



**WYOMING STATE EMPLOYEES' AND OFFICIALS'  
GROUP INSURANCE**

**FLEXIBLE BENEFITS PLAN  
EFFECTIVE JANUARY 1, 2007**

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# TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	2
<b>HOW DOES IT WORK?</b> .....	2
<b>WHY ENROLL?</b> .....	3
<b>HOW MUCH MONEY CAN I PUT INTO THE FLEXIBLE BENEFITS PLAN?</b> .....	3
<b>HOW DO I FILE A CLAIM FOR DEPENDENT DAY CARE AND MEDICAL REIMBURSEMENT?</b> .....	5
<b>CAN I CHANGE THE AMOUNT OF PAYROLL DEDUCTIONS?</b> .....	6
<b>IF I ENROLL IN THE FLEXIBLE BENEFITS PLAN, CAN I CHANGE MY INSURANCE ELECTIONS DURING THE PLAN YEAR?</b> .....	8
<b>HOW DOES FMLA AFFECT MY PARTICIPATION IN THE FLEXIBLE BENEFITS PLAN?</b> .....	8
<b>TERMINATION OR UNPAID LEAVE</b> .....	8
<b>HOW DOES THE FLEXIBLE BENEFITS PLAN AFFECT MY TAXES?</b> .....	8
<b>MEDICAL EXPENSES ELIGIBLE FOR REIMBURSEMENT</b> .....	9
<b>EXPENSES NOT ELIGIBLE FOR REIMBURSEMENT</b> .....	10
<b>EMPLOYEE MEDICAL REIMBURSEMENT ACCOUNT WORKSHEET</b> .....	11
<b>DEPENDENT DAY CARE SPENDING ACCOUNT WORKSHEET</b> .....	12
<b>DEPENDENT DAY CARE SPENDING ACCOUNT VS. DEPENDENT CARE TAX CREDIT WORKSHEET</b> .....	14
<b>HOW DO I ENROLL?</b> .....	15

# STATE OF WYOMING

## FLEXIBLE BENEFITS PLAN

### INTRODUCTION

A Flexible Benefits Plan is an IRS-approved, tax-free method that saves you money on eligible medical and dependent day care expenses. The Flexible Benefits Plan allows active employees to set money aside through payroll deduction to pay for eligible medical and dependent day care expenses. You authorize per pay-period deposits to your Flexible Benefits Plan from your before tax income. Most importantly, it allows you to save tax dollars through careful planning.

Over a year's time you will probably spend a part of your paycheck on health or dependent day care. You can save money by putting that amount directly into a flexible benefits plan.

The Flexible Benefits Plan is divided into four accounts that can be used to reimburse you for appropriate expenses:

1. **Pre-Tax Insurance Premiums:** insurance premiums for employee paid health, life and dental insurance under the State of Wyoming Group Health, Employee Life, and Dental Insurance plans. Dependent Life Insurance is not eligible under the Pre-Tax Insurance Premiums.
2. **Dependent Day Care Account:** day care, home care, or child care bills for care of a dependent child under age 13, a disabled child of any age, a disabled spouse or a disabled dependent parent. These are child, adult and elder care costs that allow you and your spouse to work or actively look for work. If you are married, your spouse must work, be actively looking for work, be a full-time student or be mentally or physically incapable of self-care for you to participate in the Dependent Day Care Account. For divorced or separated parents, a child is a qualifying individual of the custodial parent. The custodial parent is defined as the parent with whom the child lived for the greater portion of the year. A non-custodial parent who pays for dependent care cannot be reimbursed for that expense under a dependent day care account.
3. **Medical Reimbursement Account:** co-insurance, deductibles and most medical expenses not covered by insurance including dental and vision expenses.
4. **Wrap Around Medical Reimbursement Account:** medical and dental expenses not allowable under the State's High-Deductible Health Plan and Health Savings health plans. Deductibles, coinsurance, and prescription drug expenses for the health plan are not reimbursable with this account. This option is designed to be used by those participants who opt for the State's High Deductible Health Plan and Health Savings Account.

