

MISSOULA COUNTY

INTRODUCTION TO YOUR FLEXIBLE SPENDING ACCOUNT

The month of May is the time to sign up for your Flexible Benefits Account to be effective July 1st. Your Flexible Benefits Account will be processed through Missoula County Risk & Benefits.

There are two types of accounts:

- 1) Health Care Flexible Spending Account
- 2) Dependent Day Care Flexible Spending Account

The Missoula County Flexible Benefits Account provides each eligible employee the opportunity to set aside part of his or her pay on a pre-tax basis to:

- Pay for his or her share of health insurance premiums under the health care program;
- Provide for reimbursement of un-reimbursed medical and dental expenses on a tax-free basis. The Plan helps you because the benefits you elect are nontaxable. In addition, you save Social Security and income taxes on the amount of your flexible benefit pledge amount; and
- Provide for reimbursement of dependent care expenses on a tax-free basis.

In addition to your Flexible Spending Account options, your Premium Conversion Benefit allows contributions to the health, vision and dental plans to be paid with pre-tax dollars. This means that you are not paying taxes on the contribution. If you pay your contributions with pre-tax dollars instead of post-tax dollars, your net take home pay will be higher.

Here is how a Flexible Spending Account works:

- You decide, in advance, how much to contribute to each account.
- Your contributions are automatically withheld in equal amounts – from your paychecks throughout the year before taxes are applied.
- Your contributions are credited to an account set up in your name.
- You pay for eligible expenses as you normally would. Then, you submit your receipts with a claim form for reimbursement.
- You are reimbursed tax-free so, you never pay taxes on the money you set aside in the Flexible Spending accounts!
- Claims are processed and reimbursements are issued daily.

The following are commonly asked questions and answers describing the basic features of the Plan and how it operates. Please review these questions and answers carefully, and do not hesitate to ask questions. This is your benefit, and it is important that you understand how it works and how it can help you. Please note: the questions and answers address only the key parts of the Plan. Contact the Risk & Benefits office, 523-4876 with any questions you may have.

Questions & Answers

Q1. What is the purpose of the Flexible Benefits Account?

- A. The purpose of the Plan is to permit eligible employees to elect to defer part of their pay on a pre-tax basis to defray their health insurance expenses, their un-reimbursed medical expenses and dependent care expenses.

Q2. How does the Flexible Benefits Account help me?

- A. The Health Care Flexible Spending Account is designed to help you pay for health expenses that are not covered by your basic health plans, including any deductible amounts you have to pay or copays or coinsurance amounts required by your insurance plans. Eligible expenses also include many expenses that may or may not be covered by your health plan, for example, eyeglasses, over-the-counter drugs or dental treatment.

Normally, you would pay for these expenses with after-tax income. Because taxes reduce the value of a dollar, you would have to earn considerably more than \$100 to pay for \$100 of expenses.

Q3. How does the Flexible Benefits Account work?

- A. Once you have predicted your annual medical expenses for the Plan Year you may elect to defer a portion of your salary into the flexible benefits account maintained on your behalf. You should consider your health insurance deductibles and copayments, as well as uninsured medical, dental, vision and hearing care expenses. Generally, the expenses covered must be “medically necessary” as determined by a doctor.

You must make your elections prior to the beginning of the plan year and/or your effective date. The Flexible Spending Account plan year is July 1 through June 30 with an additional

2 ½ month grace period for the health care account only. Eligible expenses must be incurred during this time frame to be eligible for reimbursement. (Incurred refers to the date the service is provided regardless of when you are billed or when you pay for it.)

Health care claims submitted or incurred 7/1-9/15 will be applied to any unused funds from the previous plan year first. Once your previous plan year’s balance has been depleted, and assuming you have elected to continue participating in the flex plan, claims with dates of service incurred after July 1, will be paid from the current plan year account balance. You have until December 15th following the end of the plan year to remit claims.

Do not include premiums paid for health insurance coverage provided by Missoula County since this is covered under the Premium Conversion Benefit.

Q4. How do I receive medical expense reimbursements under the Flexible Benefits Account?

- A. To receive reimbursement, you must complete a Flexible Benefits claim form and be sure you fill it out completely. You must submit independent, third-party documentation of your expenses with the Flexible Benefits claim form. If any of the expenses were covered by insurance, attach a copy of the ‘explanation of benefits’. For expenses not covered by insurance, send a copy of a bill or invoice identifying the service, service date, total charges and any discounts. If the required documentation is not attached, your reimbursement will be delayed. You have until December 15 to submit claims incurred during the plan year and grace period. If you leave Missoula County during the year, any money in your account can only be used to reimburse you for eligible expenses incurred through your coverage termination date. You have 90 days following your termination to submit claims. You may also be eligible for COBRA election rights under the health care flexible spending account.

