



# Brandeis University

Office of Human Resources  
Benefits Section –MS 118 – 781.736.4468

## FLEXIBLE HEALTH CARE AND DEPENDENT CARE REIMBURSEMENT ACCOUNTS Frequently Asked Questions and Answers

### ***What is a FLEXIBLE REIMBURSEMENT ACCOUNT?***

A Flexible Reimbursement Account allows you to set aside a portion of your salary for non-reimbursed medical expenses or dependent care expenses **on a pre-tax basis** (meaning that federal, state and social security taxes will **not** be taken). The portion of salary elected is placed into a health care and/or dependent care reimbursement account and reimbursed to you as you incur expenses from the date of enrollment through December 31, 2009 or the date you are no longer an eligible employee. The amount you elect to set aside for each or either of these accounts will be deducted in equal amounts from your paychecks for 2009.

### ***How much money may I elect to have deducted from my paychecks for my Health Care Reimbursement Account?***

The minimum deduction is \$200 and the maximum deduction is \$4,000 for calendar year 2009. Note, you may **not** change (or stop) your election during the year unless certain changes in your family or employment status occur.

### ***What types of medical bills are acceptable for reimbursement from my Health Care Reimbursement Account?***

Most out-of-pocket expenses not covered by insurance plans and incurred by you, your spouse or dependents are acceptable for reimbursement from your account. These may include medical and dental care deductibles, co-payments, eyeglasses, prescriptions, nursing care, etc. Premiums for health insurance and Medicare do NOT qualify for reimbursement. Examples of health care expenses eligible for reimbursement are attached. Under IRS regulations, expenses are incurred when the service is provided, not when your bill is paid. Medical expenses in excess of contributions will be reimbursed in full up to the annual maximum elected even if contributions are not yet made to your Health Care Reimbursement Account. Participants who leave the plan during the plan year will be reimbursed for expenses incurred while they are participating in the plan. **Expenses incurred before participation began or after participation has terminated cannot be reimbursed.**

### ***Is over-the-counter medication acceptable for reimbursement?***

The IRS issued a ruling on September 3, 2003 that allows Medical FSAs to reimburse many drugs that you can purchase over the counter (OTC) to treat a specific medical condition or injury. The ruling limits reimbursement for OTC drugs that are used to alleviate or treat personal injury or sickness, but disallows reimbursement for purchases of items that are "merely beneficial to your general health". The IRS cites antacids, allergy medicine, painkillers, and cold medication as examples of drugs for which reimbursement is permissible, and uses dietary supplements, such as vitamins (unless prescribed by your physician to treat a specific medical condition), as an example of items for which reimbursements is not permitted.

In addition, the third party substantiation that you provide must identify the name of the OTC drug that was purchased and in some cases, the claims or plan administrator may need to ask for substantiation showing the reasons the drugs were purchased (e.g. in situations where the OTC drug can be taken for both general health and to treat a specific medical condition).

### ***How much money may I elect to have deducted from my paychecks for my Dependent Care Reimbursement Account?***

You may elect a maximum for calendar year 2009 of \$5,000 if you are single or married filing jointly or a maximum of \$2,500 if you are married and filing separately. The maximum has been established by IRS regulations. Note, you may **not** begin, stop, or change your election within a plan year unless certain changes in your family or employment

status occur. Participants may need to choose between a Dependent Care Reimbursement Account or the federal care tax credit.

***What dependent care expenses are acceptable for reimbursement from my Dependent Care Reimbursement Account?***

The Account may be used to pay for dependent care expenses that enable ***you (and your spouse, if applicable) to work or to search actively for work.*** ("Saturday night" baby-sitting expenses do not qualify.) You can also use the account to pay for eligible dependent care expenses if your spouse is a full-time student. For the purposes of dependent care expenses, a dependent includes anyone you claim as a dependent on your income tax return who is younger than age 13, or is physically or mentally incapable of caring for himself or herself (for example, a disabled spouse or an elderly parent). Dependent Care expenses in excess of the contribution will remain in the account until a contribution is posted.

***How do I submit claims for reimbursement from my Health Care and/or Dependent Care Reimbursement Account?***

Health Care and/or Dependent Care Reimbursement Request forms can be obtained through the Human Resources website at <http://www.brandeis.edu/humanresources/benefits.html> or in the Office of Human Resources. The reimbursement request form must be completed and sent directly to Crosby Benefit Systems, the third party administrator chosen by the University to process claims. All requests for reimbursement must include a receipt showing the service or product provided, to whom, by whom, the amount charged and the date. Crosby Benefit Systems must receive the completed claims between the 1<sup>st</sup> and 15<sup>th</sup> of the month to be reimbursed by the last day of the month. Completed claims received by Crosby between the 16<sup>th</sup> and 31<sup>st</sup> of the month will be reimbursed by the 15<sup>th</sup> of the following month. If the claim cut off or processing dates fall on a weekend, the deadline is extended to the following Monday. Reimbursement checks are issued on a bi-monthly basis

***What happens if there is money remaining in my account(s) and I have no additional bills to submit for reimbursement in 2009?***

Per IRS regulations, if you do not spend all the money in your health care and/or dependent care accounts for calendar year 2009, you ***forfeit*** the amount remaining. Claims incurred in calendar year 2009 must be submitted for reimbursement no later than March 31, 2010. PLEASE KEEP IN MIND, BECAUSE OF THIS "USE OR LOSE IT" PROVISION, YOU SHOULD PLAN YOUR ANTICIPATED EXPENSES CAREFULLY BEFORE ELECTING YOUR EXPENSE ACCOUNT TOTALS.

***Will my participation in a Health Care and/or Dependent Care Reimbursement Account(s) have an impact on salary increases and/or benefit amounts?***

Participation in these plans will not affect your salary for purposes of annual salary increases, amount of your life and disability insurance benefits, or required contributions by you or the University to the basic retirement plan.

***I noticed that the Reimbursement Account application forms allow the Plan Administrator (Brandeis University) the option of reducing or canceling my election. What does this mean?***

The IRS Code permits the use of the Reimbursement Account Programs but also imposes nondiscrimination requirements which state that the plans may not favor highly compensated employees or key employees. If the University determines, before or during the plan year that the plans or any benefit option under the plans may fail to satisfy any nondiscrimination requirement, the University will impose a reduction on the benefit elections of all highly compensated employees or key employees sufficient to assure compliance with the IRS Code.