**Pre-Tax Insurance Premium** funds are maintained separately within the Flexible Benefits Plan. This means that contributions to the **Pre-Tax Insurance Premiums** can only be used for insurance premiums as specified above and *cannot* be used for out-of-pocket and medical expenses. The amount you elect for each Account can only be used for that purpose and not to supplement any other Account for which you may have enrolled. You must complete and return a new enrollment form every year to continue participation in the program in a new calendar year. See "HOW DO I ENROLL" section.

### HOW DOES IT WORK?

You contribute part of your salary on a pre-tax basis to fund the Flexible Benefits Plan. This arrangement is called a "salary reduction." The objective is to reduce your taxable earnings, not your take-home pay. With careful planning, you could actually increase your take-home pay, since you can save tax dollars by

using the Flexible Benefits Plan. Then, when you incur an expense, you must file a claim. The reimbursement check is made payable to you and you are responsible for paying the provider for the services. Pre-Tax Insurance Premiums are paid directly to the insurance carrier and no claim must be filed.

**WHY ENROLL?**

The biggest advantage the Flexible Benefits Plan offers is that the pre-tax dollars you place in it can be used to pay your portion of the State insurance premiums, dependent day care and medical bills. That means the money you put aside in the account is actually taken out of your earning before federal income and social security taxes are deducted. This allows you to reduce your taxable income and, at the same time, continue to meet your dependent day care and medical expenses.

Here’s an example of how pre-tax dollars work: Let’s take the case of a married employee who makes \$20,000 a year. This employee pays the family insurance premiums for health and dental and puts \$450 in the Medical Reimbursement Account to pay for non-covered medical expenses. Look at the savings created by paying for these expenses with pre-tax dollars.

	Without Pre-Tax Dollars	With Pre-Tax Dollars	Tax Savings
Gross Pay	\$20,000	\$20,000	
Salary Reduction for insurance premium	-0-	2,400	
Salary Reduction for Medical expenses	-0-	450	
Adjusted Salary	\$20,000	\$17,150	
Federal Taxes (15%)	3,000	2,572	\$428
FICA Taxes (7.65%)	1,530	1,312	\$218
Total Net	\$15,470	\$13,266	
Insurance Premiums (after taxes)	2,400	-0-	
Medical Expenses (after taxes)	450	-0-	
Spendable Income	\$12,620	\$13,266	\$646

Because this employee paid for insurance premiums and non-covered medical expenses with pre-tax dollars, taxable income was reduced and a savings of \$646 resulted. Another advantage is the convenience of the payroll deduction each month. Some employees use this as a “savings account” for medical expenses during the year.

Note: you may be eligible to receive the Health Insurance Tax Credit under Internal Revenue Code Section 32. This tax credit is generally available for lower income families. You will not be eligible for the tax credit if you choose to participate in the Flexible Benefits Plan. You may wish to consult with your tax advisor to determine which choice is better for you.

**HOW MUCH MONEY CAN I PUT INTO THE FLEXIBLE BENEFITS PLAN?**

It’s your choice. You do not have to indicate an amount for the Pre-tax Insurance Premiums. Just check the blank if you want to participate. Your portion of the insurance premium will then be deducted from your pay on a pre-tax basis. How much you actually put in your Medical Reimbursement Account, Wrap

Around Medical Reimbursement Account, and/or Dependent Day Care Account depends on what you estimate your expense will be. Simply indicate the amount you want deducted from your pay in the appropriate blank on the enrollment form. **DEDUCTIONS ARE MADE ON A MONTHLY BASIS** so please indicate an amount you want deducted from your pay on a **monthly basis**. Please make sure you complete the form correctly, as you can not make corrections or changes once the form has been submitted. The annual maximum for the Medical Reimbursement Account and the Wrap Around Medical Reimbursement Account is \$3,000, and \$5,000 for the Dependent Day Care Reimbursement Account. If you and your spouse are both enrolling in a Dependent Day Care Flexible Spending Plan, the maximum amount that can be contributed to the plans is a total of \$5,000 combined.

Under Federal rules, you can not change or cancel or Flexible Benefits Plans without experiencing a qualifying event. You must think carefully before you put any part of your salary into a Flexible Benefits Plan. It is in your best interest to estimate as closely as possible what your expenses will be. Add up what you spent on dependent day care and on medical expenses during the plan year. This will probably give you a good idea of how much to put into the Flexible Benefits Plan. You will need to enroll for a **MONTHLY** amount. Payroll deductions and deposits will be made in equal amounts each **month**. If you are a newly eligible State employee, you have 31 days from the date of eligibility in which to enroll. Your election will begin the *1<sup>st</sup> of the month following the receipt of your election form* and will continue through the remainder of the Plan Year.

