



USING YOUR FLEXIBLE SPENDING ACCOUNTS

How your Select Benefits Flexible Spending Account Works

Your Select Benefits Flexible Spending Account (FSA) allows you to deposit money on a tax-free basis into an account and then reimburse yourself tax-free for certain eligible expenses. When you join, you choose to contribute a set amount to your account through payroll deduction on a pre-tax basis. When you have an expense that qualifies for reimbursement, submit a claim with the necessary documentation and you'll receive a tax-free reimbursement.

Cornell University offers both a Medical Care Flexible Spending Account and a Dependent Care Spending Account as part of your benefits choices. You may participate in the Medical Care Flexible Spending Account, Dependent Care Flexible Spending Account, or both. These accounts are completely separate — you cannot use money from one account to pay for expenses from the other account.

Your contributions to the account are not subject to federal, state income or FICA tax, so you reduce your taxable income. That means tax savings, which helps your dollars go farther.

With the Medical Care FSA, you are reimbursed with the pre-tax dollars you set aside to pay for medical, dental or other health care expenses not covered by a health plan.

With the Dependent Care FSA, you are reimbursed with pre-tax dollars for childcare or dependent adult care expenses that allow you to continue to work. If you're married, expenses must be to allow you and your spouse to work or attend school full-time.

How to Use Your Flexible Spending Account

Each year, you decide how much money you want to put into your account. You may contribute up to \$6,500 to the Medical Care FSA and up to \$5,000 to the Dependent Care FSA. If you enroll in both accounts, the combined annual amount cannot exceed \$6,500. The eligible Medical Care and Dependent Care expenses must be incurred between January 1 and March 15. You will have until 5pm (EST) on April 30th of the following year to submit expenses for reimbursement.

There are two ways you can be reimbursed from your Flexible Spending Account. Refer to the sections that follow for details on supporting documentation.

You can enter claim information through the ClaimsPlusSM Online Reimbursement System

OR

You can file a paper claim

Flexible Spending Account Tax Savings Example

The following example shows how much money you could save in taxes by participating in an FSA. This example is based on 2007 federal income tax withholding and Social Security rates. Keep in mind the example does not include any state or local taxes.

In this example, Kim is a single employee earning \$24,000 a year. Kim has \$600 worth of out-of-pocket medical expenses. While Kim would still pay \$600 in expenses by participating in the Medical Care Account, she would save \$136 in taxes.

| | With a Medical Care Account | Without a Medical Care Account |
|--|-----------------------------|--------------------------------|
| Gross Pay | \$24,000 | \$24,000 |
| Before-tax Contribution to Medical Care Account | - 600 | - 0 |
| Gross Pay (less Medical Care Account Contribution) | \$23,400 | \$24,000 |
| Federal Income Tax | \$1,810 | \$1,900 |
| Social Security Tax | \$1,790 | \$1,836 |
| After-tax Health Care Expenses | 0 | - 600 |
| Take-Home Pay | \$19,800 | \$19,664 |
| Kim's Tax Savings by using a Medical Care Account | \$136 | |

Your ClaimsPlusSM Online Reimbursement System

With this state-of-the art online system, the process of getting reimbursed from your FSA is easier than ever. By accessing your account information online, you can easily enter claims information and quickly find out your claims status. All you have to do is open the "Submit a Claim" page and enter your claim information. Then print and sign the form, and send it in with your documentation.

In addition, with real-time Web access 24 hours a day, 7 days a week, you can accomplish the following tasks:

- Make claims inquiries and enter claim information quickly and easily
- View claims payment and contribution history
- Enter and update your e-mail address
- Receive e-mail notification when a claim is approved, denied and when payment is issued
- Elect direct deposit and update your information or view direct deposit account information
- Quickly access your claims kit and claim forms

For detailed instructions on entering claims information online, see the enclosed piece titled *Using the ClaimsPlus Online Reimbursement System*.

Medical Care Claims

If an expense is covered by your medical, dental, or vision plan, or your spouse's medical, dental, or vision plan, you should first file a claim with the appropriate plan(s) for payment. You will receive an Explanation of Benefits (EOB) that shows how much, if any, was paid by your plan(s). Any portion not paid by your plan or your spouse's plan may be submitted, along with the EOB, to be processed for reimbursement from your Medical Care Spending Account. You will be reimbursed for the total amount of your eligible expense—even if you have not yet contributed that amount to your account.

Documentation Required for Medical Care Claims:

- Name of service provider
- Date expense was incurred (not paid date or billing date)
- Type of service
- Amount of expense

Special Payment Options and Documentation Required for Orthodontia:

If you participate in a Dental Plan, it is your responsibility to submit your Explanation of Benefits statement (EOB) with your Orthodontia claim. There are two payment options available:

- **Pay at time of service** – submit a claim with an itemized receipt showing date of service and amount paid.
- **Contract reimbursement** – To arrange for automatic monthly reimbursements, submit a claim form, and the orthodontist's contract that shows the time period and total cost of the procedure. Reimbursements will be made automatically once per month, based on expected service dates, and the amount of your monthly fee.

