

**Independence of Portage  
County, Inc  
Group K00110**

**Flexible Spending Plan  
Effective January 1, 2015**

**Administered by:**

**Aultra Administrative Group**

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Canton, OH 44706  
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# Introduction

## What Is A Flexible Benefit Plan?

Independence of Portage County, Inc is offering a Section 125 Flexible Benefit Plan. Through this Plan, you can select the employee benefits that are right for you.

A Section 125 Flexible Benefit Plan is an employee benefit program that allows employees to pay for non-covered medical expenses, dental expenses, vision care expenses, and insurance premiums with pre-tax dollars. This program is completely voluntary and you will be able to select the benefit option(s) that best meet your needs.

### **Benefits Offered:**

Benefits that may be purchased under the Flexible Benefit Plan are listed below:

Health Care (Dental & Vision) Reimbursement (offered by Independence of Portage County, Inc, administered by Aultra) up to **\$2,500** per Plan Year.

Dependent Care Reimbursement (offered by Independence of Portage County, Inc, administered by Aultra) up to **\$5,000** per Plan Year.

### **Flexible Benefit Plans Provide You With The Following Advantages:**

Reduces your Federal income taxes

Reduces your State income taxes

Allows you to budget known out-of-pocket expenses over a 12-month period.

### **Plan Year:**

Your Section 125 Plan Year for 2015 will run from January 1 through December 31. In addition, there is a 2½-month grace period that will allow you to use money intended for this Plan Year for claims incurred up through March 15 of the following year.

## How Does A Flexible Benefit Plan Work?

The amount you save in taxes depends on several factors, including the amount you contribute and your income tax bracket.

Example:

	<b>Without a Flexible Benefit Plan</b>	<b>With A Flexible Benefit Plan</b>
Annual Income	\$20,000	\$20,000
<b>Medical Expenses funded with pre tax \$\$</b>	<b>0.00</b>	<b>(600)</b>
Taxable Earnings	\$20,000	\$19,400
Federal Income Tax 15%	(3,000)	(2,910)
State Income Tax 3%	(600)	(582)
Take Home Pay	\$16,400	\$15,908
<b>Medical Expenses funded with after tax \$\$</b>	<b>(600)</b>	<b>0.00</b>
<b>Spendable Income</b>	<b>\$15,800</b>	<b>\$15,908</b>

**Annual increase in Net Spendable Income = \$108**

**Note:** Your actual tax savings may vary depending on your annual income, tax bracket, and whether these contributions are exempt from state income taxes.

## **Flexible Spending Plan - Allowable Expenses**

- Co-pays and Deductibles
- Acupuncture (alternative type treatments)
- Contact lenses, Contact lens solutions and Prescription Glasses
- Elastic Bandages and Wraps
- Smoking Cessation Programs, Drugs, Patches and Gum
- Medical Monitoring and Testing devices
- Dentures / Dental Fees / Orthodontia
- Massage Therapy to Treat an Injury
- Dermatology as long as it is not for cosmetic purposes
- Hypnosis (for treatment of Illness)
- Prescription Drugs
- Vaccinations and Flu Shots
- Oxygen Equipment and Oxygen
- Birth Control Pills and Condoms
- Hearing Aids and Batteries
- Speech Therapy
- Psychotherapy, Psychiatry, Psychology
- Physical Therapy
- Fertility Treatments
- First Aid Kits/Supplies
- Custom Orthotics, Braces and Supports
- Laser Eye Surgery (to correct vision)

There are some items that may be allowed only if you are diagnosed by an M.D. with a specific medical condition. Items that can be classified as eligible in your medical flex plan with a written prescription include: Acne Treatments

- Baby Rash Ointments/Creams
- Digestive Aids
- Cold Sore Remedies
- Hormone Therapy
- Laxatives
- Blood Pressure Machine

Lesser known allowable FSA reimbursements may include such expenses as:

