FLEXIBLE SPENDING ACCOUNTS

(FSA)

Plan Details

Administrator:	OneBridge - YourWayFSA 1-888-865-1628 portal.yourwaybenefits.com
Policy or Anniversary Date:	January 1 – December 31
Employee Eligibility:	An employee is eligible for Flex if they are eligible for the medical plan
Waiting Period for Enrollment: *(Time employee must wait before being eligible to enroll)*	Date of hire
Initial Enrollment Period: *(Time frame after the waiting period during which employee must enroll)*	30 days
Coverage Termination Date upon loss of Eligibility:	Date of loss of eligibility
Maximum Annual Medical FSA Election:	$3,500
Maximum Annual Dependent Care FSA Election:	$7,500 ($3,750 if married but filing separately)
Pre-Tax Premiums Account: *(For medical and dental insurance premiums)*	Premiums for Employer sponsored insurance plans are automatically withdrawn from your paycheck on a pre-tax basis.
Flex Run-Out Period: *(This is the number of days after the end of a plan year you have to file a claim that was incurred within the plan year.)*	90 days
Claims Rollover: *(This is the amount that will automatically carryover to the following plan year.)*	Up to $700 (Medical FSA only)

General Commonly Asked Questions

What is an FSA?
The FSA benefit is a plan that allows you to pay for certain unreimbursed expenses prior to income tax calculations.

What is the advantage of participating in an FSA?
By contributing to the plan you reduce your Federal and State income taxes as well as your FICA or Social Security Taxes. These tax savings mean additional disposable income for you from each of your paychecks.

How are the rules for FSA's determined?
The IRS determines the rules and regulations for FSA's. All FSA's must meet one of the following IRS Code Sections: 125 (Pre-Tax Premiums), 105 (Medical FSA), 129 (Dependent Care FSA).

When can I enroll?
You can enroll during your initial new hire enrollment period. Annual elections must be made during Flex Open Enrollment each year, which is typically 1-2 months prior to your new plan year (you will be notified with exact dates). **Elections are irrevocable**; the ONLY other opportunity you may have to make or change an election is if you experience a Family Status Change.

What is a Family Status Change?
Under the federal government, a "change in status" allows you to change your elections during the plan year if the change is due to and consistent with any of the following events:

- Marriage
- Divorce
- Birth or adoption of a child
- Death of a spouse or child
- Commencement or termination of your benefit eligibility or your spouse's benefit eligibility
- A significant change in your healthcare coverage or your spouse's healthcare coverage due to your spouse's employer (***Applies only to your Pre-tax premium deductions***)
- Taking an unpaid leave of absence by you or your spouse
- Dependent newly satisfies or ceases to satisfy dependent eligibility requirements

Status Change forms are available by contacting your district's benefit contact. When you have a Status Change and wish to make election changes, you MUST return the Status Change form within 30 days of the occurrence of the change in status.

To which of the plans does the Family Status Change rule apply?
The Family Status Change rule applies to the pre-tax plans including but not limited to; Pre-tax premium deductions, Medical FSA, and Dependent Care FSA.

Will participating in a pre-tax plan reduce my future Social Security retirement benefits?
Converting pay to a Flexible Spending program may have an effect on the benefits you and your family will receive from Social Security. The formula used in determining your Social Security benefit takes into account your W-2 wages, which are lowered by your pre-tax elections. However, for most people the reduction is minimal, particularly when compared to the tax savings they enjoy through participation in the plan.

How do I get information regarding my Flexible Spending Account?
Go to portal.yourwaybenefits.com to view your account balance, claim history, and payment history. Enter your username and password to access your account. You can also contact OneBridge.

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General Commonly Asked Questions (continued)

What are the steps for employee participation in the plan?

1. Once you have made an election, pre-tax payroll deductions will be taken from your paycheck evenly divided by the number of payrolls in a year (or remaining in the year) and applied to the account(s) in which you have chosen to participate. Accounting is maintained separately for each account.
2. You incur an expense (example: you have an office visit co-pay).
3. You submit a claim for the expense by completing a reimbursement request online and supplying the appropriate documentation to OneBridge. You may also use your OneBridge debit card at the point of sale.
4. Your claim is verified for eligibility by OneBridge staff according to the IRS regulations.
5. If your claim is denied for any reason, OneBridge will reach out to you to explain the reason or to request further documentation.
6. OneBridge typically reimburses you in 5-7 days.

How do I submit a claim?

