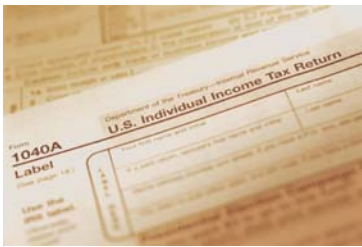


Your FLEXIBLE SPENDING ACCOUNT Plan



**An opportunity to save money by paying for health care
and dependent/child care expenses with pre-tax dollars
— *increasing your take-home pay!***

Administered by



A **Flexible Spending Account (FSA)** plan offers you a tremendous opportunity to save money by paying for out-of-pocket health care and dependent care expenses with pre-tax dollars. Before the start of each plan year, you are given the opportunity to enroll in the Health Care FSA and the Dependent Care FSA plans.

Example of Tax Savings for You and Your Family

Let's look at an example of what participating in an FSA plan could mean to you: An employee who is married and has an annual salary of \$30,000 spends \$1,000 in out-of-pocket health care expenses and \$5,000 in child care expenses (his children are in day care while both he and his wife work).

	Without FSA	With FSA
Annual Salary	\$30,000	\$30,000
Health Care FSA	-0-	1,000
Dependent Care FSA	-0-	<u>5,000</u>
Taxable Salary (W-2 Income)	\$30,000	\$24,000
Federal Tax (15%)	4,500	3,600
State Tax (4%)	1,200	960
Social Security Tax (7.65%)	2,295	1,836
Total Annual Taxes	\$ 7,995	\$ 6,396
After-tax Out-of-Pocket Medical	1,000	-0-
After-tax Dependent Care	5,000	-0-
Annual Take-Home Pay	\$ 16,005	\$ 17,604
Annual Tax Savings with Flex		\$ 1,599

This employee saved approximately \$1,599.00 annually by participating in the FSA plan!

Health Care Flexible Spending Account

The Health Care Flexible Spending Account (HCFSA) allows you to pay for out-of-pocket health care expenses with *pre-tax* dollars. A wide range of medical, dental and vision-related expenses can be reimbursed through this account. These expenses can be for you or anyone who is considered your dependent by definition in your plan guidelines – *even those not enrolled in a company health insurance plan.*



Expenses must be incurred during your period of coverage under the plan. Expenses are considered *incurred* when the health care services are provided, not necessarily when you are billed or pay for the services. You cannot be reimbursed for expenses incurred before the plan effective date, before your enrollment date, after you terminate from the plan, or for expenses incurred after the close of the plan year.

Health Care Flexible Spending Account Documentation & Claims Processing

After health care services are provided, it is important to submit the expense to your health, dental or vision insurance plan before submitting it to your FSA plan. Your insurance carrier will pay their portion of your expenses and send you an Explanation of Benefits (EOB) showing how much was covered by the insurance plan and how much was not covered.

IMPORTANT: IRS regulations require CBS to review your third-party documentation to determine if the claim is eligible under your plan guidelines. **The following items must be included on the third-party documentation in order to process your claim:** **1)** date of service (*not the date of payment*), **2)** description of the service, **3)** provider name/address, **4)** patient name, and **5)** amount you are responsible for (after insurance, reflecting any insurance payments/discounts). According to the IRS, acceptable documentation generally includes an Explanation of Benefits (EOB) or an itemized printout/receipt from the provider showing the above listed items. **The following types of documentation are NOT allowable:** canceled checks, credit card statements, balance forward/balance due statements. The Request for Reimbursement Form (claim form) must be completed and signed. Unsigned or incomplete claim forms will be returned to you for signature or completion before processing.

UPDATED INFORMATION REGARDING ORTHODONTIA — In prior plan years, because orthodontia is considered an ongoing expense which often spans more than one plan year, it could not be reimbursed up front. The expense was considered to be “incurred” on the date of monthly treatments and the amount of the monthly payment could only be reimbursed only on a month-to-month basis as treatment happened.

The IRS has since issued new guidance on orthodontia reimbursement. If you are responsible to pay for your orthodontia treatment in a lump sum at the start of treatment, CBS will be able to reimburse you the full lump sum payment upon receipt of your claim form, orthodontia contract and paid receipt from the orthodontia provider. It is still important that you submit a copy of your Truth in Lending statement (treatment plan/contract with your orthodontist) with your initial claim submission.

