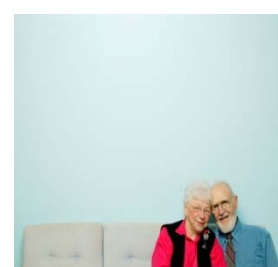
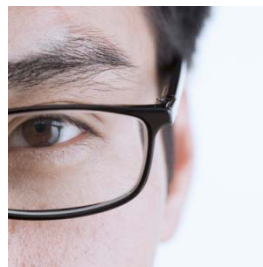


City of Marshalltown

2011 FLEXIBLE BENEFIT PLAN ENROLLMENT GUIDE



Administrative
Solutions, Inc.

Please keep a copy of this
enrollment guide for future
reference

Medical Reimbursement Account

What is generally covered?

The Medical Reimbursement Plan covers medical expenses not covered or paid by your group medical plan or any other similar reimbursement program. That might include co-payment amounts and deductibles you pay under your group insurance, and expenses such as prescription drugs and medical supplies, over the counter medications used to treat a medical condition, various doctor fees, hearing aids, vision care products such as eyeglasses and contact lenses, hospital bills, operations and related treatments, and X-rays. For example, if your medical plan has a \$300 deductible and in turn pays 80% of covered expenses, the first \$300 of medical expenses and the 20% of expenses not paid by insurance may be reimbursed to you from the Medical Reimbursement Plan. Without the Flexible Benefit Plan, these amounts are paid with after-tax dollars. By redirecting your salary to a Medical Reimbursement Plan, these same amounts are now paid with pre-tax dollars.

Medical Expenses Eligible for Reimbursement

This is a **partial** list of reimbursable medical expenses. Medical expenses must be submitted through your medical, vision, prescription drug and/or dental insurance first before they can be considered under your Medical Reimbursement Plan. Only the portion of the qualified expense that is not paid by any other coverage can be paid under the Medical Reimbursement Plan. **Not all reimbursable services are on this list.** If you are unsure if the Medical Reimbursement Plan can reimburse your service, please call.

- Acupuncture
- Ambulance Costs
- Artificial Limbs and Teeth
- Birth Control Pills
- Car Controls for Handicapped
- Chiropractic Services
- Contact Lenses
- Contact Lens Solutions and Cleaners
- Co-insurance
- Crutches
- Deductibles
- Dental Exams and Cleaning
- Dental Fees
- Dentures
- Diagnostic Services
- Drug and Alcoholism Treatment
- Eye Examinations
- Eyeglasses
- Guide Dog
- Hearing Devices and Batteries
- Hearing Treatment
- Hospital Services
- In vitro Fertilization
- In Patient Therapy
- Insulin Injections
- Laboratory Fees
- Lasik (laser) Eye Surgery
- Lead Based Paint Removal
- Learning Disabilities (fees for special schools)
- Legal Abortions
- Legal Fees (to authorize treatment for mental illness)
- Nursing Services
- Obstetrical Expenses
- Operations if Medically Necessary
- Orthodontic Treatment (must be medically nec.)
- Orthopedic Shoes
- Over the Counter Prescriptions (used to treat a medical condition)
- Over the Counter Reading Glasses
- Oxygen
- Periodontal Fees
- Prescription Drugs
- Psychiatric Care
- Psychoanalysis
- Psychologist Fees
- Radial Keratotomy
- Smoking Cessation Programs
- Surgery
- Telephone for the Deaf
- Television with audio display for the hearing impaired
- Transplants of Organs
- Transportation for Medical Care
- Vaccinations
- Walkers
- Wheel Chairs
- X-Rays

Medical Expenses usually NOT Eligible for Reimbursement

This is a **partial** list of health care expenses that are usually **NOT** covered under the Medical Reimbursement Plan. **There may be more services that are NOT reimbursable that are not on this list.** If you are unsure if the Medical Reimbursement Plan can reimburse your service, please call.