Complete a reimbursement request online at portal.yourwaybenefits.com and submit an **itemized receipt for each expense** you submit. Receipts must include the following information:

- Nature of the expense – the specific service that was provided (not payment on accounts)
- Date of service – when the service happened (not when the service was paid for)
- Person receiving service (can be an eligible dependent)
- Amount of the service
- Name of the provider – clinic name and/or doctor's name and address

If any of these requirements are not met, the expense missing the documentation cannot be paid until the corrected portion is received. The IRS regulates the requirements for documentation.

NOTE: Eligible Over-the-Counter Drugs are reimbursable with a valid cash register receipt that includes the date of service, cost and name of the drug.

You will have the ability to enter your claims via the OneBridge website, portal.yourwaybenefits.com. Simply log into your member account, click on "Submit a Claim", upload your documentation, complete all applicable fields, and click on the submit button.

Is there an alternative way to be reimbursed?

Yes, the debit card is an alternative to traditional reimbursement methods.

While it does not completely eliminate the need to provide supporting documentation, it can reduce it.

- *When used for expenses such as office visit and prescription co-pays, supporting documentation may not be required. You may be asked to provide documentation of the expense if the expense cannot be auto-adjudicated.*

Simply swipe your card at an eligible location such as pharmacies, physician, or dental offices and the funds are directly withdrawn from your pre-tax Flexible Spending Account – eliminating all out of pocket expenses and reimbursement waiting periods.

OneBridge may request documentation for claims paid using the debit card that cannot be auto-adjudicated. OneBridge will request that you submit documentation to support your purchase via email or the Mobile App. You then submit your receipt to OneBridge and your claim will be processed without your completing a traditional reimbursement claim form online.

If you do not submit the required documentation, your debit card will be deactivated and the expense paid using the debit card may be deducted from your paycheck. ***It is important that you retain documentation for ALL claims, regardless of the reimbursement method.***

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General Commonly Asked Questions (continued)

Where can I use my Debit Card?
The IRS now requires that the Debit Card can only be used at health care providers who have a health care-related merchant category code (such as physicians, dentists, vision care offices, hospitals, and other medical care providers) or at grocery stores, discount stores, and pharmacies who utilize an Inventory Information Approval System (IIAS).

You may **not** use the Debit Card at any merchant, including pharmacies, that does not have a health care related merchant category code unless that merchant or pharmacy utilizes an IIAS.

- When utilizing an IIAS, the Debit Card may be used to purchase only those items identified on a list of eligible medical expenses maintained by the merchant.
- When purchasing eligible health care-related items AND ineligible non-health care-related items, the merchant will only accept the Debit Card as payment for the health care-related items. You must pay for the ineligible items with another form of payment (cash, personal credit or debit card, etc.).
- In rare circumstances, purchases made at merchants utilizing an IIAS may fail to process appropriately. In those cases, you will be required to submit substantiating documentation as described below. You must maintain proper documentation for purchases made with your Debit Card.

Please remember to keep documentation for all purchases made with the Debit Card. Per IRS regulations, we may be required to request itemized receipts to verify the eligibility of purchases made with the card.

- Valid documentation of a purchase must include the dollar amount, date of service, name of provider, and a description of the purchased service or product. For over-the-counter health care items, the name of the product must be listed on the receipt.
- Any receipt that does not contain the detailed information described above is not acceptable. Credit card receipts are not acceptable.
- If the requested receipt is lost or otherwise unavailable, most providers can provide a detailed statement documenting FSA eligible purchases.

Important point to remember: You cannot use your Debit Card at stores that do not participate in IIAS, even if you have used your Debit Card at these stores before. (Your transaction will be declined.)

When is a Letter of Medical Necessity required?
On occasion, a claim may require further information via a Letter of Medical Necessity. OneBridge will notify you if this is required. Some examples of expenses which require a Letter of Medical Necessity are:

- Services that are not covered by insurance but are medically necessary for you.
- Over-the-counter supplements and vitamins.
- Items that are considered dual purpose.

The Letter of Medical Necessity must indicate the specific medical condition, the specific treatment needed, and how this treatment will alleviate the medical condition. Please contact OneBridge to learn more about a Letter of Medical Necessity.

When must a claim be incurred in order to be eligible?
All claims must be incurred during the plan year determined by your employer. Claims incurred outside of the plan year, before your enrollment date, or after your participation terminates will not be reimbursed.

If I submit a claim during the run-out period, how are claims processed?
During the run-out period (the time following the end of the plan year when employees can still submit expenses made in the previous plan year), the rollover amount is available to use for dates of service both from the prior plan year and service from the new plan year. After the run-out period, the rollover amount will no longer be available to apply to service from the previous year. The remaining rollover balance will now only be considered part of the current year's balance.

