

FLEXIBLE SPENDING ACCOUNTS

EMPLOYEE WELCOME
PACKET



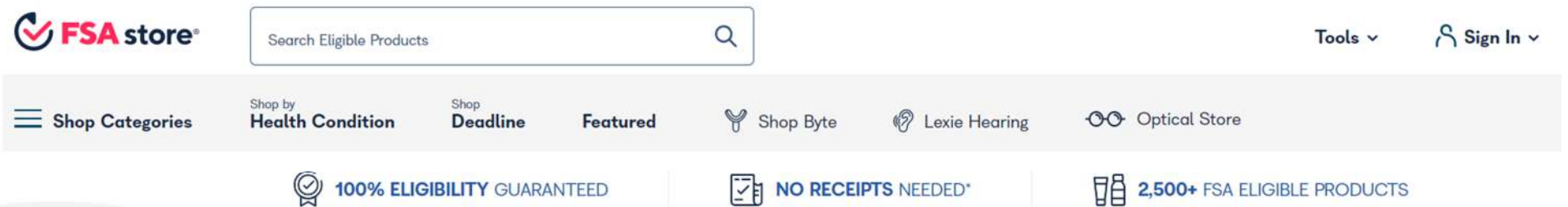
| Kapnick

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ELIGIBLE & INELIGIBLE MEDICAL EXPENSES UNDER HEALTH FSA

For the most current list of eligible or ineligible expenses, click the link or use the URL: fsastore.com/kigwpeligibility



\$5 OFF

One use per customer
Exp. 3/31/24

Enjoy extra savings to boost your health.

Visit [FSAstore.com](https://fsastore.com) and use code **TAKE5D** at checkout.

DEPENDENT CARE ELIGIBLE & INELIGIBLE EXPENSES

CHILD CARE EXPENSES

Allowable expenses:

- After school programs
- Babysitting (someone else's home) (licensed provider with Tax ID)
- Babysitting (in your home) (licensed provider with Tax ID)
- Before school programs
- Child care
- Nursery school
- Pre-school
- Sick child care
- Summer day camp

Expenses specifically disallowed by the IRS or courts:

- Dance lessons
- Educational services (other than pre-school)
- Kindergarten
- Language classes
- Piano lessons
- Private school tuition (for kindergarten and up)
- Sleep-away camp
- Transportation to and from eligible care
- Tutoring
- Transportation to and from eligible care

ADULT CARE EXPENSES

Allowable expenses:

- Adult day care
- Elder care (in your home) (licensed provider with Tax ID)
- Elder care (outside your home) (licensed provider with Tax ID)
- Senior day care

Expenses specifically disallowed by the IRS or courts:

- Day nursing care*
- Medical care*
- Nursing home care*

A taxpayer must provide the name, address and taxpayer identification number of the dependent care provider. If the provider is exempt from federal income taxation under Code Section 501 (c)3, the taxpayer is not required to report this number.

To make sure your situation and the type of care being provided meet IRS requirements, refer to IRS Publication 503 and Form 2441 which is available at your local post office, public library, or IRS office. They are also located on the web at www.irs.gov.

The maximum amount you may contribute from your salary to the Dependent Care Reimbursement Account is the lesser of:

- one-half of your taxable income, or
- if you're married, your spouse's taxable income, or
- the maximum amount shown on your election form (if applicable)

Section 125 states that any money you have not used for reimbursement by the end of the plan year must be forfeited. So be sure to plan carefully. Budget only for those expenses you know will be incurred.

It may not always be to your best advantage to make use of your Reimbursement Account. For some people, the Federal Child Tax Credit may be a better option. For others, the Reimbursement Account is preferable. With whatever approach taken, you cannot use the same expenses for both the tax credit and Reimbursement Account. Further, the amount which taxpayer may take into account in calculating the Federal Child Tax Credit under Code Section 21 will be reduced, dollar-for-dollar, by any amounts excluded from income through the Reimbursement Account.

*May be eligible for reimbursement under the Health Flexible Spending Account. For more information regarding eligible and ineligible expenses, please refer to IRS Publication 503 (Child and Dependent Care Expenses) available at <https://www.irs.gov/uac/About-Publication-503>. See also IRS Form 2441 and Instructions to IRS Form 2441 are located at <https://www.irs.gov/pub/irs-pdf/f2441.pdf> and <https://www.irs.gov/pub/irs-pdf/i2441.pdf> respectively.