More detailed orthodontia information is available later in this handout summarizing how orthodontia reimbursement is handled. **Please contact CBS if you have questions or concerns regarding orthodontia so you can make a wise election based on your treatment plan.**

After your Request for Reimbursement Form, insurance EOB and/or third-party documentation is received and reviewed by CBS, a tax-free reimbursement will be issued to you. You may submit claims for more expenses than you have money in your account. **Health Care FSA claims are paid without regard to the amount you have on account, but cannot exceed your plan year election.**

Eligible Health Care Expenses

Typically, eligibility of your health care expenses is based on which items you could have claimed as a medical expense deduction on an itemized federal income tax return and which was not paid or payable by another source (*i.e., insurance company, etc.*) Some **ineligible** FSA items are: (1) expenses for qualified long-term care services, and (2) insurance premium payments for health coverage, including those paid for health coverage under a plan maintained by your employer or your spouse/dependent. Only expenses that are incurred within the plan year are available for reimbursement (*refer to your employer's Summary Plan Description for plan year details*). Keep in mind that your employer's Summary Plan Description may also exclude certain items from eligibility.

The Health Care FSA Worksheet toward the end of this handout contains *some* of the more common health care expenses that can be reimbursed from a health care spending account. For a detailed list, please refer to the **Health Care Expense Table** on CBS' website.





Dependent Care Flexible Spending Account

The Dependent Care Flexible Spending Account (DCFSA) allows you to pay for out-of-pocket work-related dependent/child care costs on a *pre-tax* basis. You may participate in this plan regardless of your marital status, however, keep in mind that the plan is in place to allow you to pay for your dependent/child care expenses if you are *gainfully employed* (see below).

You can be reimbursed for work-related dependent care expenses for: (1) a dependent under age 13 living with you and whom you can claim as a dependent on your federal income tax return; and **(2)** a dependent or spouse who is mentally or physically incapable of personal care. If you participate in the dependent care spending account, the IRS will require you to report the social security number or taxpayer identification number of your provider on your IRS Form 2441 when filing taxes at the end of each plan year.

Eligible Dependent Care Expenses

Generally, expenses must meet **all** of the following conditions to qualify as eligible dependent care expenses:

- The expenses are for services rendered after the date of your election and before the close of the plan year.
- The individual for whom you incurred the expense is your dependent under age 13 whom you are entitled to a personal tax exemption as a dependent, OR a spouse/other tax dependent that is physically or mentally incapable of self-care.
- The dependent care must enable you to be *gainfully employed* or to look for work. If you are married, the dependent care must also enable your spouse to work, look for work or attend school full-time, or your spouse must be physically or mentally incapable of self-care.
- If the expenses are incurred for services outside your household for a dependent that is age 13 or older, that dependent must spend at least 8 hours a day in your home and must be physically or mentally incapable of self-care.
- If the incurred expenses are for services provided by a dependent care center (*that is, a facility that provides care for more than 6 individuals not residing at the facility*), the center must comply with all applicable state and federal laws.
- The expenses cannot be paid TO a provider who is a child of yours who is under age 19 at the end of the year when the services were rendered, or TO an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent.

This reimbursement (plus all other dependent care reimbursements during the same year) may not exceed the least of the following limits:

- \$5,000,
- \$2,500 if you are married, but you and your spouse file *separate* tax returns,
- Your taxable compensation (after your salary reduction under the plan), or
- If you are married, your spouse's actual or deemed earned income. (*If your spouse is either (1) physically or mentally incapable of personal care or (2) a full-time student, please refer to IRS Publication 503 to determine the earned income amount for your spouse.*)



You are encouraged to consult your personal tax advisor or IRS Publication 17 "Your Federal Income Tax" for further information or clarification.

The following 'Types of Care' are eligible under a Dependent Care FSA:

- Care provided inside or outside your home by anyone *other than* your spouse, a person you list as your dependent for income tax purposes, *or* one of your children under age 19;
- Dependent care center or childcare center if the center cares for more than six children and complies with state and local regulations;
- Housekeeper, au pair, or nanny whose services include providing care for a qualifying dependent;
- Preschool that the child/dependent attends while you are *gainfully employed*;
- Before and After School Care program (*only for children under age 13; the cost of schooling/education must be separated from the cost of care*).