What happens to money I do not use by the end of the plan year?
Up to $700 of the balance will rollover to the next plan year. Remaining balances are then forfeited.

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Plan Specific Commonly Asked Questions

PRE-TAX PREMIUMS: Allows you to pay medical, dental, and vision premiums on a pre-tax basis.

How are my premiums taken out of my paycheck?
Your employer will automatically take your medical, dental, and vision premium contribution(s) out of your check on a pre-tax basis unless you notify them otherwise.

MEDICAL FSA: Allows you to fund your un-reimbursed medical, dental, and optical expenses on a pre-tax basis.

When is my Medical FSA election available to me for reimbursement?
Your entire annual election is available to you on the first day of the plan year or on your first day of participation.

If I participate in Medical FSA will those expenses still be eligible for credit on my personal tax return?
By participating in the Medical FSA and Pre-Tax portion of the plan, you are already receiving the tax savings on these expenses and are unable to claim them again on your tax return. Participation in a Flexible Benefit Plan may affect your Earned Income Credit amount.

DEPENDENT CARE FSA: Allows you to fund your un-reimbursed dependent care expenses on a pre-tax basis.

When is my Dependent Care FSA election available to me for reimbursement?
You can only be reimbursed for money which you have already contributed to your account. Since your annual election is divided and deducted evenly over the number of payrolls in a year (or remaining in the year) it is likely that you may not have contributed an amount equal to your Dependent Care claim. When this happens, OneBridge will reimburse you up to the amount contributed, pending the remaining amount until you have made further contributions. The remainder of the claim, up to the deposited amount, will be paid out automatically until the entire claimed amount has been reimbursed.

How does participating in Dependent Care FSA affect my ability to claim these expenses on my personal tax return?
You may use a combination of Dependent Care FSA and the Federal Child Care Tax Credit, but you are limited by the maximum as defined under the Federal Child Care Tax Credit. Participation in a Flexible Benefit Plan may affect your Earned Income Credit amount.

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Eligible Medical FSA Expenses

The Medical FSA covers a variety of health care services that may not be included in certain medical and dental insurance plans. These expenses can be paid, with pre-tax dollars, through use of the Medical FSA. All medical, dental, and optical expenses that qualify as health deductions under IRS rules will qualify for tax-free reimbursement under this plan. Below, is a short list of example expenses; both allowable and not allowable.

MEDICAL FSA EXPENSES ALLOWED:

Dental and Orthodontic Care:
- Artificial teeth or dentures
- Braces, orthodontic devices

Therapy and Treatments:
- X-ray treatments
- Speech therapy
- Alcoholism treatment
- Drug therapy treatment
- Legal sterilization
- Acupuncture
- Physical therapy treatment
- Vaccinations
- Hair transplant (if medically necessary)
- Electrolysis (if medically necessary)
- The cost of a weight loss program (only to treat obesity as prescribed by a physician)

Fees and Services:
- Physicians' fees
- Hospital services fees
- Services of chiropractors
- Christian Science practitioner
- Services connected with donating an organ

Hearing Expenses:
- Hearing aids and batteries

Eye Care:
- Eyeglasses
- Contact lenses
- Contact Solution
- Lasik surgery

Medical Equipment:
- Wheelchair or autoette (cost of operating/maintaining)
- Excess cost of orthopedic shoes over cost of ordinary shoes
- Crutches (purchased or rented)
- Excess cost of special mattress prescribed to alleviate arthritis
- Prescribed oxygen equipment and oxygen used to relieve breathing problems
- Support hose (if medically necessary)
- Artificial limbs

Co-Payments (not premiums):
- Medical insurance out-of-pocket
- Dental insurance out-of-pocket
- Prescription medication co-payments

Assistance for individuals with disabilities:
- Cost of guide for the visually impaired
- Special devices, such as tape recorder and typewriter, for the visually impaired
- Costs of equipping automobile
- Cost of Braille books and of regular editions
- Seeing Eye Dog

Psychiatric Care:
- Services of psychotherapists, psychiatrists and psychologists

Physical Exams

Prescription & Over-the-counter medications:
- Prescription co-payments
- Over-the-counter medications used to treat a medical condition
- Feminine hygiene products

MEDICAL FSA EXPENSES NOT ALLOWED:

- Illegal medication
- Mechanical exercise device not prescribed
- Vacuum cleaner purchased by an individual with dust allergy
- Expenses of divorce when doctor or psychiatrist recommends divorce
- Sunglass clips
- Contributions to State disability funds
- Maternity clothes
- Insurance against loss of income, life, limb or eyesight
- Distilled water purchased to avoid drinking fluoridated city water supply
- Mobile telephone used for personal calls as well as calls to physician
- Treatments unrelated to a specific problem (for example, massage for general well-being)
- Marriage counseling
- Nursemaids or practical nurses in charge of healthy infants
- Cosmetic procedures
- Over-the-counter supplements/vitamins or other substances related to general good health.

