

## DETERMINE YOUR EXPENSES FOR THE YEAR:

### HEALTH CARE REIMBURSEMENT ACCOUNT WORKSHEET

This worksheet lists many common items that may be reimbursed from a Health Care Reimbursement Account. Use this worksheet to determine your predictable, annual health care expenses and the amount you want to contribute each pay period to the Health Care Reimbursement Account.

HEALTH CARE EXPENSES PER YEAR	FOR YOU	FOR YOUR SPOUSE	FOR YOUR CHILDREN
Medical Insurance Deductibles	\$	\$	\$
Dental Insurance Deductibles	\$	\$	\$
Medical Co-payments	\$	\$	\$
Dental Co-payments	\$	\$	\$
Dental Care / Orthodontia	\$	\$	\$
Prescription Drugs & Co-payments	\$	\$	\$
Over-the-Counter (OTC) Drugs	\$	\$	\$
Chiropractic Services	\$	\$	\$
Eye exams / Lasik surgery	\$	\$	\$
Eyeglasses, Contacts & solutions	\$	\$	\$
Other Expenses:	\$	\$	\$
TOTAL HEALTH CARE EXPENSES:	(A) \$	(B) \$	(C) \$
TOTAL FAMILY HEALTH CARE EXPENSES (A+B+C):	(D) \$		
NUMBER OF PAY PERIODS IN PLAN YEAR:	(E) _____ PAY PERIODS		
CONTRIBUTION PER PAY PERIOD (D DIVIDED BY E):	(F) \$		



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## HEALTH CARE REIMBURSEMENT ACCOUNT

The Health Care Reimbursement Account is a program governed by the IRS and sponsored by your employer that allows you to set money deducted pre-tax from your paycheck into an account to reimburse you for health care expenses that are not reimbursed from insurance or any other source. Since the money you put into your account is not considered taxable income, you save by paying less Federal, State and FICA taxes. Depending on your personal circumstances, the Health Care Reimbursement Account may mean a significant tax savings to you. This brochure will help you evaluate the benefits of participation and help you decide how much to contribute.

### HOW DOES A HEALTH CARE REIMBURSEMENT ACCOUNT WORK?

Prior to the start of each plan year, you conservatively estimate how much money you expect to spend out-of-pocket for health care. When you arrive at this estimate, you may make an election to have money deducted from your wages pre-tax each pay period then deposited into an account for your future use. The full amount of the annual election, less prior reimbursements, is available to you at all times during the plan year. The money you receive is not taxable income.

When making your election to the Health Care Reimbursement Account, careful planning is essential. IRS regulations stipulate that once you make your election, it is locked in for the balance of the plan year. You may be allowed to make an election change if you have a qualifying change in family status (birth, adoption, marriage, divorce, death) or employment status (changing from full to part-time or vice-versa). Expenses must be incurred during the plan year and cannot be eligible for reimbursement from any other source. If all monies are not claimed by the end of the plan year (plus a 90 day grace period) they will be forfeited. If you terminate your employment, your plan year will automatically end as of that date, unless you qualify and elect to continue participation through COBRA.

### IS A HEALTH CARE REIMBURSEMENT ACCOUNT A GOOD CHOICE FOR YOU?

The amount of taxes you can save by participating in the health care account depends on many factors such as your salary, marital status, dependents, tax brackets, etc. The following shows how a Health Care Reimbursement Account impacts wages and how it saves taxes: Example: Benny Fitz is single and earns \$25,000 per year. Benny anticipates paying an annual total of \$1,000 for dental care, new eyeglasses, an annual physical, prescription drugs, and over-the-counter medications. Benny is in a 15% Federal Income tax bracket and pays another 7.65% in FICA and 5% in State income tax on wages. Benny saves \$276 in taxes by using the Health Care Reimbursement Account.

	WITHOUT HCA	WITH HCA
Annual Earnings	\$25,000	\$25,000
Pre-tax Health Care Account Contrib.	- 0	- 1,000
Taxable Income	\$25,000	\$24,200
Federal, State, FICA Taxes (27.65%)	-6,912	-6,636
After Tax Health Care Expenses	- 1,000	- 0
Spendable Income	\$17,088	\$17,364

## REIMBURSEMENT PROCEDURES

Obtaining reimbursement for your health expenses is easy.