The DCFSA will reimburse the following additional items (provided that the conditions for reimbursement under the plan are otherwise satisfied):

- Expenses for a day camp or a similar program to care for a child, even if the camp specializes in a particular activity (e.g., soccer or computers), but **excluding** any separate equipment or similar charges (e.g., a laptop rental fee) – note that summer school expenses do **not** qualify because they are considered to be primarily for education rather than for care;
- The cost of a qualifying individual's transportation to or from a place where care is provided, **IF** furnished by a dependent care provider; and
- Expenses such as application fees, agency fees, and deposits that relate to but are not directly for a qualifying individual's care, if you must pay the expenses in order to obtain the related care (expenses of this type **cannot** be reimbursed unless and until the related care is provided – e.g., a deposit that is forfeited because you decide to send your child to a different dependent care provider is **not** eligible for reimbursement). **See your Summary Plan Description regarding who is a qualifying individual.**

The following types of expenses are **NOT** eligible for reimbursement from a Dependent Care FSA:



- Babysitting for social events
- Educational expenses
- Overnight camp
- Food expenses
- Kindergarten expenses
- Expenses that you file on your tax return for the child care tax credit

Dependent Care Flexible Spending Account Proper Documentation & Claims Processing

After you incur eligible dependent care expenses, complete the Request for Reimbursement Form (claim form) and submit it to CBS. Third-party documentation is required on or attached to the claim form. The from/through dates of service must be indicated on the form, as well as the name of your dependent, provider information and the amount paid. In addition, you must either: (1) have your provider sign in the space provided on the claim form, or (2) attach an itemized receipt from the provider. After your claim form and documentation is received and reviewed by CBS, a tax-free reimbursement will be issued to you. You may submit claims for more expenses than you have money in your account. However, the **amount of your reimbursement will depend on your current balance** (year-to-date payroll deductions minus all previous reimbursements). If your claim exceeds your current balance, the excess part of the claim will be held in the system and paid as future payroll deductions fund your account and your balance can release the payment.

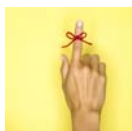


Calculating Your Annual Election and Per Pay Period Contributions

During each annual open enrollment period, you have the opportunity to enroll in the FSA plans. Participation is voluntary — you decide if you want to participate and how much you want to contribute for the plan year. Your plan year election will be divided by the number of pay periods in the plan year. Each pay period, your employer deducts an amount from your paycheck and sets it aside in the plan.

For the **Health Care FSA plan**, it is helpful to look back at the previous year's expenses and think about the expenses you expect to incur in the coming plan year, then determine your upcoming annual election. A Health Care Expense Worksheet is also included in this handout to help you decide.

For the **Dependent Care FSA**, total the amount you expect to spend on eligible dependent care during the upcoming plan year to determine your annual election. An online expense calculator is available to help you determine if the DCFSA or the Child Care Tax Credit is a better benefit for you.



Remember — A new Enrollment Form must be completed each year if you would like to enroll in the plan!

Use-or-Lose Rule and Run-Out Period for Submitting Claims

Any unused amounts left in your account after the close of the plan year will be forfeited. **Keep in mind that you have a specific number of days after the end of the plan year to submit eligible expenses for reimbursement. This is called a Run-out Period.** For example, you could have 90 days after the end of the plan year to submit a claim for reimbursement of expenses that were incurred during prior plan year.



If your employment terminates before the end of the plan year, your participation in the plan will end and you may not use your HCFSA for expenses incurred after your last day of active participation. Expenses incurred **before** your termination date will be eligible for reimbursement if submitted within the *termination run-out period* allowed by your plan. **Please refer to your Summary Plan Description regarding the details of your claims submission run-out period for both active and terminated participants.**



Changing Your Choices During The Year

Once you enroll in the FSA plan, you may **not** change your election until the next open enrollment period, unless a qualified **Change in Election Event** occurs as defined in the Plan and the election change is on account of and corresponds with the Change in Election Event, as described in the Plan. Election changes generally cannot be retroactive and typically you will have **30 days to notify your employer** of your Change in Election Event.

You may be required to provide appropriate documentation for any changes that you request. The status and participation changes must comply with the Plan and the Administrator has sole discretion to make this determination. If your change in participation is denied, you will have to appeal the decision within the timeframe specified in your *Summary Plan Description*.



