

Medical Expense Reimbursement

The following information is presented to assist you in determining what to declare as your annual expense under the Medical Expense Reimbursement, IRS Section 125 Plan. Please keep in mind that eligible medical expenses include deductible and coinsurance amounts under a group health plan, charges that are in excess of the amount reimbursed under a group health plan, and charges that are not covered by a group health plan such as certain corrective surgery, vision care, dental care, and hearing aids.

Medical Expense Reimbursement applies to the employee, the employee's spouse, and/or children.

Eligible Medical Expenses

Acupuncture	Operations and Related Treatments
Alcohol and Drug Rehabilitation Expenses	Optometrist
Ambulance	Orthodontist
Anesthetist	Osteopath
Artificial Limbs and Teeth	Outpatient Clinic
Birth Control Pills	Pediatrician
Blood Donor (<i>expense</i>)	Physical Therapy (<i>provided by licensed therapist</i>)
Certain Corrective Surgery	Physician
Chiroprapist	Podiatrist
Chiropractor	Practical Nurse
Christian Science Practitioners	Prescription Drugs* (<i>only those requiring a prescription by a doctor for its use</i>)
Dental Care and Dentures	Psychiatrist
Eye Exam, Eyeglasses, and Contacts	Psychologist
Gynecologist	Rental or Purchase of Medical Equipment (<i>including special equipment for use by handicapped persons</i>)
Hearing Aids and Batteries	Support or Corrective Devices
Home Health Care	Surgery
Hospital and Skilled Nursing Facility Expenses	Transportation Expenses Relative to Illness (<i>including fare to doctor's office</i>) at 10 cents per mile
Immunizations	X-rays
Insulin	Drugs to aid in smoking cessation (<i>i.e. Nicoderm, Nicorette</i>) (<i>Only if prescribed by Doctor</i>).
Laboratory Fees	Stop-smoking programs (<i>Only if prescribed by Doctor</i>).
Lip-Reading Lessons	
Medical Examinations	
Midwife	
Nursing Care	
Obstetrical Expense	

****Does not include drugs prescribed for hair growth or weight loss.***

Ineligible Expenses

Expenses Reimbursed under any group health plan	Marriage Counseling
Expenses not incurred during plan year	Medicines or drugs which do not require a prescription
Cosmetic Procedures	Teeth Whitening
Dancing or Swimming Lessons	Cost of Toiletries or Cosmetics
Vacation	Weight Loss programs
Health Club Dues	
Health Insurance Premiums	

Dependent Child Care Reimbursement

Attached is the 2001–02 school calendar to assist you in figuring your annual Dependent Child Care amount for the Cafeteria Section 125 Plan.

Some of the rules IRS have listed regarding Dependent Child Care under the Cafeteria Section 125 Plan are as follows:

- Your dependent care expenses must be incurred to allow you (and your spouse if you are married) to work or look for work.
- You must have income from work during the year.
- You (and your spouse if you are married) must keep up a home that you live in with one or more qualifying dependents.
- You must have made payments for dependent care to someone you could not claim as a dependent and if the person you made payments to was your child, he/she must have been age 19 or over by the end of the year.

Please double check with your dependent care provider that they comply with all the applicable state and local regulations. This is for your protection as well as that of your provider.

We also want you to be aware that the full amount paid to a nursery school is covered under Dependent Child Care expenses.

Work Requirements

Work may include actively looking for work.

Unpaid volunteer work or volunteer work for a nominal salary does not qualify.

Eligible Dependent Day Care Expenses

You may allocate up to \$5,000 per tax year for reimbursement of dependent day care expenses (\$2,500 if you are married and file a separate return).

The services of a housekeeper, maid, or cook are usually considered necessary to run your home if performed in connection with care of the qualifying dependent.

Dependent day care center expenses are eligible if the care is for your dependent under age 13 or for any other qualifying dependent who regularly spends at least 8 hours each day in your household.

A dependent day care center or an individual providing dependent day care must comply with all federal, state, and local regulations, if applicable.

The cost of getting a qualifying dependent to and from your home and the care location is not an eligible expense.

(continued on reverse side)

Qualifying Dependent

A qualifying dependent lives in your home and is:

- Your dependent under age 13 for whom you may claim an exemption deduction (*but see child of divorced or separated parents, below*); or
- Your dependent who is physically or mentally not able to care for himself or herself and spends at least 8 hours in your home daily; or
- Your spouse who is physically or mentally not able to care for himself or herself, and spends at least 8 hours in your home daily.

Persons who are not able to dress, clean, or feed themselves, or because of physical or mental problems are not able to care for themselves.

Child of Divorced or Separated Parents

If you are divorced or separated, your child or stepchild qualifies if he or she:

- Was under age 13 at the time the care was provided or not able to care for himself/herself; and
- You must be the custodial parent and the child must live in your home.

Payments To Relatives

Eligible dependent day care expenses do not include payment to a person you may claim as a dependent for federal income tax purposes.

Payments to your child are not eligible expenses unless your child was age 19 or over by the end of the year.

Attention Teachers

You are allowed to apply any money you spend for Dependent Child Care while attending summer school for the purpose of keeping your certification.

You are **NOT** allowed to apply any money you spend for Dependent Child Care while attending summer school for the purpose of increasing your education above and beyond keeping your certification.

