



Flexible Spending Account Participant Handbook

Provided by
PIOPAC Fidelity
for your Employer's Plan



PIOPAC Fidelity
Third Party Administration
"Security, Integrity, Trust"

PIOPAC Fidelity Flexible Spending Account Participant Handbook

Welcome to PIOPAC Fidelity Administrative Services!

We are dedicated to providing superior service to our customers and are delighted to serve as your cafeteria plan service provider. Our role is to process your requests for Reimbursement according to the plan designed by your employer, who is the plan sponsor and plan administrator. All benefits are funded by your employer through your salary redirection. Flexible Spending Account (FSA) benefits are paid by your employer and not insured or paid by PIOPAC Fidelity.

- There are two types of FSAs: The first is unreimbursed medical (URM) and the second is dependent day care (DDC).
- Your participation in an FSA program allows a portion of your salary to be redirected to provide reimbursement for these types of expenses.
- At the beginning of each plan year, you elect a specific dollar amount for each FSA you wish to participate in (not to exceed your plan maximum) for healthcare FSA or (IRS maximum) for dependent day care.
- Participation in one or both FSAs can save you money by reducing your taxable income. You pay no Federal, State or Social Security because taxes will be calculated after the amount is deducted from your salary.

Use of Personal Information

Your privacy is important to us. PIOPAC Fidelity will follow applicable law with regard to the use and disclosure of your personal information. As set forth in your claim form, by enrolling in the FSA, you authorize us to use and disclose your personal information in connection with administering the plan and for other purposes permitted by law.

**Use discretion when faxing your medical information to us. You bear full responsibility for any inappropriate use or disclosure that may arise as a result of your transmission of information to PIOPAC Fidelity.*

For Inquiries

(808) 792-5226

To Submit Claims Online
<https://piopacee.lh1ondemand.com>

To Submit Mobile Claims
Go to www.piopac.com to download our
Mobile App

To Submit Claims by Fax
(808) 536-0430

To Submit Claims via a PDF file
Email to fsaclaims@piopac.com

To File Your Claim

1. Use PIOPAC Mobile App or file claims securely online.
2. Attach legible receipt(s) from the service provider or EOB (Explanation of Benefits) showing:
 - * A description of the service or a list of supplies furnished.
 - * The charge(s) for each service.
 - * The date(s) of service.
 - * The name of the person(s) receiving the service.
 - * For RX the prescription drug name.

No Waiting in Line!

We recommend direct deposit to all of our FSA participants as we feel it is a more efficient and reliable processing method. If by chance check payment is misplaced or lost in the mail, there will be service fee charged to have the payment replaced.

Healthcare FSA

Common Eligible Expenses:

- Co-Payments
- Co-Insurance
- Deductibles
- Over-the-Counter Medical Supplies
- Dental Treatment
- Orthodontia
- Lab Fees
- X-Rays
- Vision Expenses
- Lasik Surgery
- Physical Therapy
- Chiropractor Services
- Acupuncture
- Eye Contact Solution
- Eye Drops
- Band aids
- Birth Control
- Reading Glasses
- Insulin & diabetic Supplies
- Catheters
- Braces & Supports

Common Ineligible Expenses:

- Over-the-Counter (OTC) Drugs & Medicines
- Cosmetic Surgery
- Teeth Whitening
- Botox
- Non Prescribed Vitamins and Supplements
- Toiletries
- Medical Insurance Premiums
- Health Club Membership Fees

Almost every person has a number of necessary and predictable expenses that are not paid by their insurance plans. You can save money by putting that amount directly into your Healthcare FSA. The FSA will help you pay for these predictable expenses with your pre-tax dollars. Over-the-counter drugs to treat a medical condition is now an allowable FSA expense.

Eligible Expenses

With the FSA, you can pay out-of-pocket health care expenses for yourself, your spouse and all of your dependents for health, dental and vision care expenses. The services must be incurred while you are actively participating in the FSA plan. The eligible expenses may be reimbursed regardless of whether you, your spouse or dependents are covered by your employer's medical, dental or health plan.