- Learning fees to special schools for a child with severe learning disabilities
- Transportation costs incurred for treatments
- Braille books, magazines and guide dogs for the vision-impaired

## **Flexible Spending Plan - Ineligible Expenses**

- Fees: Exercise, Athletic, or Health Club
- Stop Smoking Program (Over the counter items)
- Weight Loss Program (for General Health Reasons)

Visit the IRS website for a more comprehensive list of eligible and ineligible expenses at:  
<http://www.irs.gov/publications/p502/ar02.html>

## **Important Information About Flexible Spending Plans**

Flexible Spending Plans are governed by IRS rules. You can well imagine that the federal tax laws are fairly strict when a company implements these Reimbursement Accounts. You need to be aware of the following:

**Use it or lose it** - Because of the tax savings involved, the IRS regulates what happens to any money remaining in your account at the end of the Plan Year (January 1 – December 31). You may use your Flex contributions for claims incurred within that Plan Year. In addition, the IRS has added a 2½-month grace period in which you may use your Flex contributions for this Plan Year to reimburse you for claims incurred through March 15 of the following year. However, be aware that the claims are paid according to the order in which they are received. If a claim is incurred in January and there is money left in your Flex account for the previous year, we will use the money left over from the previous year to reimburse you. The claims incurred during the 2½-month grace period could deplete your prior year balance. If a claim from the prior year comes through after this has happened, you cannot use funds intended for the new plan year.

**No changes** - You cannot change the amount of your Medical spending account contributions during the year unless you have a family status change. Then, your change must be consistent with your change in family status. For example, you can increase your contribution to the Health Care Account if you have a child during the year, but you could not decrease or stop your contribution.

## **Flexible Spending Flow Chart**

### **Medical Claims**

- Insurance Carrier = Aultra
  - Claims will automatically be transferred to the Flex Spending Claims Processor. You do not need to submit a claim form.
  
- Insurance Carrier = Other Than Aultra
  - Submit enclosed claim form, itemized bills, and explanation of benefits.

### **Dental Claims**

- Insurance Carrier = Aultra
  - Claims will automatically be transferred to the Flex Spending Claims Processor. You do not need to submit a claim form.
  
- Insurance Carrier = Other Than Aultra
  - Submit enclosed claim form, itemized bills, and explanation of benefits.

**Independence of Portage County, Inc**  
**Flexible Spending Claim Form**

Employee Name: \_\_\_\_\_ Identification #: \_\_\_\_\_

**Medical Spending Account**

To submit a Medical Spending Account claim you must:

1. Complete this form. **Note: If the expenses are for medical services considered under your Independence of Portage County, Inc /Aultra Plan, it is not necessary to submit a claim form.**
2. Attach copy of bill or receipt from the provider of service for all eligible expenses. Each Explanation of Benefits, bill or receipt must contain the following information:
  - Name of person receiving service      - Amount charged
  - Date of service                              - Name of provider rendering service
  - Type of service
3. Attach the Explanation of Benefits from ALL insurance carriers for expenses that are covered under any other group medical, dental, vision or hearing plan.
4. **Retain copy for your records.**

**Medical Expenses**

Amount of Claim	Patient's Name	Relationship to Employee	Date of Birth
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

I certify that either I and/or my eligible dependent(s) have incurred these expenses and have not been previously reimbursed and are not eligible for reimbursement under any other plan. Furthermore, I declare that I will not deduct these expenses on my own or anyone else's individual Federal Income Tax return.

Employee's Signature \_\_\_\_\_ Date \_\_\_\_\_

**Dependent Day Care Spending Account**

To submit a Dependent Day Care Spending Account claim you must:

1. Complete this form
2. Submit an itemized bill or receipt from the provider of service which contains the following information:
  - Person or institution providing day care      -Amount Charged for the service
  - Dates of service                                      -Name of person receiving service
3. Retain copy for your records

**Dependent Day Care Expenses**

Name of Dependent Child	Age	Relationship to Employee
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

I certify that these expenses have been incurred to care for my eligible dependent(s) under the age of 13 years and have not been previously reimbursed and are not eligible for reimbursement through any other plan. Furthermore, I declare that I will not deduct these expenses on my own or anyone else's individual Federal Income Tax return.

