

Dear Employee,

Welcome to your **2024** Flexible Spending Plan administered through Auxiant. Your employer has made this benefit available to you as a way to increase your take-home pay and reduce your taxes.

The money that you elect to set aside for your Flexible Spending Plan is automatically deducted from your salary on a pre-tax basis and deposited into your flexible spending account before federal, state and FICA taxes are withheld.

***Total Annual Maximum Election amount allowed for Unreimbursed Medical Expenses is \$3,050.***

Included with this letter is the following information:

- Frequently Asked Questions
- Eligible Expenses for Reimbursement under Flexible Spending
- Flexible Spending Enrollment Form
- Flexible Spending Claim form
- Dependent Childcare Annual Request Form
- How Flexible Spending Compensation Can Work
- Flexible Spending Employee Worksheet
- Direct Deposit Form

Should you have any questions, please feel free to contact Auxiant at

P.O. Box 75008  
Cedar Rapids, IA 52407-5008  
Attention: Flex Department  
Phone: (319) 398-3283 or (800) 475-2232  
Fax (319) 739-1109

## Frequently Asked Questions & Answers Regarding Flexible Benefits

**Q. What expenses will the flexible reimbursement accounts cover?**

**A.** Each account (dependent care and unreimbursed medical care) has its own list of eligible expenses. A sample list of eligible expenses is included in this packet. The dependent care portion covers expenses that are necessary so you (and your spouse, if you are married) can work. The category of eligible dependents includes children, disabled spouse, and disabled adult dependents. A child must be under age 13 or be disabled to be considered a dependent for tax purposes.

**Only expenses incurred during the current flex plan year are eligible for reimbursement.** Flexible spending is based on dates of service not dates payment is made. You do not have to pay for services before you can be reimbursed. With the exception of orthodontia services, see below, you only need to incur services and have an out-of-pocket expense to receive reimbursement from your flex account. It is important to remember that any expenses you submit to your flexible spending accounts cannot be itemized on your tax return. You can do one or the other but not both.

**Q. Can I be reimbursed for Orthodontia fees all at once if I pay the entire amount to the orthodontist up front?**

**A.** Orthodontia, unlike other FSA expenses are deemed incurred when paid. Therefore, only payments made during the current plan year are reimbursable. Proof of payment to an orthodontic provider is required for reimbursement. Payments made toward orthodontia in a previous plan year or before your eligibility period are not reimbursable. This rule provides for two options for reimbursement. If a participant pays a lump sum up front then that payment can be reimbursed in full (provided the lump sum is paid during the same plan year from which reimbursement is requested and while the participant was covered under the plan). Second, participants that do not pay up front and opt for monthly payments can be reimbursed as those monthly payments are made (provided the monthly payment is paid during the same plan year from which reimbursement is requested and while the participant was covered under the plan). Again, **proof of payment is required.**

## Frequently Asked Questions & Answers Regarding Flexible Benefits

**Q. How do I submit my expenses for reimbursement?**

**A.** There are several ways to be reimbursed by your flex account. The first is to file a claim online on the Consumer Accounts page of auxiant.com. The second is to use the attached flexible spending account claim form and submit claim information manually. This can be submitted via fax, email (through Auxiant.com), or mail. The third way is to enroll in automatic claims rollover. This option is available if you enrolled in the group health plan administered by Auxiant and no members of your household have additional insurance (City of Fond du Lac coverage plus other insurance coverage). **If any member of your household is holding City of Fond du Lac insurance PLUS additional coverage, you cannot enroll in this option.** This option allows unpaid out of pocket expenses to automatically roll into your flex account for reimbursement. Reimbursements would include expense for deductibles, coinsurance, copays, and certain non-covered expenses. If you are interested in signing up for this option make sure to circle the auto rollover option on your flex enrollment form.

