

MEDICAL AND DEPENDENT CARE REIMBURSEMENT

What are Reimbursement Accounts?

A Reimbursement Account is a simple way for you to pay for your out-of-pocket medical and dependent care expenses while increasing your take-home pay. **The medical reimbursement maximum is \$200.00/month or \$2,400/year. The dependent care reimbursement maximum is \$416.66/month or \$5,000/year.**

*****Lake Worth ISD will have a stored value card (Benny Card) for all participants of the Medical Reimbursement Account. The fee for the Benny Card is paid for you by Lake Worth ISD. Participants will no longer need to submit paper claims for expenses, however, receipts should be kept in case a question arises.**

MGM continues as the Third Party Administrator for Lake Worth ISD for the plan year beginning September 1, 2008.

How Does A Medical Reimbursement Account Work?

Carefully determine your expected annual qualified expenses. Divide the total amount by 12 or 24 (depending on your pay cycle) paychecks per year. This is the amount you will put on your election form. These dollars are taken out of your pay **BEFORE** taxes are taken out, and are contributed to your personal reimbursement account. Once you have incurred an expense, you may file a claim on the Reimbursement Request form provided to you, or use your Benny Card.

Medical Reimbursement Account Worksheet

(Out of Pocket Expenses/Annual Amounts/Plan Year 9/1/2008 to 8/31/2009)

Deductible & Co-Insurance.....	_____
Dental/Ortho Expenses.....	_____
Prescriptions.....	_____
Vision/Lasik Surgery Expenses.....	_____
Over the Counter medications.....	_____
Health Care Equipment.....	_____
Other Expenses:	_____
_____	_____
_____	_____
Twelve Month Total:	_____

Key Points & Highlights

- The maximum annual contribution is \$2,400
- The Plan Year is September 1, 2008 – August 31, 2009
- Services must be **incurred** in the Plan Year.
- Participants have a 30 day grace period at the end of the Plan Year to file incurred claims.
- Dependents do not have to be covered under group medical plan for expenses to be eligible under FSA's; but must be eligible as a tax dependent.
- Be conservative in your estimate - **\$ does not roll over to the next year; USE IT OR LOSE IT.**
- Call MGM at (972) 881-2255 or (866) 881-22255 if you have questions about specific expenses and eligibility.

"Use It Or Lose It" Rule

If you contribute dollars to a reimbursement account and do not use all of the monies you deposit, you will lose any remaining balance in the account at the end of the plan year.

Claim Documentation & Reimbursement

Claim Documentation must include:

- Provider Name and Address
- Patient Name
- Date of Service
- Description of service or supply
- Amount of service or supply
- EOB's (explanation of benefit forms received from your health carrier) are required for part of expenses covered under your medical plan

Paid receipts, credit card receipts and balance forwards do not suffice as proper documentation.

- If the expense is covered expense on your medical plan, you must first file it with your insurance provider, and then file the EOB along with your Reimbursement Request form.
- If the expense is not a covered expense on your medical plan, simply attach the receipt including the above required information to the Reimbursement Request form and submit it to MGM.

Medical Reimbursement Claims:

Once your claim is received in our office it will be reviewed and entered for processing. A check will be cut for the entire amount of the eligible claim, up to the amount you have elected for the year for medical reimbursement. Claim forms and documentation can be mailed to the address listed on the claim form or faxed to (800) 973-3702.

Dependent Care Account

What is it?

The Dependent Care Assistance Program "DCAP" is a separate flexible spending account which allows you to pay for your dependent care expenses pre-tax.

How does it work?

You will elect to have a specified pre-tax deduction taken from your paycheck each pay period. These dollars are set aside in a flexible spending account and subtracted from your gross earnings before any taxes are taken out, lowering your taxable income. After you submit a dependent care request form with the proper documentation for expense, (including provider's tax ID number), you will be reimbursed from this account.

How much can you contribute?

The U.S. Congress has set the limits allowable for contributions to a dependent care flexible spending account:

\$5,000 for a married couple filing jointly.

\$5,000 for a single parent.

\$2,500 for a married person filing separately.

Dependent Care Reimbursement Claims:

Once your claim is received in our office it will be reviewed and entered for processing. Claims cannot be reimbursed until money has been posted to your account from your payroll deductions each month for Dependent Care reimbursement. Claim forms and documentation (which must include the care provider's tax ID #) can be faxed to (800) 973-3702.

Online Flex Claim Status

To view current flex claim status and account balances, go to www.lwisdbenefits.com and click on the Check FSA Account button. **You must have your User Name and PIN number to get logged in; if you forget your PIN #, you can call (972) 881-2255.**

Dependent Care FSA vs. Tax Credit

If you participate in the plan, you cannot claim credits on your income tax return for the same expenses (a.k.a. double dipping). Also, amounts reimbursed under this plan will reduce the amount of other dependent care expenses that you can claim for the purposes of tax credits. Before you sign up, evaluate whether or not taking federal income tax credit will save you more money than participating in a dependent care FSA.

How the Dependent/Child Care Reimbursement Account Works

Money in your account cannot be reimbursed until it is deposited, so there may be a delay in reimbursement during your first month participating in the plan.

In the example below this participant has no daycare costs from June through August. The monthly cost for the remaining nine months is \$200 per month, so the monthly amount deducted from the paycheck is \$150. During the plan year this participant would be reimbursed \$150 per month even during June through August.

Month	Fill in Your Cost	Example Annual Cost	You Pay	Deducted From Your Check Pre-Tax	You Claim	Your Reimbursement Check
September		\$200	\$200	\$150	\$200	\$150
October		\$200	\$200	\$150	\$200	\$150
November		\$200	\$200	\$150	\$200	\$150
December		\$200	\$200	\$150	\$200	\$150
January		\$200	\$200	\$150	\$200	\$150
February		\$200	\$200	\$150	\$200	\$150
March		\$200	\$200	\$150	\$200	\$150
April		\$200	\$200	\$150	\$200	\$150
May		\$200	\$200	\$150	\$200	\$150
June		0	0	\$150	0	\$150
July		0	0	\$150	0	\$150
August		0	0	\$150	0	\$150
Your Yearly Total		\$1,800	\$1,800	\$1,800	\$1,800	\$1,800