Examples of Change in Election Events

Change in Status (*applies to both Health Care FSA & Dependent Care FSA*) – Loss of eligibility or gained eligibility (*i.e., due to change in marital status, number of dependents, age, student status*)

Significant Cost Change (*applies to Dependent Care FSA only*) - Dependent care provider increases or decreases cost of dependent care. Exception: If the provider is a relative, an election change would not be allowed if the dependent care cost increases.

HIPAA Special Enrollment Rights (*applies to Health Care FSA only*) — Acquired New Spouse or Dependent (*i.e., due to marriage, birth, adoption, placement for adoption*)

COBRA Qualifying Event (*applies to Health Care FSA and **only if** your employer qualifies for COBRA*) — The Health Care FSA is an eligible COBRA benefit, but only if you have a positive balance in your Health Care FSA and your coverage terminates.

Judgment, Decree, or Order (*applies to Health Care FSA only*) — Order resulting from divorce, annulment, or change in custody requiring coverage for Dependent.

Medicare or Medicaid Eligibility (*applies to Health Care FSA only*) - Became eligible for Medicare or Medicaid.

FMLA Leave of Absence – Health Care FSA contributions can be paid as follows if on a leave of absence: Pre-tax by prepayment before going on leave, After-tax by mailing your payments to your employer, or otherwise agreed upon with the Administrator.

* **Special Rule for Health Care Flexible Spending Account:** Election changes may not be made to *reduce* your Health Care FSA plan year election amount; however, election changes may be made to drop the Health FSA coverage altogether **upon the following events:** death of a spouse, divorce, legal separation or annulment; death of a dependent; change in employment status such that you become ineligible for the Health Care FSA plan, or a dependent ceasing to satisfy the eligibility requirements for Health Care FSA coverage on account of attainment of a certain age, etc. **This provision is an *optional* provision. Please review your *Summary Plan Description* for additional details.**

Other Important Facts

Accounts are Separate: You may **not** use money from a Health Care FSA account to pay for dependent care expenses, or vice versa. If you wish to pay for both health care and dependent care expenses on a pre-tax basis, you must elect and contribute to **both separate accounts**.

FSA *OR* Tax Deduction — Not Both: You may **not** claim a tax deduction for expenses paid from an FSA.

Corporate Benefit Strategies, Inc. (CBS) is serving as the Benefit Administrator for your FSA plans. Please refer to your employer's Summary Plan Description for information relating directly to the specific details of your plan (*plan limits, run-out period, termination run-out period, 2.5 month grace period*).

HEALTH CARE FSA EXPENSES

Which family members' expenses may be claimed?

You may be reimbursed for expenses incurred by you and your dependents, even if you/your dependents are not enrolled in your group health plan. **There are two categories of dependents under the Working Families Tax Relief Act of 2004:**

Qualifying Child – The individual must:

- Be the employee's child, stepchild, sibling, stepsibling, grandchild, niece, nephew, adopted child, or a qualified foster child;
- Reside with the employee for more than half the year; and
- Be under age 19, or, in the case of a full-time student, under the age of 24, or permanently disabled with no age limit.

Qualifying Relative – The individual must:

- Not be a qualifying child;
- Bear a special relationship to the employee and share the employee's residence as a member of the household;
- Receive half of their support from the employee; and
- Have a gross income less than the exemption amount in Code § 151(d).

Which expenses are eligible?

Here is a *partial* list of eligible expenses. A list is also available in Publication 502 from the Internal Revenue Service or on CBS' website. The basic rule is you can only be reimbursed for expenses not paid for by your medical, dental, or vision plan.

Medical Plan

- your share of the expenses covered by the medical plan including the expenses you pay to meet a deductible
- expenses the plan does not cover, such as routine physicals
- your expenses above the reasonable and customary limits of the medical plan you choose.

Professional Services

- Christian Science Practitioner
- optometrist or ophthalmologist, and
- practical or other nonprofessional nurse for medical services only, except for the care of a healthy person or a small child.

