

New!
OTC Eligibility
Changes for 2011

Flexible Spending Accounts

*"Give Yourself a
Raise!"*



Planned
Benefit
Systems

A WageWorks Company

"Signing up for my Flexible Spending Account was such a smart move! Our medical co-pays just seem to keep going up every year and the FSA program helps us keep those increases in check."

Kathy R.



Medical

Acupuncture
Alcoholism &
Drug Addiction
Rehabilitation
Allergy Shots
Ambulance Fees
Artificial Limbs
Asthma Meds
Blood Pressure
Monitors
Childbirth
Classes
Chiropractic
Co-Insurance
Co-Payments
Contraceptives
Deductibles
Diabetic
Supplies &
Monitors
Durable Medical
Equipment
Flu Shots
Hearing Aids &
Batteries
Immunizations
Infertility
Treatments
Learning Dis-
ability Treatment
Medical Supplies
Nebulizers
Orthotic Inserts
Physical Therapy
Pregnancy Tests
Prenatal Care
Prescriptions
(Including mail
order from U.S.)
Psychiatric Care
Respiratory Aids
Smoking
Cessation
Speech Training

Section 125 Flexible Spending Accounts

What is a Flexible Spending Account?

A Flexible Spending Account (FSA) is an extremely popular IRS approved plan that allows you to pay for eligible medical, dental, vision and dependent care expenses for you and your family with a portion of your salary that is NOT taxed.

Why should I participate?

Quite simply, because it will save you money! Why not pay for expenses you will undoubtedly incur with *pre-tax* rather than *post-tax* dollars?

For each \$100 you earn, the government takes a minimum of 15% for Federal taxes, 7.65% for Social Security/Medicare taxes and state taxes come out on top of that, if you have them, often leaving only about \$70 for each \$100 you earn!

An FSA allows you to redirect the money you spend on Health Care or Dependent Care into a separate account which will not be taxed. For each \$100 you earn, you get the WHOLE \$100 to spend on these types of expenses.

Participating in your FSA plan could save you HUNDREDS of dollars each year. It really just makes sense.

How does it work?

First of all, a Section 125 Plan allows you to pay for your company sponsored healthcare premiums with pre-tax dollars. You don't even have to sign up for this benefit, your company is already providing it. Plus, a Section 125 Plan includes two types of Flexible Spending Plans:

Healthcare FSA

Healthcare expenses include out-of-pocket medical, dental and vision related expenses incurred by you AND your dependents. The entire amount you elect to put in this plan for the year is available to you on the first day of your eligibility. In other words, this is a "prefunded" account. Note: if you or your spouse are participating in a Health Savings Account (HSA), you are restricted to a *Limited Purpose FSA*, which allows eligible dental and vision expenses only.

Dependent Care FSA

Dependent Care costs include daycare expenses that allow you and your spouse (if you're married), to work, seek work, or attend school full-time. Eligible expenses apply to children under 13 or other dependents requiring care such as elderly parents. Unlike the Healthcare FSA, the Dependent Care FSA is NOT prefunded. Claims are paid as contributions are made.

Make no mistake—taking advantage of the Dependent Care FSA may save you over \$1,000 each year!

How much will it cost me?

Great news! Your employer is sponsoring this plan so it costs you NOTHING to participate.

How do I enroll?

You must complete an FSA enrollment form each year during open enrollment. See your HR contact for details.

How much should I elect to put into my FSA?

That really depends upon your family's expenses. We recommend using a worksheet to review your previous years' expenses and estimate your upcoming out-of-pocket expenses. Take a good look at the list of eligible items. Consider any upcoming dental work, medical procedures, maintenance drugs, eyeglasses, etc. you and your family members may purchase during the plan year.

The maximum amount you may elect to put into your Healthcare FSA is determined by your employer. The Dependent Care household maximum is \$5,000 per year if married and filing jointly or \$2,500 if filing separately.

Be conservative when determining your election amount(s). Any funds remaining in your account after the plan run-out period become the property of your employer.

How does the money I elect get INTO my FSA?

Your annual election(s) will be divided equally by the number of payroll periods in your plan year. This amount will be deducted from your paycheck BEFORE any taxes are taken.

How do I get money OUT of my FSA ?

There are two ways: the quickest way is to use your PBS Benefits Card when paying for an eligible, out-of-pocket expense.

Soon after enrolling, you'll receive your PBS Benefits Card "loaded" with your Healthcare FSA annual election amount.

Use it to pay at the point-of-sale for all your eligible expenses. The amount paid will automatically be deducted from your Healthcare FSA. Per IRS guidelines, you may be asked to submit a receipt for your expenses, so BE SURE TO KEEP YOUR RECEIPTS.

