

# **Medical Flexible Spending Account**

## *Summary Plan Description*

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## MEDICAL FLEXIBLE SPENDING ACCOUNT INTRODUCTION

To help you with the ever-increasing medical costs, we are pleased to announce that we have established a Medical Flexible Spending Account (MedFSA). A MedFSA allows you to set aside tax-free money to pay yourself back for eligible out-of-pocket health care expenses, again, tax-free. Proper use of the MedFSA is guaranteed to save you money.

This Summary Plan Description (SPD) will tell you about important features of our MedFSA, such as the rules you must satisfy before you can join, how much you can contribute, what expenses are eligible for reimbursements and the rules protecting your rights.

Please read this SPD carefully so that you understand the provisions of our MedFSA and the benefits you will receive. We want you to be fully informed before you enroll in the MedFSA and while you are a participant. You should direct all questions to the Plan Administrator at their toll-free number. There is a Plan Document on file that you may review if you desire. In the event there is a conflict between this SPD and the Plan Document, the Plan Document will control.

### GENERAL MedFSA REQUIREMENTS & TERM DEFINITIONS

**1. When can I become a participant in the MedFSA?**

You will have the opportunity to enroll prior to the beginning of the Plan Year. If you begin employment during the Plan Year, you must meet the eligibility requirements outlined in "General Plan Information" of your employer's Plan Document. You must enroll within thirty (30) days after your "entry date".

**2. When is my entry date?**

Your entry date will be the first day of the pay period coinciding with or following the date you meet the eligibility requirements.

**3. What must I do to enroll in my MedFSA?**

You must complete, sign and return the Enrollment Election/Salary Redirection Agreement. This enrollment form must contain the annual amount you wish to contribute to your MedFSA.

**4. What "Family Status Changes" must occur before I can change my election?"**

Employees may change their election only if the election change is on account of and consistent with the change in Family Status, ie: birth of a child would allow you to increase but not decrease your election amount. The IRS and your Plan specifically define a Family Status Change as:

- your marriage, divorce or legal separation
- death of a spouse or dependent
- birth or adoption of a dependent
- termination or commencement of your spouse's employment
- you or your spouse changing from part-time to full-time or full-time to part-time
- your or your spouse taking an unpaid leave of absence
- ineligibility of dependent

## II OPERATION

**1. How does the MedFSA operate?**

You choose whether to contribute to the MedFSA. If you decide to participate, the minimum and maximum amounts you can contribute is determined by your Employer and listed in the Plan Document. The amount you elect to contribute is deducted equally from each paycheck before Federal income taxes; Social Security taxes and most state taxes are withheld. You

can use the amount of your annual election to pay yourself back for eligible medical expenses incurred by you and your family that are not reimbursed by your health care plan, again, tax-free.

**2. What are the “eligible medical expenses”?**

Eligible out-of-pocket medical expenses include but are not limited to:

- \* Prescriptions and co-payments for prescriptions
- \* Acupuncture
- \* Eye exams, glasses and contacts
- \* Contact lens saline solution
- \* Dental expenses
- \* Hearing exams and aids
- \* Chiropractor expenses
- \* Vaccinations
- \* Treatment of substance abuse
- \* Physical therapy
- \* Medical expenses associated with quitting smoking
- \* A more complete list of eligible expenses are listed in IRS Pub 502 on our Web site @ [www.beneflexinc.com](http://www.beneflexinc.com)

**3. What expenses are not reimbursable?**

Examples of expenses that cannot be reimbursed through your MedFSA include:

- Cosmetic surgery
- Health plan premiums for you or your dependents
- Over the counter medications

**4. Are there any special provisions to this Plan?**

In order to provide you with the most convenient and quickest reimbursement, this Plan requires that you have either a checking account or a savings account to receive your reimbursements. Reimbursements received prior to Monday by 4:00 p.m. CST, will be made on the next Friday morning after your posted reimbursable amounts reach **\$50**.

### III CONTRIBUTIONS

**1. How much of my pay can I put into this Plan?**

Your employer will set the annual contribution maximum and minimum.

**2. What happens to contributions made to my MedFSA?**

At any time during the year that you are an active participant, you are eligible to be reimbursed for any eligible expenses incurred by you, your spouse or other dependent up to the total of your annual contribution election.

### IV BENEFIT PAYMENTS

**1. How will I receive reimbursements from my MedFSA?**

To receive reimbursements, you must submit to BENEFLIX a completed Reimbursement Request Voucher (available @ [www.beneflexinc.com](http://www.beneflexinc.com) or by fax or mail by request) including copies of your eligible medical charges for services incurred. Request Vouchers and receipts may be mailed or faxed via our toll-free fax telephone. Your request voucher/receipts will be posted to your account immediately, and when your requested amount totals \$50 or more, your total requested amount will be automatically deposited into your designated bank account on the next Friday morning. Claims must be received by Monday prior to 4:00 p.m. CST, to be reimbursed Friday of that week.