Medical Expense and Dependent Care Reimbursement Available Under Section 125 Cafeteria Plan ---

- Dependent Care (*child care/babysitting expenses*) and Medical Expense Reimbursement (*medical related expenses for you and your family that are not eligible under health insurance coverage*) will continue to be available to reduce your salary and save taxes.
- These options are separate from each other. You may take one, both, or neither.
- You must elect to participate prior to the beginning of each plan year. There is no allowance for late enrollment.
- Under either options, you declare an annual amount you will spend for the year. Deductions will be made from your salary in equal amounts.
- You will receive a voucher packet from American Fidelity Company that will explain how to file a claim for reimbursement. American Fidelity processes claims on a daily basis and reimbursement checks will be sent to your mailing address.
- You may only be reimbursed for expenses that you incur during the plan year. However, you may submit your claim for reimbursement as late as 90 days after the end of the plan year during which you incurred your expenses.
- You must claim the amount declared annually or you will lose it. It cannot be carried over to the next year. The accounts of the two options cannot be intermingled.
- The medical expense reimbursement check will be for the expenses claimed up to the maximum benefit amount you elected for the year. The dependent day care expense check will be for the expenses you claimed up to the amount you have in your account. If the dependent day care expense claim is in excess of your account balance, the balance of the amount due will be forwarded to you as additional payments are received.
- You will receive monthly reports on your to-date deductions, claims, and balances.
- These two items will be listed with the other options on the Salary Reduction Cafeteria Fringe Benefit form that you will fill out before your new contract begins.
- The first deduction from these options will go into effect the first month of your new contract.
- No reimbursements will be made until the first deduction has been made from your paycheck for the new plan year.
- You need to decide if you want to use these options. If you do, you need to determine what your expense will be for the next contract year in each of these areas: Child Care Costs and/or Medical Costs not covered by health Insurance.
- If you and your spouse jointly made less than \$28,000 annually, you may want to talk to your accountant about claiming the child care expenses as deductions at tax time rather than making use of the Section 125 Cafeteria deduction.

Dependent Child Care Reimbursement Voucher

This claim form is to be used only to request reimbursement from your Cafeteria 125 Plan Account for dependent care expenses. *Please attach a statement, receipt, etc., from your child care provider.* If your provider does not have receipts, please contact the payroll office for some generic receipts.

In all cases, you must sign the bottom of this form in order to receive reimbursement.

Name of Dependent Care Center and/or Sitter

Childcare Provider's ID/Social Security Number

From _____ To _____

Amount Paid For Services \$ _____



I certify that the dependent care expenses being submitted for reimbursement meet the following requirements:

- u The expenses are either (a) for the care of a qualifying individual (e.g., daycare center, nursery school) or (b) for household services attributable to the care of a qualifying individual. Educational expenses for a child in the first or higher grades are not eligible.
- u A qualifying individual is (a) a child under age 15 if the child is claimed as an exemption deduction on my Federal Income Tax return (if divorced or legally separated, the requirement that the child be an exemption deduction does not apply if you have custody of the child for a period longer than the other parent); (b) my spouse, if my spouse is physically or mentally not able to care for himself or herself; (c) an individual, such as a parent who lives with me or a child over age 15 who is physically or mentally unable to care for himself or herself and who is a dependent of mine for whom I can claim an exemption deduction on my Federal Income Tax return (or could claim such deduction but for the fact the individual has \$1,000 or more of gross income).
- u The expenses are for the purpose of allowing me (and if married, my spouse) to be gainfully employed during the period I have responsibility for a qualifying individual. Payments made to a child of mine under age 19 or to a person I can claim as a dependent on my Federal Income Tax return are not reimbursable expenses.
- u If married, the amount of reimbursable expenses will not exceed the lesser of my earnings or my spouse's earnings for the year. If my spouse is a full-time student or physically or mentally unable to care for himself/herself, my spouse is deemed to have earnings of \$200 per month (\$400 if I have at least two qualifying individuals).

I understand that I have the responsibility for any tax reporting or other legal requirements with respect to reimbursable expenses. I also understand that to the extent dependent care expenses are reimbursable under the Dependent Care Spending Account, they may not be claimed as expenses for purposes of the credit against Federal Income Tax for dependent care expenses.

Employee Signature

Date

Social Security Number

Medical Expense Reimbursement Voucher

Name of Employee (*Please Print*)

Social Security Number

This is to certify that during this current plan year, I have incurred the expenses indicated below that qualify for reimbursement under the provisions of the USD 489 Out-of-Pocket Medical Expense Program. Attached are copies of the necessary records, or receipts, to substantiate the amounts below. I further certify that the medical expense amounts have not been paid for or reimbursed to me by any health insurance company. Since these expenses are reimbursed by my employer, they may not be claimed on my personal tax filings at year end.

Out-of-Pocket Medical Expense

Type of Expense	Amount
Health Insurance Deductibles	_____
Doctor Office Visits	_____
Physicals	_____
Prescription Drugs	_____
Psychiatric Counseling	_____
Dental Costs	_____
Orthodontia Costs (<i>braces, exams, etc.</i>)	_____
Vision and Eye Care (<i>exams, glasses, contacts, etc.</i>)	_____
Surgery, if medically necessary	_____
Other Health Related Expenses	_____
Specify _____	_____
_____	TOTAL

Date

Employee Signature

For each expense claimed, attach the bill or insurance company summary of benefits paid. We encourage you to first send your prescriptions to your insurance (*if applicable*).

Balance forward, received on account statement, and cash register tape receipts are NOT acceptable.