FREQUENTLY ASKED QUESTIONS

Submitting claims and providing required substantiation is as easy as reaching for your smartphone or tablet. The Kapnick FSA Mobile App is available as an Apple or Android app and can be downloaded to your smartphone or tablet through Apple or Google Play. The Kapnick FSA Mobile App is free and allows you to view your account at any time. You can view account balances and details, submit account claims, check the status of a claim, and capture and upload pictures of your receipts anytime, anywhere on any iPhone, Android or tablet device. You can also sign up to receive account alerts via text message.

KAPNICK FSA MOBILE APP



SUBSTANTIATION: WHEN WILL I NEED TO SUBMIT PROOF FOR AN ELIGIBLE CLAIM?

Q: When will I need to substantiate?

A: Generally you will be required to substantiate (i.e., submit documentation or proof of) for any claim that is: (1) over \$50 and not a typical copayment amount; (2) coinsurance; and (3) spouse's insurance out-of-pocket expenses.

Q: What type of documentation is required to substantiate a claim?

A: Documentation for eligible expenses is satisfied with a receipt that contains the date of service, the description of service and the dollar amount (after insurance, if applicable). This information is also needed for a medical purchase.

Q: What are unacceptable forms of documentation?

A: Examples of unacceptable forms of documentation include:

- Provider statements that only indicate the amount paid, balance forward or previous balance
- Credit card receipts that only reflect a payment
- Bills for prepaid eligible expenses, but the services have yet to occur

Q: Do I need to provide substantiation with the Benny Card?

A: No, not if the expense is for health care providers with copays: inpatient hospital copay, pharmacy, physician's office, urgent care, recurring expenses, emergency room expenses or prescriptions and other qualified over-the-counter items. However, for expenses like deductibles or coinsurance, spouse's insurance out-of-pocket expenses, you may be required to provide documentation. We will contact you if necessary.

Q: Can I use my benny card to purchase over-the-counter medications?

A: Yes, over-the-counter medications are considered an eligible expense and can be purchased using the Benny Card.

ACCESSING THE CONSUMER PORTAL

Q: How can I see my balance?

A: We have an online portal and mobile app.

Q: How do I reset my password?

A: You have three options to choose from. You may: (1) click on the forgot password link located at <https://kigflex.lh1ondemand.com> and you will be sent an email with a temporary password; (2) call the Kapnick HRemote Flex Department at 800.550.3539; or (3) email the Kapnick HRemote Flex Department at flex@kapnick.com.

Q: How can I submit my claim?

A: You can file a claim three different ways: (1) you may upload a claim on the consumer portal. You can find video instructions at www.kapnick.com/employee-benefits/kapnick-flex-account; (2) you can file claims via the Kapnick FSA Mobile App described above; or (3) You can file a manual claim by completing a form and submitting it via first class mail (the form, which contains the mailing address, is located at www.kapnick.com/employee-benefits/kapnick-flex-account).

CUSTOMER PORTAL QUICKSTART GUIDE

Welcome to your Kapnick Insurance Group Benefit Accounts Consumer Portal. This one-stop portal gives you 24-7 access to view information and manage your Flexible Spending Account (FSA). It also enables you to:

- File a claim online
- Upload receipts and track expenses
- View up-to-the-minute account balances
- View your account activity, claims history and payment (reimbursement) history
- Report a lost/stolen Card and request a new one
- Update your personal profile information
- Change your login ID and/or password
- Download plan information, forms and notifications

- 1) Go to **KIGFlex.lh1ondemand.com**
- 2) Enter your login ID and password
Your initial login ID and password is auto generated and consists of the following:

Example: Jane Doe, SS# xxx-xx-xxxx

ID: jdoe6789

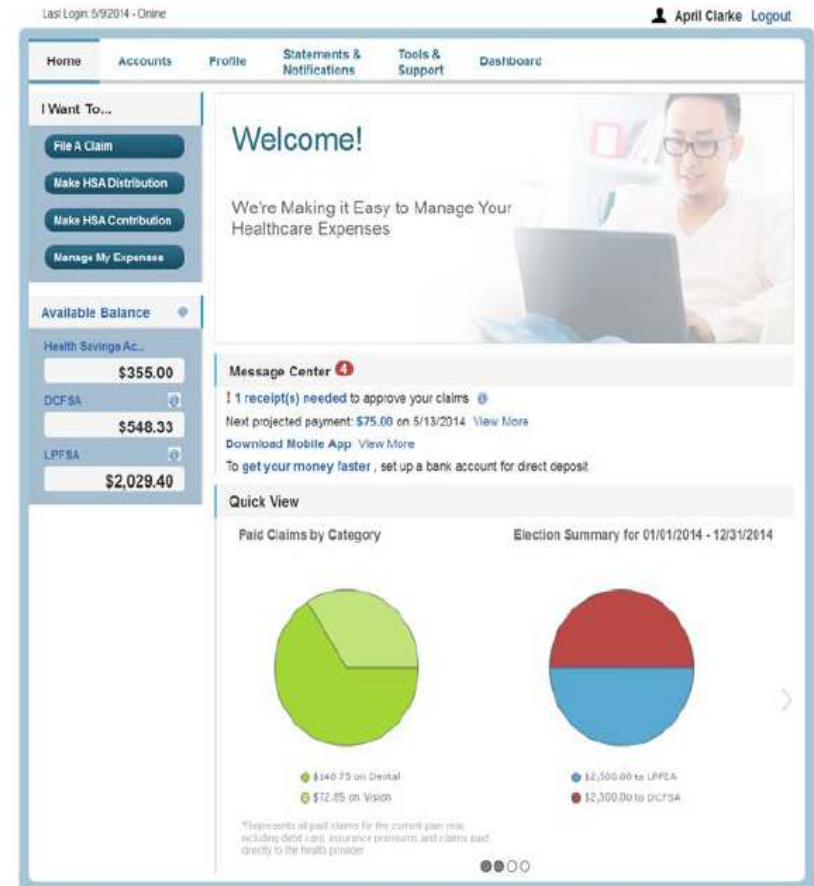
Password: jane56789

- 3) Click **Login**

The **Homepage** is easy to navigate:

- Easily access the **Available Balance** and "I Want To" sections from the left-hand navigation area.
- The **I Want To...** section contains the most frequently used options within the Consumer Portal
- In the left-hand column **Available Balance** links to the Account Summary page, where you can see and manage your accounts.
- The **Message Center** section displays alerts and relevant links that enable you to keep current on your accounts
- The **Quick View** section graphically displays some of your key account information

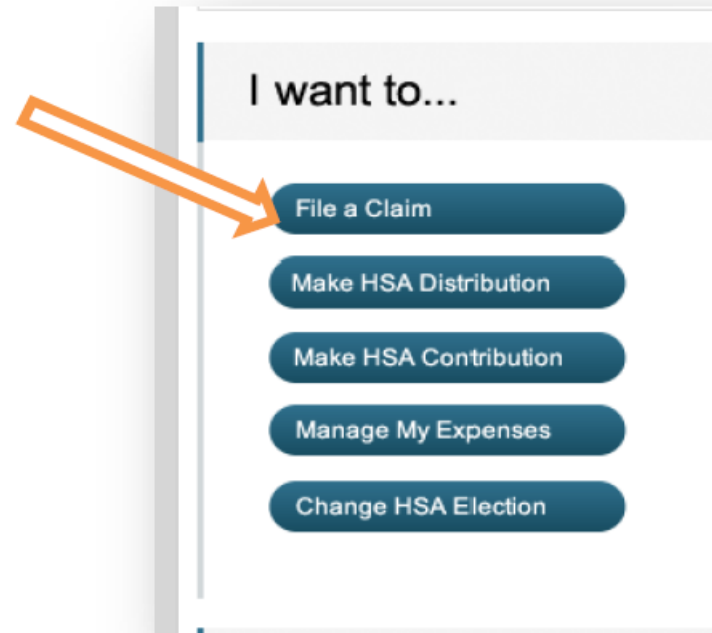
You can also hover over the tabs at the top of the page.



HOW DO I FILE A CLAIM AND UPLOAD A RECEIPT?

