Benefits Card

- Use your PBS Benefits Card to pay for eligible FSA expenses whenever possible.
- Do not swipe for more than the available amount (or your whole transaction will be denied).
- Spouse cards may be available.
- ALWAYS get a receipt for any FSA expense.
- Remember, the Dependent Care plan is NOT prefunded. Claims will be paid out as contributions are made to your account. For quickest payment, sign up for direct deposit if it is available through your plan.

What is IIAS?

On January 1, 2008, grocery stores and general merchandisers were required by the IRS to implement an Inventory Information Approval System (IIAS), otherwise, FSA debit cards cannot be accepted for purchases.

Effective July 1, 2009, all pharmacies are required to add an IIAS as well.

Adding an IIAS means coding every single FSA eligible item sold by the merchandiser so when you use your PBS Benefits Card to purchase FSA items, no further receipts will be required! It also means, *ineligible* items may not be paid for with your PBS Benefits Card.

If you shop at a merchandiser which DOES NOT have an IIAS in place by the deadlines, you may pay for your FSA items yourself and submit a claim to PBS for reimbursement.

Remember, the IRS does not require FSA administrators to obtain substantiation for purchases made at merchants utilizing IIAS. However, if you are unsure whether the merchant utilizes IIAS, be safe and KEEP THE RECEIPT.

Expense Documentation

- Flexible Spending Accounts are regulated by the IRS.
- While many expenses paid with your PBS Benefits Card may automatically be approved, others may require documentation in order to comply with IRS regulations.
- If requested, please submit a receipt containing the following:
 - ⇒ Date of service/item purchased
 - ⇒ Description of service/item
 - ⇒ Provider/merchant name
 - ⇒ Person receiving services
 - ⇒ Amount you are required to pay

Filing Claims

If you cannot use your PBS Benefits Card to pay for an expense, use your own funds to make the payment, then submit a completed claim to PBS for reimbursement in one of these ways:

1. Online Claim Submission (OCS): Go to the PBS website and select "Filing Claims". Enter your PBS Employer code to begin (ask us if you are not sure). Once your claim is completed, print the Substantiation Cover Sheet, attach your receipts, and fax both to PBS.
2. Submit a Manual Claim: Download the Healthcare and/or Dependent Care claim forms from www.cci-pbs.com. Complete the claim and fax, email or mail it along with your receipts to PBS.

Either way, PBS will review your claim and send your reimbursement via check or direct deposit (if available).



"We elect \$5,000 each year for Dependent Care expenses. It saves us over \$1,300 per year! Plus, receiving our reimbursements via direct deposit really helps our family's cash flow."

Mark & Lori R.

Eligible Over-The-Counter

- Allergy Medicine
- Antacids
- Antibiotics
- Antihistamines
- Asthma Meds
- Cold Meds
- Cold Sore Meds
- Cough Suppressants
- Diaper Rash
- First Aid/Medical Supplies
- Laxatives
- Migraine Relief
- Pain Relievers
- Sunscreen
- Wart Removal
- Eligible Dental
- Cleanings
- Crowns/Bridges
- Dentures
- Fillings
- Oral Surgery
- Orthodontia
- Root Canals
- Eligible Vision
- Contacts & Solutions
- Corrective Eyeglasses
- Eye Exams
- LASIK Vision Correction
- Eligible Dependent Care
- Before/After School Care
- Day Camp
- Daycare
- Preschool

FSA Tips & Tools



DO DO DO

DO enroll in the Healthcare FSA if you estimate your eligible expenses to be \$200 or more per year.

DO include your dependents when determining your annual election. Remember, your FSA is a “family” account.

DO use your PBS Benefits Card at retailers who have adopted an IIAS to purchase eligible FSA items. The items will be substantiated at the point-of-sale and no further receipts required. Wal-Mart, Sam’s Club, and Wal-greens are a few examples. More will be added in 2008.

DO keep ALL receipts! Any time you use FSA funds to pay for an eligible expense, you must obtain a detailed receipt. The IRS requires it! If you receive a receipt request from PBS, fax it to us along with the request form.

DO utilize the Online Claim Submission to submit paper claims. You will receive your reimbursement quicker than faxing us a claim. Check it out at www.cci-pbs.com.

DO access your FSA account on line to check your account balance, the status of a claim, or print a statement by logging on to www.cci-pbs.com.

DO spend all your money by the plan year end. Remember, all costs must be INCURRED by the end of the plan year (or Grace Period if applicable) in order to be eligible for reimbursement. Plus, all claims must be SUBMITTED to PBS before the end of the run-out period.

DO sign up for direct deposit if your employer offers this option. Your FSA reimbursements will be deposited directly into the bank account you designate.

DO choose “credit” rather than “debit” when using your PBS Benefits Card.

DO protect your account! Report a lost or stolen card right away by calling or emailing Planned Benefit Systems. We also encourage you to check your accounts often for unauthorized activity.

DON'T DON'T DON'T

DON'T enroll in the Dependent Care FSA unless you have child care expenses. The dependent care account is NOT for medical expenses incurred by your dependents.

DON'T overestimate your expenses when determining your annual election. Funds not used by the plan year end will be forfeited to your employer.

DON'T buy ineligible expenses with your PBS Benefits Card because you will just be required to pay the plan back. Take a minute to review items before your buy.

DON'T submit claims for expenses paid by your insurance. Submit medical, dental and vision expenses to your insurance carrier first, then submit an Explanation of Benefits (which indicates your portion of the expense) for FSA reimbursement. Also, don't submit paper claims for expenses that have already paid with your PBS Benefits Card.

DON'T delay if you receive a receipt request because if we do not receive your receipt in a timely manner, **your PBS Benefits Card may be temporarily deactivated.** Receipts are required due to IRS compliance guidelines.

WHERE TO GO FOR WHAT

Planned Benefit Systems is your FSA administrator. Go to our website at www.cci-pbs.com for:

- Online Claim Submission
- Eligible Expenses
- To Access your FSA Account
- Claim & Direct Deposit Forms
- Spouse Card Requests
- General FSA Information

Phone: 800-800-0133 (Toll free)
303-221-2783 (Denver)

Fax Claims: 303-221-2785
Email: help@cci-pbs.com

Mail Claims: P.O. Box 4594
Greenwood Village, CO 80155-4594

www.healthzone.com Check out this comprehensive FSA website hosted by Johnson & Johnson. Use it to help determine your annual election, check eligible items and for general information about FSAs.



“I love the fact that I can use my FSA debit card to pay for eligible expenses. Not having to pay for those large medical, dental and vision bills out of my own pocket is a real benefit for me.”

Donna L.

INELIGIBLE FSA EXPENSES

- Breast Pumps*
 - Cosmetic Procedures
 - Electric Toothbrushes
 - Exercise Equipment
 - Food (any kind)
 - Funeral Expenses
 - Genetic Testing**
 - Hair Growth Medications
 - Health Club Dues
 - Herbs*
 - Insurance Premiums (Including Long Term Care, Medicare, & COBRA)
 - Massage Therapy*
 - Menstrual Supplies
 - Nutritional Supplements*
 - Orthopedic Shoes*
 - Pre-payments or Pre-treatments
 - Prescriptions purchased OUTSIDE the U.S.
 - Sundries (lotion, toothpaste, etc.)
 - Teeth Bleaching/Whitening
 - Vitamins & Supplements*
- * Must be prescribed for a specific medical condition; a Certification of Medical Necessity form must be provided.
** Only to determine possible defects.