

Eligible Expenses for Medical Flex

A medical spending account may be used to pay many types of medical expenses not paid by insurance plans. Generally, any unreimbursed expense that meets the IRS criteria and is *incurred* during that plan year would be eligible.

Some examples include:

- Insurance Plan Deductible
- Co-insurance amounts
- Charges in excess of UCR
- Charges in excess of wellness care limit
- Charges in excess of psychiatric limit
- Chiropractic care
- Plan approved over the counter medication & supplies
- Hearing aids
- Contact lenses and eyeglasses
- Dental care and braces
- Special medical equipment
- Some medically related transportation
- Massage therapy, if prescribed by my physician
- Batteries necessary for medical equipment

Ineligible Expenses for Medical Flex:

- Insurance premiums
- Expenses reimbursed under any insurance plan
- Cosmetic surgery (includes bleaching of teeth)
- Health activities including swimming lessons
- Health club dues Smoking Cessation Programs
- Weight Loss Programs
- Exercise Equipment
- Adoption expenses
- Dust elimination services
- Marriage counseling fees
- Retirement or Rest Home
- Vitamins, Minerals, or herbal preparations
- Physician prescribed vacation expenditures
- Maternity clothes

Eligible Expenses for Dependent Care Flex

The Internal Revenue Code allows expenses for the actual care of the qualifying dependent and household services that benefit the qualifying dependent.

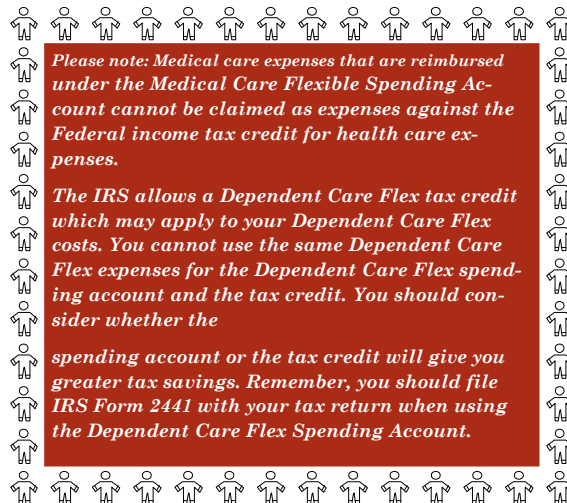
Some examples include:

- Work related child care expenses (such as day care, summer care, or after-school care)
- Tuition for children in grade below first
- Taxes on wages paid to child care provider
- Some household services for the well-being and protection of a qualifying person



Ineligible Expenses for Dependent Care Flex:

- Overnight camps
- Tuition for first grade or higher



Please note: Medical care expenses that are reimbursed under the Medical Care Flexible Spending Account cannot be claimed as expenses against the Federal income tax credit for health care expenses.

The IRS allows a Dependent Care Flex tax credit which may apply to your Dependent Care Flex costs. You cannot use the same Dependent Care Flex expenses for the Dependent Care Flex spending account and the tax credit. You should consider whether the spending account or the tax credit will give you greater tax savings. Remember, you should file IRS Form 2441 with your tax return when using the Dependent Care Flex Spending Account.



COLUMBUS STATE
UNIVERSITY

**FLEXIBLE
SPENDING
ACCOUNTS**



**MEDICAL FLEX
AND
DEPENDENT CARE FLEX**

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FLEXIBLE SPENDING ACCOUNTS



How does it work?

When you participate in a Medical Flex or Dependent Flex spending account, you elect to have a specified amount of pre-tax dollars deducted from your paycheck each pay period during the calendar year (plan year). These dollars are subtracted from your gross earnings before federal, state, and FICA (Social Security) taxes are deducted and then contributed to a reimbursement account established in your name. After you submit a reimbursement request and proper documentation of the qualified expense, you will be reimbursed from your account.

In both Medical Flex and Dependent Care Flex, when you contribute pre-tax dollars to a reimbursement account, your taxable income is lowered; therefore, you pay less taxes and increase your spendable income. This concept is authorized and regulated by Sections 125 and 129 of the Internal Revenue Code.

Who Can Participate?

All regular, benefit eligible employees (*who do not participate in a Health Savings Account*) can participate in the Medical Flex Reimbursement plan. All regular benefit eligible employees can participate in the Dependent Care Flex Reimbursement Plan. However, for Dependent Care Flex expenses to be eligible for reimbursement, both spouses must be gainfully employed and you must have a qualified dependent. If your spouse is disabled or a full-time student, special rules apply. Contact Human Resources for more information. A qualified dependent is a child under the age of 13; or another relative, such as a parent or incapacitated spouse, who depends on you for at least half of their support, lives with you, and qualifies as your dependent for federal income tax purposes.

How Much Can I Set Aside?

Medical Flex: You may contribute up to a \$5,000 during a plan year (minimum of \$240).

Dependent Care Flex: For employees who are married and file a joint income tax return, employees who file as a single taxpayer, or employees who file as head of household, the maximum annual contribution is \$5,000. For a married taxpayer filing a separate tax return, the annual maximum contribution is \$2,500. Minimum annual contribution of \$240.

Your total annual contribution will be divided by the number of paychecks you receive during the year to determine your monthly contribution:

Monthly:	12 Paychecks
Academic:	10 Paychecks
*Bi-weekly:	24 Paychecks

**Bi-weekly employees receive 26 paychecks per year; however, deductions will be made only from the first two paychecks per month for a total of 24 deductions.*

Can I change the amount of my deduction during the calendar year?

Generally, no. For both the Medical Flex and Dependent Care Flex, the amount you elect during your initial enrollment will remain in effect for the entire plan (calendar) year. You can change the amount of your contribution or cancel your participation in the plans only if you experience an IRS approved change in family status, such as: a change in your marital status; birth, death, or adoption of a dependent; a dependent losing eligibility status; a change in your or your spouse's employment status; or a significant change in your or your spouse's work related benefit plan. Changes in your election must be consistent with and result from your family status change.

You will be required to furnish proof of change.

What is the "use it or lose it" rule?

IRS regulations specifically provide that money contributed to a spending account but not used by the end of the plan year will be lost.

Therefore, you must plan wisely and may wish to be conservative in your estimate. The deadline for requesting reimbursements will be March 31 following the year expenses were incurred.

As long as you continue to participate in Medical Flex or Dependent Care Flex, you may claim expenses you incur during the plan year. If you terminate employment during the plan year, only eligible expenses incurred during the "period of coverage" (the portion of the year in which you were enrolled) may be claimed.



How do I ask for reimbursement?

After you incur qualified expenses, you must submit a reimbursement form and proper documentation to the Human Resources Department. You may expect to receive your reimbursement check within 14 days from the time your reimbursement request form arrives in Human Resources.

Medical Flex: The Medical Flex plan allows reimbursement up to the maximum amount you have elected to set aside for the entire plan year, even if you have yet to contribute that amount. For example, if you elect to contribute \$100 per month to Medical Flex for a total of \$1,200 for the plan year, you may be reimbursed for eligible expenses you incur in January, up to the full \$1,200.

Dependent Care Flex: The Dependent Care Flex plan allows reimbursement only up to the amount of funds available in your Dependent Care Flex account.

Reimbursement forms are available online at <http://hr.colstate/forms>