- Arch supports, knee & wrist braces (*unless prescribed and medically necessary*)
- Blood Pressure Machines (*unless prescribed by a physician as medically necessary for constant monitoring of blood pressure due to a medical condition*)
- Breast Pumps (*unless medically necessary to care for a premature infant*)
- Cosmetic Surgery or Procedures
- Dancing Lessons (*even if recommended by a doctor*)
- Dental bleaching or any other teeth whitening
- Diaper Service
- Discount Programs (*Prescription or Vision*)
- Domestic Help Fees (*for non-medical services*)
- Electrolysis or Hair Removal
- Funeral Expenses
- Hair Transplant
- Health Club Memberships
- Household Help
- Illegal Operations and Treatment
- Insurance Premiums
- Liposuction
- Marriage Counseling
- Massage Therapy (*unless prescribed by a physician to treat an injury or trauma, or for rehabilitative purposes*)
- Maternity Clothes
- Medical Savings Account
- Over-the-Counter Vitamins (*used to promote general health*)
- Personal Use Items
- Swimming Lessons (*even if recommended by a doctor*)
- Weight Loss Treatments and Prescriptions (*covered in limited circumstances*)

HEALTH CARE REFORM

Flexible Benefit Plans

Medical Reimbursement Accounts

The Patient and Affordable Care Act (PPACA) includes a provision that affects Flexible Spending Accounts (FSA), Health Reimbursement Accounts (HRAs), and Health Savings Accounts (HSAs). Expenses for over-the-counter (OTC) medicines or drugs (except insulin) will not be eligible for reimbursement without a doctor's prescription for all expenses incurred on January 1, 2011 or after. If you have a claim for OTC medicines or drugs prior to January 1, 2011, you will not need to submit a prescription from the doctor.

This change applies to all OTC expenses incurred on or after January 1, 2011, regardless of when your plan year is.

Items such as cold medicines, pain relievers, over-the-counter allergy medications, acid controllers and ointments will now require a doctor's prescription to be submitted along with the request for reimbursement.

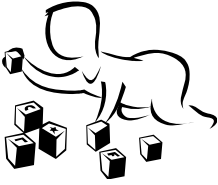
This will also affect health care debit cards. Merchants will need to modify the list of items eligible for reimbursement in order to meet the doctor prescription requirement. If you have a health care debit card and wish to purchase OTC drugs or medicines, you will need to file a paper claim along with an itemized receipt and a doctor's prescription. You can file the claim by mail, fax or e-mail for reimbursement.

The following categories of items will require a doctor's prescription. There could be others:

Acid controllers	Allergy & Sinus	Antibiotic Products
Anti-Diarrheas	Anti-Gas	Anti-Itch & Insect Bite
Anti-Parasitic Treatments	Cough, Cold & Flu	Digestive Aids
Respiratory Treatments	Laxatives	Stomach Remedies
Sleep Aids & Sedatives	Hemorrhoidal Preps	Pain Relief
Baby Rash Ointments/Creams	Cold Sore Remedies	Motion Sickness
Feminine Anti-Fungal / Anti-Itch		

If you have any questions, please call us at 1-877-461-1424.

Dependent Care Reimbursement Account



Qualifying Dependent Care Expenses

- In order to be an expense eligible for reimbursement from the Dependent Care Account, the following conditions must be met:
- Dependent Care Expenses must be incurred in order to allow the employee (and spouse, if married) to be gainfully employed.
- Dependent Care Expenses must be incurred for the care of dependents under the age of 13 or dependents that are physically or mentally incapable of self-care (such as elderly parents).
- Annual limits for Dependent Care Reimbursement Accounts are \$5,000 (\$2,500 for married filing separately).
- Households with gross income of about \$20,000 to \$24,000 may have slightly more tax relief using the Dependent Care Tax Credit. Check with your tax advisor.