THE IRS WILL CHANGE THIS LIST FROM TIME TO TIME.
FOR A COMPLETE AND CURRENT LISTING OF HEALTH EXPENSES SEE IRS PUBLICATION 502.

Eligible Over-the-Counter Medications

What documentation is required when I submit an Over-the-Counter medication expense?

- The nature of the expense – the name of the medication must be on the receipt OR a copy of the packaging (i.e. box) must be attached to the claim form
- Date of service
- Amount of service
- Name of the provider

Why are certain items not reimbursable?
All reimbursable items must meet the definition of "Medical Care" – in particular, the medication must cure, mitigate, treat, or prevent or affect the structure or function of the body. Certain items (as listed toward the bottom of this page) do not meet this definition of "Medical Care".

What if I wish to be reimbursed for items not on these lists?
Contact OneBridge for additional information regarding reimbursable Over-the-Counter medications.

OVER-THE-COUNTER EXPENSES ALLOWED:
(The items below do not represent a complete list)

- Allergy & sinus medicine
- Antacids
- Anti-diarrhea medicine
- Aspirin
- Band-Aids, bandages, gauze
- Birth control
- Catheters
- Cold medicine
- Cold pack
- Condoms
- Contact lens supplies
- Denture adhesives
- Diagnostic tests & monitors
- Elastic bandages & wraps
- Feminine hygiene products
- First aid kits
- Hot pack
- Incontinence supplies
- Insulin & diabetic supplies
- Laxatives
- Motion sickness pills
- Muscle pain creams
- Ostomy supplies
- Pain reliever
- Pedialyte for dehydration
- Reading glasses
- Respiratory treatments
- Rubbing alcohol
- Sinus sprays
- Wart remover
- Wheelchairs, walkers & canes

OVER-THE-COUNTER EXPENSES ALLOWED ONLY WITH A DOCTOR'S NOTE:
These items would not normally be eligible for reimbursement under your Flexible Spending plan but could be if used to treat a specific medical condition. The IRS requires a letter from your attending physician stating your medical condition and also stating that the following item is being prescribed for treatment of that condition.
(The items below do not represent a complete list)

- Acne Treatments
- St John's Wart for depression
- Weight loss medications
- Fiber supplements for constipation
- Glucosamine/Chondotin for arthritis
- Hormone therapy for menopause
- Lactaid for lactose intolerance
- Orthopedic shoes
- Prenatal vitamins
- Sunscreen for cancer

OVER-THE-COUNTER EXPENSES <u>NOT</u> ALLOWED:
(The items below do not represent a complete list)

- Chapstick
- Face creams and moisturizers
- Vitamins*
- Cosmetics
- Food, food replacements
- Toiletries
- Dietary supplements
- Medicated shampoos and soaps
- Toothbrush/toothpaste

**** Vitamins would not normally be eligible for reimbursement under your Flexible Spending plan, but could be if used to treat a specific medical condition. The IRS requires a letter from your attending physician stating your medical condition and also stating that the vitamin is being prescribed for treatment of that condition.***

THE IRS WILL CHANGE THIS LIST FROM TIME TO TIME.
FOR A COMPLETE AND CURRENT LISTING OF HEALTH EXPENSES SEE IRS PUBLICATION 502.

Eligible Dependent Care FSA Expenses

For which expenses can I use the Dependent Care FSA?
You may use the Dependent Care FSA to pay for childcare or other dependent care services if you meet the following criteria:

- You need to pay for childcare or other dependent care services in order to be gainfully employed.
- You need to pay for the care of a mentally or physically incapacitated dependent or spouse to be gainfully employed.

Are there any requirements pertaining to the Dependent Care FSA?
Yes. Childcare or dependent care services will qualify for reimbursement under the plan if they meet the following requirements:

1. If you are married, the services must be provided to enable both you and your spouse to be employed, unless one spouse is a full-time student at an educational institution and the other is employed full time.
2. The amount to be reimbursed must not be greater than either you or your spouse's income; whichever is lower.
3. The child must be under 13 years old, or, if older, mentally or physically incapable of caring for herself or himself.
4. The services may be provided inside or outside your home, but not by someone who is your dependent for income tax purposes, such as an older child, your spouse, or a grandparent who lives with you.
5. If childcare is at a daycare center, the center must comply with all state issued rules and regulations.
6. You may also use the Dependent Care FSA to pay for expenses for care of a mentally or physically incapacitated dependent or spouse if such care is necessary to enable you to work.