Be careful, any money you put into the account, and then don't use, **WILL BE FORFEITED**. IRS regulations say there must be some risk to employees involved with any Flexible Benefits Plan. So estimate your expenses as carefully as possible so you do not put more money into the Flexible Benefits Plan than you'll spend during the Plan Year. Remember: Any unused amounts will be forfeited. Forfeitures will be used to pay the cost of administration of the Plan.

If you have elected to participate in the Wrap-Around Medical Reimbursement Account because you are also participating in the High-Deductible Health Plan and Health Savings Account, amounts deposited in the Health Savings Account should be funds you wish to accrue for later expenses. The money you deposit in your Wrap Around Medical Reimbursement Account should be for those expenses you are sure you will incur during the year, and that are not allowed under the health insurance; for example, expenses for orthodontic services.

## **SETTING ASIDE FUNDS FOR A PROCEDURE**

Before setting aside money in a Medical Reimbursement Account for any surgical procedure (e.g. corrective laser eye surgery) to treat, cure or mitigate a specific medical condition, it is recommended that you complete all testing procedures and secure written approval as required by the healthcare provider performing your surgery. You want to make sure you are an eligible candidate for the surgical procedure prior to committing to your upcoming Medical Reimbursement Account deduction for the new Plan Year. This should be obtained from your surgical healthcare provider prior to the beginning of the Plan Year in which the procedure is scheduled and performed. A change in your health circumstances that makes you an unsuitable candidate for a surgical procedure after the Plan Year commences will not permit you to reduce or cancel your Medical Reimbursement Account.

If you have elected the Wrap Around Medical Reimbursement Account, remember that these funds can not be used to pay the deductible or co-insurance for your health plan or for your prescriptions.

Also remember that many procedures are considered cosmetic in nature (e.g., dental veneers) and are not eligible for reimbursement under IRS regulations. Contact Employees' Group Insurance if you have a question concerning the eligibility of a procedure.

## HOW DO I FILE A CLAIM FOR DEPENDENT DAY CARE AND MEDICAL REIMBURSEMENT?

To receive reimbursement for dependent day care and medical expenses, you must file a claim. You fill out a Reimbursement Account Claim Form and send it along with an itemized bill or receipt to the Flexible Benefits Plan Section of the Group Insurance Office for processing. In addition to the claim form, Medical Reimbursement Account claims require an Explanation of Benefits (EOB) from your insurance carrier(s). Or, if the medical expense is not covered by insurance, an invoice from the provider which gives the provider's name, address, telephone number, the amount of the expense, a description of the expense, the date the expense occurred and the name of the patient. We can not reimburse claims based on balance due statements. Reimbursement claim forms may be obtained from the Benefit Specialist or Personnel Office in your agency, the Employee's Group Insurance Website (<http://personnel.state.wy.us/EGI/Index.htm>), or by calling 777-6835 or 1-800-891-9241. Twice each month, checks will be issued to reimburse you for claims that you submit. Refer to the annual Flexible Plan Reimbursement Claims Processing calendar (available from your Agency Benefit Specialist or the Employees' Group Insurance Website) for specific deadline dates. If a claim is received after the deadline date, it will be paid in the following processing period. The claim form must be completely filled out and all required receipts attached or the claim may be returned to you for completion or correction without being processed. **DO NOT FORGET TO SIGN AND DATE THE CLAIM FORM.** The *enrollee's* signature must be original on the claim form. *Make a copy of the claim form for your records before sending it to Employees' Group Insurance for processing.*

Over-the-counter medicines will require the completion of a separate over-the-counter medicine claim form for each month of medicines purchased. The over-the-counter medicine purchase must be substantiated with a sales receipt that clearly identifies the over-the-counter medication(s) name/type, the date of purchase, the store name and the amount of the purchase to be eligible for reimbursement. When receipts do not clearly identify the over-the-counter medication, the store pharmacists must provide written verification in addition to the sales receipt of the medication purchase and price. Any applied sales tax is not reimbursable.

