

AmeriFlex Medical Flexible Spending Account

Plan Year: January 1, 2016 - December 31, 2016

Medical Reimbursement Plan Maximum: \$2,550

Medical Reimbursement Plan Minimum: \$50

Run Off Period: 90 days following the end of the plan year to file for services rendered during the plan year.

Waiting Period: Coverage for new hires will be effective the first of the month following 30 days of continuous employment.

A Plan That Enhances Your Benefits

If you're one of the many people who spend money on medical expenses, a Medical Flexible Spending Account can make these expenses more affordable. This valuable benefit is available through your employer's flexible benefits plan and is qualified under Code Section 125 of the Internal Revenue Code.

How the Plan Works

If you participate, you will elect to have a specified amount of pre-taxed money deducted from your paycheck each pay period. These dollars are subtracted from your gross earnings before taxes and put into a flexible spending account. After you submit a receipt for a qualified expense, you will be reimbursed from this account. The full annual election of your Medical FSA is available from the first day of the plan. Medical FSA claims must be incurred within the time period specified in your summary plan description. By contributing pretax dollars to a reimbursement account, you lower your taxable income; therefore, you pay less in taxes and increase your spendable income!

The following table illustrates how you save by participating in an FSA			
Without This Plan		With This Plan	
Gross pay (annual)	\$30,000	Gross pay (annual)	\$30,000
Tax deductions (@25%)	\$ 7,500	Eligible expenses	\$ 1,000
Take-home pay	\$22,500	Taxable income	\$29,000
Eligible expenses	\$ 1,000	Tax deductions (@25%)	\$ 7,250
New take-home pay	\$21,500	New take-home pay	\$21,750
Result (increased take-home pay)			\$ 250

Determining Account Contributions

Your employer determines the maximum allowable contribution for your Medical Flexible Spending Account. Within that maximum, you determine your contribution for yourself and your eligible dependents based on expenses you expect to incur in the upcoming plan year. Your annual contribution is then divided by your number of pay periods, and that amount will be deducted pre-tax each pay period.

The Use-It-or-Lose-It Rule

If you contribute dollars to a reimbursement account and do not use all the money you deposit, you will lose any remaining balance in the account at the end of the eligible claims period. A very important thing to remember is that the rule exists because the IRS has established strict guidelines for plans with tax advantages.

Important Dates - Over-the-counter drugs and medicines purchased after December 31, 2010 are not eligible for reimbursement unless there is a prescription on file.

Examples - Examples of items that require a prescription include acid controllers, allergy and sinus medications, cold, cough and flu medications, digestive aids, sleep aids, stomach remedies, anti-gas and pain relievers.

Reimbursement - Reimbursement of over-the-counter drugs and medicines must be made via a paper claim with proper documentation. The flex card can be used if a prescription is obtained for the OTC item and the pharmacy processes the transaction through their procedure for selling prescribed medicine or drugs.

Unaffected Items - Non-drug items are not affected. Reimbursement using the card is still eligible for these items. Examples include blood pressure monitors, diabetic supplies, crutches, etc.

Medical FSA Eligible Expenses

A medical FSA may be used to pay health care expenses not covered under any other plan.

Qualified expenses may include:

- Deductibles and other payments you are responsible for under your medical plan
- Charges that may not be covered by your medical plan, such as:
 - Dependent physicals
 - Hearing aids
 - Well-baby care
 - Dental care
 - Eyeglasses/contact lenses
 - Orthodontic
 - Birth control pills

- Routine exams
- Individual psychiatric or psychological counseling
- Miscellaneous expenses, such as:
 - Over-the-counter-drugs (with a valid prescription)
 - Cost of acquiring and training a dog for the deaf or blind
 - Transportation, tolls, and parking to receive medical care
- Other health care services that qualify as medical deductions under IRS rules:
 - Durable medical equipment
 - Qualified medical products or services prescribed by a doctor for which you must pay out-of-pocket expenses

Some examples of ineligible expenses include teeth whitening, prescription drugs for male-patterned baldness, and all cosmetic procedures. Please refer to IRS Publication 502 for the complete list of deductible medical expenses that are eligible for reimbursement.

Please note: Insurance premiums and long term care expenses are not eligible for reimbursement.

What if I Want to Make a Change to My Medical FSA Election?

The latest set of cafeteria plan regulations develops a process for determining if a participant is allowed to make a change in election during the plan year.

A change in status must have occurred. A change in status has occurred if the event falls into one of the following categories:

- Change in legal marital status
- Change in number of dependents
- Change in employment status
- Change in work schedule (increase or decrease in hours)
- Dependent satisfies (or ceases to satisfy) requirements for eligibility
- The employee, spouse, or dependent is gaining or losing eligibility for health FSA coverage.

The participant's election change must be consistent with the status change event.

Will Pre-taxing Have an Impact on Social Security Benefits?

