

Flexible Spending Account



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Did You Know?

You can pay for health and dependent care expenses with pre-tax money.

It's true!

McLaren Health Advantage offers a Flexible Spending Account (FSA), called Flex Plan, that allows you to pay for health care expenses that are not covered by your health care plan, as well as dependent care expenses with pre-tax dollars.

That's right!

No federal or state income tax, FICA or Medicare taxes on the money you contribute.

Why Participate?

During your benefit year, ask yourself if you will:

- » Have medical, dental, and vision expenses, such as deductibles and co-payments, not covered by your health plan
- » Use day care for your children (under age 13) so you and your spouse can work

If so, the McLaren Health Advantage Flex Plan may be for you!

How Does it Work?

You have the option of participating in two accounts with the McLaren Health Advantage Flex Plan. One is a **Health Care Reimbursement Account (HCRA)** for health care expenses, and the other is a **Dependent Care Reimbursement Account (DCRA)** for dependent care expenses.

If you decide to enroll in the McLaren Health Advantage Flex Plan, your contribution will be withheld from each paycheck, pre-tax. All you need to do is estimate how much you think you will spend in the next 12 months on health care and/or dependent care expenses, and decide how much you want to contribute to those accounts.

The maximum amounts are determined by your employer. Federal guidelines state that the maximum amount for health care is \$2,500 and dependent care \$5,000. **Your maximum will be determined by your employer.** Please consult <http://www.irs.gov/> for more information.

The amounts you choose will go into your accounts pre-tax. When you have paid a qualified expense, or an eligible dependent care expense, there are two ways to use your pre-tax dollars. One option is to complete a reimbursement claim form and submit it with receipts or statements for the expense. Then, you're reimbursed for those expenses with the pre-tax dollars you contributed into your account(s).

Or, you can use your McLaren Health Advantage Benefits Card and have the amount deducted instantly from the pre-tax dollars you contributed. Reimbursements for qualified expenses are not taxable.



It's Convenient!

The McLaren Health Advantage Benefits Card gives you easy access to your Flexible Spending Account dollars and reduces the amount of paperwork required for reimbursement.

- » There is no need to pay with cash/check or fill out claim forms.
- » The McLaren Health Advantage Benefits Card works just like a FISA-qualified credit card and will be mailed to your home after enrolling in the program.
- » Every time your card is used for a qualified purchase, it is immediately debited from your Flexible Spending Account dollars.
- » The McLaren Health Advantage Benefits Card provides online balance inquiries and real-time account information. Information for online access and balance inquiries will be mailed to your home after enrolling in the program.

Sound Too Good to Be True?

Yes, in some ways it does!

However, Since the McLaren Health Advantage Flex Plan allows you to save on taxes, the IRS has some rules for both the Health Care Reimbursement Account and the Dependent Care Reimbursement Account.



Health Care Reimbursement Account

This list defines over-the-counter medications effective **June 2012**.
Please visit www.sig-is.org for the most up-to-date list of items.

Eligible Items

- Abdominal/Back Supports
- Acupuncture
- Ambulance Services
- Breast Pumps
- Blood Tests
- Carpal Tunnel/Wrist Supports
- Childbirth (Lamaze) Classes
- Contraceptives & Prescribed Birth Control
- Cold/Hot Packs for Injuries
- Crutches
- Dental Implants
- Dentures
- Diagnostic Products (Thermometers, Blood pressure Monitors, etc.)
- Eye Exams
- Family Planning (Pregnancy kits)
- Fillings
- First Aid Kits
- Glasses/Contacts
- Guide Dog
- Hearing Aid & Medical Batteries
- Hearing Exams
- Home Health Care (Limited)
- Incontinence Supplies
- In-Vitro Fertilization
- Laboratory Fees
- Lactation Supplies
- Midwife Expenses
- OB/GYN Exams
- Oral Surgery
- Ovulation Monitor
- Prenatal/Postnatal Treatment
- Prosthesis
- Smoking Cessation Programs
- Speech Therapy
- Splints/Casts
- Syringes
- Transplants (Including Organ Donor)
- Transportation Expenses Essential to Medical Care
- Urine/Stool Analyses
- Vaccinations/Immunizations
- Well Baby Care
- Wheelchair

Eligible Items With a Doctor's Note

- Acid Controllors
- Acne Treatment
- Allergy & Sinus Medicine
- Anti-Diarrheals
- Antibiotics
- Anti-Gas Products
- Anti-Itch & Insect Bites
- Anti-Parasitic Treatments
- Baby Rash Ointments & Creams
- Cold Sore Remedies
- Cough, Cold & Flu Medicine
- Digestive Aids
- Feminine Anti-Fungal Treatments
- Hemorrhoidal Preparations
- Visine and Other Eye Products
- Laxatives
- Marriage Counseling
- Motion Sickness
- Nasal Strips
- Nicotine Gum/Patches
- Pain Relievers
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies
- Wart Removal

