VIII. FLEXIBLE SPENDING ACCOUNTS

A. MEDICAL EXPENSE FLEXIBLE SPENDING ACCOUNT

B. DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT
VIII. FLEXIBLE SPENDING ACCOUNTS

By taking advantage of tax laws, Flexible Spending Accounts (FSAs) work with your benefits to save you money on goods and services that you are already purchasing with after-tax dollars. Almost everyone has a number of necessary, predictable expenses that are not covered by their insurance programs, including, but not limited to health, dental and vision plan co-pays or deductibles and prescriptions. FSAs offer a unique way to help pay for healthcare expenses not covered by your Health Plan, as well as the expense of dependent care while you are working.

An FSA is one of the only tax advantages available to individuals in any tax bracket.

TASC Card

Get instant access to your FSA election.

Once you have elected into the Plan, you will automatically receive a TASC Card that is pre-loaded with your annual election for your Medical FSA and/or your Dependent Care FSA. If you are a returning participant, your current card will be loaded with your annual election at the beginning of each plan year.

What is the advantage of the TASC Card for claims payment?

The TASC Card is used to conveniently access the available funds in your FSA(s) for eligible purchases. The TASC Card provides payment convenience for you. At the point of sale, whether you are at a pharmacy or a physician’s office, you will have the ability to instantly access your FSA funds by using your TASC Card. This eliminates the process of having to pay for a medical or dependent care expense out-of-pocket and then submit a claim and wait for a check reimbursement. The TASC Card eliminates the “pay and wait” that goes along with paper-based claims processing.

This convenience comes with some stipulations set forth by the Internal Revenue Service (IRS) to maintain favorable tax treatment of your contributions to the Plan. You should be aware of the following stipulations:

- The TASC Card will work at qualified medical/dependent care facilities only as well as certain pharmacies and grocery stores. The TASC Card will NOT work at gas stations, restaurants, clothing stores or any other facility that does not normally sell medical/dependent care merchandise.

- The IRS requires FSA administrators (Total Administration Services Corporation) to adjudicate and substantiate any claim that cannot be automatically identified as a valid medical or dependent care expense. This process is performed by TASC requesting a copy of the receipt for any TASC Card transaction that cannot be identified electronically as a valid and qualified expense. For example, TASC may need to request a copy of a receipt from a dentist’s office since they cannot identify cosmetic (not a qualified expense) from corrective or preventive services (qualified expenses) when using the TASC Card.

- **You must save all receipts in case you are contacted by TASC to provide more detail about a specific transaction.**

- If you use your TASC Card and are not able to provide a requested receipt, the IRS allows TASC to block your TASC Card for future use until you can either provide a receipt for the transaction in question or you have paid back the Plan for the transaction in question.

- If you accidentally use your TASC Card for an ineligible expense, you will be required to re-pay that expense to the Plan. If you fail to re-pay the Plan, your TASC Card will be blocked and the amount in question will be deducted from any subsequent claim that you submit manually. If for some reason, you don’t submit any manual claims, the IRS allows a 1099 form to be issued to you (i.e. reported as income) in the amount of the expense in question.
How do you use the TASC Card?
The TASC Card is a Mastercard debit card and works just like any other bank debit card. The card does NOT have a PIN associated with it, so you need to use the card as if it were a credit card when asked by the merchant. You can request a PIN to access MyCash funds.

Can my spouse use the TASC Card?
Once you enroll in the FSA, you will receive a welcome kit from TASC that will include an application for a TASC Card for one additional dependent – spouse or child. This additional TASC card will be supplied at no additional cost to you.

You may request one additional card for a spouse or dependent at no charge; additional cards are $10 each. Simply log in to your online account and click Manage My Card.

PLAN YEAR
To make your funds available to you as they are deducted from your paycheck, the plan year for your FSA(s) is September 1 through August 31. Be sure to take this into account when estimating your expenses – only include expenses that you will incur between September 1 and August 31.

It is necessary to re-enroll in your Medical Expense and/or Dependent Care FSA for each plan year.
The IRS permits a “grace period” of two months and 15 days following the end of your 2019-2020 plan year (August 31, 2020) for a Medical Expense FSA. This grace period ends November 15, 2020. During the grace period, you may incur expenses and submit claims. Funds will be automatically deducted from any remaining dollars in your 2019-20 Medical Expense FSA.

