

# THE SCRIPPS RESEARCH INSTITUTE HEALTH CARE FLEXIBLE SPENDING ACCOUNT PLAN

Attached is the Information Packet for The Scripps Research Institute Health Care Flexible Spending Account Plan. Enrollment must be completed on-line during the open enrollment period in order for your election to go into effect January 1, 2004. Information on how to enroll on-line will be provided by TSRI's Human Resources Department. If you become eligible after the Plan Year commences, then an Enrollment Form must be completed. The Enrollment Form is available through TSRI's Human Resources Department.

The first payroll deduction will be taken on the first payday after January 1, 2004 (or the first payday after you enroll, if hired after January 1, 2004).

The maximum you can contribute under the Health Care Flexible Spending Account is \$3,000 (increased from previous years).

Your election will remain in effect for the Plan Year and can only be changed if you have an IRS qualified Election Status Change. You may change your election within 31 days of the event.

**Remember, eligible expenses for reimbursement under the Health Care Flexible Spending Account must be for services received in the Plan Year, January 1, 2004 through December 31, 2004 (or your participation period).**

**Please review the Health Care Flexible Spending Account eligibility list and the new information regarding over-the-counter medications. New guidelines and eligibility rules may impact your decision on participating in the Health Care Flexible spending Account.**

***Reimbursements are scheduled for disbursement every Friday. Please allow 3 to 5 business days from the scheduled reimbursement date for receipt of disbursements by check or wire.***

You may elect to have your reimbursement for expenses directly deposited into your checking and/or savings account by completing a direct deposit enrollment form, otherwise, you will receive reimbursement by check (form is attached or available on-line). If you are a current participant and have elected direct deposit, that election will remain in effect unless you specify otherwise in writing. You do not need to complete the direct deposit enrollment form. We will automatically set up direct deposit for the new Plan Year.

**You may access your personal account online by visiting us at [www.barneyandbarney.com](http://www.barneyandbarney.com). Simply go into client support center and check on Flexible Spending Accounts On-Line. Your user log-on is your Employee I.D. Number. If it is your first time using the service, the temporary password is BBFLEXSYSTEM. You can then get your own password by entering your e-mail address and click on update account.**

**PLEASE REVIEW THE INFORMATION PACKET FOR INFORMATION ON ELIGIBLE EXPENSES FOR HEALTH CARE.**

Call Barney & Barney, the Plan Administrator at (858) 587-7437, (858) 587-4033 or (858) 587-7584 to answer any questions you may have regarding the Plan. Also, you may email us at [flex\\_benefits@barneyandbarney.com](mailto:flex_benefits@barneyandbarney.com) or visit our website for information:

**[www.barneyandbarney.com/fsa](http://www.barneyandbarney.com/fsa).**

# HEALTH CARE FLEXIBLE SPENDING ACCOUNT INFORMATION PACKET

## PLEASE READ CAREFULLY



*If you have any questions concerning your employer sponsored plan, please contact the Flexible Benefits Department at Barney & Barney, (858) 587-7437, (858) 587-7584, (858) 587-4033 or e-mail address: [Flex\\_Benefits@barneyandbarney.com](mailto:Flex_Benefits@barneyandbarney.com). Visit us at our Website: [barneyandbarney.com/fsa](http://barneyandbarney.com/fsa)  
Toll Free Number: 1-800-321-4696*



This overview is designed in a question and answer format for greater comprehension.

### **A. What is a Flexible Spending Account Plan?**

A Flexible Spending Account offers a unique way to help you increase your net income by putting part of your pay into special accounts (Flexible Spending Accounts) to pay specified expenses not covered by other benefit plans. Depending on your tax bracket, you could be paying an extra 25% to 35% in Federal, State and FICA taxes on these expenses. If you participate in the Flexible Spending Account Plan, you will save taxes on these expenses, therefore, increasing your spendable income. The amount that you redirect through the Flexible Spending Account Plan option is not taxed for Federal, State (if applicable) or FICA (Social Security) purposes.

### **B. What is a Health Care Flexible Spending Account?**

A Health Care Flexible Spending Account is used for IRS qualified health care expenses. Money you redirect to your Health Care Flexible Spending Account may be used to pay expenses not currently reimbursed by your group health plan, such as copayments, deductibles, co-insurance, dental services, vision care, etc. Expenses that are eligible are for those incurred by you and your dependents (for example, spouse and children). The annual maximum you may redirect to your Health Care Flexible Spending Account is \$3,000.

When calculating your election, be sure to remember that the service must be received in the Plan Year. Reimbursement is based on when services are received not paid.

### **C. How Do I Enroll?**

The Health Care Flexible Spending Account participation is on a year-to-year basis. An annual open enrollment will be held, so you will have the opportunity to participate each year. If you are a plan participant and wish to continue, you must re-enroll each year. During the open enrollment, you must enroll through the TSRI on-line enrollment system.

