



Section 125 Cafeteria/Flex Plan



SAVE 25% - 40% ON YOUR COST

for doctor appointments, prescriptions, co-pays, eyeglasses, contact lenses, dental, orthodontic, child care and much more...

QUICK, EASY CLAIM REIMBURSEMENT

Use smart phones, online portal, flex debit cards for fast reimbursement

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If you choose to participate in this valuable benefit, you, your spouse, and your eligible family members can pay for medical, dental, vision, and dependent care expenses on a tax-free basis. This booklet contains general information about a Cafeteria/Flex Plan. *You are encouraged to review this booklet to help determine if you and your family would benefit by enrolling.*

Use this guide as a quick reference for questions you may have initially or throughout the year.



Your spendable income

Your spendable income increases when you contribute pre-tax dollars to a 'flexible benefits plan'. You lower your taxable income and you pay fewer taxes which increases your spendable income. Depending on your tax bracket, this plan may save you 25% to 40% in taxes.

How the Plan Works

This plan consists of three separate benefits:

- **Group Insurance Premiums**
- **Healthcare Expenses**
- **Dependent Care Assistance**

At the time of enrollment, you will need to determine how much you would like to contribute to each of these benefits for the coming Plan Year. Group insurance deductions are based on what your employer requires you to pay for coverage. The remaining benefits are set up individually by you, the participant. You may participate in any or all of the benefits. When you participate in a flexible benefits plan, you elect to have a specified number of pre-tax dollars deducted from your paycheck each pay period. These dollars are subtracted from your gross earnings before taxes are withheld. A more thorough review of each benefit follows:

Insurance Premiums

Group Insurance Deductions

This account enables you to pay for your share of your company's health plan with pre-tax dollars. Your "per pay" deductions stay the same, but your take-home pay increases.

Unreimbursed Healthcare Expenses

This account is for out-of-pocket medical, dental and vision expenses not covered by your healthcare insurance. For example: deductibles, co-pays for office visits, prescription drugs, eye exams, eyeglasses, contacts, dental visits and orthodontia expenses. To participate, estimate your family's non-covered expenses for the Plan Year and make your election at enrollment time. Your election will be divided by the number of times you are paid during the Plan Year and that amount will be deducted from your paycheck. As you incur the expenses, you can submit your requests for reimbursement.

Dependent Care Assistance

This account is for child or elder care expenses that you must incur in order to allow you (and your spouse, if married) to work. A dependent is defined as follows:

- a dependent of the employee who is under 13 years of age
- a dependent who is physically or mentally disabled
- a spouse who is physically or mentally disabled

Adult Dependents: Under the Affordable Care Act signed into law March 2010, your Flex Plan may be used to pay unreimbursed medical expenses for your adult children who have not reached age 27 by December 31. This applies even if your adult child is not your dependent (i.e., even if they are married and carry their own health insurance).

How Much Should You Budget?

After reviewing the list of qualified expenses (see below), estimate how much you will spend on these expenses during the next Plan Year. For a more extensive list visit www.fsastore.com.

Change in Elections

Once enrolled in the medical plan, you may not change elections. To comply with IRS regulations, you may only make a change in your election at the beginning of each Plan Year. This means you may not make a change in your elections after the open enrollment period, unless you have a family status change. Examples include marriage, adoption, death, loss of spouse's employment, etc.

The "Use It or Lose It Rule"

Remember this important rule when deciding how much to place in your account. If you contribute dollars to a reimbursement account and do not use all of the monies you deposit, you will lose any remaining balance in the account at the end of the year. **



Example of Flex Plan 30% Tax Savings

	Without a Flex Plan	With a Flex Plan	Savings
GROSS INCOME	\$2,000.00	\$2,000.00	
MEDICAL INS	\$(136.00) **	\$(136.00)	
MED or DC EXPS	\$(100.00) **	\$(100.00)	
TAXABLE INCOME	\$2,000.00	\$1,764.00	
FEDERAL TAX	\$(347.00)	\$(306.00)	+\$41
STATE TAX	\$(100.00)	\$(88.00)	+\$12
FICA	\$(153.00)	\$(135.00)	+\$18
NET INCOME	\$1,400.00	\$1,471.00	= (+\$71)

** not deductible for tax purposes

Grace Period Extension/ \$500 Carryover

An additional time period may be allowed to incur expenses or claim reimbursements. Speak with your employer to determine if either of these options is available for your Plan. With either option, qualified expenses will be paid with unused funds from the previous Plan Year.

Limited Purpose Flex Healthcare Account

Persons participating in a Health Savings Account (HSA) may only have a Limited Purpose Flex Healthcare Account. Only vision and dental expenses may be reimbursed through a Limited Purpose Flex Healthcare Account.