You should not confuse the grace period with the Plan’s “run-out period.” The run-out period extends until November 30, 2020. This is a period for filing claims incurred anytime during the 2019-20 plan year, as well as claims incurred during the grace period mentioned above.

Your Dependent Care FSA also has a “run-out period” that extends until November 30, 2020. However, the “grace period” mentioned above does not apply to this account. You may not submit reimbursement requests for expenses that occur after August 31, 2020, against the 2019-20 plan year.

Remember that for your 2019-20 FSAs, you have until November 30, 2020, to submit receipts for reimbursement.
The IRS requires FSA participants to maintain complete documentation, including copies of statements, invoices or bills for reimbursed expenses, for a minimum of one year.

WRITTEN CERTIFICATION
When enrolling in either or both FSAs, written notice of agreement with the following will be required:

- I will only use my FSA to pay for IRS-qualified expenses eligible under my employer’s Plan, and only for me and my IRS-eligible dependents;
- I will exhaust all other sources of reimbursement, including those provided under my employer’s Plan(s) before seeking reimbursement from my FSA;
- I will not seek reimbursement through any additional source; and
- I will collect and maintain sufficient documentation to validate the foregoing.
A. MEDICAL EXPENSE FLEXIBLE SPENDING ACCOUNT (FSA)

The Medical Expense FSA allows you to use pre-tax dollars to pay for medical expenses not covered under your health plan. With this account, you can pay for your out-of-pocket medical expenses during the plan year for yourself, your spouse and all eligible dependents. You and your dependents do not have to be enrolled in any other OCPS benefits to take advantage of this program.

The maximum you may place in this account for the plan year is $2,700. The minimum you may place in this account for the plan year is $200.

Whose expenses are eligible?

Your Medical Expense FSA may be used to reimburse eligible expenses incurred by:

- yourself;
- your spouse;
- your qualifying child; or
- your qualifying relative.

An individual is a **qualifying child** if they are not someone else’s qualifying child and:

- is a U.S. citizen, national, or a resident of the U.S., Mexico or Canada;
- has a specified family-type relationship to you;
- lives in your household for more than half of the taxable year;
- is 18 years old or younger (23 years, if a full-time student) at the end of the taxable year; and
- has not provided more than one-half of their own support during the taxable year.

An individual is a **qualifying relative** if they are a U.S. citizen, national or a resident of the U.S., Mexico or Canada and:

- is a tax dependent of the employee meeting the tests of either “qualifying child” or a “qualifying relative”;
- is an employee’s child that is age 26 (or younger) and will not attain age 27 at the end of the employee’s taxable year; the child is not required to be your tax dependent.
- has gross income of less than the exemption found in Section 151(d) of the Internal Revenue Code ($4,150.00 for 2018);
- has a specified family-type relationship to you, is not someone else’s qualifying child, and receives more than one-half of his/her support from you during the taxable year; or
- if no specified family-type relationship to you exists, is a member of and lives in your household (without violating local law) for the entire taxable year and receives more than one-half of his/her support from you during the taxable year.

**NOTE:** There is no age requirement for a qualifying child if they are physically and/or mentally incapable of self-care. An eligible child of divorced parents is treated as a dependent of both, so either or both parents can establish a Medical Expense FSA.

**Your medical reimbursement account is pre-funded.** This means that if you have eligible expenses at the beginning of the plan year, you may submit documentation up to your total annual election and be reimbursed before the funds are deducted from your paycheck. Funds will continue to be deducted from your paycheck throughout the year. Once you have been reimbursed the total annual election amount, you will not receive further reimbursements for that plan year.
Examples of Medical Expenses Eligible for Reimbursement*