Expenses for medical care will be limited to expenses incurred primarily for the prevention or improvement of a physical or mental defect or illness. An expense that is merely beneficial to your general health is not an eligible expense. It must be an expense to treat a medical condition.

Ineligible Expenses

Some expenses that you incur during your plan year may not be eligible for reimbursement under current IRS regulations.

- ▶ **Expenses not yet rendered**—Expenses that have been paid, but not yet rendered (i.e. prepayment of services) cannot be reimbursed until the service is rendered. Expenses don't necessarily have to be PAID, but merely incurred.
- ▶ **Premiums for insurance**—Premiums and payments to insurance policies are not eligible for reimbursement.
- ▶ **Expenses paid by another plan or third party**—Expenses that have already been paid by an insurance company or other reimbursement plan are not eligible for reimbursement through your FSA plan.
- ▶ **Expenses incurred after termination/separation from your employer**— If you are no longer participating in the FSA plan through your employer (termination, resignation, etc) any claims incurred after your participation ends are not eligible for reimbursement.
- ▶ **Effective January 1, 2011 Medical FSA may no longer be used to Purchase OTC drugs and medicines (other than insulin) without A directive (prescription) from a medical provider.**

Dependent Care FSA

The Dependent Care FSA allows you to pay for day care expenses for your qualified dependent/child with pre-tax dollars while you (and your spouse) are working

Common Eligible Expenses:

- Day Camps
- Before/After School Care
- Baby-Sitters
- Day Care Centers
- Au Pair
- Nanny
- Nursery
- Pre-School

Common Ineligible Expenses:

- Registration Fees
- Overnight Camps
- Care for child while not working
- Kindergarten
- Tuition Expenses
- Food/Activity expenses if Separate from cost of care
- Care provided by anyone Under age 19

Eligibility Requirements

Eligible dependents must be claimed as an exemption on your tax return. These dependents can include step-children, grandchildren, adopted children, or foster children. In a divorce situation, you must have custody of the child in order for the child to be considered an eligible dependent. Under IRS regulations, eligible dependents are further defined as: under the age of 13, and/or physically or mentally unable to care for themselves, such as a disabled spouse, disabled child or elderly parents that live with you.

For dependent care expenses to be eligible for reimbursement, you must be working during the time your eligible dependents are receiving care. If you are married, your spouse must be working at the time services are rendered, full-time student for at least 5 months during the year, or mentally or physically disabled and unable to provide care for himself or herself. In the event of a divorce, the non-custodial parent cannot make a claim unless they have custody for 6 or more months during the year.

Eligible Expenses

Eligible dependent care expenses are those expenses you must pay for the care of dependent so that you and your spouse can work. The care may be provided in your home or at a licensed center outside of your home. If the care is in your home, the service cannot be provided by another child of yours under the age of 19, by your spouse, or by your dependents.

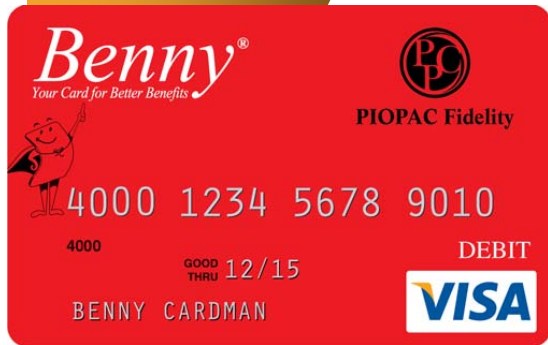
Ineligible Expenses

Only those dependent care expenses that enable you and your spouse to work are eligible. Some expenses that you incur during your plan year may not be eligible for reimbursement under current IRS regulations.

- ▶ Educational Costs
- ▶ Weekend/Evening—out Babysitting
- ▶ Transportation, books, clothing, food, activities, entertainment and Registration fees are ineligible if these expenses are shown Separately on your bill.

