



Section 125 **Cafeteria/Flex Plan**

**Join Millions of Americans Saving Money on Taxes
through Cafeteria/Flex Plans**

- **SAVE 25%-40% ON THE MONEY YOU ARE ALREADY SPENDING ON DOCTOR APPOINTMENTS AND PRESCRIPTION CO-PAYS!**
- **SAVE 25%-40% ON EYEGLASSES...CONTACT LENS...CONTACT LENS SOLUTIONS!**
- **SAVE 25%-40% ON DENTAL CARE NOT COVERED BY YOUR HEALTH PLAN!**
- **SAVE 25%-40% ON DAYCARE!**

**It's easy to use...And it will save you
money\$\$\$**

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www.kabelbiz.com
FLEX HOTLINE: 866-610-2669

Introduction

If you choose to participate in this valuable benefit, you, your spouse, and your eligible family members can pay for medical, dental, vision, dependent care and health insurance premium 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 to 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:

- **INSURANCE PREMIUMS**
- **UNREIMBURSED MEDICAL & MEDICAL-RELATED EXPENSES**
- **DEPENDENT CARE ASSISTANCE**

At the time of enrollment you must 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 the company health plan with pre-tax dollars. Your "per pay" deductions stay the same, but your take-home pay increases.

• **Individual Health Premiums**

If allowed by your Plan, this account is to reimburse premiums you pay directly to the insurance company for individual medical coverage for you, your spouse, or eligible dependents. **Please note:** health insurance premiums withheld from your spouse's pay by another employer cannot be deducted through this plan.

UNREIMBURSED MEDICAL & MEDICAL-RELATED EXPENSES

This account is for out-of-pocket medical, dental and vision expenses not covered by your medical insurance. **For example:**

deductibles, co-pays for office visits, prescription drugs, eye exams, eyeglasses, contacts, dental visits and orthodontia expenses. A more detailed list is provided in this package. 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**

How Much Should You Budget for the Year?

After reviewing the list of qualified expenses, estimate how much you will spend on these expenses during the next plan year. Use the list in this package and on our web site to help you figure your expenses for the plan year.

Change in Elections

Once enrolled, 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 experience a family status change. Examples include marriage, divorce, birth, 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.

Grace Period Extension

If allowed by your plan, an additional period of time is allowed to incur expenses and claim reimbursements. This is called a "grace period". Qualified expenses incurred within the "grace period" will be paid from unused funds from the previous plan year. After those funds have been spent, expenses incurred during the "grace period" will be paid from dollars in the new plan year. To find out the length of the "grace period" for your plan, ask your employer or call Kabel Business Services. At the end of the "grace period", any funds from the previous plan year not used will be forfeited.

Limited Purpose Flex Medical Account

Persons participating in a Health Savings Account (HSA) may only have a limited Flex Medical Account. Only vision and dental expenses may be reimbursed through a limited purpose Flex Medical Account.

Examples of Medical & Related Expenses

- Acupuncture
- Alcoholism treatment
- Artificial limbs/teeth
- Birth control pills
- Birth prevention surgery
- Braces
- Braille—books & magazines
- Care for handicapped child
- Chiropractic care
- Co-Pays
- Communication equipment/deaf
- Contact lenses and solutions
- 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
- Orthopedic shoes
- Osteopath
- Prescribed medications
- Psychiatric care
- Psychologist fees
- Mentally handicapped special costs
- Routine physicals and other nondiagnostic 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

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. Vitamins and Supplements must be purchased to treat a medical condition. For questions about expenses not on this list, or for further clarification, please visit our web site or contact us.

Over the Counter Items

Under the Affordable Care Act signed into law March 2010, as of January 1, 2011, Flex Plan participants are no longer allowed to Flex over-the-counter medications (except for insulin) without a doctor's prescription. Previously allowed medications such as pain relievers, allergy medication, stomach remedies, etc. cannot be reimbursed without a prescription. For over-the-counter medications to be allowed claims must be accompanied by a doctor's prescription stating that the medication is taken to treat a **specific medical condition**. The prescription must state the specific medical condition for which the medication is required.

(Note-this prescription must accompany each claim.)

Over-the-counter medical supplies and durable equipment are still allowed.

Certain products that may be purchased over-the-counter are still allowed without a doctor's prescription. They would include items such as contact lens solutions, hearing aid batteries, diabetic supplies (testing strips, syringes), bandages, etc.