Reimbursements will be made based on the period of time you were an active participant in the Flexible Benefits Program evidenced by payroll deduction or direct contributions for the medical or dependent day care reimbursement account during the Plan Year which the service was provided. The Plan Year is the 12-month period beginning January 1<sup>st</sup> and ending on December 31<sup>st</sup> each year. Expenses cannot be carried over to the next Plan Year for reimbursement. The service is provided on the date that you actually go to the doctor or purchase the prescription. For purposes of Dependent Day Care, the services are provided when the dependent goes to the Day Care, not when you pay the bill. Reimbursement cannot be processed if the service was provided during part of the Plan Year when the employee did not participate. Example 1: An employee hired in March elects to participate in the Medical Reimbursement Account. The employee may not be reimbursed for medical services provided prior to the date their Medical Reimbursement Account was established. Example 2: A Medical Reimbursement Account participant either leaves employment and/or elects to drop contributions to his/her Medical Reimbursement Account on July 15<sup>th</sup>. The former participant may not be reimbursed for medical services incurred after the last day of the month of participation, which in this example is July 31<sup>st</sup>.

In order to receive a reimbursement from the Dependent Day Care Reimbursement Account, you must have the funds available in your account, in the amount you are requesting to be reimbursed. We cannot reimburse you for any amount over your account balance at the time your claim is processed. Any amount claimed which exceeds the available funds in the account, will be processed when the funds become available.

To be eligible for reimbursement for dependent day care, you must be working or looking for work while your dependents receive care. You must furnish the IRS with the name; address and taxpayer

identification number of the dependent day care provider. This information must be reported either on Form 2441, which is filed with Form 1040k or Part 1 of Schedule 1, which is filed with Form 1040A. If you are married, your spouse must be a wage earner, or a full-time student; or must be disabled and unable to provide for his own care. You cannot claim more than your salary or your spouse's annual salary, whichever is less, in dependent day care expenses. If your spouse is disabled or a full-time student, the IRS Regulations assume that he/she earns \$200 per month (one dependent) or \$400 per month (two dependents).

For 90 days after the end of the Plan Year, you will be able to submit reimbursement requests for expenses that were incurred (services rendered) during the Plan Year. In other words, if you receive a bill for an eligible medical service or dependent day care service (incurred during the Plan Year) after the Plan Year ends, you can be reimbursed out of your Flexible Benefits Plan if the claim is filed during this 90 day grace period.

If you terminate employment, you may elect to continue participation in the Medical Reimbursement Account of the Flexible Benefits Plan and pay the required contributions, after your termination of employment, under the COBRA option.

### **CAN I CHANGE THE AMOUNT OF PAYROLL DEDUCTIONS?**

The IRS requires that a change in election must be consistent with the change in status to be allowable. An example of the requirement for the change in election to be consistent with your change in status would be adding a dependent to your insurance when you have a new baby. An inconsistent change would be to have a new baby and drop dependent insurance. Because the change in election is inconsistent with the change in status, it would not be allowed under the Flexible Benefits Plan. Another example: A couple who currently has children in day care and have a Flexible Benefits Plan contribution of \$250 per month have a new baby in the middle of the Plan Year. The couple could increase their Flexible Benefits Plan Dependent Day Care Account to provide day care for the new child. The change in the contribution (increased amount) is consistent with the change in status (increased number of dependents receiving day care).

*A revocation or amendment of participation must be made within thirty-one (31) days after the change in status occurs and will be effective for the balance of the Plan Year in which the election is made. **There are no exceptions to the 31-day timeframe for making election changes.** The change in election will be effective the first (1<sup>st</sup>) day of the month following the month in which the election change form is received.*

*A revocation or amendment of participation during the Plan Year and new election for the remainder of the Plan Year is allowable only if the change in status results in you or your dependent gaining or losing eligibility for Plan coverage, and the election change corresponds with that gain or loss of coverage.*

*FLEXIBLE BENEFITS PLAN elections may only be changed if you have a change in status. A change in status is defined as one of the following:*

- Change in the Participant's legal marital status, including marriage or divorce
- Legal separation/annulment
- Termination or commencement of employment by spouse.
- Change in dependent eligibility (attainment of age, student status, etc.)
- Death of spouse/dependent
- Birth/adoption/placement for adoption of a child.