Ineligible Items

- Toothpaste or Toothbrushes
- Burial Expenses
- Illegal Operations
- Cosmetics
- Ear Piercing
- Items Payable By Insurance
- Maternity Clothes
- Dental Bleaching
- Toiletries
- Dietary Supplements
- Hygiene Products

Dependent Care Reimbursement Account (DCRA)

DCRA reimburses day care expenses for:

- » Children under the age of 13
- » Dependents on your federal tax return who are incapable of self-care and reside in your home at least eight hours a day

You (and your spouse, if married) must be:

- » Working
- » Looking for work (with income during the year)
- » Attending school full time



Day Care Expenses

Eligible

- Child care for children under the age of 13 (at a day care center, day camp, sports camp, nursery school, or by a private babysitter)
- » Before and after school care (must be billed separately from tuition)
 - » Adult day care expenses (adult dependent claimed on your federal tax return)
 - » Placement fees, expenses, and stipend for an au pair (live-in nanny)

Ineligible

- » Education and tuition fees
- » Expenses you claim on your taxes
- » Late payment fees
- » Overnight camps
- » Sports lessons, field trips, clothing
- » Transportation to and from day care

Eligible day care services cannot be provided by a person you claim as a dependent.



Dependent Care Reimbursement Account Tax Credit

Although reimbursement accounts are a tax-effective way to pay for dependent care, some employees will save more by taking advantage of the federal tax credit allowed for these expenses. Keep in mind that you must choose either the dependent care reimbursement account **or** the tax credit. You cannot use both for the same expense. Your tax credit will be reduced dollar-for-dollar by any amount you received from a DCRA. A tax advisor can tell you which method will save you more money.

FSA Account Worksheet

Making the best use of your reimbursement accounts takes careful planning. Use this worksheet to estimate your eligible expenses for the health and dependent care reimbursement accounts.

For each eligible expense, consider the current plan year's expenses. Then, estimate the total you expect to spend for you and your family from next January 1 to December 31. Be sure to only estimate the amounts YOU expect to pay, not the amounts paid by your medical, dental, and vision insurance plans. **DO NOT OVERESTIMATE!** You should estimate conservatively, because participation in the plan is for the entire plan year and the IRS requires that you forfeit any amounts you do not use by the end of the plan year.

The IRS limits your annual contribution to the following amounts:

- » Health Care Reimbursement: Amount is determined by group
- » Dependent Care Reimbursement: Amount is determined by group

Medical Expenses: \$ Amount Eligible	
Deductibles	\$ _____
Office Visit Co-payments	\$ _____
Other Medical Co-payments	\$ _____
Dental Co-payments	\$ _____
Orthodontic Co-payments	\$ _____
Pharmacy Co-payments	\$ _____
Vision Expenses	\$ _____
Hearing Expenses	\$ _____
Other Expenses	\$ _____
Total Health Care Expenses	\$ _____ (A)
Dependent Care Expenses: \$ Amount Eligible	
\$ _____	
Cost/Week X No. of Weeks	\$ _____
Total Dependent Care:	_____ (B)
_____ + _____ = _____	
Total Health Care Expenses (A)	Total Dependent Care Expenses (B)
	Total Flex Spending Accounts

» To determine contributions, divide by the total amount of your pay periods.
 » Tax savings/impact varies based upon individual circumstances.
 Please consult your tax advisor on the impact this Flexible Spending Account may have.

How to Get Reimbursed

It's Easy!

You will be provided with claim forms for both the Health Care Reimbursement Account and the Dependent Care Reimbursement Account. Once you've incurred an eligible expense, complete a reimbursement claim form and submit it with receipts or statements for the expense to the address listed on the form. You'll then receive a check for all eligible amounts. Or use your McLaren Health Advantage Flex Card and have the money automatically deducted from your pre-tax contribution.

Health Care Reimbursement Accounts

You will be reimbursed for the full amount of your claim, up to your total contribution amount for the plan year.

Dependent Care Reimbursement Accounts

To qualify, day care receipts must contain the child's name, provider's name, address, phone number, dates of service, and amount. You will be reimbursed for expenses up to the amount contributed to your account at the time your claim is submitted. If your claim is more than the amount available in your account, the remainder will be paid as additional funds are deposited.

Direct deposit is available for participants starting 1/1/13. Contact your Flexible Spending Account Administrator at (888) 327-0671 for details.

Very Important!

Remember, the expense must occur January 1-December 31 and be submitted no later than March 31 of the following plan year.

You forfeit (lose) all money remaining in your Flexible Spending Account(s) after March 31 of the following plan year for which you have not incurred an eligible expense and filed a timely claim for reimbursement.

You have until March 31 of the following plan year to file claims for the previous plan year. Plan carefully and conservatively.

- » You may check your online balance at: www.benefitspaymentsystem.com
- » For Health Care or Dependent Care claim forms, visit our website at McLarenHealthAdvantage.org
- » For information on how to set up your online account, or if you don't have Internet access, call Customer Service at (888) 327-0671
- » You may email us at: HAFlexSpending@mcclaren.org
- » For all questions, please call Customer Service at (888) 327-0671