After you incur an eligible health expense, you may request reimbursement in one of two ways:

1. **Paper Reimbursement Request Form** - Submit a completed paper Reimbursement Request Form along with detailed documentation of your expenses to Benefit Strategies. An initial Reimbursement Request Form (which may be copied) will be mailed to you. Additional forms may be downloaded from Benefit Strategies' website [www.benstrat.com](http://www.benstrat.com), or may be obtained from your employer or from Benefit Strategies directly upon request.
2. **Online Reimbursement Request** - By using your personal login screen at [www.benstrat.com](http://www.benstrat.com) an option to file claims online is available. The confirmation page and detailed documentation will need to be faxed or mailed to Benefit Strategies before you receive payment.

Benefit Strategies generally processes and pays paper claims on a weekly basis. Properly completed and documented claims received by Thursday morning are usually processed on Friday. You may submit claims as often as you like for eligible expenses incurred during the Plan Year.

Documentation of the expenses must show: the date the expense was incurred (not the date paid), the amount of the expense that you are responsible for, the provider of services, and a description of the service and/or expense.

You may either mail or FAX your reimbursement requests to Benefit Strategies. Faxes should be sent no later than Wednesday to be sure the expense is included in that Friday's payment cycle.

## OBTAINING INFORMATION ABOUT YOUR ACCOUNT

Information on the activity, transaction history and balance remaining in your Health Care Reimbursement Account may be accessed by logging on to the Benefit Strategies' website: [www.benstrat.com](http://www.benstrat.com). You will receive log on instructions after your account has been set up.

Benefit Strategies also sends an account statement to plan participants approximately 90 days before the plan year-ends. This notice can serve as a reminder to participants to incur and submit their final eligible expenses for reimbursement.

## ELIGIBLE HEALTH CARE REIMBURSEMENT EXPENSES

Eligible health care expenses are medically necessary charges you, your spouse, or dependents have incurred during the plan year, which could be deductible for federal income tax purposes. Typical expenses include but are not limited to the following:

- ❖ Acupuncture by a licensed practitioner
  - ❖ Birth control pills
  - ❖ Chiropractors
  - ❖ Childbirth classes (i.e., Lamaze classes)
  - ❖ Contact lenses, supplies and solutions
  - ❖ Deductibles for medical or dental
  - ❖ Dental care including orthodontia
  - ❖ Doctor's fees
  - ❖ Eye exams and eyeglasses
  - ❖ Hearing care, hearing aids/batteries
  - ❖ Hospitalization
  - ❖ Hypnosis for treatment of an illness
  - ❖ Laboratory fees
  - ❖ Lasik eye surgery
  - ❖ Massage Therapy (Dr note required)
  - ❖ Nursing care
  - ❖ Orthotics
  - ❖ Physicals
  - ❖ Psychoanalysis
  - ❖ Prescription drugs/co-payments
  - ❖ Sterilization
  - ❖ Syringes, needles and injections
  - ❖ Therapy by licensed therapists
  - ❖ Transplants
  - ❖ Vaccinations and immunizations
  - ❖ Vision care
  - ❖ Wheelchair/crutches
  - ❖ Weight Loss Program (Dr note required)
- ❖ Non-prescription medications and supplies were approved by the IRS in 2003. To be eligible, they must be "medically necessary" to treat a current medical condition or disease. Eligible items include: analgesics; antacids; allergy, cold & flu medications; nasal sprays; first aid creams & ointments; wart removal products; non-medicines such as bandages, first aid kits; wrist supports; pregnancy test kits; birth control products; incontinence supplies.

## WHAT KINDS OF EXPENSES ARE NOT ELIGIBLE?

- ❌ Vitamins (unless specifically prescribed to treat a medical condition)
- ❌ Food supplements and herbs
- ❌ Cosmetics and toiletries
- ❌ Cosmetic surgery unless medically necessary to correct a deformity arising from a congenital abnormality, injury or disfiguring disease
- ❌ Cosmetic dentistry including teeth bleaching products and procedures, even when performed by a dentist, and cosmetic veneers
- ❌ Weight loss programs that are NOT medically necessary
- ❌ Health club dues
- ❌ Marriage and family counseling, Childrearing classes
- ❌ Insurance premiums
- ❌ Items covered under another insurance or reimbursement plan

**IMPORTANT: If you are not sure about the eligibility of an expense, please call Benefit Strategies.**