Any reductions in your taxable pay may also lead to a reduction in your Social Security benefits; however, for most employees, the reduction in Social Security benefits is insignificant when compared to the value of paying lower taxes now.

List of Eligible Expenses

Professional Services

- Chiropodist, Chiropractor
- Christian Science practitioner
- Dermatologist
- Dentist
- Gynecologist, Obstetrician
- Neurologist
- Oculist
- Optician, Optometrist
- Orthopedist
- Osteopath
- Payments to an unlicensed practitioner are deductible if the type and quality of the services are not illegal
- Pediatrician
- Physician
- Physiotherapist
- Podiatrist
- Practical nurses expenses or other nonprofessional nurse for medical services only; not for care of a healthy person or a small child who is not ill.
- Costs for medical care of an elderly person unable to get about, or a person subject to spells, are deductible expenses.
- Psychiatrist, Psychoanalyst, Psychologist
- Registered nurse
- Surgeon

Equipment And Supplies

- Abdominal supports
- Air conditioner where it can be demonstrated necessary for relief from an allergy or for relieving difficulty in breathing
- Ambulance hire
- Arches
- Artificial teeth, eyes
- Autoette (auto device for handicapped person) but not if used to travel to a job or a business
- Back supports
- Braces
- Contact lenses, eyeglasses
- Cost of installing stair seat elevator for a person with a heart condition
- Crutches
- Elastic hosiery
- Fluoridation unit in the home
- Hearing aids and Hearing devices

- Invalid chair or Reclining chair, if prescribed by a doctor
- Iron lung
- Orthopedic shoes
- Repair of special telephone equipment for the deaf
- Sacroiliac belt
- Special mattress and plywood bed boards for relief of arthritis or spine
- Splints
- Truss
- Wig, when advised by doctor as essential to the mental health of a person with complete hair loss from disease

Medical Treatment

- Acupuncture
- Ambulance
- Chiropractic
- Diathermy
- Electric shock
- Hearing services
- Hydrotherapy (water treatments), Whirlpool baths
- Injections and Insulin treatments
- LASIK Surgery
- Navaho healing ceremonies (“sings”)
- Nursing
- Organ transplant
- Pre-natal and post-natal treatments
- Psychotherapy
- Radium therapy
- Sterilization
- Ultra-violet ray treatments
- Vasectomy
- X-ray treatments

Medicine And Drugs

- Drugs, including over-the-counter drugs (with a prescription)
- Contact lenses solutions

Laboratory Examination And Tests

- Blood tests
- Cardiographs
- Metabolism tests
- Spinal fluid tests
- Sputum tests
- Stool examination, urine analysis
- X-ray examinations

Dental Services

- Cleaning of teeth, dental x-rays, filling of teeth
- Extraction of teeth, gum treatments
- Oral surgery

Hospital Services

- Anesthetist, Oxygen mask or a tent
- Hospital bills, operating room charges, Vaccines
- X-ray technician

Miscellaneous

- Alcoholic inpatient care tests
- Asylum
- Birth control pills or other birth control items prescribed by your doctor
- Braille books to the extent the cost is in excess of a regular edition of the same work
- Convalescent home (for medical treatment only)
- Drug treatment center (for inpatient care cost only)

Estimating your Medical Expenses

The worksheet on the following page has been prepared to help you determine the amount of money you wish to allocate to your Medical FSA. You may want to review your checkbook register or credit card statements from last year to identify medical expenses you paid out of your own pocket. Compare last year's typical expenses to those eligible under your Medical FSA and budget accordingly for the upcoming year.

Keep in mind that your annual maximum election cannot exceed \$2550, and to only budget for those expenses specifically eligible under your Medical FSA.

Estimating your Unreimbursed Medical Expenses

	Last Year	This Year
Medical	\$	\$
Deductibles		
Doctor's office visits		
Well-baby care		
Pap smear		
Physicals		
Immunizations		
Prescription drugs		
Others		
Dental		
Fillings		
Bridges		
Crowns		
Dentures		
Orthodontia		
Braces		
Exams		
Vision		
Exams		
Lenses		
Frames		
Contact Lenses		
Miscellaneous		
Total Eligible Medical Expenses	\$	\$

Please refer to Section 213(d) of the Internal Revenue Code for the definition of deductible medical expenses that are eligible for reimbursement. Note: An expense is not eligible if it is for cosmetic reasons only.