Employee's Signature \_\_\_\_\_ Date \_\_\_\_\_

**SUBMIT ALL CLAIMS TO:**  
**AULTRA FLEXIBLE SPENDING ACCOUNT**  
**BY MAIL: PO BOX 6910 CANTON, OH 44706**  
**BY FAX: 330-363-2096**  
**BY EMAIL: [AncillaryClaimsServices@Aultra.com](mailto:AncillaryClaimsServices@Aultra.com)**

## **Frequently Asked Questions**

**Q. What are flexible spending accounts?**

- A. Flexible spending accounts allow you to pay for certain eligible medical care expenses with pre-tax dollars. Using pre-tax dollars allows you to pay less in taxes.

**Q. Can't I already deduct these expenses on my annual tax return?**

- A. Many people do not spend enough money on healthcare to receive credit on their annual tax return. Spending Accounts allow you to receive first dollar credit for medical care when calculating your federal and state taxes.

**Q. What is a Medical Care Spending Account?**

- A. The Medical Care Account allows you to use pre-tax dollars to pay for certain unpaid medical, dental and vision expenses. At the beginning of the Plan Year, you will determine the annual amount to be deducted from your paycheck, pre-tax, through regular payroll deductions. These funds are placed in your Medical Care Account and are paid to you as eligible expenses are incurred.

**Q. What is a Dependent Care Spending Account?**

- A. The Dependent Care Account allows you to use pre-tax dollars to pay for eligible dependent care expenses. At the beginning of the Plan Year, you will determine the annual amount to be deducted from your paycheck, pre-tax, through regular payroll deductions. These funds are placed in your Dependent Care Account and are paid to you as eligible expenses are incurred.

**Q. When can I enroll?**

- A. Independence of Portage County, Inc will hold an open enrollment period prior to the start of each Plan Year. Your 2015 Plan Year will run from January 1 through December 31, 2015. Your plan also includes a 2½-month grace period that allows you to use your Flex contributions for this Plan Year to reimburse you for claims incurred through March 15, 2015. You may wish to complete an expense worksheet to estimate your predictable expenses for the year. Once you have determined these amounts, you will complete the Employee Election Form to enroll in the plan. Your Election Form must be submitted to your Human Resources Department.

**Q. Can I change my election after the open enrollment period?**

- A. After open enrollment you cannot cancel your enrollment until the end of the plan year. You have the opportunity to change your allocations if a qualifying family status change occurs. For example: getting married, divorced, having a baby, a change in your employment, a change in your spouse's employment, or death of a spouse or dependent, will allow you to change your pre-tax contributions.

**Q. What is the "IRS Use it or lose it" rule?**

- A. On May 18, 2005, IRS released Notice 2005-42 which modifies the "use-it or lose-it rule" for qualified benefits under a cafeteria plan. Under the notice, employers can provide a grace period immediately following the end of each plan year of up to 2½ months. This, if implemented by your employer, would permit you to use amounts deferred in the previous plan year that remain unspent. Ask your employer if your plan has adopted a grace period.

**Example:** For 2014, an employee pledges \$2,500 to a Health FSA. The employee uses \$1,500 of his/her contributions in 2014. If a 2½ month grace period is in place, the employee would carry over \$1,000 into 2015 and could spend it during the first 2½ months of 2015. For 2015, the employee elects to contribute \$2,000. If the employee incurs \$1,500 of expense in January, the FSA plan would apply \$1,000 from 2014 and \$500 from 2015 contributions.

**Example:** For 2014, an employee pledges \$2,500 to a Health FSA. The employee uses \$1,500 of his/her contributions in 2014. If a 2½-month grace period is in place, the employee would carry over



\$1,000 into 2015 and could spend it during the first 2½ months of 2015. The employee only has expenses of \$800 in January 2015. The FSA plan would reimburse the \$800 from the 2014 carryover. If no further expenses were incurred between January 1 and March 15, 2015, the remaining \$200 from 2014 would be forfeited.