Are Kindergarten expenses eligible for reimbursement under the Dependent Care plan?
No, the IRS has stated that no Kindergarten expenses are eligible for reimbursement. They are considered to be educational in nature rather than dependent care.

In determining whether to participate in the Dependent Care Flexible Spending Account, you should consider the dependent care Income Tax Credit. Whether the tax credit or the spending account is more advantageous is dependent upon each individual's tax situation.

The Dependent Care Income Tax Credit and the Dependent Care Flexible Spending Account interact with various other tax laws concerning items of income, losses, deductions, and credits. Consult a tax advisor for more information regarding your individual tax situation.

If you have questions about participating in this plan, consult your attorney or tax advisor.

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Sample Case of Benefits Taken Pre-Tax vs. After-Tax

The following is an example of how Flexible Spending Accounts affect your taxes and can boost your take-home pay. This is a general illustration of how pre-tax benefits work and actual tax situations will vary.

The following example shows the effect of paying for eligible benefit expenses AFTER-TAX (salary deduction) compared to paying for benefits PRE-TAX (salary reduction). This example is based on monthly gross pay of $2,000. They figure their monthly day care is $200, their annual medical and dental bills are around $120 or $10 per month, and their monthly medical insurance contribution is $50.

	Benefits Taken *WITH* FLEXIBLE BENEFITS (Pre-tax)	**Benefits Taken *WITHOUT* FLEXIBLE BENEFITS** (After-tax)
Gross Wages	$2,000.00	$2,000.00
Benefits Paid Before Taxed:		
Medical Insurance Premiums	$50.00	$0.00
Dependent Care	$200.00	$0.00
Medical Spending Account	$10.00	$0.00
Taxable Wages	**$1,740.00**	**$2,000.00**
Taxes:		
Social Security Tax	$133.11	$153.00
Federal Tax	$38.00	$66.00
State Tax	$29.00	$44.00
Benefits Paid After Tax:		
Medical Insurance Premiums	$0.00	$50.00
Dependent Care	$0.00	$200.00
Medical Spending Account	$0.00	$10.00
Take Home Wages	**$1,539.89**	**$1,477.00**

By paying these expenses *PRE-TAX*, take-home pay is $62.89 per month higher or $754.68 annually.

Health Care Expenses Worksheet

Use this worksheet to estimate the health care expenses you (and your eligible dependents) expect to incur during the plan year that will not be reimbursed from another source (that is, insurance). The total you get here is the total amount you may want to deposit in your Medical Flexible Spending Account. Remember to be conservative in your estimates because any unused balances in your Medical FSA above $640 are forfeited.

ESTIMATE YOUR UN-REIMBURSED COSTS FOR:

Medical:

Medical deductibles	$_____
Out-of-Pocket payments	$_____
Routine exams (OB-GYN, physicals, etc.)	$_____
Medical Office Co-payments ($30 per visit, for example)	$_____
Prescription Drugs (including birth control, allergy shots, insulin)	$_____
Hearing aids and exams	$_____
Vision Care (eye exams, contact lenses, prescription eyeglasses)	$_____
Medically required equipment (wheelchair, prosthetic devices)	$_____
Chiropractor	$_____
Emergency Room charges	$_____
Over-the-counter expenses	$_____
Other medical expenses not covered by insurance	$_____

Dental:

Dental deductibles	$_____
Co-insurance payments	$_____
Orthodontia (braces, retainers)	$_____
Other Dental expenses not covered by insurance:	$_____
	$_____
_____	$_____
_____	

TOTAL HEALTH CARE EXPENSES $_____
(indicate this amount on your Enrollment Form)

Note: To determine the impact on each paycheck, divide your Total Health Care Expenses by the number of pay periods remaining in the plan year.

$_____/_____=_____/paycheck

Reimbursement of Orthodontic Expenses

With growing confusion concerning reimbursement for orthodontic expenses, it is necessary to specifically address these issues in an effort to clarify the subject.

The IRS guidelines for reimbursement affirm that an expense can only be claimed during the plan year in which it is incurred. What this means for reimbursement of orthodontic expenses is the full amount for orthodontic services may not be eligible for reimbursement when the work commences, even if the total orthodontia expenses have been paid in full. The reason for this is, the person receiving orthodontic work will likely continue to have services provided, usually for the next 12 to 36 months.

All questions about orthodontia reimbursement should be directed to OneBridge.