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Benny® Flex Benefit Card



Receiving your Benny® Card

You will automatically receive Two (2) Benny® Card in your name when you enroll, and the card will be mailed directly to your home address. Cards will be good for 3 years. There will be a \$10 fee for lost, stolen, or additional cards ordered.

The Benny® Flex Benefit Card provides easy and instant access to your FSA funds, thereby eliminating the need to pay your expenses “out – out-pocket” at the time of service. This enhancement to the FSA program can minimize the chance of forfeiting funds. Additionally, there’s no Waiting for reimbursement anymore, because you are accessing your FSA funds at the point of sale.

Using your Benny® Card

The card will only work at qualified merchants who accept Visa®, such as doctor’s offices, hospitals, pharmacies, dental offices, vision providers and health care related providers. Card will also work at qualified retail merchants that have implemented the IRS mandatory cash register system (IIAS) Inventory Information Automatic System.

Simply present the Benny® Card at the time of payment to make your purchases. The provider will be paid and your account balance will automatically be adjusted for the amount. Be sure to get a receipt showing your purchase, as you may be asked to present it at a later date. After you enroll, we will send a Welcome Package with detailed instructions on using the Benny® Card. Need to check your balance? That’s easy, just log into your account at <https://piopacee.lh1ondemand.com> You will have access to balance, claim and payment information 24 hours a day, 7 days a week. Have a question about your account? You can browse our Frequently Asked Questions (FAQ) or call or email our Customer Service Department from 8:00 a.m. to 4:30 p.m. Monday through Friday.

Providing Documentation for Benny® Flex Benefit Card Purchases (substantiation)

The IRS requires that you keep all receipts for your FSA expenses, regardless of the method of payment. Typically, when you pay with your Benny® card at a pharmacy or doctor’s office, receipts may not be required for your co-payment if you are on a HMO plan, but you must still obtain and keep a receipt for the purchase. If a receipt is required, PIOPAC Fidelity will notify you via email asking for the receipt. If you fail to substantiate by providing a receipt to us for the purchase, your card may be suspended until the necessary receipt is received. If no response via email, a notice will be mailed to your home.

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General IRS Rules & Information

The following rules apply to both DDC and URM FSAs

Election Irrevocability

You may not make changes before the beginning of the next plan year unless there is a qualified change in status (as permitted by your plan) that affects Eligibility.

Qualified changes in status may include:

- Change in employee's legal marital status
- Change in number of tax dependents
- Change in employment status that affects eligibility
- Dependent satisfies or ceases to satisfy eligibility requirements
- Change in residence that affects eligibility
- Judgment, decree, or court order dictating provision of coverage
- Entitlement to Medicare or Medicaid (URM only)
- Change in cost of the benefit (DDC only)
 - * Addition or elimination of benefit option
 - * Change in coverage of spouse or dependent under his/her employer's plan
 - * Significant curtailment of coverage

If a change in status occurs, you may make changes consistent with the qualifying event or as otherwise defined by your Plan Document. See your plan Sponsor for further details about making changes.

Dollar Limits

DDC Account:

This reimbursement (when aggregated with all other dependent care reimbursements during the same calendar year) may not exceed the least of the following:

- \$5,000, or
- \$2,500, if married but filing separate tax returns

URM Account:

Your plan sponsor determines the maximum benefit that may be elected. Please see your employer for the maximum benefit amount allowed under your plan.

Use-it-or-lose-it Rule

Money remaining in your FSA account(s) will not be returned to you at the end of the plan year. Any amount remaining after the end of the runoff or grace period will be forfeited. Because of the use-it-or-lose-it rule, it is important for you to carefully estimate your out-of-pocket URM and DDC expenses for the upcoming plan year.

Termination of Employment

DDC Account:

If you have not received reimbursement for all contributions made to your DDC account upon your termination, you may continue to incur expenses during the plan year and submit claims for reimbursement. Generally, you may submit claims through the plan year and runoff period until all of your contributions are used.