Q5. Can I change my election during the Plan Year?

- A. You may change your elections during the annual enrollment period for the coming Plan Year. The enrollment period is May to be effective July 1.

Elections for the plan year cannot be changed at will during the Plan Year. Election changes are allowed only in the event of a status change as defined by the IRS. You may only change or revoke your election at any time during the Plan Year if one or more of the following occurs:

- Marriage, divorce, legal separation or annulment;
- Birth or adoption of a child;
- Death of your spouse or dependent;
- Changes in the employment status of you or your spouse or dependent, including commencement or termination of employment, strike, lockout, unpaid leave of absence, change in work site, or switch from salaried to hourly paid;
- Entitlement to COBRA continuation coverage;
- Entitlement to Medicare or Medicaid;
- Receipt by the plan of a qualified medical child support order pertaining to your dependent child;
- Eligibility criteria are satisfied (or no longer satisfied) by a dependent, such as student status or age;
- Change in residence by you or your spouse or dependent affecting eligibility;
- Change in care giver (dependent day care only); or
- Child turns 13 (dependent day care only).

If you have a status change during the plan year, you may be allowed to make a change in your benefit election that is consistent with the reason for the change. You must make your change within 31 days. Changes will be effective from the date of the event.

Q6. When will my participation in the Flexible Benefits Account cease?

- A. If you elect to participate in the Plan, your participation will continue until you separate from service with Missoula County or elect to stop making contributions under the Plan.

Q7. What is the maximum amount of salary I can deposit per pay period to a Health Care Spending Account?

- A. The maximum you may deposit to your Health Care Spending Account is \$15,000.

Q8. What is the maximum amount of salary I can deposit per pay period to a Dependent Care Spending Account?

- A. The maximum you may deposit to a Dependent Care Spending Account is \$192 per pay period, or \$5000 per Plan Year. If you are married and file separately, the maximums are \$96 per pay period, or \$2500 per Plan Year.

Q9. How often will claims be paid under the Dependent Care Spending Account?

- A. Claims will be paid each week after you submit them, up to the balance of your account. Portions of your approved but un-reimbursed expenses will be paid weekly as your account rebuilds.

Q10. What happens if there is money left in my spending account at the end of the Plan Year and I do not have any more reimbursable expenses?

- A. We encourage all employees to conservatively elect how much to deposit into the Health Care and Dependent Day Care Flexible Spending Accounts because the IRS requires that money in the accounts, not used for eligible expenses incurred in the plan year or during the 2 ½ month grace period (grace period applies to health care only), be forfeited. This is known as the “use it or lose it” rule. You will have until December 15 to submit claims on expenses incurred during the Plan Year or the 2 ½ month grace period.

EXAMPLES OF EXPENSES REIMBURSED THROUGH THE FLEXIBLE BENEFITS PLAN

DEPENDENT CARE SPENDING ACCOUNT

- Child Care Expenses
- Daycare Expenses for Eligible Dependents as necessary due to employment
- Eligible Elder Care

HEALTH CARE SPENDING ACCOUNT

Acne Medication (requiring a prescription and only if dispensed by a pharmacist)

Acupuncture
Alcohol and Drug Treatment
Ambulance
Artificial Limbs and Teeth
Birth Control Pills
Braille Books and Magazines
Car Hand Controls
Childbirth Classes
Chiropractor
Coinsurance Amounts
Cold and Allergy Medication
Crutches
Deductibles
Dental Treatment
Diabetic Supplies
Diagnostic Tests
Durable Medical Equipment
Fertility Treatments
Guide Dog
Hearing Exams and Treatment
Laboratory Services
Laser Eye Surgery
Learning Disability/Tuition to Special Schools
Medical Alert Devices
Mileage to and from Medical Services
Naturopath if Legal in Resident State (Does Not Cover Herbs & Vitamins)
Nursing Home
Nursing Services
Orthodontia
Osteopath
Over-the-Counter Medications
(Treatment for Personal Injuries or Sickness)

Physical Exams
Physical Therapy
Psychiatric and Psychologist Care
Prescription Drugs
Smoking Cessation Program and Supplies
Sunglasses – Prescription Only
Telephone for the Hearing Impaired
Transportation Primarily for Medical Treatment
Vision Care – Eye Exams – Prescription Lenses and Eyeglass Repair
Wheelchair
X-Rays

NON-COVERED EXPENSES

Cosmetic Surgery
Fitness Program
Health Club Membership
Household Help
Massage Therapy
Special Foods
Teeth Whitening
Vitamins and Minerals

This is not a complete listing of covered and non-covered items. Contact Missoula County Risk & Benefits 523-4876 for any questions,