If you cannot use your PBS Benefits Card, you may pay for the expense with your own funds. Submit the receipt along with a claim form to PBS and we will either mail you a reimbursement check or make a payment directly into your checking account (if direct deposit is available with your plan). Or for quicker service, submit your claim using our Online Claim Submission tool available on the PBS website.



Use your PBS Benefits Card for access to your FSA funds in seconds!



"We really take advantage of our FSA. Last year, I used it to pay for LASIK vision correction and it was a life-saver when our son ended up in the Emergency Room."

Anne & Steve D.

Flexible Spending Plan Considerations

Eligibility & Enrollment

Expenses incurred by you AND your tax dependents are eligible under this plan.



Remember to re-enroll every year you wish to participate.

You DON'T have to participate in your group medical insurance to participate in the Flexible Spending Plans.

Grace Period

Your employer may choose to adopt a Grace Period which allows you to incur FSA expenses for up to an additional 2½ months after your Plan Year ends. Check with your HR contact to see if this applies to your FSA plan.

Your Election Is Locked

Your annual election is locked for the Plan Year unless you incur one of the following changes in status:

- ⇒ Change in marital status
- ⇒ Change in dependent status
- ⇒ Change in employment status
- ⇒ Change in daycare or provider expense (Dependent Care only)

Check with your employer for a detailed description of YOUR plan.

Eligible & Ineligible Expenses

- Out-of-pocket medical expenses, prescription drugs, deductibles, co-payments, dental, and vision related expenses are all eligible.
- See the sidebars for some eligible expenses or check the PBS website for a more complete FSA list.
- Expenses must be incurred during the FSA Plan Year (or Grace Period if offered) to be eligible. Note: This does not mean when the expense is actually paid.

Using the PBS Benefits Card

- Use your PBS Benefits Card to pay for eligible FSA expenses whenever possible.
- Spouse cards may be available.
- ALWAYS get a receipt for any FSA expense.
- Remember, the Dependent Care plan is NOT prefunded. Claims will be paid out as contributions are made to your account. For quickest payment, sign up for direct deposit if it is available through your plan.

Which Debit Card Transactions May be Auto-Approved?

- Standard co-pay amounts (up to five co-pays)
- Items deemed eligible through an Inventory Information Approval System (IIAS)
- Recurring expenses (which have been previously substantiated)

PBS will contact you if additional documentation is required—be safe and KEEP THE ITEMIZED RECEIPT each time you use your PBS Benefits Card.

Over-the Counter Medicines

In early 2010, the Affordable Care Act changed the eligibility of over-the-counter (OTC) drugs under an FSA: Beginning January 1, 2011, OTC medicines will NOT be eligible for reimbursement under healthcare Flexible Spending Accounts unless the OTC drug is prescribed by a physician. Non “drug” over-the-counter items will continue to be eligible without prescription under these plans.

In addition, the new law prohibits use of an FSA debit card to pay for OTC medicines. Instead, please submit a claim along with the receipt showing the prescription number or actual prescription to PBS for reimbursement.

Expense Documentation

- Flexible Spending Accounts are regulated by the IRS.
- While many expenses paid with your PBS Benefits Card may automatically be approved, others may require documentation in order to comply with IRS regulations.
- If requested, please submit a receipt containing the following:
 - ⇒ Date of service/item purchased
 - ⇒ Description of service/item
 - ⇒ Provider/merchant name
 - ⇒ Person receiving services
 - ⇒ Amount you are required to pay

Filing Claims

Submit a completed claim to PBS for reimbursement in one of these ways:

1. Online Claim Submission (OCS): Go to the PBS website and select “Filing Claims”. Enter your PBS Employer code (ask us if you are not sure or check the front of your card). Once your claim is completed, print the Substantiation Cover Sheet, attach your receipts, and fax both to PBS or simply upload your receipts and submit everything electronically.
2. Submit a Manual Claim: Download the Healthcare and/or Dependent Care claim form from www.pbs.us.com. Complete the claim, sign it, and then fax, email or mail it along with your receipts to PBS.

Either way, PBS will review your claim and send your reimbursement via check or direct deposit (if available).