**Q. Can checks from the Flexible Spending Account be made payable to the provider of service?**

**A.** Checks/direct deposits for reimbursement are made payable to the individual employee.

**Q. How do I know what my Flexible Spending Account balance is?**

**A.** All flex spending information is available on the Auxiant.com website. You must create an account to log into before the information is accessible. Once in your account go under the AuxiantHealth link then to Consumer Accounts. Under Consumer Accounts you will see your flex information. Information in blue can be clicked on for additional information. Each time you manually submit a claim, you will receive an Explanation of Benefits from Auxiant which shows the election (annual pledge), contributions to date, expenses to date, available contributions, unreimbursed expenses and payments to date.

## Frequently Asked Questions & Answers Regarding Flexible Benefits

**Q. What happens to money left in the account at the end of the year?**

**A.** If you are enrolled in the Health Care and Dependent Care Spending Accounts as of the end of the plan year, you are eligible for a 75-day (two-and-a-half month) grace period. The grace period allows you and your dependents (if applicable) to continue incurring Medical Care and Dependent Care Expenses for up to 75 days (two-and-a-half months) following the end of the plan year and to be reimbursed for those expenses with any remaining account balance from the prior plan year. The Medical Care and Dependent Care Expenses that you and your dependents (if applicable) incur during the grace period (as well as those incurred during the plan year) are subject to your Health Care and Dependent Care Spending Accounts timely filing provision. If, at the end of the timely filing deadline there is a balance left in your account from the previous plan year that amount will be forfeited.

**Q. How can I change my salary reduction or benefit levels?**

**A.** You may change your salary reduction on a yearly basis. You may elect new benefit coverages on a yearly basis during the enrollment period. Changes to your salary reduction are not allowed during the year except when one of the following IRS approved status changes occurs:

- Marriage or Divorce
- Birth or Death of a family member
- Loss of employment
- Loss of spouse's employment
- Spouse changes from part-time to full-time employment or from full-time to part-time or takes and unpaid leave of absence
- Significant change in the coverage offered by the spouse's employer that affects the spouse and / or employee

## Frequently Asked Questions & Answers Regarding Flexible Benefits

**Q. What happens if I terminate employment during the plan year?**

**A.** You will have an additional period of time (a run out period) after termination to submit claims for reimbursement but all claims must be incurred prior to your termination date. Please see your plan document or contact Auxiant with further questions.

**Q. Can the money designated for Health Care Reimbursement be transferred to Dependent Care Reimbursement (or vice versa)?**

**A.** No, the dollars you designate for each account are not transferable; they must be spent on expenses for the coverage they were designated for originally.

**Q. Are expenses for before-school and/or after-school care eligible under the dependent care account?**

**A.** Yes. If a child under the age of 13 receives before and/or after school care at school, you must separate the cost of the before and/or after school care from the cost of the school.

**Q. Are Insurance Premiums eligible for reimbursement under my unreimbursed medical flex account?**

**A.** No. While your premium/employee contributions for your employer sponsored health plan may be available on a pre-tax basis through your employer's cafeteria plan, insurance premiums (including Medicare premiums) are NOT an eligible expense for you to submit against your unreimbursed medical flex election.

## Flexible Spending-Unreimbursed Medical Plan Eligible Qualified Medical Expenses

“Qualified Medical Expenses” under your Flexible Spending Unreimbursed Medical plan are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. These expenses include payments for legal medical services rendered by physicians, surgeons, dentists, and other medical practitioners; they include the costs of equipment, supplies, and diagnostic devices needed for these purposes; they also include the amounts you pay for transportation to get medical care. They do not include expenses that are merely beneficial to general health, such as vitamins, gym memberships or a vacation. The complete detail can be found at: <http://www.irs.gov/pub/irs-pdf/p502.pdf> and <http://www.irs.gov/pub/irs-pdf/p969.pdf>. *Expenses for you, your spouse, or any tax dependent (claimed on your tax return) are eligible for reimbursement.*

Below is a list of examples of **Eligible Expenses** to provide some general guidance:

- Acupuncture (if medically necessary)
- Alcoholism Treatment
- Ambulance Hire
- Artificial Limbs
- Artificial Teeth
- Birth Control Pills
- Braces – can be reimbursed on a monthly basis or as payment amount made\*\*\*
- Braille - Books & Magazines
- Car Controls for the Handicapped
- Care for Mentally Handicapped Child
- Chiropractors
- Christian Science Practitioners’ Fees
- Co-Insurance amounts you pay
- Contact Lenses
- Cost of Operations & Related Treatments
- Crutches
- Deductible Medical Coverage Amounts You Pay
- Dental Fees
- Dentures
- Diagnostic Fees
- Drug and Medical Supplies
- Eyeglasses, Including Examination Fee
- Fee of Practical Nurse
- Fees for Healing Services
- Handicapped Person’s Special Schools
- Hearing Devices & Batteries
- Home Improvements Motivated by Medical Considerations
- Hospital Bills
- Hypnosis for Treatment of an Illness
- Insulin
- Laboratory Fees
- Laetrile by Prescription
- Lasik Eye Surgery
- Life Fee to Retirement Home for Medical Care
- Medical Information Plan
- Medically Necessary Expenses that are not covered under your medical plan
- Membership Fees in Association with furnishing Medical Services, Hospitalization & Clinical Care
- Nurses’ Fees (Including Nurses’ Board & Social Security Tax Where Paid by Taxpayer)
- Obstetrical Expenses
- Operations
- Orthodontic Services (on a monthly basis or actual amount paid) \*\*\*
- Orthopedic Shoes by Prescription
- Oxygen and Oxygen Equipment
- Physician Fees
- Physician-Recommended Swimming Pool or Spa Equipment Costs & Maintenance
- Psychiatric Care
- Psychologist Fees
- Mentally Handicapped Persons’ Cost for Special Home
- Routine Physicals & Other Non-Diagnostic Services or Treatments
- Seeing-Eye Dog & Its Upkeep
- Special Diets
- Special Education for the Blind
- Special Plumbing for the Handicapped
- Sterilization Fees
- Surgical Fees
- Telephone, Special for Deaf
- Television Audio Display Equipment for the Deaf
- Therapeutic Care for Drug and Alcohol Addiction
- Therapy Treatments
- Transportation Expenses Primarily in the Rendering of Medical Service, *i.e.* Mileage to Hospital or Cab fare in Obstetrical Cases
- Vitamins by Prescription
- Wheelchair
- Wigs
- X-ray

Examples of over-the-counter (OTC) items that continue to be eligible for unreimbursed medical reimbursement as part of a flexible benefit cafeteria plan:

- Bandages
- Contact lens solution
- Incontinence Supplies
- First Aid Supplies
- Medications
- Menstrual Supplies
- Physical Contraception (i.e. condoms)

Examples of over-the-counter items that **are not eligible** for reimbursement as part of a flexible benefit cafeteria plan without a physician's prescription to treat a specific medical condition include:

- Chapstick or Lip Balm
- Cosmetics
- Cotton Balls
- Deodorant
- Dietary Supplements
- Face Cream or Moisturizers
- Fiber Supplements
- Food Items (Slim fast)
- Hair Removal Treatment and Waxes
- Herbs
- Shaving Creams and Razors
- Teeth Whitening Kits and Powders
- Toothpaste
- Vitamins (taken to improve overall-health)
- Weight Loss drugs for general well being

**\*\*ORTHODONTIC EXPENSES:**

Orthodontia - Unlike other HCFSAs expenses which are deemed incurred when the services are rendered, orthodontia expenses are deemed incurred when paid. Therefore, only payments made during your eligibility period and plan year may be reimbursed. Proof of payment to an orthodontic provider is required for reimbursement. Payments made toward orthodontia in a previous plan year or before your eligibility period are not reimbursable. This rule provides for two options for reimbursement. If a participant pays a lump sum up front then that payment can be reimbursed in full (provided the lump sum is paid during the same plan year from which reimbursement is requested and while the participant was covered under the plan). Second, participants that do not pay up front and opt for monthly payments can be reimbursed as those monthly payments are made (provided the monthly payment is paid during the same plan year from which reimbursement is requested and while the participant was covered under the plan). Again, **proof of payment is required.**