- Acupuncture
- Ambulance service
- Artificial limbs
- Bandages
- Birth control pills and devices
- Birthing classes/Lamaze-only the mother’s portion (not the coach/spouse) and the class must be only for birthing instruction, not child rearing
- Blood pressure monitor
- Blood sugar test kits/test strips
- Chiropractic therapy/exams/adjustments
- Co-payments
- Crutches (purchased or rented)
- Deductibles and co-insurance
- Dental expenses, braces and orthodontic services, cleanings, crowns, deductibles, co-insurance, dental implants, dentures, adhesives and fillings
- Diabetic supplies
- Diagnostic tests/health screening
- Drug addiction/alcoholism treatment
- Experimental medical treatment
- Eye exams
- Eyeglasses, contact lenses and solutions, safety glasses - prescription only (warranties are not reimbursable)
- Flu shots
- Hearing aids, exams and hearing aid batteries (warranties are not reimbursable)
- Heating Pad
- Incontinence supplies
- Infertility treatments
- Insulin
- Injections and vaccinations
- Laser eye surgery; LASIK
- Legal sterilization
- Medical supplies to treat an injury or illness
- Mileage to and from doctor appointments / transportation for medical care
- Nasal strips
- Nursing services
- Optometrist’s or Ophthalmologist’s fees
- Over-the-Counter items with a prescription
- Physicals
- Physical therapy (as a medical treatment)
- Physician’s fee and hospital services
- Pregnancy test
- Prenatal vitamins
- Prescription drugs and medications
- Psychotherapy, psychiatric and psychological service
- Reading glasses
- Services connected with donating an organ
- Sleep apnea services/products (as prescribed)
- Surgery
- Wrist supports, elastic wraps
- X-ray fees
For the Disabled
- Automobile equipment and installation costs for a disabled person in excess of the cost of an ordinary automobile; device for lifting a mobility impaired person into an automobile
- Braille books and magazines in excess of cost of regular editions
- Note taker, cost of, for a hearing-impaired child in school
- Seeing eye dog (buying, training and maintaining)
- Special devices, such as a tape recorder or typewriter for a visually impaired person
- Visual alert system in the home or other items such as a special phone required for a hearing-impaired person
- Wheelchair or autoette (cost of operating/maintaining)

NOTE: Budget conservatively. No reimbursement or refund of Medical Expense FSA funds is available for services that do not occur within your plan year and grace period.

*IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply and will be supplied to you following enrollment.

Medical Expenses Not Eligible for Reimbursement
- Expenses and treatments for cosmetic purposes
- Vision warranties and service contracts
- Prepayment for medical expenses not yet rendered. Medical services do not have to be paid but must have been rendered during the plan year, to be eligible for reimbursement.
- Premiums for insurance policies
- Expenses paid by an insurance company: Expenses paid by an insurance company are not eligible for reimbursement – only the portion you have to pay out of your pocket for your medical expenses is eligible for reimbursement.

Over-the-Counter (OTC) Items
Over-the-counter items, medicines and drugs are not eligible for reimbursement through a medical FSA unless you have a prescription or letter of medical necessity from a doctor.

You may be reimbursed for OTC items, medicines and drugs through your Medical Expense FSA if:
- the item, medicine or drug was used for a specific medical condition for you, your spouse and/or your dependent(s);
- the submitted receipt clearly states the purchase date and name of the item, medicine or drug;
- the reimbursement request is for an expense allowed by your employer’s Medical Expense FSA Plan and IRS regulations; and
- you submit your reimbursement request in a timely and complete manner already described in your benefits enrollment information.

NOTE: OTC items, medicines and drugs, including bulk purchases, must be used in the same plan year in which you claim reimbursement for their cost. The list of eligible OTC categories will be updated on a quarterly basis by TASC. As soon as an OTC item, medicine or drug becomes eligible under any of the categories below, it will be reimbursable retroactively to the start of the then current plan year.
Examples of OTC Items Eligible for Reimbursement that will require a Letter of Medical Necessity or prescription for reimbursement:

- Antacids or indigestion relievers
- Allergy medicine
- Calamine lotion
- Cough drops/throat lozenges
- Diaper rash ointment
- Eye drops
- First aid cream
- Hemorrhoid creams and treatments
- Hydrogen peroxide
- Menstrual pain relief
- Motion sickness pills
- Muscle or joint pain cream
- Nasal sinus sprays
- Nicotine gum or patches
- Rubbing alcohol

Healthcare expenses requiring additional documentation

_The following expenses are eligible only when incurred to treat a diagnosed medical condition. Include a letter from your physician along with your request for reimbursement that contains the medical necessity of the expense, the diagnosed condition, the onset of the condition and the physician’s signature._

