



# benefit strategies

## Health Care Reimbursement Account (HCA)

Under the Flexible Spending Account (FSA) is the Health Care Reimbursement Account (HCA). This program allows you to take money out of your paycheck on a pre-tax basis, which you can use for all of your out of pocket health care expenses. Since the money you choose to put into these accounts is not considered taxable income, you save by paying less Federal, State and FICA taxes. You could save between \$22.65 and \$48.65 on every \$100 you choose to defer into these accounts.

Your employer determines the minimum and maximum amounts that can be contributed to these accounts. Once you conservatively estimate how much money you expect to spend on out-of-pocket health care expenses for the year you divide your total election by the number of pay periods. This amount will show you how much will be deducted from your paycheck each pay period. Since the HCA is a pre-funded account, the full amount of the annual election is available to you starting the first day of the plan and is available at all times during the plan year while you are employed.

### **Please keep in mind!**

- You can enroll in an HCA even if you are not participating in your Employer's medical plan.
- Monies in your HCA are available to be used for your legal tax dependents.
- The full amount of your annual election is available on the first day of the plan!
- Once an annual election is made you're locked in. Changes can only occur under certain qualifying IRS events.
- You must estimate conservatively, any unused monies are forfeited to your employer.

## **Election Worksheet**

| <b>Health Care Expenses Per Plan Year</b>            | <b>For You</b> | <b>Spouse</b> | <b>Children</b> |
|--|----------------|---------------|-----------------|
| Medical Deductibles                                  | \$             | \$            | \$              |
| Dental Deductibles                                   | \$             | \$            | \$              |
| Medical Co-payments                                  | \$             | \$            | \$              |
| Dental Care / Orthodontia                            | \$             | \$            | \$              |
| Prescription Drugs & Co-pays                         | \$             | \$            | \$              |
| Medical Supplies                                     | \$             | \$            | \$              |
| Chiropractic Services                                | \$             | \$            | \$              |
| Eye Exams / Lasik Surgery                            | \$             | \$            | \$              |
| Eyeglasses, Contact Lenses, Solutions and Supplies   | \$             | \$            | \$              |
| Other Expenses:                                      | \$             | \$            | \$              |
| <b>Total Expenses:</b>                               | <b>(A) \$</b>  | <b>(B) \$</b> | <b>(C) \$</b>   |
| <b>Total Family Expenses (A+B+C):</b>                | <b>(D) \$</b>  |               |                 |
| <b>Number of pay periods in plan year:</b>           | <b>(E)</b>     |               |                 |
| <b>Contribution per pay period (D divided by E):</b> | <b>(F) \$</b>  |               |                 |

\*Please refer to the back of this sheet for examples of qualified expenses

### Acceptable Medical Expenses

|                      |                                      |                    |   |
|----------------------|--------------------------------------|--------------------|---|
| Acupuncture          | Group therapy                        | Laboratory fees    | Psychoanalysis and mental health therapy  |
| Chiropractic therapy | Hearing aids & batteries             | Lasik eye surgery  | Vision care   |
| Contact lenses       | Hearing care                         | Orthodontia        | Weight loss programs when specifically recommended by a physician to treat obesity or another medical condition |
| Co-pays              | Hospitalization costs                | Orthotics          | Wheelchairs   |
| Crutches             | Hypnosis for treatment of an illness | Physical exams     |   |
| Deductibles          | Immunizations                        | Physical therapy   |   |
| Dental care          | Individual therapy                   | Physician services |   |
| Diabetic supplies    |                                      | Prescription drugs |   |
| Eye exams & glasses  |                                      |                    |   |

### Unacceptable Expenses

|                        |   |
|------------------------|---|
| Aromatherapy           | Family therapy  |
| Childrearing classes   | Health club dues                                      |
| Cosmetic surgery       | Insurance premiums                                    |
| Cosmetic dentistry     | Marriage counseling                                   |
| Couples therapy        | Teeth bleaching performed in a dental office          |
| Custodial nursing care | Weight loss programs that are NOT medically necessary |

### Acceptable Over-the-Counter Items\*

The following OTC expenses will remain eligible after 12/31/2010 without a prescription - Debit Card will still work

|   |                                 |                                |   |
|---|---------------------------------|--------------------------------|---|
| Acne medications                            | Denture adhesives & repair      | Elastics/athletic treatments   | Home health care (wheelchairs)            |
| Antifungal (foot)                           | Denture pain relief & cleansers | Eye care                       | Nasal sprays & inhalers                   |
| Antiseptics & wound cleansers               | Diabetes testing & aids         | First aid burn remedies        | Oral remedies/treatments                  |
| Baby electrolytes & dehydration alleviation | Diagnostic products (tests)     | First aid dressings & supplies | Prenatal vitamins                         |
| Baby teething pain                          | Ear care                        | Foot care treatment            | Reading glasses & maintenance accessories |
|   |                                 | Hearing aid/medical batteries  | Smoking deterrents                        |

### Dual Use Over-the-Counter Items- Only eligible if accompanied with a doctor's directive\*

The following expenses are only eligible if accompanied with a doctor's prescription or directive after 12/31/2010 - Debit Card will not work for these items. Participants must submit manually with the doctor's prescription or directive.

|                     |                              |                           |   |
|---------------------|------------------------------|---------------------------|---|
| Acid controllers    | Anti-itch & insect bite      | Digestive aids            | Pain relief                             |
| Allergy & sinus     | Antiparasitic treatment      | Feminine antifungal       | Respiratory treatments & vapor products |
| Antibiotic products | Baby rash ointments & creams | Hemorrhoidal preparations | Sleep aids & sedatives                  |
| Anti-diarrheal      | Cold sore remedies           | Laxatives (non-fiber)     | Stomach remedies                        |
| Anti-gas            | Cough, cold & flu            | Massagers                 | Vitamins                                |
|                     |                              | Motion sickness           |   |

### Unacceptable Over-the-Counter Items

|                       |                        |
|-----------------------|------------------------|
| Baby bottles and cups | Hair re-growth systems |
| Baby wipes            | Low calorie foods      |
| Cosmetics             | Moisturizers           |
| Deodorants            | Oral care              |
| Feminine care         | Petroleum jelly        |

\*Eligible OTC expenses are subject to change as updates and more information becomes available about this IRS regulatory change. Please note that under the IIAS system there are a few select items that will not be deemed acceptable when using your FlexExpress® card. Please pay for these items using other means and submit a manual claim to our office for further review. Plan restrictions may apply, check with your plan administrator.