Equipment & Supplies

- air conditioner needed for relief from an allergy or breathing difficulties
- artificial limbs
- automobile device for a handicapped person, except if mainly used to travel to work
- back supports
- contact lenses
- cost and repair of special telephone equipment for the deaf
- cost of installing a stair-seat elevator for a person with a heart condition
- crutches
- eyeglasses and prescription sunglasses
- fluoridation unit in a home
- hearing aids
- prescribed orthopedic shoes
- reclining chair if prescribed by a doctor
- wheelchair, and
- wig advised by a physician as essential to the mental health of a person who has lost all hair due to disease.

Medical Treatment

- acupuncture
- hydrotherapy (water treatments)
- legal vasectomy and/or sterilization
- Psychoanalysis, and
- routine exams.

Miscellaneous

- birth control pills
- braille books, over the cost of regular books
- convalescent homes, for medical treatment only
- fertility treatments
- hair transplant operation (medical necessity only)
- expenses for a kidney donor
- legal fees for guardianship of a mentally ill spouse where commitment is necessary for medical treatment
- nurse's board and wages, including Social Security taxes on wages
- orthodontia
- pregnancy tests, ovulation prediction kits, condoms
- prescriptions
- over-the-counter drugs and medicines
- remedial reading for a child suffering from dyslexia
- special school costs for physically and mentally handicapped children
- mileage to obtain health care treatment
- weight loss programs (medical necessity only), and
- telephone-teletype costs and television adapter for closed caption service for the deaf.

Which expenses are NOT eligible?

You may not use the account for:

- expenses which are paid by a health insurance plan
- expenses which you also claim on your federal income tax return (The Internal Revenue Service only allows one tax break per expense)
- expenses from before you start to participate in the account expenses for which you do not have a receipt, and
- premiums for a health insurance or long-term care.

Or to pay for:

- antiseptic diaper services
- athletic club expenses to keep physically fit
- babysitting expenses to enable you to make doctor visits
- boarding school fees for a healthy child to enable you to recuperate from an illness, even if following a physician's advice
- bottled water bought to avoid drinking city water
- cosmetic surgery or other similar procedures, unless the surgery or procedure is necessary to ameliorate a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease. "Cosmetic surgery" means any procedure or drug which is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease.
- cost of trips for a "change of environment" to boost the morale of an ailing person, even if following a physician's advice
- funeral, burial, cemetery plot, monument, or mausoleum
- illegal operations and drugs
- marriage counseling fees
- maternity clothes
- scientology fees
- sunglass clips/clip-on sunglasses
- toothpaste and other toiletries
- tuition and travel expenses to send a problem child to a particular school for a beneficial change in environment
- warranties and service agreements, and
- your divorced spouse's medical bills

HEALTH CARE FSA EXPENSE WORKSHEET

This worksheet will help you determine how much you should contribute to your Health Care FSA in the upcoming plan year. This is not a complete list, but it does contain some of the more common medical expenses that are eligible. (Please refer to the CBS website at <http://www.cbscobra.com/participants.html> for a more comprehensive list of expenses. Click on **Health Care Expense Table** and type the **user name** cbflex and **password** flex5181 when prompted. You may also contact your CBS account manager at 1-866-365-2413 with questions about eligible expenses.)

To estimate your future expenses, it helps to review similar expenses you've had over the past year. Also consider any eligible health care expenses (medical, dental, vision or hearing) that you expect will occur during the upcoming plan year. It's important to carefully estimate your expenses before you decide how much you want to contribute to the health care FSA each year. **Be conservative! Balances left after the claim filing deadline will be forfeited.**

Medical Expenses

Annual Checkups _____
 Chiropractic Services _____
 Copays/Coinsurance _____
 Contraceptives/Birth Control _____
 Deductibles _____
 Fertility Treatments _____
 Flu shots _____
 Hearing Devices _____
 Hearing Device Batteries _____
 Immunizations/Shots _____
 Insulin/Diabetic Supplies _____
 Lab Tests _____
 Mammograms _____
 Medical Equipment _____
 Over-the-Counter Medicine _____
 Physical Therapy _____
 Physical Exams _____
 Prescription Drugs _____
 Psychiatric care _____
 Surgery _____
 Weight Loss Programs _____
 (Medical Necessity Required for Weight Loss)
 Well-baby Care _____

Dental Expenses

Bridges _____
 Cleanings _____
 Crowns _____
 Deductibles _____
 Dentures _____
 Fillings _____
 Fluoride Treatments _____
 Orthodontia* _____
 Retainers _____
 Root Canals _____
 X-rays _____

Vision

Copays _____
 Contact Lenses _____
 Contact Lens Solution _____
 Exams _____
 Frames _____
 Laser Eye Surgery _____
 Lenses _____
 Prescription Sunglasses _____
 (Note that vision warranties/service agreements and clip-on sunglasses are NOT eligible.)