**Q. Do I have a limited time to submit my expense to the Medical Care Account?**

- A. Yes. Expenses must be claimed 60 days after the end of the plan year. Most plan years run January 1 – December 31 (confirm your plan year with your Human Resources Department). Therefore, typically expenses must be submitted by February 28 following the end of the plan year. Expenses incurred during the grace period (January 1 through March 15) following the end of the plan year must be submitted by May 15.

Expenses will be paid based on the first-in first-out method. Do not hold your expenses for submission at the end of your plan year. For example, expenses incurred during the 2½-month grace period in 2015 will be reimbursed from any leftover dollars from 2014 before dollars are reimbursed from 2015 contributions.

**Q. How do I withdraw Medical Care Account money from my account?**

- A. If your medical or prescription claim has been submitted to Aultra, we will file the balance of that claim with your Flexible Spending account for you. If your claim has been submitted to another insurance carrier, you will need to file the Flexible Spending claim with Aultra. To request reimbursement, simply send a completed Flexible Spending claim form (available in Human Resources), along with an itemized bill for the expense and an Explanation of Benefits from your insurance carrier, to Aultra for processing. Each receipt or Explanation of Benefits should indicate the name of the provider, date and type of service or supply received, and the itemized charges for services. *Cancelled checks do not meet requirements for proof of medical care expenses.*

**Q. How do I withdraw Dependent Care Account money from my account?**

- A. To request reimbursement, simply send a completed Flexible Spending claim for (available in Human Resources) and an invoice from your dependent care provider. The invoice must contain the name and tax identification number of the dependent care provider, dates of service, amount billed, and the name of your child for whom the care was provided. *Cancelled checks do not meet the requirements for proof of your dependent care.*

**Q. What if I terminate employment before the end of the Plan Year?**

- A. You will be permitted to submit claims incurred prior to your termination date if you have a balance remaining in your account. Claims must be submitted within 60 days of your termination.

**Q. How do I keep track of the money in my accounts?**

- A. All employees who participate in the Flexible Spending Account will receive a statement twice a year that includes information on account balances and the claims submitted to date. Each claim payment includes a summary statement that lists account balances and available funds. In addition, checks mailed to the member will include a description of the reimbursement.

**What happens if my expenses exceed my pre-tax contributions?**

- A. Under the Medical Care Account, you are eligible to receive the full amount of your annual election at any time during the Plan Year. This is the case regardless of the amount that has actually been payroll deducted up through that date. If your expenses exceed the amount of your annual election, you would pay these with after-tax dollars.

If your expenses for the year exceed the amount of your annual election, you would pay these with after-tax dollars. In other words, you will never receive more than you actually elected at the beginning of the year. This is why it is important to estimate as close as you can when completing the Expense Worksheet (available in Human Resources).

**Q. What are the Aultra Customer Service telephone numbers?**

- A. You may call the Aultra Service Center at (330) 363-2050 or toll free at 1-855-270-8497. Customer Service lines are open for your convenience between the hours of 7:30 a.m. and 5 p.m. EST, Monday through Friday.

**PLEASE NOTE:**

Participation in a Health Flexible Spending Account may make you ineligible for contributions to a Health Savings Account. Please consult your tax advisor before enrolling in either or both of these plan types.

