

Cafeteria Plan Basics for Employees

Dependent Care Reimbursement

Your dependent care flexible spending account is a reimbursement account offered by your employer as part of your benefits package. Enrolling in a dependent care FSA plan saves you money. It allows you to use pre-tax dollars to pay for eligible dependent care FSA expenses, such as day care, preschool, or after-school care for a qualified individual.

IMPORTANT: A dependent care FSA is used to pay for eligible, work-related expenses for the care of a qualified individual, such as day care, preschool, babysitting expenses, or elder care. It is not used to pay for health care expenses incurred by a qualified individual. You can use a health FSA to pay for health care expenses incurred by qualified individuals

Participation in a dependent care FSA is your choice. If you decide to enroll, you must satisfy any FSA eligibility requirements set up by your employer. The complete rules and regulations for your plan are available in the plan's Summary Plan Description (SPD).

IRS Regulations

Dependent care FSAs are regulated by IRS rules for FSA plans. Some rules are specific to a dependent care FSA and do not apply to a health FSA.

IMPORTANT: Please review the following information so you are aware of the rules that apply to your dependent care FSA.

Qualified Individuals

Your dependent care expenses must be for qualified individuals, including:

- Your dependent child under the age of 13 who lives with you for more than half the year
- Your spouse or other tax dependent who is physically or mentally incapable of self-care and lives with you for more than half the year

If you are divorced, IRS guidelines state that a child is a qualified dependent of the "custodial parent." Only the custodial parent may participate in a dependent care FSA. A divorced, non-custodial parent cannot be reimbursed under a dependent care FSA, even if the divorced parent claims the child as a tax dependent



Cafeteria Plan Basics for Employees

Eligible Dependent Care FSA Expenses

Only [eligible expenses](#) can be reimbursed under the FSA. These expenses are defined by the [Internal Revenue Code](#) and your employer's plan.

Dependent care expenses must be incurred during the coverage period so you (and your spouse, if married) can work or look for work. Full-time students who attend school for at least five months during the tax year may also incur dependent care expenses. "Work" may include actively looking for work, but it does not include unpaid volunteer work or volunteer work for a [nominal salary](#).

A dependent care FSA covers qualified dependent care expenses incurred for the care of one or more qualifying individuals.

Eligible Expenses

- Before-school and after-school care
- Expenses for preschool/nursery school
- Extended day programs
- Au pair services (amounts paid for the actual care of the dependent)
- Baby sitter (in or out of the home)
- Nanny services (amounts paid for the actual care of the dependent)
- Summer day camp for your qualifying child under the age of 13
- Elder day care for a qualifying individual

Ineligible Expenses

- Amounts paid to your spouse, your child under age 19, a parent of your child who is not your spouse or an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent
- Expenses related to a disabled spouse or tax dependent living outside your household
- Educational expenses
- Tuition for kindergarten and above
- Food expenses (unless inseparable from care)
- Incidental expenses (such as extra charges for supplies, special events, or activities unless inseparable from care)
- Overnight camp

Expenses reimbursed under your dependent care FSA cannot be used to claim any federal income tax deduction or credit.



Cafeteria Plan Basics for Employees

Reimbursement Requests

A Request for Reimbursement Form is used to submit a reimbursement claim. After you complete the Request for Reimbursement Form, submit it to Bern & Pugh, Inc. along with appropriate supporting documentation.

All dependent care reimbursement requests must include a completed and signed provider certification (noted on the reimbursement form). If you do not have provider certification, complete the reimbursement form and submit an itemized statement from the [dependent care provider](#) that includes:

- Start and end dates of service
- Dependent's name and date of birth
- Itemization of charges
- Provider's name, address, and tax ID or Social Security number

Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

The maximum reimbursement you may receive is equal to the current account balance in your dependent care FSA. If your reimbursement request is more than your available balance, the remaining amount will be placed in a pending status. The pended amount will be paid when additional funds are posted to your account

Submitting Reimbursement Requests

You can submit your reimbursement requests three ways.

- **Email:** Submit your completed reimbursement form and supporting documentation using the email address listed on the form. You will need a scanner to do this.
- **Fax:** Submit your completed reimbursement form and supporting documentation using the fax number listed on the form.
- **Mail:** Send in your completed reimbursement form and copies of your supporting documentation using the address noted on your form.



Cafeteria Plan Basics for Employees

Health FSA Reimbursement

Your health flexible spending account is a reimbursement account offered by your employer as part of your benefits package. Enrolling in a health FSA plan saves you money. It allows you to use pre-tax dollars toward eligible health FSA expenses that are not covered by your health, vision, or dental plan.

Participation in a health FSA is your choice. If you decide to enroll, you must satisfy any FSA eligibility requirements set up by your employer. The complete rules and regulations for your plan are available in the plan's Summary Plan Description (SPD).