Documentation Required for Over-the-Counter Drugs

Over-the-Counter (OTC) drugs taken to treat an illness or an injury, such as Claritin, aspirin, and cough medicines may be submitted for reimbursement. You must include copies of your OTC drug receipts with your claim form in order to receive reimbursement. Receipts submitted for reimbursement of OTC drugs must indicate the actual names of OTC drugs that are being submitted for reimbursement. The expenses that may be reimbursed depend upon whether the drug or medicine treats a specific medical condition or is used mostly for a person's general good health. Drugs and medicines which are primarily used for a person's general good health (e.g., mouthwash, vitamin supplements) may only be reimbursed if it is used to treat a specific medical condition and proper documentation from the doctor or dentist is submitted. Most OTC drugs or medicines are eligible; cosmetic, toiletry, or sundry items are not eligible. See the enclosed list of *Eligible and Ineligible Expenses* for details.

Acceptable Receipt

This receipt's line items are descriptive and show which OTC drugs was purchased.

CVS/pharmacy

I'm BRANDY M., I'm here to serve you
with our '7 Service Basics'

445 10 4188 05709 027

RFN# 0570-8274-1889-0401-1620

| | | | |
|--------------|----|------|------|
| HALL C/D 40S | 1 | 1.00 | SALE |
| ADVIL TAB BS | 1 | 1.99 | |
| H/MK YOU&ME | 1A | 2.49 | |
| SUBTOTAL | | 5.48 | |

| | |
|-------------------|------|
| A=8.25% SALES TAX | .21 |
| TOTAL | 5.89 |

| | |
|--------|-------|
| CASH | 20.00 |
| CHANGE | 14.31 |



18590 EL CAMINO REAL HOUSTON, TX

OPEN 24 HOURS
THANK YOU
FOR FASTER SERVICE, CALL IN YOUR
PRESCRIPTION ORDER

JANUARY 16, 2004 12:07 PM

Unacceptable Receipt

This receipt's line items are generic and do not show what types of OTC items were purchased.

THANK YOU FOR VISITING
ABC STOP AND GO
123 MAIN STREET
ANYWHERE, USA, 12345

| | |
|-----------|-------|
| 1 ITEM: | 1.59 |
| 1 ITEM: | 0.79 |
| SUBTOTAL: | 2.38 |
| TAX: | 0.07 |
| TOTAL: | 2.45 |
| CASH: | 10.00 |
| CHANGE: | 7.55 |

0035081 1/16/04 12:15:04
By: JW Drawer: B

Dependent Care Claims

All eligible expenses will be processed for reimbursement from your Dependent Day Care Spending Account. Your contributions to the account are not subject to federal, state income or FICA tax, so you reduce your taxable income. That means tax savings, which helps your dollars go farther.

You will be reimbursed for the total amount of your expense, up to the amount currently available in your account. Any unpaid portion of your claim will be "pended" until additional money is deposited in your account. Once the money is available, your pended claim will be paid automatically. Unlike the Medical Care Spending Account, you cannot be reimbursed for more than the amount in your account at the time your claim is filed.

Documentation Required for Dependent Care Claims

- Name of service provider
- Receipt signed by provider or invoice itemizing the date(s) of service and the amount(s) charged
- Provider's address
- Provider's Social Security number or Taxpayer Identification number (with first claim submitted for the current year.)

IMPORTANT NOTE: The Taxpayer Identification number is not necessary if the provider is a non-profit, religious, charitable or educational organization [under IRC Section 501 (c)(3)].

Processing Your Claims

Claims are processed daily. It is important to file your claim for reimbursement as soon as possible, to allow time to resubmit if additional information is requested. Using the ClaimsPlus Online Reimbursement System to enter your expense information will speed up the claims and reimbursement process. Don't forget to send in supporting documentation.

Once your claim is processed you will receive an e-mail notification stating the status of your claim for reimbursement of eligible expenses.

- **If you have direct deposit**, you will receive e-mail notification when the payment has been sent to your bank account.
- **If a check is issued**, you will receive payment notification through e-mail and the check and EOB will be mailed to your home address on file.
- **If you have not listed an e-mail address on ClaimsPlus Online Reimbursement System**, both direct deposit and check payment notification with EOB will be mailed to your home address on file.

How to Receive Reimbursement

There are two ways to receive reimbursements.

One, you can enter expenses online, print, and submit a signed form (along with your documentation) from the ClaimsPlus Online Reimbursement System.

Two, you can file a paper claim. A *ClaimsPlusSM Submission Form* is enclosed. Fill out the form completely, sign and attach the appropriate documentation (see instructions on the back of the form for help). You may also print additional claim forms through the ClaimsPlus Online Reimbursement System.

Payment Distribution

Claims submitted by 5 p.m. EST Monday through Friday will be reviewed and processed by close of business the following day (holidays excluded). You can expect to receive reimbursement within 7-10 business days of Aon receiving your claim form and complete documentation.

Direct Deposit

You can choose to have your reimbursement directly deposited into your bank account. It's easy to sign up for Direct Deposit through the ClaimsPlus Online Reimbursement System. Refer to the enclosed communication material titled *Using the ClaimsPlus Online Reimbursement System*.

Accessing Your Account Information

By Phone

Dial 1-866-270-2331 and enter 0427 when asked for a Company Identification Number. Representatives are available Monday through Friday, from 8:00 am – 6:00 pm EST.

Online

You may access your FSA account information via the *ClaimsPlus Online Reimbursement System*. www.cornellselect.com.

Follow the steps outlined in the enclosed communication material titled *Using the ClaimsPlus Online Reimbursement System*.