The AmeriFlex Convenience Card

The AmeriFlex Convenience Card is a MasterCard debit card providing electronic access to your Medical FSA funds. It works just like any other debit card, but with three important differences:

- First, its use is limited to specific merchants* and to expenses deemed eligible by your plan
- Second, you cannot use it at an ATM or to obtain “cash back” when making a purchase
- Third, you are not given a PIN with this. Should a merchant or provider ask you for a PIN, simply explain that this card does not require one. If given the option between debit and credit at the terminal, choose credit

* Every merchant that accepts MasterCard is assigned an MCC Code based on their type of business. Only a limited number of these codes apply to merchants providing products or services eligible for FSAs. Use of the AmeriFlex Convenience Card is limited to medical care providers such as hospitals, doctor’s offices, optometrist, dentists, orthodontist, pharmacies, or other merchants providing prescription and over-the-counter eligible products. In other words, your card cannot be used at non-qualified businesses such as gas stations, some retailers, convenience stores, etc. For example: contact lens solution is an eligible expense in your Medical Flexible Spending account; however, you cannot purchase contact lens solution at your local convenience store because that type of business does not have an eligible MCC code. You would need to purchase your contact lens solution at your local pharmacy or other qualifying business to use the card. However, under new regulations, if the merchant has an IRS approved inventory management system that provides SKU level data on the item, it can automatically determine if an expense is eligible, eliminating the MCC code restriction. Check with your local retailer to find out if they already have or may be adding this system.

Your Card Account Balances and Transaction Receipts

What if there’s not enough money in my account?

If you charge more than the available balance in your account, the transaction will be declined. You can find your balance online at www.flex125.com or by calling the AmeriFlex Interactive Voice Response System, which is available 24/7. Review your account balance to avoid declined charges.

Do I need the receipts?

Possibly, so please save all of your itemized receipts for certain expenses, AmeriFlex may need additional information, including receipts, to verify eligibility of the expenses and to comply with IRS rules. That's why it's important for you to save all your receipts, then fax or mail them promptly if requested. Failure to comply could jeopardize the tax-exempt status of your account and cause the card to be deactivated.

Employee Termination/Claims Procedures

AmeriFlex will deactivate the terminated employee's AmeriFlex Convenience Card on the employee's Date of Termination. Claims may be incurred up the Date of Termination. However, the IRS defines "participation" as "making pre-tax contributions to the plan," therefore if the employee's last payroll deduction occurs after their Date of Termination, they may continue to incur claims through the date of their last payroll deduction.

We are here to help:

Please feel free to contact us with any questions or concerns that you may have. **888.868.FLEX (3539 | www.flex125.com**

- ***24/7 Interactive Voice Response (IVR):*** 888.868.3539 (option 2 for automated account balances and claims status)
- ***Toll-Free Phone:*** 888.868.3539 (option 2, option 3, 8:30 a.m. to 5:30 p.m. EST)
- ***Web:*** www.flex125.com (select the Member tab at the top, then select Member Portal Login)
- ***Member Services Support Center:*** member.flex125.com-Online support featuring inquiry ticketing and Live Chat
- ***General Fax:*** 888-506-6392 ***Claim Fax Line:*** 888-631-1038
- ***Mail:*** 700 East Gate Dr., Suite 510, Mount Laurel, NJ 08054

Ameriflex is pleased to provide you with several features to enhance your spending account program via the AmeriFlex Convenience Portal!

Members will now be able to perform the following, online:

- Update demographic information
- Access dependent(s) information
- Request a new card for yourself and/or qualified dependents
- Access and update direct deposit information
- View detailed eligible expense list
- Email the AmeriFlex Member Services team
- Opt in and out of member email communications

Online Claims Submission: Enter and upload claim requests and supporting documentation to expedite your reimbursement.

Pay Provider: Have your reimbursement sent directly to the provider

Haven't created your online account yet? It's easy!

Go to www.flex125.com. Click on the "Member" drop-down menu toward the top of the page, then select the "MemberPortal Login" link. You will be directed to the login page.

On the main login screen, click on the link that reads, "Is this your first time visiting the AmeriFlex Convenience Portal? You must register first"

To Register Online for your AmeriFlex Spending Account

For AmeriFlex Primary Accountholders:

- **Accountholder's Last Name** - enter the accountholder's Last Name
- **SSN** - enter accountholder's Social Security Number
- **DOB** - enter accountholder's Date of Birth
- **Gender** - enter accountholder's Gender

Choose your AmeriFlex Registration Identifier:

- **Card Number** - enter your AmeriFlex Convenience Card number without spaces or dashes
- **Employer Code** (AMF Code) - this can be obtained by calling the AmeriFlex Member Services team

Then:

- **User ID** (Email Address) - enter your preferred Email Address, which will also serve as your User ID

Registration Process Complete!

Click on the login link and begin navigating the updated Website!

Should you receive an information error message that does not easily guide you through the information correction process, please feel free to contact our dedicated Member Services team at 888.868.FLEX (3539).

Ameriflex®

700 East Gate Dr., Suite 510

Mount Laurel, NJ 08054

Call Toll-Free: 1-888-868-FLEX (3539)

Fax: 856-631-1020

**Go Online member.flex125.com
for Support and Online chat**