**INDEPENDENCE OF PORTAGE COUNTY, INC**  
**HEALTH CARE FLEXIBLE SPENDING ACCOUNT ENROLLMENT FORM**  
**2015**

Employee Name \_\_\_\_\_ SS# \_\_\_\_\_ EE# \_\_\_\_\_  
Department \_\_\_\_\_ Daytime Phone \_\_\_\_\_

**\$2,500 Maximum per Year**

**I hereby authorize Independence of Portage, Inc. to reduce my earnings for the 2015 plan year by \$\_\_\_\_\_ per pay (x 26 pays) for a total of \$\_\_\_\_\_ for deposit into my Health Care Flexible Spending Account to make this money available to me for reimbursement of out-of-pocket expense.**

**I understand that I will forfeit any unused balance in my account at the end of the plan year and/or 2 1/2-month grace period. I also understand that I cannot change my plan participation unless I have a change in status, as defined by the Internal Revenue Service Code Section 125.**

**Signature \_\_\_\_\_ Date \_\_\_\_\_**

**Other Coverage Information**

Your flexible spending account cannot consider out-of-pocket expenses until all other health insurance has been considered. Please complete the following:

Are you covered under another group health plan? \_\_\_ Yes \_\_\_ No

If yes type of coverage \_\_\_ Medical \_\_\_ Dental \_\_\_ Vision \_\_\_ RX

Name of Carrier \_\_\_\_\_

Are you enrolled in Medicare Part D? \_\_\_ Yes \_\_\_ No

Effective date \_\_\_\_\_

Are your children covered under another group health plan? \_\_\_ Yes \_\_\_ No

If yes type of coverage \_\_\_ Medical \_\_\_ Dental \_\_\_ Vision \_\_\_ RX

Is your plan primary or secondary? \_\_\_ Primary \_\_\_ Secondary

Name of Carrier \_\_\_\_\_

Are your children enrolled in Medicare Part D? \_\_\_ Yes \_\_\_ No

Effective date \_\_\_\_\_

Is your spouse covered under another group health plan? \_\_\_ Yes \_\_\_ No

If yes type of coverage \_\_\_ Medical \_\_\_ Dental \_\_\_ Vision \_\_\_ RX

Name of Carrier \_\_\_\_\_

If your spouse has Medicare, is he/she enrolled in Part D? \_\_\_ Yes \_\_\_ No

Effective date \_\_\_\_\_

Are you and/or your dependents covered under an HRA (Health Reimbursement Account) \_\_\_ Yes \_\_\_ No

Are you and/or your dependents covered under an HSA (Health Savings Account) \_\_\_ Yes \_\_\_ No

\*\*\*\*Please be advised you must exhaust your HRA account prior to consideration by your Flexible Spending Account and if you participate in an HSA certain expenses may not be eligible under your FSA; please contact your tax advisor. \*\*\*\*

**Note: Salary reductions are credited to your account on a bi-weekly basis. Your salary reduction is made on a pre-tax basis, in accordance with the IRS Section 125 Guidelines.**

**INDEPENDENCE OF PORTAGE COUNTY, INC  
DEPENDENT CARE FLEXIBLE SPENDING ENROLLMENT FORM  
2015**

Employee Name \_\_\_\_\_ SS# \_\_\_\_\_ EE# \_\_\_\_\_  
Department \_\_\_\_\_ Daytime Phone \_\_\_\_\_

**\$5,000 Maximum per year**

**Number of Dependent Children \_\_\_\_\_**

**Name of Child**

**Date of Birth**

_____	_____
_____	_____
_____	_____
_____	_____

**Current provider of Child Care** \_\_\_\_\_

**Note:** Only child care for children under the age of 13 is eligible for reimbursement.

**I hereby authorize Independence of Portage County, Inc to reduce my earnings for the 2015 plan year by \$\_\_\_\_\_ per pay (x 26 pays) for a total of \$\_\_\_\_\_ for deposit into my Dependent Care Spending Account to make this money available to me for reimbursement of out-of-pocket dependent care expenses.**

**I understand that I will forfeit any unused balance in my account at the end of the plan year. I also understand that I cannot change my plan participation unless I have a change in status, as defined by the Internal Revenue Code Section 125.**

**Signature**

**Date**

**Note: Salary reductions are credited to your account on a bi-weekly basis. Your salary reduction is made on a pre-tax basis, in accordance with the IRS Section 125 guidelines.**