IRS Regulations

Health FSAs are regulated by IRS rules for FSA plans. Some rules are specific to a health FSA and do not apply to a dependent care FSA.

Eligible Health FSA Expenses

Only eligible expenses can be reimbursed under the FSA. These expenses are defined by Internal Revenue Code § 213(d) and your employer's plan.

Generally, eligible expenses include items that are meant to diagnose, cure, mitigate, treat, or prevent illness or disease. This also includes transportation for medical care. However, expenses such as cosmetic surgery, insurance premiums, vitamins, and items for general well-being are not eligible expenses.

As part of the changes introduced by the recent health care reform acts, beginning January 1, 2011, over-the-counter (OTC) medicines and drugs are no longer be eligible for reimbursement under your health FSA unless prescribed by a doctor (or another individual who can legally issue a prescription) in the state in which you purchase the OTC medicines.

Health FSA expenses must be incurred by you, your spouse, or your eligible dependents during the current plan year and while you are an active participant in the FSA plan. Medical care expenses are incurred when you (or your spouse or dependents) are provided with medical care- not when you are formally billed, charged for, or pay for the medical care.

Only qualified "out-of-pocket" expenses are eligible for reimbursement. Expenses previously reimbursed by your health FSA or covered by any other plan or program are not eligible for reimbursement. There's no "double-dipping" allowed.

Expenses reimbursed under your health FSA may not be used to claim any federal income tax deduction or credit.

Need more information or expense examples? Go to our www.bphealthmt.com to the Plan Info Page.



Cafeteria Plan Basics for Employees

Your FSA Election

The election is your contribution amount - the amount that you put into your health FSA when you enroll. Your employer determines the minimum (if any) and maximum election amounts for your plan.

Health FSAs are unique. Your annual health FSA election is available on the first day of the FSA plan year. But your total FSA election amount is deducted from your paycheck in equal amounts throughout the year. You can use your health FSA funds anytime during the plan year - as long as funds remain in your account.

Reimbursement Requests

A Request for Reimbursement Form is used to submit a reimbursement claim. The expenses listed must be incurred by you, your spouse, or dependent during the coverage period and the dates noted on the reimbursement form.

After you complete the Request for Reimbursement Form, submit it to Bern & Pugh, Inc. along with appropriate supporting documentation.

Supporting Documentation

- **For office visits:** Your health plan's Explanation of Benefits (EOB) statement or an itemized receipt or bill from the provider that includes the patient's name, a description of the service, the original date of service and your portion of the charge.
- **For prescription drugs:** A pharmacy statement or receipt from your pharmacy including the patient's name, the Rx number, the name of the drug, the date the prescription was filled, and the amount.
- **For over-the-counter medicines:** A written or electronic OTC prescription along with an itemized cash register receipt that includes the merchant name, name of the OTC medicine or drug, purchase date, and amount, OR a printed pharmacy statement or receipt from a pharmacy that includes the patient's name, the Rx number, the date the prescription was filled, and the amount.
- **For over-the-counter health care-related products:** An itemized cash register receipt with the merchant name, name of the item/product, date, and amount.
- **For dual-purpose items or programs:** A Medical Determination Form that has been completed by a doctor is required for dual-purpose items or programs that have both a medical purpose and a general health, personal, or cosmetic purpose. See specific details for each dual-purpose item or program in our eligible expenses list.

Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

For some expenses, a Medical Determination Form from a doctor may be required.



Cafeteria Plan Basics for Employees

Submitting Reimbursement Requests

You can submit your reimbursement requests four ways.

- **Email:** Submit your completed reimbursement form and supporting documentation using the email address listed on the form. You will need access to a scanner to do this.
- **Fax:** Submit your completed reimbursement form and supporting documentation using the fax number listed on the form.
- **Mail:** Send in your completed reimbursement form and copies of your supporting documentation using the address noted on your form.
- **Benny Card:** You can use the Benny Card to pay for qualified medical expenses. No claim forms to submit.

Unused FSA Funds

Your FSA contributions are subject to the IRS "use-it-or-lose-it" rule. Any **unused funds** that remain in your health FSA will be forfeited at the end of the plan year. Only FSA funds up to \$500.00 will rollover to the following year. The funds unused over \$500.00 cannot be paid to you in cash or other benefits.

Your FSA plan includes a **run-out period**. These features can help you avoid losing funds through the "use-it-or-lose-it" rule.

Run-out Period

A run-out period is a pre-determined period after the plan year ends. During this time period, you may file claims for expenses incurred during the plan year. When the run-out period is over, you forfeit any unused funds over the \$500.00 rollover amount. It's an IRS rule.

How this works: Your plan year ends on December 31, but your plan includes a run-out period. You have until February 28 to submit claims incurred from January 1 to December 31 of the previous year.