- Reduction/increase in hours of employment by employee, spouse or dependent that affects eligibility for benefits (includes switch between part-time and full-time, strike or lock-out).
- Commencement or return from an unpaid leave of absence by employee, spouse, or dependent.
- A change in the place of residence or work site of the employee, spouse or dependent that affects eligibility for benefits (generally, this does not apply to State employees)
- A change affecting employment-related expenses for dependent day care such as a dependent turning age 13 and no longer qualifying under the Internal Revenue Code.
- A court order resulting from a divorce, legal separation or annulment, or change in legal custody, including Qualified Medical Child Support Order that requires coverage for an employee's child or dependent foster child.
- A court order resulting from a divorce, legal separation or annulment, which results in a change in the dependent's eligibility for Dependent Day Care.
- Employee, Spouse or dependent becomes entitled to Medicare or Medicaid.
- An event that is a special enrollment event under HIPAA, including acquisition of a new dependent or spouse or loss of coverage under another health insurance policy or plan, if the coverage is terminated because of:
  - Voluntary or involuntary termination of employment or reduction in hours of employment resulting in ineligibility for benefits, or death, divorce or legal separation **OR**
  - Termination of employer contributions toward that other coverage **OR**
  - If the other coverage was COBRA Continuation Coverage and the coverage was exhausted.

**For Pre-Tax Insurance Premiums:**

**Certain changes in cost or coverage of your health insurance plan may also permit you to change your salary reduction election. These include:**

- If the cost of a benefit provided under the Plan increases or decreases during a plan year, then we will automatically increase or decrease, as the case may be, your salary reduction election.
- If the cost increases significantly, you will be permitted to either make corresponding changes in your payments or revoke your election and obtain coverage under another benefit package option with similar coverage.
- If the cost decreases significantly, you will be permitted to either make a corresponding change to your payments or elect coverage with the decreased cost.
- If the coverage under a benefit is significantly curtailed or ceases during a plan year, then you may revoke your elections and elect to receive on a prospective basis coverage under another plan with similar coverage. In addition, if we add or improve a coverage option or eliminate an existing option, you may elect the newly-added or improved option (or elect another option if an option has been eliminated) and make corresponding election changes to other options providing similar coverage. There are also certain situations when you may be able to change your elections due to a change under the plan of your spouse's, former spouse's or dependent's employer.

You may not change your election under the Dependent Day Care Account if the cost change is imposed by a dependent day care provider who is your relative.

- In addition, employees who qualify for retirement, and are eligible to continue coverage under the Plan, may elect to increase payment under the pre-tax insurance premiums in order to pay for

coverage until the end of the current plan year as long as the total amount for the year is deducted from the final paycheck.

### **IF I ENROLL IN THE FLEXIBLE BENEFITS PLAN, CAN I CHANGE MY INSURANCE ELECTIONS DURING THE PLAN YEAR?**

If you elect to participate in the pre-tax insurance premiums, you are locked into your insurance elections for the Flexible Benefits Plan Year. **This means you may not drop health, dental, or life insurance coverage on yourself or your dependents** (except for dependent life) *unless you have a qualifying family or employment status change that is consistent with your change in election as defined above.* You may elect to insure yourself or add your dependents to your coverage during the plan year **only if** the election is consistent with the Plan's provisions for electing coverage for each type of insurance (health, dental and life). Please refer to the State Group Plan Booklets for health, dental and life to find out when you may elect coverage for yourself and your dependents.

### **HOW DOES FMLA AFFECT MY PARTICIPATION IN THE FLEXIBLE BENEFITS PLAN?**

An unpaid family medical leave of absence (FMLA) will be considered a change in family status, and you may amend salary reduction elections to be consistent with the change in family status.

You may make after-tax contributions to fund your account during an unpaid leave of absence, or you may make pre-tax contributions by increasing your salary reduction contributions before taking the leave, or make pre-tax contributions after the leave by salary reduction.

If you do not make the salary reduction on a pre-tax basis or by after-tax contributions described above, your participation will cease. You may submit claims for **eligible** Dependent Day Care and Medical reimbursement expenses incurred before participation ended.

If you return from a qualified military leave under the Uniformed Services Employment and Re-employment Rights Act and commence employment again, you may choose to participate and salary reduction contributions may be resumed or to amend the salary reduction election, as described above.