- Acne treatments and medications
- Breast Pump
- Ear plugs
- Estrovin
- Eyedrops/Visine
- Glucosamine
- Massage treatments
- Nursing services for care of a special medical ailment
- Orthopedic inserts or shoes (excess cost of ordinary shoes)
- Over-the-Counter drugs and medications (effective January 1, 2011)
- Oxygen equipment and oxygen
- Propecia/Rogaine (only eligible for a medical condition)
- Speech therapy
- Sunscreen or suntan lotion
- Support hose
- Varicose vein treatment
- Veneers
- Wigs (for mental health condition of individual who loses hair because of a disease)

Examples of OTC Items Ineligible for Medical FSA

Toothpaste, lip moisturizer, face cream, daily vitamins, suntan lotion, etc.
B. DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

The Dependent Care FSA allows you to pay for daycare expenses for your dependents with tax-free dollars while you (and your spouse) are at work. You may use your Dependent Care FSA to receive reimbursement for eligible dependent care expenses for qualifying individuals.

A qualifying individual includes a qualifying child, if they:

- are 13 years old or younger (other than in the case of total disability);
- are a U.S. citizen, national or a resident of the U.S., Mexico, or Canada;
- have a specified family-type relationship to you;
- live in your household for more than half of the taxable year;
- have not provided more than one-half of their own support during the taxable year.

Please note: If you are legally separated or divorced, you can claim reimbursement for Dependent Care expenses only if you are the custodial parent for the greater portion of the calendar year, regardless of which parent is entitled to the dependency exemption on the tax return. For additional guidance on your eligibility to claim Dependent Care expenses, refer to the IRS Publication 503, Child and Dependent Care Expenses. The publication may be accessed at https://www.irs.gov/pub/irs-pdf/p503.pdf.

A qualifying individual includes your spouse, if they:

- are physically and/or mentally incapable of self-care;
- live in your household for more than half of the taxable year; and
- spend at least eight hours per day in your home.

A qualifying individual includes your qualifying relative, if they:

- are a U.S. citizen, national or a resident of the U.S., Mexico or Canada;
- are physically and/or mentally incapable of self-care;
- are not someone else’s qualifying child;
- live in your household for more than half of the taxable year;
- spend at least eight hours per day in your home; and
- receive more than one-half of their support from you during the taxable year.

NOTE: Only the custodial parent of divorced or legally separated parents can be reimbursed using the Dependent Care FSA. For dependent care expenses to be eligible for reimbursement, you must be working during the time your eligible dependents are receiving care. If you are married, your spouse must be either working at the time the daycare services are provided, a full-time student for at least five months during the year or mentally or physically disabled and unable to provide care for him or herself.

The annual maximum contribution to a dependent care account must not exceed $5,000 if you are married filing jointly, or single and file Head of Household. The annual maximum contribution to a dependent care account must not exceed $2,500 if you are married and file Federal tax returns separately. The maximum also must be reduced by the amount your spouse is contributing to a dependent care reimbursement account through his/her employer.

If you participate in a Dependent Care FSA, you cannot take the full dependent tax credit on your income tax return. As a general rule, an employee/couple with a total income of $30,000 or less and only one child will likely realize a greater savings by taking advantage of the tax credit (for the dependent tax credit, the lesser the income, the greater the savings). If you set aside less than the IRS dependent care tax credit, you will be able to deduct the difference between your reimbursement from your Dependent Care FSA and the IRS dependent tax credit.
Eligible Dependent Care Expenses*

- After school care
- Baby-sitting fees
- Daycare services
- In-home care/au pair services
- Nursery and preschool
- Summer day camps

NOTE: Budget conservatively. No reimbursement or refund of Dependent Care FSA funds is available for services that do not occur within your plan year.

*IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply and will be supplied to you following enrollment.

Dependent Care Expenses Not Eligible for Reimbursement

- Books and supplies;
- Child support payments or child care if you are a non-custodial parent;
- Health care or educational tuition costs;
- Services provided by your dependent, your spouse's dependent or your child who is under age 19.

Your dependent care reimbursement account is not pre-funded. This means that you will only be reimbursed up to your account balance at the time you submit your claim. If your claim is for more than your account balance, the un-reimbursed portion of your claim will be tracked by TASC. You will be automatically reimbursed as additional deductions are taken and deposited into your account, until your entire claim is paid out.