Vitamins and supplements:

Vitamins and supplements that are not treating a specific medical condition are not allowable. If you have a medical condition such as osteoporosis and you have a prescription from your doctor prescribing or recommending you to take a calcium supplement, the calcium supplement is allowable. If, however, you are taking a calcium supplement to prevent osteoporosis, even if your doctor recommends it, the calcium supplement will not be allowable.

TIP: Treat over-the-counter medications the same as vitamins and supplements. They are not allowed without a doctor's prescription and a specific medical condition.

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).

Frequently Asked Questions

How do I get reimbursed for my expenses?

You use the Reimbursement Form in this brochure and available at our website. Simply complete the form, attach a copy of the health-care or dependent care bill, and fax, email or mail (if mailing, send copies of the receipts, keep originals for your records) to Kabel Business Services. Credit card receipts and balance forward statements are **not** acceptable. You will receive your reimbursement via direct deposit into your checking or savings account or via the mail. Claims will be processed within one or two business days upon receipt.

Must money be deposited in my account before I file a claim?

The entire amount you elect for the Unreimbursed Medical Account is available on the first day and throughout the plan year. However, only amounts contributed to date are available for Dependent Care and Individual Insurance Premium Accounts.

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.

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

You can get full account information by calling 1-866-610-2669, or by visiting www.kabelbiz.com.

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 then can claim the monthly payment amount each month. Documentation for the down payment is a copy of the contract. The documentation needed to pay out a monthly claim is a coupon booklet or a monthly statement from the orthodontist.

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 the date of your termination. Any funds not spent prior to your termination date are forfeited.

How to use Internet Claim Expense (ICE) Form

- Log on to www.myflexonline.com
- Type in user name and password
- Click on "Request payment" (upper left corner)
- Select a claim type from the drop down list
- Enter start date/end date (these dates will be the date the expense was incurred and not necessarily the date the payment was made)
- Enter dollar amount
- If expense is for a member of your family other than yourself, enter that person's name (child, spouse) under "dependent"
- If you are submitting more than one expense, click "Add an item"
- Enter additional lines by repeating steps
- When finished entering items, click "View form"
- Click "Continue" to print the claim form
- Once you have printed the claim form, sign and date it, and attach the appropriate receipt (s)
- Fax or mail form and receipts to Kabel Business Services

Flex Debit Cards (if allowed by your plan)

Just swipe your card at qualifying merchants and sign, as you would with a credit card. (You won't have a personal identification number (PIN).) The debit card automatically deducts eligible purchase (s) from your Cafeteria/Flex Plan un-reimbursed medical expense account.

- It can be used at healthcare providers (i.e. doctors, dentists, some pharmacies, optometrists, and on-line prescription services) and merchants using an Inventory Information Approval Systems that automatically substantiate purchases

SAVE ALL RECEIPTS-If there are any questions, you may be required to submit a receipt.

The following purchases **DO NOT REQUIRE** receipt(s) to be submitted:

- Qualified purchases made at merchants that have Inventory Information Approval Systems that automatically substantiate purchases
- Co-pays for doctor's visits if on the employer's Group Health Plan
- Co-pays for prescriptions if on the employer's Group Health Plan

The following types of purchases **DO REQUIRE** receipt(s) to be submitted:

- Optometric and other eye care expenses
- Dental expenses
- Hospital bills and outpatient services

How to know if substantiation of a claim is needed:

- Check your account at (www.myflexonline.com) for flex debit card purchases. You will be informed if a receipt is required.
- If you have not checked your Flex account, an email or letter will be sent to you

When sending in your flex debit card receipts, you must first go to www.myflexonline.com and log into your account. Once you are logged into your account, follow the steps listed below:

- Click on "View Account"
- Click on "Pending Payments"
- Click on the red oval that says "Review Now"
- Select all
- Click on "Continue"
- Click on "Print Now"
- Sign and date the debit card adjudication form and fax or mail to Kabel Business Services along with copies of the receipts (keep originals for your records)

Example of Flex Plan 30% Tax Savings

	<u>Without a Flex Plan</u>	<u>With a Flex Plan</u>	<u>Savings</u>
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	\$1,235.00	= (+\$71)

* not deductible for tax purposes

How to File for Reimbursement

The important process of being reimbursed for your expenses is simple. You must complete a Reimbursement Claim form and fax, email or mail form along with supporting documentation to us for regular claims. For debit card purchases, "Flex Debit Card" section of this brochure.