For other leaves of absence, if no coverage during leave is elected and you return to active work during the same Plan Year, and the salary reduction election has not been amended, as described above, then the same election you had before the leave must be maintained upon return from the leave.

### **TERMINATION OR UNPAID LEAVE**

If you have a termination of employment or extended unpaid leave, you can continue to participate in your Medical or Dependent Day Care Reimbursement for the remainder of the plan year on an after-tax basis. Contributions to continue are required and must be made on an after-tax basis. Contact the Employees' Group Insurance Office at 777-6835 or 1-800-891-9241 to make the arrangements.

### **HOW DOES THE FLEXIBLE BENEFITS PLAN AFFECT MY TAXES?**

Putting money into the Flexible Benefits Plan lowers your taxable income. Your federal income and social security taxes are lowered when you use pre-tax dollars to pay for non-covered medical expenses and dependent day care expenses. Remember, though, that expenses reimbursed under the Flexible Benefits Plan cannot be claimed as deduction or credits on your tax return. The IRS won't let you take a double credit for these expenses. You may want to consider that lowering your taxable income also means that you are paying less in Social Security Benefits and your benefits may be affected when you

retire or become disabled. Please contact your tax advisor to determine how participation in the Flexible Benefits Plan may affect your personal situation.

**MEDICAL EXPENSES ELIGIBLE FOR REIMBURSEMENT**

Medical care expenses include amounts paid for the diagnosis, cure, treatment, or prevention of disease, and for treatments affecting the function of any part of the body. The expenses must be to alleviate or prevent a physical defect or illness.

According to IRS guidelines, the following expenses are eligible for reimbursement under a Flexible Benefits Plan as long as they are not eligible for reimbursement from any other source:

Expenses	Medical Reimbursement Account	Wrap Around Medical Reimbursement Account
Abortion – obtained legally	Yes	Yes (if elective)
Acupuncture – Performed by a licensed practitioner	Yes	Yes
Ambulance	Yes	No
Artificial limbs	Yes	No
Chiropractic care – services within the scope of license	Yes	No
Contact lenses	Yes	Yes
Deductibles and co-insurance – balances not paid by medical insurance	Yes	No
Deductibles and co-insurance—balances not paid by dental insurance	Yes	Yes
Dental fees – x-rays, fillings, extractions, orthodontics, dentures, etc.	Yes	Yes
Diaper Service – for handicapped or disabled child/adult	Yes	Yes
Physician fees	Yes	No
Eyeglasses – includes the cost of prescription lenses, frames, exams	Yes	Yes
Guide Dog – cost of purchase, training and care (for the blind)	Yes	Yes
Hearing aids – includes the cost of batteries and repair	Yes	Yes
Learning disability – tutoring by a licensed school or therapist for a child with severe disability, as recommended by a physician	Yes	Yes
Medical care – medical care for you and dependents in nursing homes	Yes	Yes

Medicines – prescribed and legally obtained	Yes	No
Optometrist – services within the scope of license	Yes	Yes
Prescription Medicines	Yes	No
Psychologist – services within the scope of license	Yes	No
Expenses	Medical Reimbursement Account	Wrap Around Medical Reimbursement Account
Special schools – to relieve a handicapped condition	Yes	Yes
Therapy – physical or occupational therapy by a licensed therapist	Yes	No
Treatment to stop smoking – cost of smoking cessation programs and prescription drugs designed to alleviate nicotine withdrawal	Yes	Yes
Vaccinations & immunizations	Yes	No
Vision care – including laser surgery to correct vision	Yes	Yes
Wheelchairs, crutches – rental, purchase, operating costs for relief of sickness or disability	Yes	No
X-ray fees	Yes	No
The following over-the-counter medicines are eligible up to a maximum of \$50.00 incurred in any one month and \$250.00 in the Plan Year while a Participant.		
Allergy Medicine	Yes	Yes
Antacids	Yes	Yes
Diarrhea Medicine	Yes	Yes
Cold Medicines	Yes	Yes
Cough Suppressants	Yes	Yes
First Aid Creams	Yes	Yes
Flu Medicine	Yes	Yes
Hemorrhoid Medication	Yes	Yes
Laxatives	Yes	Yes
Motion Sickness Medication	Yes	Yes
Nasal Sinus Sprays	Yes	Yes
Pain Relievers (aspirin, ibuprofen, etc.)	Yes	Yes

**EXPENSES NOT ELIGIBLE FOR REIMBURSEMENT**

Expenses for solely cosmetic reasons generally are not expenses for medical care. Also, expenses that are merely beneficial to one’s general health (for example, vacations) are not expenses for medical care.