- 1) On the **Homepage**, you may simply select the "I want to...**File a Claim**" button OR enter on the **Homepage**, under the **Accounts** tab, click the **File Claims** link.
- 2) Enter your claim information, and upload the receipt, on the form that appears and click **Add Claim**. The claim is then added to the **Claims Basket**.
- 3) For submitting more than once claim, click Add **Another Claim**, select the **Account Type** and complete the form and click **Add Claim**.
- 4) When all claims are entered in the **Claims Basket**, click Submit to send the claims for processing.
- 5) The **Claim Confirmation** page displays. You may print the **Claim Confirmation Form** as a record of your submission. If you did not upload a receipt, print another **Claim Confirmation Form** to submit to the administrator, attaching the required receipts. OR if a receipt is required, you will see the **Upload Receipt** link. Click on it and the **Receipts Needed** screen displays.
- 6) For each claim that requires a receipt, click **Upload Receipt** on the far right and follow instructions. (Your receipt must be in pdf, jpg, or gif format.)
- 7) The **Receipt Uploaded** confirmation appears: "Your receipt has been uploaded. You may upload additional receipts if needed until the claim is approved."
- 8) After uploading, you may also click **View Confirmation** and print the form for your records.

Note: if you see a **Receipts Needed** link in the **Message Center** section of your **Home Page**, click on it.. A listing of any **Claims Requiring Receipts** will appear.



HOME

ACCOUNTS

PROFILE

STATEMENTS & NOTIFICATIONS

TOOLS & SUPPORT

DASHBOARD

April Clarke ▾

Last Login: 5/13/2014 - Online | [Logout](#)

Receipts Needed

Receipts Needed

Plan	Date of Service	Merchant / Provider	Recipient	Claim Amount	Receipt Status	
LPFSA	5/1/2014	Dr. Sickels	April Clarke	\$46.00	Required	Upload Receipt View Confirmation
DCFSA	2/1/2014 - 2/28/2014	Mrs. Smith's Daycare	Cindy Clarke	\$290.00	Overdue	Upload Receipt View Confirmation

Receipts Uploaded and Awaiting Approval

Plan	Date of Service	Merchant / Provider	Recipient	Claim Amount	Receipt Status	
LPFSA	1/31/2014	Dr. Dental	April Clarke	\$257.00	Uploaded	Upload Receipt View Confirmation

HOW DO I VIEW CURRENT ACCOUNT BALANCES & ACTIVITY?

- 1) For current **Account Balance** only, on the **Homepage**, see the **Available Balance** section.
- 2) For all **Account Activity**, on the **Homepage**, click on the **Available Balance** link to bring you to the **Account Summary** page. Then you may select the underlined dollar amounts for more detail. For example, click on the amount under "**Eligible Amount**" to view enrollment detail.

1/1/2013-12/31/2013

Account	Eligible Amount	Submitted Claims	Paid	Pending	Denied	Plan Year Balance	Available Balance
Health FSA	<u>\$1,100.00</u>	<u>\$185.07</u>	<u>\$108.20</u>	\$16.87	\$60.00	\$974.93	<u>\$974.93</u>
HRA 2013	<u>\$410.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	\$0.00	\$0.00	\$410.00	<u>\$410.00</u>
Incentive Account	<u>\$1,500.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	\$0.00	\$0.00	\$1,500.00	<u>\$50.00</u>

ALL HEALTH CARE EXPENSES ACTIVITY IN ONE PLACE

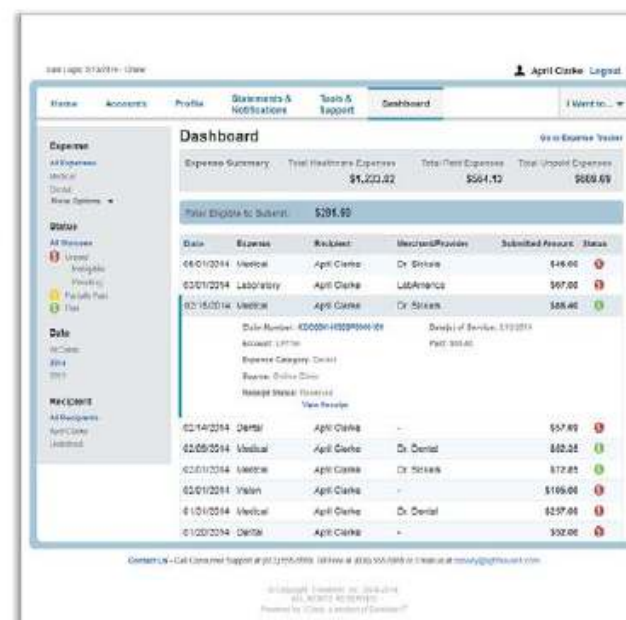
To view and manage ALL healthcare expense activity from EVERY source, use the **DASHBOARD**.

