

## MISSOULA COUNTY RISK & BENEFITS FLEXIBLE BENEFITS ACCOUNT PLAN

### Introduction Questions & Answers

The month of November is the time to sign up for your Flexible Benefits Account. Your Flexible Benefits Account will be processed through Missoula County Risk & Benefits. **Except for flexed insurance premiums, you MUST re-enroll for this benefit each year. Please complete the enclosed enrollment form and return it to Human Resources, no later than November 30th.**

There are two types of accounts:

1. Health Care Flexible Spending Account
2. Dependent Day Care Flexible Spending Account

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

1. Pay for his or her share of health insurance premiums under the health care program; and
2. Provide for reimbursement of unreimbursed 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.
3. Provide for reimbursement of dependent care expenses on a tax-free basis.

#### **Here is how 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 or explanation of benefits 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 three times per week.

Below are commonly asked questions and answers describing the basic features of the Plan and how it works. This is your benefit, and it is important that you understand how it works and how it can help you. However, you should note that 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

### 1. What is the purpose of the Flexible Benefits Account?

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

### 2. How does the Flexible Benefits Account help me?

It is likely that you might have some medical expenses that you will have to pay for in the coming plan year. For example, you or your family will have medical expenses that are subject to the deductible or copayment limits under the Missoula County Benefits Plan. Or you may incur expenses that are not reimbursed at all. Normally, you would pay for these expenses with after-tax income. And, because taxes reduce the value of a dollar, you would have to earn considerably more than \$100 to pay for \$100 of expenses.

### 3. How does the Flexible Benefits Account work?

Once you have determined your annual predictable 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 take into account your health insurance deductibles and copayments, as well as uninsured medical and dental expenses, vision care and hearing care. Generally, the expenses covered, through the flexible benefits, must be “medically necessary” as determined by a doctor. Do not take into account premiums paid for health insurance coverage provided by Missoula County (since this is covered under the Premium Conversion Benefit).

You must make your elections prior to the beginning of the Flexible Spending Benefits plan year and/or your effective date. The Flexible Spending plan year is January 1 through December 31. 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 January 1<sup>st</sup> through March 15<sup>th</sup> 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 January 1<sup>st</sup>, will be paid from the current plan year account balance. You have until June 15<sup>th</sup> following the end of the plan year to remit claims.

Dependent care claims do not have a grace period. Only those claims that incurred during the current plan year will be paid in current plan year. Claims for the previous plan year must be submitted by the following March 30<sup>th</sup>.

#### **4. How do I receive medical expense reimbursements under the Flexible Benefits Account?**

To receive reimbursement, you must complete a Flexible Benefits claim form and be sure you fill it out completely. You must submit independent, 3<sup>rd</sup>-party documentation of your expenses with the Flexible Benefits claim form. If any of the expenses were covered by insurance, attach a copy of your '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 June 15<sup>th</sup> to submit health claims incurred during the plan year and grace period. You have until March 30<sup>th</sup> to submit dependent care claims incurred during the plan year.

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.

#### **5. Can I change my election during the Plan Year?**

Generally, you may not change or vary your elections during the Plan Year. However, you may change your elections during the annual enrollment period for the coming Plan Year. The enrollment period is November to be effective January 1<sup>st</sup>.

There is an important exception to this general rule: You may change or revoke your election at any time during the Plan Year if there is one or more of the following, significant changes in your status. Such changes include:

- Your marriage, divorce, legal separation or annulment;
- Birth, adoption or placement for adoption of your 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 age or student status; or
- Change in residence by you or your spouse or dependent affecting eligibility.
- Change in care giver (dependent day care only)
- Child turns 13 (dependent day care only)

In order to change your current election, the event must relate to your election. You must make your change within 31 days. Changes will be effective from the date of the event.

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

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 Health Plan.

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

The maximum you may deposit to your Health Care Spending Account is \$2,600.

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

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.

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

Claims will be paid each week after you submit them, up to the balance of your account. Portions of your approved but unreimbursed expenses will be paid weekly as your account rebuilds. Claims will not be reimbursed prior to the date they incur.

**10. 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?**

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.

## **EXAMPLES OF EXPENSES REIMBURSED THROUGH THE FLEXIBLE BENEFITS PLAN**

**Please note, effective January 1, 2011, vitamins and supplements must be for the treatment of a medical condition. They will require a doctor's prescription indicating the diagnosis, name of vitamin or supplement and patient's name.**

### DEPENDENT CARE SPENDING ACCOUNT

- Child Care Expenses
- Day Care Expenses for Eligible Dependents as Necessary Due to Employment
- Eligible Elder Care

### HEALTH CARE SPENDING ACCOUNT

- Acupuncture
- Alcohol and Drug Treatment
- Ambulance
- Artificial Limbs and Teeth
- Braille Books and Magazines
- Car Hand Controls
- Childbirth Classes
- Chiropractor
- Co-insurance Amounts
- Cold and Allergy Medication (Need Prescription)
- Crutches
- Deductibles
- Dental Treatment
- Diabetic Supplies
- Diagnostic Treatment
- Durable Medical Equipment
- Fertility Treatments
- Guide Dog
- Hearing Exams and Treatment
- Laboratory Services
- Laser Eye Surgery
- Learning Disability / Tuition to Special School
- 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 (Needs Prescription)
- Physical Exams
- Physical Therapy
- Psychiatric and Psychologist Care
- Prescription Drugs

- Smoking Cessation Program and Supplies
- Sunglasses – Prescription Only
- Telephone for the Hearing Impaired
- Treatment for Personal Injuries or Sickness
- Transportation Primarily for Medical Treatment
- Vision Care – Eye Exams – Prescription Lenses  
And Eyeglass Repair
- Wheelchair
- X-Rays

#### NON-COVERED EXPENSES

- Cosmetic Surgery
- Household Help
- Teeth Whitening

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