URM Account:

When you terminate employment, your participation in the plan ends and you will no longer be able to incur expenses for reimbursement. Your salary Redirections will end; however, you may still file claims for dates of service that were incurred before your termination as long as they are within your eligible plan year.

COBRA:

COBRA does not apply to DDC. However, COBRA may apply to your URM account and allow you to continue participation in your URM, thus allowing you to receive reimbursement for medical expenses incurred after your employment termination if:

- The plan sponsor is subject to COBRA, and
- When you terminate employment and you have contributed more for URM than you have received in URM benefits.

Note: Under COBRA you must elect coverage within 60 days and continue to submit contributions to your employer to continue coverage under your URM account for the current year.

The Reimbursement Process

Claims Processing and Payments

All claim reimbursements are handled with strict adherence to IRS adjudication and reporting regulations. Claims are processed daily and our turn around time upon receipt is 3-5 business days and during peak periods (December-March) 5-10 business days. Your reimbursement check will be mailed to your home address on file. You may also elect to receive payment via direct deposit.

Minimum Check Amount

The minimum reimbursement check amount is \$15.00 This is excluding end-of-the-year claims which are Processed after the close of the plan year and balance is under \$15.00.

Online Service to Request For Payment

<https://piopacee.lh1ondemand.com>

- ▶ **Reimbursements**—Healthcare/Medical FSA's are pre-funded; therefore, you are eligible to receive reimbursement up to your elected annual contribution from the start of your FSA plan. The healthcare/Medical FSA funds that are reimbursed to you will be recovered as your deductions are taken from your paycheck throughout the plan year. Dependent Care FSA's are NOT pre-funded; therefore, you will only receive reimbursement up to your year-to-date contributions from payroll deductions.
 - ▶ **Payment Method Choice**—You may pay with your Benny® Flex Card at the time you incur the expense, or pay the provider out-of-pocket and file a manual (paper) claim to receive a reimbursement
 - ▶ **Manual Claims**—To obtain reimbursement from your FSA, you must complete a manual claim form or use the online service to input your information, and attach all itemized receipts from the service provider. Cancelled checks, bankcard/credit card receipts and credit card statements are NOT acceptable forms of documentation. The receipt must come from the service provider or the Explanation of Benefits from your medical health carrier and must include the following information:
 - For whom the service was incurred
 - Date of service incurred
 - Name of service provider
 - Amount of your out-of-pocket charge incurred
 - Type of service incurred
 - Must identify name of prescription drugs (RX)
- *PIOPAC Fidelity recommends submitting an Explanation of Benefits (EOB) from your insurance company, if available.
- ▶ **Remember**—You must sign and date all claim forms.

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Expense Estimation Worksheet

This worksheet can help you determine an estimate of your annual expenses for each FSA reimbursement account. Good planning and careful estimating is the best way to take full advantage of your FSA program. Below are examples of allowable expenses to help you. See a list of all allowable expenses on our website at www.piopac.com

Qualifying FSA Expenses

Healthcare/medical FSA

Deductible	\$	_____
Co-payments	\$	_____
Doctor visits	\$	_____
Prescription Drugs	\$	_____
Over-the-Counter Items	\$	_____
Vision Exams	\$	_____
Glasses	\$	_____
Contacts	\$	_____
Lasik Surgery	\$	_____
Dental Visits	\$	_____
Orthodontia	\$	_____
Lab Fees	\$	_____
Counseling and Therapy	\$	_____
Acupuncture Services	\$	_____
Chiropractor treatment	\$	_____
Miscellaneous	\$	_____
Total Estimated Healthcare	\$	_____
Divide by # of annual pay periods		_____
FSA deduction per pay period	\$	_____

Dependent Care FSA

Child day-care or preschool	\$	_____
After school programs	\$	_____
Nanny, Au-pair, babysitter	\$	_____
Summer day camp expenses	\$	_____
Adult day-care expenses	\$	_____
Miscellaneous	\$	_____
Total Estimated Dependent Care	\$	_____
Divide by # of annual pay periods		_____
FSA deduction per pay period	\$	_____
TOTAL		