Participation in the Health Care Flexible Spending Account will be available to active full-time and part-time employees regularly scheduled to work at least 20 hours per week.

Employees hired during the year are eligible to participate in the Health Care Flexible Spending Account upon date of hire, otherwise, employees may enroll in the Plan during the Annual Open Enrollment Period. The effective date of the coverage will be the date the signed and completed Enrollment Form is received by the TSRI Human Resources Department on or after the date of eligibility.

### **D. When Can I Change the Amount I am Contributing to the Health Care Flexible Spending Account Plan?**

Your Health Care Flexible Spending Account contribution can be changed only during the annual open enrollment unless you have an IRS qualified change in status during the year. If this occurs, you may change your election. A change in status includes, but is not limited to, marriage or divorce, birth or adoption, death, commencement or termination of your spouse's employment. Please review allowable changes provided in the Barney & Barney website. A participant may increase, decrease, cease or start up due to an election status change (change in coverage must be consistent with change in status). When an election status change has occurred, changes will be allowed up to 31 days after the change in election status or when you return to work from a leave. The new election will become effective the first day of the next administratively possible pay period after the signed and completed Change Form is received by the TSRI Human Resources Department on or after the date of an Election Status Change.

During the open enrollment, you may increase, decrease, or stop your participation for the coming year.





## **E. What Happens If I Don't Use All the Money I Set Aside?**

Careful calculation of the amounts you want to redirect to the Health Care Flexible Spending Account is very important. Any money remaining in your account at the end of the year is forfeited back to your employer. This rule is an Internal Revenue Service "use it or lose it" regulation.

Once the Plan Year ends, you will have an additional 90 days to submit claims for services received in the Plan Year. This is referred to as a "Runoff Period." Once the runoff period ends, any amounts remaining in the account will be forfeited.

## **F. How Do I Get Reimbursed for My Expenses?**

Once you have incurred a health care expense, you must submit a claim for reimbursement to Barney & Barney, Contract Administrator. You must complete a Request for Reimbursement Form and attach an itemized statement from the provider of service. Claims will be processed according to the reimbursement schedule.

A billing statement from the provider of service or an Explanation of Benefits from your group health insurance carrier must accompany a Request for Reimbursement. The statement must specify the name of the provider of service, the type of service, the date of service, the recipient of service and the dollar amount of the charges. Prescription drug claims can be substantiated with the pharmacy receipt "label" that outlines the date, name of recipient, type of drug dispensed and the dollar amount of the drug.

Be sure to visit our website or call Barney & Barney for any questions concerning substantiation of claims.

## **G. What Impact Does Redirected Salary Have on Social Security Taxes and Benefits?**

If you participate in the Social Security system, and earn less than the Social Security wage base (indexed each year) you will save taxes on the amount redirected to your accounts. However, any future benefits you might receive from Social Security may be slightly less. To determine the specific impact on your Social Security benefits, you should contact your tax

preparer or advisor.

## **H. Is There Special Documentation Required for Reimbursement of Orthodontia Treatment?**

The IRS requires that specific documentation be furnished when requesting reimbursement for orthodontia treatment. Since most orthodontia programs extend for long periods of time, sometimes beyond the Plan Year, we ask that the Orthodontist provide a document or a copy of the contract listing services and the cost of care for the employer sponsored Health Care Flexible Spending Account Plan Year. Only those services incurred during the Plan Year are eligible for reimbursement (not beyond the Plan Year). Once you have furnished us with a copy of the contract or statement from the Orthodontist listing the type of treatment, duration of treatment and payment schedule, you will need to submit a copy of the monthly payment receipt as incurred from the Orthodontist along with a completed Request for Reimbursement Form. (IF YOU PAY THE ORTHODONTIST UP FRONT FOR THE ENTIRE TREATMENT, REIMBURSEMENT WOULD ONLY BE LIMITED TO THE COST OF TREATMENT FOR EACH MONTH IN THE PLAN YEAR AS INCURRED. REIMBURSEMENT CANNOT BE MADE ON PREPAID SERVICES. Please contact Barney & Barney for details on reimbursement for orthodontia).

## **I. Are There Any Recent Changes To Regulations That May Impact My Decision On Amount To Contribute To The Plan?**

Yes. The IRS has recently indicated that over-the-counter medications may be reimbursable under the Health Care Flexible Spending Account. This allowance does not include dietary supplements, such as vitamins and herbs when taken for general well being. Please review the attached information regarding over-the-counter medications.

The final regulations also relate to medication purchased outside of the U.S., which includes Mexico and Canada. The IRS has indicated that medication (prescribed or non-prescribed purchased outside of the U.S. (including on-line) cannot be reimbursable under the Health Care Flexible Spending Account as it violates Federal importation laws. Therefore, do not include any medications purchased outside of the U.S. as they cannot be reimbursed under the Plan.