Dependent Care Expenses NOT Eligible for Reimbursement

- Daycare for a child age 13 or older
- Kindergarten or school tuition (pre-school and before and after care is okay) for age 5 & older
- Meals if separated from the cost of caring for the child
- Summer Camp if it is an overnight camp (cannot even prorate for the day portion)
- Payments to an employee's child or someone whom the employee (or the employee's spouse) could claim as a dependent

Important Points to Consider

Pre-Tax Benefits Effectively Reduces Your Costs – When you elect to have premiums or Reimbursement account amounts deducted from your payroll before taxes are withheld, the money that you save in taxes effectively reduces the amount that you pay for those benefits.

“Use It or Lose It” - As required by law, if you haven’t used up all the money in your account(s) at the end of the year, you will forfeit the remaining amount. Your employer determines how the forfeited amounts are handled. Plan your elections carefully and be aware of your account balance!

How do I find out what I have left in my account? Administrative Solutions, Inc. makes every effort to inform you of what your account balance is during the year. We send out quarterly statements and notices in the 11th month if you still have dollars in your account. You can also log onto our secure web site www.abcbenefitsolutions.net and get your account information. And you can always call our toll free number and talk to one of our benefit specialists.

Income Tax Deduction vs. Medical Expense Reimbursement Accounts - You cannot claim on your income taxes any medical expenses that have been reimbursed through the Medical Expense Reimbursement Account. But on your Income Tax Return, you are only able to deduct anything that exceeds 7.5% of your adjusted gross income. With the Flexible Benefit Plan, you are able to take a deduction from the first dollar that you set aside in your reimbursement account.

Dependent Care Tax Credit vs. Dependent Care Reimbursement Accounts - You cannot claim a Dependent Care Tax Credit on amounts received as Dependent Care Reimbursements through the Plan. Depending on your situation taking a tax credit on your Income Taxes may be more advantageous than paying dependent care expenses through the Reimbursement Account. Households with gross income of about \$20,000 to \$24,000 may have slightly more tax relief using the tax credit. Please check with your tax preparer for more information.

Social Security Reduction - When you participate in the Flexible Benefit Plan, your before tax payments may affect your social security benefits when you retire. When you participate in the Flexible Benefit Plan you do not pay social security taxes on your before-tax payments. As a result, if your taxable income is less than the maximum wages taxed by social security, you could reduce your future social security benefits. For most people this reduction would be minimal – only a few dollars a month. If you were to invest your current tax savings, you would more than make up the reduction in social security benefits.

Can I change my mind? No Changes in Elections - The laws governing Flexible Benefit Plans generally do not allow you to change the terms of your Benefits Enrollment Form during a Plan Year. There are, however, a few exceptions to this rule. You may change your benefit elections if there is a change in your status. **Any election change must be on account of and consistent with the change in status event. Changes must be approved by the Plan Administrator and submitted on the Election Form/Salary Reduction Agreement within 30 days of the event.**





Administrative
Solutions, Inc.

Tips for using your Benefits Card (debit card)

- Save all of your receipts, bills and explanation of benefits.
- The e-mails and letters that ASI send you are to keep you informed about your flex plan account. These correspondences are important and please take the time to read them. The e-mails will come from ASINotice@benefitsolutions.us. Please make sure that the e-mails from this address are able to go into your In Box and not the Junk File.
- Submit all documentation to Administrative Solutions, Inc.(ASI) when requested.
- When paying for any medical, dental, and vision bills that will be submitted to your insurance plan, please let the insurance company pay its part of the bill before using your Benefits Card. You can then use your Benefits Card like a credit card to pay the balance of the bill. This will make the process much easier for you.
- Keep track of your account balance. You can do this by going on-line or by calling ASI for the information.
- Please provide us with your e-mail address. This will make it much easier for us to communicate information to you concerning your flex plan account and your Benefits Card.
- Use your Benefits Card to pay for expenses that are eligible through your flex plan. If you have a question about what is eligible, please refer to the information that you have received from ASI or give us a call at 1-877-461-1424.