- Contact lenses/glasses insurance or maintenance agreements
- Cosmetic Services
- Cosmetic Surgery

- Dancing or swimming lessons, even if recommended by a physician
- Diaper Service – for non-handicapped or disabled child/adult
- Expenses that are not substantiated
- Funeral Expenses
- General hygiene drug supplies (toothpaste, cosmetics)
- Health Club dues
- Health Plan premiums
- Practical nurse for well child care
- Tattooing or ear piercing
- Teeth bleaching
- Dietary supplements
- Trips or vacations taken for general health, morale or change in environment

To be eligible for reimbursement, services must be incurred during the period of time you were an active participant in the Medical Reimbursement Account as evidenced by payroll deduction or direct contributions during the Plan Year in which the service was provided. If you do not make the salary reduction on a pre-tax basis or by after-tax contributions, your participation will cease after a thirty (30) day grace period. The Plan Year is the 12-month period beginning January 1<sup>st</sup> and ending on December 31<sup>st</sup> each year. Expenses incurred prior to or after active participation in any Plan Year are not eligible for reimbursement.

**EMPLOYEE MEDICAL REIMBURSEMENT ACCOUNT WORKSHEET**

This worksheet is designed to help you estimate what your unreimbursed medical expenses will be for the coming year. It will help you decide how much you need to set aside in your medical Flexible Benefits Plan. To estimate your expenses for the coming year, fill in the amounts you spent last year on the types of expenses listed on the left.

You can then use those figures as *guides* to estimate your expenses for the coming year. Remember, unreimbursed refers only to expenses you have to pay for out-of-pocket. **DO NOT** include costs for services that will be covered by your health insurance. Be conservative when estimating your medical care expenses. Remember, the IRS rules are: **USE IT OR LOSE IT.**

<b><u>TYPE OF EXPENSE</u></b>	<b><u>LAST YEAR</u></b>	<b><u>COMING YEAR ESTIMATE</u></b>
Physical exams	\$ _____	\$ _____
Co-payments	\$ _____	\$ _____
Deductibles	\$ _____	\$ _____
Immunizations	\$ _____	\$ _____
Well baby care	\$ _____	\$ _____
Prescription drugs	\$ _____	\$ _____

Vision examinations	\$ _____	\$ _____
Eyeglasses	\$ _____	\$ _____
Contact lenses	\$ _____	\$ _____
Hearing examinations	\$ _____	\$ _____
Hearing aids	\$ _____	\$ _____
Dental exams & x-rays	\$ _____	\$ _____
Fillings	\$ _____	\$ _____
Orthodontics	\$ _____	\$ _____
Dentures	\$ _____	\$ _____
Chiropractic care	\$ _____	\$ _____
Physical therapy	\$ _____	\$ _____
	<b>TOTAL</b>	\$ _____

**CAUTION:** The IRS makes changes in eligible expenses from year to year. Publication 502 from the IRS usually lists changes each year. Be sure to consult your accountant or tax attorney with questions about eligible expenses *prior to enrolling*.

### DEPENDENT DAY CARE REIMBURSEMENT ACCOUNT WORKSHEET

Listed here are some typical expenses you may wish to consider when deciding how much money to contribute to your account. A more complete list of allowable dependent expenses is available through the IRS. Please note that if you plan to claim the credit for day care expenses on your Federal Income Tax as an itemized deduction, you may not be reimbursed through the Dependent Day Care Reimbursement Account.

#### Possible Dependent Day Care Expenses

#### Your Plan Year Estimates

Money paid to a child care provider	\$ _____
Child care center	\$ _____
Licensed nursery school	\$ _____
Adult care expenses (usually a parent cared for in your home)	\$ _____
Day camp	\$ _____
Other qualified expenses	\$ _____
Total	\$ _____
Divide by total paychecks/plan year	_____
Per pay period amount	\$ _____

**Remember:**

- Be conservative in your estimates. If your claims against your Account for the plan year are less than the amount you contributed, you **WILL FORFEIT** any remaining balance.
- If you are married and your spouse has a Dependent Day Care Reimbursement Account where he or she works, be sure to coordinate your contributions.
- And, don't forget to consider periods when your dependents may not require care, for instance, vacations, holidays and during the summer months.