(A) Total of the Amounts You Listed Above: _____

(Note that you cannot exceed your employer's plan year maximum.)

(B) Number of Paychecks per Plan Year: _____

(Typically, 52 for weekly, 26 for bi-weekly, 12 for monthly, 24 for semi-monthly payroll.)

(C) Divide Line (A) by Line (B) = _____

(This is how much you would contribute per paycheck to your Health Care FSA.)

Over-the-Counter Drugs & Medicines



Many drugs that you purchase over-the-counter to treat a specific medical condition or injury are eligible for reimbursement from your Health Care FSA.

Before you purchase an OTC drug for which you plan to seek reimbursement, you should remember that the OTC drug must be for "medical care" as defined by the Internal Revenue Code in order to be eligible for reimbursement. An OTC drug is for "medical care" if it is needed to treat a medical condition and is generally accepted as falling within the category of "medicine or drugs". The Code generally defines "medical care" as any amounts incurred to diagnose, treat or prevent a specific medical condition or for purposes of affecting any function or structure of the body. This includes, but is not limited to, both prescription and over the counter drugs.

Items that are merely beneficial to the general health of the individual are not for "medical care" and are not reimbursable (e.g. vitamins, nutritional supplements); however, even these drugs, when taken at a doctor's suggestion to treat a specific medical condition *may be eligible*.

Receipts for over-the-counter drugs must include the following: (1) name of the item purchased, (2) the date of purchase, (3) the provider/store information and (4) price. The patient name must also be indicated on your reimbursement form.

In some cases, the claims administrator may need to ask for substantiation showing the reasons the drug was purchased (*e.g. in situations where the OTC drug can be taken for both general health and to treat a specific medical condition*). The claims administrator (subject to the final discretionary authority of the Plan Administrator) will determine, in light of the relevant facts and circumstances, whether an OTC drug is for "medical care."

The examples listed on the next page fall into three categories: Medical-Only, Dual-Purpose, Excluded. *Medical-Only* lists examples of items that ARE eligible; *Dual-Purpose* lists examples of items that MAY be eligible (*if a treating physician has prescribed the item and will provide you with a letter of medical necessity stating the specific medical condition*); *Excluded* lists common examples of items that are NOT eligible from the plan.

These are only *some examples* of the types of OTC expenses that may be eligible or ineligible under the plan. Two helpful websites to visit regarding OTC items that are eligible for reimbursement are www.DrugStore.com and www.Walgreens.com. These websites can give you an idea of some types of items that MAY be eligible under the plan.

It is important to note that **stockpiling (purchasing excessive amounts of OTC medicines) to spend your account balance is not allowed**, per IRS guidelines. (*CBS has set a general rule of only allowing a maximum reimbursement of three of the same item, per receipt.*)

Over-the-Counter Drugs & Medicines

Example List



MEDICAL-ONLY ITEMS

Allergy Medicines	First Aid Kits	Pregnancy Test Kits
Antacids	Hemorrhoid Creams/Suppositories	Prenatal Vitamins
Anti-Diarrhea Medicine	Incontinence Supplies	Reading Glasses
Bactine	Lactose Intolerance Pills	Rubbing Alcohol
Band-Aids/Bandages/Gauze Pads	Laxatives (Ex-Lax)	Sinus Medications
Bug Bite Medication	Lice Shampoo	Sleeping Aids
Calamine Lotion	Liquid Adhesive for Small Cuts	Spermicidal Foam
Cold Medicine	Menstrual Cycle Products for Pain/Cramps	Sunburn Cream/Ointment (Not Regular Skin Moisturizers)
Cold/Hot Kits for Injuries	Motion Sickness Pills	Thermometers (Ear or Mouth)
Condoms	Muscle/Joint Pain Medicine (BenGay, Tiger Balm)	Throat Lozenges
Contact Lens Cleaning Solution	Nasal Sinus Sprays	Visine and Other Such Eye Products
Cough Drops	Nasal Strips	Wart Remover Treatments
Diaper Rash Ointments	Nicotine Gum/Patches (Smoking Cessation)	Wrist Supports (for Carpal Tunnel)
Epsom Salts	Pain Reliever	
First Aid Cream	Pedialyte (Ill Child's Dehydration)	