Eligible Over-The-Counter

- Band Aids
- Birth Control
- Braces & Supports
- Catheters
- Denture Adhesives
- Diabetic Supplies
- Diagnostic Tests & Monitors
- Elastic Bandages & Wraps
- First Aid
- Ostomy Products
- Reading Glasses
- Wheelchairs, Walkers, Canes & Crutches

Eligible Dental

- Cleanings
- Crowns/Bridges
- Dentures
- Fillings
- Oral Surgery
- Orthodontia
- Root Canals

Eligible Vision

- Contacts & Solutions
- Corrective Eyeglasses
- Eye Exams
- LASIK Vision Correction

Eligible Dependent Care

- Before/After School Care
- Day Camp
- Daycare
- Preschool

“We elect \$5,000 each year for Dependent Care expenses. It saves us over \$1,300 per year! Plus, receiving our reimbursements via direct deposit really helps our family’s cash flow.”

Mark & Lori R.

FSA Tips & Tools

DO DO DO



DO enroll in the Healthcare FSA if you estimate your eligible expenses to be \$200 or more per year.

DO include your dependents when determining your annual election. Remember, your FSA is a “family” account.

DO use your PBS Benefits Card at retailers who have adopted an IIAS to purchase eligible FSA items. The items will be substantiated at the point-of-sale and no further receipts required. Wal-Mart, Sam’s Club, Target, Walgreens are a few examples.

DO keep ALL receipts! Any time you use FSA funds to pay for an eligible expense, you must obtain a detailed receipt. The IRS requires it! If you receive a receipt request from PBS, fax it to us along with the request form.

DO utilize the Online Claim Submission to submit paper claims. You will receive your reimbursement quicker than faxing us a claim. Check it out at www.pbs.us.com.

DO access your FSA account on line to check your account balance, the status of a claim, or print a statement by logging on to www.pbs.us.com.

DO spend all your money by the plan year end. Remember, all costs must be INCURRED by the end of the plan year (or Grace Period if applicable) in order to be eligible for reimbursement. Plus, all claims must be SUBMITTED to PBS before the end of the run-out period.

DO sign up for direct deposit if your employer offers this option. Your FSA reimbursements will be deposited directly into the bank account you designate.

DO choose “credit” rather than “debit” when using your PBS Benefits Card.

DO protect your account! Report a lost or stolen card right away by calling or emailing Planned Benefit Systems. We also encourage you to check your accounts often for unauthorized activity.

DON'T DON'T DON'T

DON'T enroll in the Dependent Care FSA unless you have child care expenses. The dependent care account is NOT for medical expenses incurred by your dependents.

DON'T overestimate your expenses when determining your annual election. Funds not used by the plan year end will be forfeited to your employer.

DON'T buy ineligible expenses with your PBS Benefits Card because you will just be required to pay the plan back. Take a minute to review items before your buy.

DON'T submit claims for expenses paid by your insurance. Submit medical, dental and vision expenses to your insurance carrier first, then submit an Explanation of Benefits (which indicates your portion of the expense) for FSA reimbursement. Also, don't submit paper claims for expenses that have already paid with your PBS Benefits Card.

DON'T delay if you receive a receipt request because if we do not receive your receipt in a timely manner, **your PBS Benefits Card may be temporarily deactivated.** Receipts are required due to IRS compliance guidelines.

WHERE TO GO FOR WHAT

Planned Benefit Systems is your FSA administrator. Go to our website at www.pbs.us.com for:

- Online Claim Submission
- Claim & Direct Deposit Forms
- Eligible Expenses
- Spouse Card Requests
- To Access your FSA Account
- General FSA Information

Phone: 800-800-0133 (Toll free)
303-221-2783 (Denver)

Fax Claims: 303-221-2785
Email: help@pbs.us.com

Mail Claims: P.O. Box 4594
Greenwood Village, CO 80155-4594



“I love the fact that I can use my FSA debit card to pay for eligible expenses. Not having to pay for those large medical, dental and vision bills out of my own pocket is a real benefit for me.”

Donna L.

POTENTIALLY ELIGIBLE FSA EXPENSES*

Massage Therapy*

Orthopedic Shoes*

OTC Items*:

- Allergy/Sinus
- Cold Meds
- Cough Suppressants
- Digestive Aids
- Laxatives
- Pain Relievers/ Fever Reducers
- Sleep Aids

Personal Trainer*

Vitamins, Herbs & Supplements*

* Must be prescribed for a specific medical condition; in these cases a prescription or Certificate of Medical Necessity form must be provided.

INELIGIBLE FSA EXPENSES

Breast Pumps

Cosmetic Products & Procedures

Exercise Equipment

Food (any kind)

Funeral Expenses

Hair Growth Meds

Health Club Dues

Insurance Premiums

Menstrual Supplies

Oral Hygiene Products

Pre-payments or Pre-treatments

Rx purchased OUTSIDE USA

Sundries (lotion, toothpaste, etc.)