- 1) On the **Homepage**, under the **Dashboard** tab. The **1View Dashboard** provides you with an easy-to-use dashboard view of healthcare expenses for ongoing management of medical claims, premiums, and card transactions.
- 2) You may also choose to process payments/reimbursements from the **Expense Tracker** link for unpaid expenses.

Medical Claims and Premiums



**CDH Payments
Reimbursements
Pay the Provider**



Debit Card Transactions



**Receipts and
Expenses**

ADDITIONAL INSTRUCTIONS



HOW DO I VIEW MY PAYMENT (REIMBURSEMENT) HISTORY?

- 1) On the **Home Page**, under the **Accounts** tab, click **Payment History** on the drop-down menu. You will see reimbursement payments made to date, including debit card transactions.
- 2) Click **View Detail** on the far right to see claim details.

HOW DO I REPORT A DEBIT CARD MISSING AND/OR REQUEST A NEW CARD?

- 1) On the **Home Page**, under the **Profile** tab, click **Debit Cards** on the drop-down menu.
- 2) Under the Actions column on the Debit Cards form, click **Report Lost/Stolen** or **Order Replacement** and follow instructions.

HOW DO I GET MY REIMBURSEMENT FASTER?

The fastest way to get your money is to sign up online for direct deposit to your personal checking account. Before you begin, make sure that your employer is offering direct deposit setup online.

- 1) On the **Home Page**, under the **Accounts** tab, click **Change Payment Method** on the drop-down menu.
- 2) Select **Direct Deposit** and click **Change Payment Method**. The **Add Bank Account: Direct Deposit Setup** page displays.
- 3) Enter your bank account information, and click **Submit**.
- 4) The **Payment Method Changed** confirmation displays.

HOW DO I CHANGE MY LOGIN AND/OR PASSWORD?

- 1) On the **Home Page**, click on the **Profile** tab, and select **Login Information** on the left-hand side of the screen.
- 2) Follow instructions on the screen. (For a new account, the first time you log in, you will be prompted to change the password that was assigned by your plan administrator. Follow the instructions.)
- 3) Click **Save**.

BENNY® PREPAID BENEFITS CARD

SUBSTANTIATION DETAILS

General Questions on the Benny® Prepaid Benefits Card

Employers and employees may have questions about the requirements for submitting receipts when the Benny Prepaid Benefits Card is used to pay for a service. This handout provides an explanation of the receipt substantiation requirements.

IRS Rules Govern Substantiation Requirements

The IRS has established specific guidelines that require all Flexible Spending Account (FSA) transactions - even those made using a healthcare payment card - to be substantiated (verified that the purchase was an eligible medical expense).

The substantiation process is performed by HRemote. We are very diligent in the execution of the substantiation process to avoid adverse tax consequences to employees.

Common Misconceptions about Receipt Requirements

- 1) If the Benny Prepaid Benefits Card is used for an eligible service, no further receipts or documentation are needed to support the expense.
- 2) Any claim at a doctor, dentist or vision provider will not require receipts.

These misconceptions are NOT TRUE! Since not all services from a medical, dental, vision or a non IIAS pharmacy provider are eligible expenses, itemized receipts are required to verify eligibility. For example, a dentist may perform teeth whitening, which is not eligible for reimbursement.

IIAS and Auto Substantiation

Inventory Information Approval System (IIAS) is a new Federal Government mandated system used by pharmacy merchants that identifies eligible prescription and over the counter items and limits FSA and HRA healthcare payment cards to only those eligible items.

This system makes it easier for account holders to manage eligible over-the-counter and pharmacy expenses, since the merchants automatically substantiate purchases at the point of sale.



All supermarkets, grocery stores, department stores, and wholesale clubs are required to implement the IIAS merchant program or they cannot accept healthcare payment cards. For a regularly updated list of these stores and pharmacies, please choose the IIAS Merchants link on your consumer portal and look for retailers that are certified IIAS compliant.