1) When completing the claim form:

- Fill in name and Social Security number
- Write the date(s) of service
- Total each section to show the amount to be reimbursed
- **Sign and date the claim form**

2) Make sure the receipt(s) you submit include all the following:

- The service provided (i.e. co-pay, office visit)
- The date(s) of service
- Who provided the service

3) Make sure the date(s) the expense was incurred (not necessarily when it was paid) is in your Flex Plan Year.

4) On all store receipts we need to see the printed date(s), the item(s) purchased, and the price of the item(s).

5) Credit/Debit card receipts are not allowed unless they state the service provided (i.e. co-pay, office visit) and the date(s) of service.

6) The following items are not covered under the flex plan unless you have a note from a doctor:

- Vitamins/supplements
- Gym memberships or weight loss programs
- Massages
- Over-the-counter medicines

7) You have 60 days after your termination of employment to submit claims. The dates of service must be prior to your termination date.

8) We are not able to reimburse claims with a date of service prior to your eligibility date.

9) If a claim has been rejected, please include a copy of the original claim form when submitting the correct receipts.

Fax to: 515-224-9256

Email to: claims@kabelbiz.com

Mail to: Kabel Business Services
1454 30th St. Suite 202
West Des Moines, Iowa 50266

Account Management Resources

1. WEB SITE: www.kabelbiz.com

Verify your elections	Change in status rules
View your account balance	Eligibility requirements
Print blank claim forms	Calculate your tax savings
How and where to file claims	Learn about your plan
Look up qualified expenses	How to contact us

2. INTERACTIVE VOICE RESPONSE SYSTEM

Check on account balance and status of claims

with this toll free phone system

1-866-610-2669

Flexible Benefit Plan Reimbursement Claim Form

(Do not use for flex debit card expenses)

Kabel Business Services
 1454 30th Street, Suite 202, West Des Moines, IA 50266
 Phone 515-224-9400 Fax: 515-224-9256
 For account inquiries and additional forms
 visit our web site at www.kabelbiz.com.
 Email: claims@kabelbiz.com

Employer:	
Employee Name:	Social Security Number:
New Address:	Phone:

Dependent Care Expense Claims

Name of Dependent	Period Covered From To	Name & Address of Service Provider	Amount Incurred
<i>Ⓟ Attach a receipt from your daycare provider, or include the daycare provider's signature</i>			Provider's Signature:
Total Dependent Care Expense Claim*			\$

*NOTE: The total amount claimed under the Plan for any coverage period must not exceed the lesser of your earned income for the Plan Year or the earned income of your spouse. (If your spouse is either a full-time student or is incapable of taking care of himself or herself, then he or she is deemed to have monthly earnings of \$200 if there is one (1) child or dependent, or \$400 if there are two (2) or more.) No payment may be made under the Plan if the service provider is your dependent for federal income tax purposes, or is your child or stepchild and is under age 19.

Unreimbursed Medical Expense Claims

Date Expense Incurred (mm/dd/yy)	Name of Service Provider	Expense Description	Person for Whom Expense Incurred	Amount Incurred
<i>Ⓟ Attach appropriate receipt(s) and submit with this claim form.</i>			Total Medical Care Expense Claim	\$

DO NOT USE FOR FLEX DEBIT CARD EXPENSES

Individual Insurance Premiums

Name of Insurance Provider	Insured's Name	Type of Insurance (i.e. Medical, Dental, etc.)	Date(s) of Service Coverage	Amount Incurred
<i>Ⓟ Attach appropriate receipt(s) and submit with this claim form.</i>			Total Insurance Premium Expense Claim	\$

Read Carefully: I authorize the above expenses to be reimbursed from my Health FSA Account. To the best of my knowledge, my statements on the Form are true and complete. I certify all of the following: Either I, my Spouse or my Dependent has received the services described above on the dates indicated, and the expenses qualify as valid Medical Care Expenses under Code 213 (d), as further defined in the Health FSA Plan document (the "Plan"). These Expenses have not previously been submitted for reimbursement under the Plan. They have not been reimbursed under this Plan or any other Plan, and I will not seek reimbursement for them under the major medical plan or any other health plan. These expenses are for medical care excluding cosmetic purposes, are not incurred for general health purposes and do not constitute toiletries. I understand that the expenses reimbursed may not be used to claim any federal income tax deduction or credit. I also understand that I may be asked to provide further details about some expenses (e.g., a statement from a medical practitioner that the expense is to treat a specific medical condition or a more detailed certification from me).

Employee Signature _____ Date _____

DO NOT USE FOR FLEX DEBIT CARD EXPENSES