Examples of Medical & Related Expenses

- Acupuncture
- Alcoholism treatment
- Artificial limbs/teeth
- Birth control pills
- Birth prevention surgery
- Braces-Orthopedic
- Braille-books & magazines*
- Care for handicapped child
- Chiropractic care
- Co-Pays
- Communication equipment/deaf
- Contact lenses and solutions
- CPAP machines
- Crutches
- Deductible amounts you pay
- Dental fees
- Dentures
- Diagnostic fees
- Drug & medical supplies
- Education for the blind
- Eyeglasses, including examination fee
- Handicapped person special schools
- Hair transplants *
- Hearing devices & batteries
- Home improvement motivated by medical consideration *
- Hospital bills
- Insulin
- Laboratory fees
- Lead base paint removal for children with lead poisoning
- Life fee to retirement home for medical care
- Nurse's fees (including nurse's board and Social Security tax where paid by taxpayer)
- Obstetrical expenses
- Operations
- Orthodontia (See special rule in FAQ section)
- Orthopedic shoes * (Limited reimbursement)
- Osteopath
- Prescribed medications
- Psychiatric care
- Psychologist fees
- Mentally handicapped special costs
- Routine physicals and other non-diagnostic services or treatments
- Smoking cessation programs *
- Sterilization fees
- Surgical fees
- Lasik eye surgery (which is a surgical procedure to correct optical myopia)
- Therapeutic care for drug and alcohol addiction
- Therapy treatments
- Transportation expenses primarily for rendition of medical service (ambulance to hospital or recuperation home, cab fare in obstetrical cases)
- Tuition at special school for handicapped
- Vitamins obtained at a prescription level from a pharmacist *
- Wigs, when needed after chemotherapy *
- X-rays

* Requires note from medical practitioner to indicate medical necessity. **COBRA laws may apply.

This list is not intended to include all eligible expenses. Cosmetic procedures that are performed to improve general appearances not related to a medical condition are not allowable. Only Vitamins and Supplements purchased to treat a medical condition, are eligible. For questions about expenses not on this list or for further clarification, please visit our web site or contact us.

Frequently Asked Questions

How can I find out if I have money left in my account?

You can get full account information by visiting the "Home" tab on the consumer portal at <https://kabelparticipant.lh1ondemand.com>.

What types of documentation are acceptable when submitting reimbursement claims or sending in receipts to verify card use?

We cannot accept debit or credit card receipts, as they do not have all the required information. The documentation needed is a detailed bill or receipt that states the date of service, service provided, name of the service provider, name of the patient and the amount.

What types of documentation are acceptable when submitting dependent care?

You can either have your dependent care provider sign the claim form or submit a receipt from the provider that contains the dates of care, charge amount, provider name, and child's name. It can be a handwritten receipt.

What happens if I terminate employment before the end of the Plan Year?

You will have 60 days to seek reimbursement for expenses incurred prior to your termination date. Any funds not spent prior to your termination date are forfeited.

How do I sign up for direct deposit?

Login to your account on the consumer portal at <https://kabelparticipant.lh1ondemand.com>, click on the "Profile" tab and click "Banking".

I have not received my check in the mail. How can I get a replacement check sent to me?

If it has been 15 business days since the original check was issued, you can call us at 515-224-9400 and we can have a replacement check direct deposited to your account within 3 business days. If you need a replacement check and you are not set up for direct deposit, we strongly recommend that you sign up on the consumer portal under "Banking" as there is a \$30 fee to reissue a paper check.

Are over-the-counter medications eligible expenses?

Only if the claim is accompanied by a prescription from your healthcare provider. Many participants take over-the-counter medications regularly for allergies, acid reflux, etc. If that is the case, your healthcare provider may write you a prescription for that medication. A copy of the prescription must accompany each reimbursement claim.

How is orthodontia reimbursed under the Flex Plan?

IRS rules allow an employee to turn in expenses incurred only during a Plan Year. With orthodontia treatment the down payment can be claimed when incurred. The employee can then claim the monthly payment amount each month. Documentation for the down payment is a copy of the contract from the orthodontist. The documentation needed to pay out a monthly claim is a coupon booklet or a monthly statement from the orthodontist.

Do I have to pay for my Unreimbursed Medical expenses before I can be reimbursed?

No. You can be reimbursed for the expense as soon as it is incurred.

I lost my card. How do I report it lost and order a new one?

Login to your account on the consumer portal at <https://kabelparticipant.lh1ondemand.com>, click on the "Profile" tab and click "Banking".

I need another card. How do I order another one?

Login to your account on the consumer portal at <https://kabelparticipant.lh1ondemand.com>, click on the "Profile" tab and click "Banking".

Why do I have to submit substantiation for some debit card swipes?

The IRS requires your plan to confirm that the debit card was used for an eligible expense. (For example some dentists and optometrists provide services that are cosmetic, like teeth whitening or non-prescription sunglasses that are not eligible expenses.) To not require substantiation for some claims would jeopardize your plan.

How do I change my contact information?

Login to your account on the consumer portal at <https://kabelparticipant.lh1ondemand.com> and click on the "Profile" tab.

How to submit a Flex Claim

With your cell phone

Begin by searching "KBSFlex" in the appropriate app store and downloading the app. Login using your username and password from the website.

- You will be prompted to set up a 4 digit security code which will serve as your password going forward.
- Click "File a Claim"
- Fill out the appropriate information.
- Click "Upload Receipt" and take a picture of the receipt.
- Click "Add Claim"



File a claim online

First time login instructions

- 1 Go to <https://kabelparticipant.lh1ondemand.com>
- 2 Under Existing User -
- 3 Your username will be: First name initial, last name, last 4 digits of social security number (example: Name: John Doe Social Security Number 123-45-6789. Username = JDoe6789)
- 4 Your first time password is: changeit
- 5 Click "Login".

OR from any page on the portal, expand the "I want to..." section on the right hand side of the screen.

- The claim filing wizard will walk you through the request including entry of information, payee details and uploading a receipt.
- For submitting more than one claim, click "Add Another", from the Transaction Summary page.
- When all claims are entered in the Transaction Summary, agree to the terms and conditions and click "Submit" to send the claims for processing.
- The Claim Confirmation page displays. You may print the Claim Confirmation Form as a record of your submission. If you did not upload a receipt, you can upload the receipt from this screen or print a Claim Confirmation Form to submit to the administrator with the required receipts.



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