Substantiation Processes

There are two ways purchases may be substantiated in compliance with IRS requirements: Auto-Substantiation. A daily process is run to auto-substantiate Benny debit card claims using the specific methods setup for the employer group. These methods include co-pay substantiation, recurring auto-substantiation, and Carrier substantiation. Examples include:

- Copay matching: charges that exactly match the dollar amount, for up to 5 times the dollar amount, for a copay under the employer's insurance plan. For example, a \$20, \$30, or \$40 charge at a doctor's office or 5 times those amounts.
- Recurring claims: charges that exactly match the provider and dollar amount for 3 previously approved and substantiated transactions. For example, a fixed monthly orthodontia payment.

Manual Substantiation. All purchases that do not qualify for auto substantiation must be manually substantiated with receipts or other documentation. Examples Include:

- Doctor, dentist, and other provider visits where the amount paid is not equal to the copay.
- Prescription and over-the-counter transactions where the amount paid is not equal to the copay at a store that is not IIAS compliant.

BENNY® PREPAID BENEFITS CARD

SUBSTANTIATION DETAILS

CONTINUED

Always Save Itemized Receipts

Employees should save their itemized receipts from every healthcare payment card transaction and all of the explanation of benefits (EOBs) they receive from health/pharmacy/dental plans.

An easy approach for keeping this information on hand is to upload copies of itemized healthcare payment card receipts and EOBs to the Dashboard page of the consumer portal where they will be stored electronically. Receipts can also be attached to the expense from the mobile app using the camera on your mobile device! Otherwise, designate an envelope or folder to store documentation in your personal files .. Using this process will help employees find documentation if requested.

Information Required on Documentation

All receipts or documentation must include the following information:

- Name of person who incurred the service or expense
- Name and address of the provider or merchant
- Date of service for the amount charged
- Detailed description of the service
- Amount due for the service provided

EOBs contain all of the required information and are excellent sources of documentation. Credit card receipts and cancelled checks are not acceptable.

Receipts for over-the-counter (OTC) and prescription items do not need to include the person's name, but must display the name of the item (e.g. band aids).

Requests for substantiation

If substantiation of a debit card transaction is required, employees will be notified by mail, email or an alert on the Consumer Portal home page. Debit card transactions that require substantiation are displayed through messages in both the Message Center on the home page and their account summary page. Employees may also see if a claim requires substantiation by logging into their on line account or mobile app to check the status of the claim.



- First Notification 20 days after Date of service
- Second Notification 40 days after Date of service
- 60 days after Date of service Denial documentation will go out requesting re-payment for the claim

In Summary

- IRS rules require that all FSA and HRA claims be substantiated.
- If the claim cannot be auto- substantiated, the employee is required to submit documentation to support the claim.
- Employees should save itemized receipts and documentation for all healthcare services-even when they paid using their Benny Prepaid Benefits Card.
- Using IIAS compliant merchants for pharmacy and OTC purchases will significantly cut down on receipt requests.



MADE FOR MOBILE, DESIGNED FOR YOU



Intuitive. Simple. Convenient. The Kapnick FSA Mobile App for iPhone® or Android™ takes the hassle out of managing your consumer-driven healthcare accounts. Self-service functions put you in control.

We're simplifying the business of healthcare. The Kapnick FSA Mobile App, provides time-saving options¹ for you to:

- Check current health care account balances; FSA, LPF, DCA
- View account activity and receive alerts via text message
- View FSA, LPF and DCA transaction details
- Review expense information
- Submit health care claims and upload receipts using the mobile device's camera
- Manage expense receipts
- Promptly file claims for their reimbursement accounts

¹If supported or applicable to your account(s)



Get started with Kapnick FSA Mobile App in Minutes

Simply download the Kapnick FSA Mobile App for your Android or iPhone (also compatible with iPad® and iPod touch®) and log in using the same password you use to access the Kapnick FSA consumer portal.

KAPCHAT IS HERE TO HELP, 24/7/365



KapChat can help participants with their Flexible Spending Account, debit card, claims, recipients, and more!

CLAIMS

- Claim status
- Denied claims



ACCOUNT

- Account balances
- Eligible expenses



RECEIPTS

- Upload and view receipts
- Receipt validation/documentation help



DEBIT CARD

- Debit card status and replacement
- Report lost/stolen card

REQUEST ADDITIONAL HELP

If KapChat can't answer the question (or the participant would rather not handle their question via chat), the participant can call the Kapnick Flex Line at 800.550.3539.