**2. What happens if I terminate employment?**

Termination of employment, whether through normal termination, death or eligibility is considered a premature Plan Year ending. You will no longer be allowed to contribute funds into your MedFSA; however, you may receive reimbursements for eligible expenses incurred prior to your

termination date. You have 90 days after the date of termination to submit claims for reimbursement.

**3. What happens if I do not use all the money in my account?**

The MedFSA requires the same exposure as a health insurance. You have 90 days after the end of your plan year to submit claims and be reimbursed for expenses incurred during your Plan Year. Any money remaining in your account after all receipts have been submitted will be forfeited. The law mandates that these forfeited funds are ineligible for refund, use in any other flexible spending account or to roll over into the next year.

**V  
PLAN ACCOUNTING**

**1. How will I be informed about the activity in my account?**

At the end of the 4<sup>th</sup>, 8<sup>th</sup>, 11<sup>th</sup> & 12<sup>th</sup> month of each Plan Year, you will be mailed an accounting of the activity of your account. Should you have questions about your account at other times, call 1-800-925-4087.

**VI  
HIGHLY COMPENSATED AND  
KEY EMPLOYEES**

**1. Do limitations apply to highly compensated and key employees?**

The Internal Revenue Code places restrictions on certain “highly compensated” or “key” employees so that benefits do not unfairly favor those categories. Your Employer will notify you if you are in this group.

**VII  
ADDITIONAL PLAN INFORMATION**

**1. Your rights under ERISA.**

Plan participants, eligible employees and all other employees of the Employer are entitled to certain rights and protections under Employee Retirement Income Security Act (ERISA) including:

- (a) the right to examine, without charge, all Plan Documents at the Employer’s office, and
- (b) the right to obtain copies of all Plan Documents upon request and at a reasonable charge.

ERISA also imposes the duty upon the people responsible for operation (fiduciaries) of the benefit to do so prudently and in the best interest of the participants. If your claim for a benefit is denied, you will receive a written explanation of the reason for denial. You have the right to request a review and reconsideration. Decisions of the Plan Administrator are conclusive and binding.

If you feel that your rights have been violated, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal Court.

**2. Claims Process**

Enrollment Applications, Reimbursement Request Vouchers and receipts should be submitted to the Plan Administrator via mail or fax. Reimbursement Request Vouchers must be signed and submitted with copies of dated medical charges incurred. Enrollment Applications forms and Reimbursement Request Vouchers may be downloaded @ [www.beneflex.com](http://www.beneflex.com) or ordered by telephone, fax or mail.

**3. Will my Social Security benefits be affected?**

If you pay the maximum amount of social security tax each year, your MedFSA participation will not reduce the amount of your social security benefits. However, if your salary is below the social security wage base, participation in the Plan may result in a slight reduction in our social security

benefits. Usually, the resulting reduction will be negligible and far out-weighted by the current increase in your spendable income.

**5. Employer and Employee Coverage Options Upon FMLA Leave.**

In general, (1) an employer must always permit an employee taking FMLA leave to continue coverage under a health FSA while on leave; and (2) if an employee is on unpaid FMLA leave, the employer must either (a) allow the employee to revoke coverage, or (b) automatically continue coverage but allow the employee to "discontinue" payment of his or her share of the cost coverage under a health FSA during the unpaid FMLA leave period.

Plans may require employees to be reinstated in the health FSA after returning from FMLA leave, as long as employees on non-FMLA unpaid leave also must be reinstated in the health FSA.

Regardless of the chosen payment option, as long as coverage continues under a health FSA, employees are entitled to the full amount of their elected coverage (less any prior reimbursements) at all times during the applicable cafeteria plan year.

If health FSA coverage terminates during FMLA leave, employees cannot be reimbursed for claims incurred during that period. If an employee returns to work or otherwise has health FSA coverage reinstated, the employee may not retroactively receive coverage for claims incurred during the period of noncoverage.

If a health FSA participant cancels coverage or chooses the "pay-as-you-go" option and then doesn't pay, he has two coverage options after returning from FMLA leave: prorated coverage (as under the proposed regulation) or reinstatement of the original coverage level.

Employees on FMLA leave have the same rights to revoke or change their health FSA elections as other employees in the cafeteria plan, such as participating in open enrollment, etc.

**5. Is this benefit covered under my COBRA rights?**

Yes. To determine your rights under COBRA please consult your employer.

**VIII  
SUMMARY**

We continue to seek the benefits, which are truly helpful to you and your family. Your use of this Medical Flexible Spending Account will, if used properly, ALWAYS saves you money. If you choose not to participate, your lost savings will automatically be paid into Federal and State income taxes.