**J. What Happens if I go on a Leave of Absence and Participate in the Health Care Flexible Spending Account?**

Contributions will cease during an unpaid leave of absence. Contributions will resume upon return to work.

Under the Health Care Flexible Spending Account you have the option of continuing or terminating coverage during an unpaid leave of absence as defined under the Family and Medical Leave Act. Options are detailed in the Summary Plan Description.

**K. What Happens if I Leave My Employer During the Plan Year, and Participate in the Health Care Flexible Spending Account?**

If you participate in the Health Care Flexible Spending Account and your employment is terminated during the Plan Year, contributions will cease. It is very important that you review your account balance as you will be given the opportunity to continue coverage after you leave. Below we have listed choices that may be available to you when you leave, however, you must review the Summary Plan Description for a more detailed review of your options if your employment with TSRI is terminated.

1. **Cease Contributions at Termination.** If there is a balance in the Account, that balance can only be reimbursed for services incurred through the end of the month of your termination with the Employer. Any claims received for services after the end of the month of termination are ineligible.
2. **Lump Sum Payment.** Out of your final paycheck, you may authorize your Employer to deduct, on a pre-tax basis, the remaining amount of your annual election as a lump sum contribution. This method would allow you access to the full amount of your annual election for services incurred through the end of the Plan Year. This option is only available if there is a positive balance in your account at the point of termination.

3. **Monthly Payment.** You agree to pay your Employer the monthly amount of your election with after-tax dollars. This method allows access to the annual election throughout the Plan Year; however, it offers no tax-favored treatment on any amounts contributed after employment termination.

# ELIGIBLE HEALTH CARE EXPENSES FOR THE HEALTH CARE FLEXIBLE SPENDING ACCOUNT

## **PRESCRIPTION DRUGS**

- Prescription drugs, insulin
- Birth control drugs (prescribed)

## **OVER-THE-COUNTER MEDICATIONS**

- Antacids, allergy medication, aspirin pain relief medication, cold remedies
- See attached o-t-c notification

## **MEDICAL EQUIPMENT**

- Wheelchair or autoeette (operating/maintaining)
- Crutches (purchased or rented)
- Special mattress & plywood boards prescribed to alleviate arthritis (amount over cost of ordinary mattress)
- Oxygen equipment & oxygen used to relieve breathing problems
- Artificial limbs
- Support hose (medically necessary)
- Wigs (for mental health of individual who loses hair because of disease)
- Excess cost of orthopedic shoes over cost of ordinary shoes

## **FEES/SERVICES**

- Copayments, deductibles, coinsurance.
- Physician's, Anesthesiologist's, Dermatologist's, & Gynecologist's fees
- Obstetrical, Hospital, Surgical & Diagnostic services
- Nursing services for care of a specific medical ailment
- Where the nurse's services qualify: cost of nurse's room/board if paid by the employee and the Social Security tax paid with respect to wages
- Services for chiropractors and osteopaths
- Christian Science practitioner fees

## **PSYCHIATRIC CARE**

- Services of psychotherapists, psychiatrists and psychologists
- Psychiatric therapy for sexual problems
- Long distance calls for psychiatric counseling conducted over the phone
- Legal fees directly related to mental commitment of mentally ill person

## **DENTAL & ORTHODONTIC CARE**

- Dental Care
- Artificial teeth/dentures
- Cost of fluoridation of home water supply advised by dentist
- Braces & orthodontic devices (contact Barney & Barney for details of specific documentation required)

## **PHYSICALS**

- Routine & preventive physicals
- School & work physicals

## **THERAPY TREATMENTS**

- X-Ray treatments
- Treatment for alcoholism or drug dependency
- Legal sterilization, abortion and vasectomy
- Acupuncture
- Chiropractor's fees
- Vaccinations
- Physical therapy (medical treatment)
- Fee to use swimming pool for exercises prescribed by a physician to alleviate specific medical condition
- Speech therapy
- Massage therapy if medically necessary doctor's (or chiropractor's) statement of medical necessity to treat a specified medical condition. Statement must also include duration of time of treatment

## **HEARING EXPENSES**

- Hearing aids
- Batteries for operation of hearing aids

## **VISION CARE**

- Optometrist's or ophthalmologist's fees
- Prescription eyeglasses
- Contact lens & solution
- Radial Kerotomy
- Laser Eye Surgery

## **ASSISTANCE FOR THE HANDICAPPED**

- Guide for blind person
- Note-taker for a deaf child in school
- Braille books & magazines in excess of cost of regular editions