NOTE: Because of the way the deductions are taken and the fact that you must pay the daycare, the first month of this Plan creates a negative cash flow. In the subsequent months, the reimbursement from the previous month’s deduction can be used to pay the daycare for the current month.

*IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply and will be supplied to you following enrollment.

IRS RULES APPLY

Consider these points before enrolling in either account:

- Before the beginning of each plan year, you designate the amount you wish to contribute to your FSA(s) for the year. Money set aside for healthcare expenses cannot be used for dependent care or vice versa.
- You may not change your annual contributions unless there is a change in family status, such as marriage, divorce, birth, adoption or death. To submit a change in family status, contact your employer.
- The Plan is “use it or lose it.” At the end of the grace period, you forfeit any unspent money in your FSA(s).

IT IS IMPORTANT TO BE CONSERVATIVE IN YOUR ESTIMATES.

There is a worksheet provided for you at the end of this section to assist you in estimating your eligible annual expenses. Remember, it is necessary to re-enroll in your Medical Expense and/or Dependent Care FSA for each plan year. The IRS requires FSA participants to maintain complete documentation, including keeping copies of statements, invoices or bills for reimbursed expenses for a minimum of one year.

IRS regulations do not allow money to be transferred between FSAs. You cannot transfer unused funds from healthcare to dependent care accounts or vice versa.
REIMBURSEMENT PROCESS

You should use your FSA TASC Card wherever it is accepted. If you don’t use your TASC Card, you must submit your claims manually.

To obtain a manual reimbursement from your Medical Expense FSA, you can submit a claim online and upload or fax receipts or you can complete your customized claim form and attach itemized documentation that includes:

- an invoice or bill from your health care provider listing the date you received the service, the cost of the service, the specific type of service and the person for whom the service was provided;
- or
- an Explanation of Benefits (EOB)* from your health insurance provider that shows the specific type of service you received, the date and cost of the service and any uninsured portion of the cost;
- and
- a written statement from your healthcare provider, indicating the service was medically necessary if those services could be deemed cosmetic in nature, accompanied by the invoice or bill for the service.

*EOBs are not required if your coverage is through an HMO.

To obtain a manual reimbursement from your Dependent Care FSA, you must complete your customized claim form and attach itemized documentation that includes:

- the name, age and grade of the dependent receiving the service;
- the cost of the service;
- the name and address of the provider; and
- the beginning and ending dates of the service.

Claim forms will be sent to your home address after you enroll in the program. If you do not receive a claim form or have any questions regarding your FSA, please contact TASC at 1-800-422-4661. You may view your FSA balances, check reimbursements status, manage card and update profile and claims history and download a Request for Reimbursement (Claim) Form by logging in to your account at www.tasconline.com.
FLEXIBLE SPENDING ACCOUNT WORKSHEET

This worksheet will help you determine your annual expenses for your Medical Expense FSA and your Dependent Care FSA.

**MEDICAL EXPENSE FLEXIBLE SPENDING ACCOUNT**

<table>
<thead>
<tr>
<th>Eligible Medical Expenses</th>
<th>Annual Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductibles, Co-payments for Health Plan</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Vision Expenses (including Lasik Surgery)</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Dental Expenses</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Prescription Co-payments</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Orthodontic Care</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Lab Fees</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Other Eligible Expenses</td>
<td>$ ____________</td>
</tr>
<tr>
<td><strong>Total Estimated Medical Expenses</strong></td>
<td>$ ____________</td>
</tr>
<tr>
<td><strong>for the Plan Year (Max. $2700)</strong></td>
<td></td>
</tr>
</tbody>
</table>

**DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT**

<table>
<thead>
<tr>
<th>Eligible Dependent Care Expenses</th>
<th>Annual Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Daycare Expenses</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Preschool Expenses</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Summer Day Camp Expenses</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Adult Daycare Expenses</td>
<td>$ ____________</td>
</tr>
<tr>
<td>Other Eligible Expenses</td>
<td>$ ____________</td>
</tr>
<tr>
<td><strong>Total Estimated Dependent Care Expenses</strong></td>
<td>$ ____________</td>
</tr>
<tr>
<td><strong>for the Plan Year (Max. $5,000)</strong></td>
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</table>