In some cases, it may be more advantageous for you to take the federal tax credit. Be sure to complete the Dependent Day Care Account vs. Dependent Day Care Tax Credit Worksheet to see which provides you with a greater tax advantage.

**DEPENDENT DAY CARE REIMBURSEMENT ACCOUNT VS. DEPENDENT CARE TAX CREDIT WORKSHEET**

This Worksheet helps you decide whether tax-free payroll deductions through the Dependent Day Care Account or the year-end federal income tax credit will save you the most money. THIS WORKSHEET IS ONLY A GUIDE. Your individual tax situation may involve more steps than shown here.

1. The amount you expect to spend on dependent day care costs next year. (Do not enter more than \$5,000)

A

\$

2. Find your estimated taxable income for next year on the table below\* and enter the marginal tax rate in Box B

B

%

	10%	15%	25%	28%	33%	35%
Married - Joint	0 -	15,100 -	61,300 -	123,700	188,450	336,550
	15,100	61,300	123,700	-	-	and Up
Head of Household	0 -	10,750 -	41,050 -	106,000	171,650	336,550
	10,750	41,050	106,000	-	-	and Up
Married - Separate	0 -	7,550 -	30,650 -	61,850 -	94,225 -	168,275
	7,550	30,650	61,850	94,225	168,275	and Up

\*Based

on 2005 Tax Rate Schedules. Please consult with your financial advisor, CPA, attorney or the IRS for more information or to determine if the tax rates have changed since the printing of this document.

3. To estimate your federal tax savings with the Dependent Day Care Account, multiply Box A by Box B

Box A  \$ X Box B  % =  \$ C

4. Your Medicare tax is also reduced through the Dependent Day Care Spending Account. To estimate this savings, multiply Line A by .0145

Box A  \$ X .0145 =  \$ D

5. You may also save on FICA taxes when you use the Dependent Day Care Spending Account. Multiply Box A by .08 to estimate your tax savings.

Box A

\$ =  \$

6. Your Total Potential Savings with the Dependent Day Care Spending Account.

Box C  \$ + Box D  \$ + Box E  \$ =

F

\$

7. To estimate your saving between the Dependent Day Care Reimbursement Account and the Dependent Care Tax Credit, subtract the amount you expect to receive as a Dependent Care Tax Credit (check your last year's tax return for this number) from the amount in Box F. If the amount in Box G is a positive number, the Dependent Day Care Spending Account may be better for you; if the amount in Box G is a negative number, the Dependent Care Tax Credit may be better for you.

$$\text{Box F } \$ \boxed{\phantom{000000}} - \$ \boxed{\phantom{000000}} = \$ \boxed{\phantom{000000}} \text{ G}$$

**HOW DO I ENROLL?**

You must complete an enrollment form and submit it to your Agency Benefit Specialist or Personnel Office to begin your contributions to the Flexible Benefits Plan. Due to the IRS Regulations, there are very strict enrollment deadlines. Please take the time to read the form and fill in the information requested, including the amount you want to contribute (salary reduction) on a **MONTHLY** basis to the Flexible Benefits Plan. Then *sign and date* the form and return it to your Benefit Specialist or Personnel Office. New enrollment forms are required annually to continue participation in the program in a new year. New enrollment forms to continue participation in a new Plan Year will be accepted during the annual Flexible Benefits Plan open enrollment period.

If you have any questions regarding this Plan, please contact your Benefit Specialist or Personnel Office. You may also contact the Employees' Group Insurance Office at 777-6835 or 1-800-891-9241.

**FINAL NOTE:** The Flexible Benefits Plan is made possible by Section 125 of the Internal Revenue Code. If you have any questions about paying for particular expenses with pre-tax dollars, you are encouraged to contact your personal accountant, attorney, or other tax advisor.

If you require this information in an alternative format, please contact the Employees' Group Insurance Office at 777-6835 or 1-800-891-9241. The State of Wyoming and this office actively support the ADA.