DUAL-PURPOSE ITEMS

Acne Treatment	Glucosamine/Chondroitin for Arthritis	OTC Hormone Therapy for Menopause
Dietary Supplements	Herbal Medicines	St. John's Wart for Depression
Feminine Hygiene Products (not tampons/pads)	Nasal Sprays for Snoring	Sunscreen
Fiber Supplements	Orthopedic Shoes/Inserts	Weight Loss Drugs

EXCLUDED ITEMS

Chapstick	One-A-Day Vitamins/Vitamins (for general health)	Toothbrushes (Electric/Otherwise)
Face Cream & Moisturizers	Suntan Lotion	Toothpaste
Medicated Shampoos & Soaps (dandruff, etc.)	Tampons/Pads	



ORTHODONTIA REIMBURSEMENT

From Your Flexible Spending Account Plan

Corporate Benefit Strategies, Inc. (CBS) has put together this information to help you in determining how much to elect toward orthodontia for your FSA plan and how reimbursement works.

In the beginning, you will work with your orthodontist office to set-up your payment plan. The two most common ways that people pay for their orthodontia expenses are: **monthly payments** or a **lump sum payment**. Some orthodontists give their patients a discount if they pay for the entire treatment in-full at the start of treatment (*lump sum payment*).

The **first required item** when submitting a claim for orthodontia under your FSA plan is the ORTHO CONTRACT/TREATMENT PLAN. This is also referred to as your "*Truth in Lending Statement*" or "*Payment Plan*" with the orthodontist.

If making **MONTHLY** payments to your orthodontist, the ortho contract/treatment plan must include the following information:

- Provider Name, Address, Phone Number
- Patient Name
- Total Fee
- Insurance Coverage Amount
- Initial Fee/Downpayment
- Monthly Fee
- Treatment Length
- Start/End Dates of Treatment

If making a **LUMP SUM** payment to your orthodontist, the ortho contract/treatment plan must include the following information:

- Provider Name, Address, Phone Number
- Patient Name
- Total Fee
- Insurance Coverage Amount
- Discount Amount (if applicable)
- Patient Amount (After Discount & Insurance, if applicable)
- Treatment Length
- Start/End Dates of Treatment

The **second item** in the course of reimbursement is a PAID RECEIPT for your Initial Fee/Downpayment (if under a MONTHLY payment plan), or a PAID RECEIPT for your lump sum payment (if under a LUMP SUM payment plan).



ORTHODONTIA REIMBURSEMENT OPTIONS

Lump Sum Payments

Example: If your FSA plan year is on a calendar year basis (1/1/09-12/31/09), you have an ortho contract with a total lump sum payment of \$2,400.00 (after insurance and discounts are applied) and the orthodontia treatment starts January 2009 and will last for 24 months, CBS can now reimburse you for the full payment up front. *(In previous years, the total patient cost was pro-rated over the course of treatment and reimbursed based on the calendar plan year of 12 months.)*

You MUST submit a copy of your Ortho Contract/Treatment Plan and a copy of your PAID receipt with a completed claim form for reimbursement to occur.

Monthly Payments

Example: If your ortho contract states that you will be responsible for paying an initial fee of \$250.00 and \$100.00 per month starting in January 2009 (after insurance is applied), you may submit a copy of your paid receipt for the initial fee for reimbursement. For monthly payments, a receipt, copy of a payment coupon, or itemized bill/printout from the orthodontist may be submitted and CBS will reimburse you for the monthly payment. *(Please note that if you pay for multiple months of service under your monthly payment plan, the reimbursement will still only be allowed for months of service occurring within the plan year.)*

You MUST submit a copy of your Ortho Contract/Treatment Plan and a copy of your receipt, payment coupon, OR itemized invoice/bill from the orthodontist with a completed claim form for reimbursement to occur.

We encourage you to contact our office if you have any questions prior to making your election decision for the plan year based on orthodontia expenses and prior to submitting your claim.



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