## **MISCELLANEOUS CHARGES**

- X-Ray
- Donating an organ
- Computer storage of medical records
- Child birth preparation classes, except for portion for feeding and newborn care
- Cost of physician services for weight loss, if medically necessary to remedy a condition other than general well being.
- Stop smoking programs (counseling and prescribed medications)
- Services received outside of the U.S. that are medically necessary and legal in the U.S. (excluding medication)

## **EXCLUSIONS**

- Insurance premiums for other health coverage purchased.
- Cosmetic, non-medically necessary services (includes teeth whitening)
- Dietary supplements including vitamins and herbs (if or general well being)
- Rogaine
- Fees for athletic or health club membership
- Marriage counseling fees
- Stop smoking patches and gum purchased over the counter
- Cost for weight loss program, drugs, or food when for general well being and not medically necessary
- Massage therapy for general well being and not medically necessary
- Medication purchased outside of the U.S.

See web page for more details [www.barneyandbarney.com](http://www.barneyandbarney.com)

# OVER-THE-COUNTER MEDICATIONS

## NEW INFORMATION

The IRS recently announced that over-the-counter medications may now be reimbursable under a Health Care Flexible Spending Account. This announcement further states that these medications may be purchased without a physician's prescription. This ruling does not include the allowance of reimbursement of dietary supplements such as vitamins and herbs that are "merely beneficial to the general health" of the participant or qualified spouse or dependent. The ruling is exclusive to medications and does not include most health aids such as Band-Aids, gauze, Q-tips, etc.

To assist you in determining eligibility of over-the-counter medications, we have listed below what may be considered reimbursable. Please keep in mind, the list is not exhaustive and is only intended as a guide. If you have any questions as to the eligibility of a medication, please contact Barney & Barney for assistance.

- Aspirin/Tylenol/Advil/Ibuprofen (pain relief medication)
- Allergy Medication
- Cold/flu Remedies
- Antacids
- Lice treatment aids
- Sleep Aids
- Acne Medications
- First aid medications (ointments, creams)

Medications/items that may not be considered reimbursable under the Health Care Flexible Spending Account:

### NOT REIMBURSABLE

- Dietary supplements (includes vitamins and herbs)\*
- Weight loss medication\*
- Baby oil,
- Lotions
- Items not considered medicines (i.e. gauze, toothpaste, cosmetics, Band-Aids etc).

\*The IRS has specifically excluded reimbursement of dietary supplements that include vitamins and herbs. However, if the purchase is required to treat a medical condition (disease) and is in no way purchased for general well being, the expense may be considered with documentation from the attending physician. We ask that the provider of service furnish you with a statement of medical necessity, identifying the medical condition and the requirement of such purchase to treat, alleviate or cure the medical condition. (Each Plan Year a re-certification is necessary to validate expense.)

We encourage you to contact us with any questions that you have concerning over-the-counter medication as well as any other expense relating to reimbursement under the Health Care Flexible Spending Account.

**Direct Deposit of  
Flexible Spending Account Checks**

Barney & Barney now offers the availability to have your Flexible Spending Account check directly deposited into your personal checking or savings account. If you select this option, you must complete the following application, and submit a copy of a "voided" check to:

Barney & Barney, LLC  
**ATTN:** Flexible Benefits Dept.  
 P.O. Box 85638  
 San Diego, CA 92186-5638

Please be advised that once the direct deposit feature has been activated, it can only be stopped with your written permission.

Direct Deposits may take two to four working days to be applied to your account from the actual processing date of your claim. No written verification will be sent to you concerning the transaction.

**AUTHORIZATION AGREEMENT  
FOR DIRECT PAYMENT**

<b>Employee Name:</b> _____ <small>(Please Print)</small>	
<b>Employer Name:</b> <b>THE SCRIPPS RESEARCH INSTITUTE</b> <small>(Please Print)</small>	
<b>Employee I.D. Number.:</b> _____	
I hereby authorize Barney & Barney, hereinafter called the Flexible Benefits Plan Administrator, to initiate "credit" entries to my <input type="checkbox"/> checking account <input type="checkbox"/> savings account (check one), indicated below at the depository financial institution named below, hereinafter called "Depository", to credit the same to such account.	
<b>Depository Name:</b> _____ _____	<b>Branch:</b> _____
<b>City:</b> _____	<b>State:</b> _____ <b>Zip:</b> _____
<b>Routing Number:</b> _____	<b>Account No:</b> _____
This authorization is to remain in full force and effect until the Flexible Benefits Plan Administrator has received written notification from me of its termination in such time and in such a manner as to afford the Flexible Benefits Plan Administrator and Depository a reasonable opportunity to act on it.	
<b>Signature:</b> _____	<b>Date:</b> _____
<b>Signature (Joint):</b> _____	<b>Date:</b> _____
<b>If joint account both account holders must sign. Attach Voided Check (do not send deposit slips)</b>	

