

PEHP FLEX\$ Handbook

Introduction

PEHP FLEX\$ is a tax savings program that will save you money by allowing you to pay for qualified Healthcare and/or Dependent Day Care expenses with pre-tax payroll deductions.

This document briefly describes advantages and special rules that apply to PEHP FLEX\$. Please read it carefully. It will help you understand how the program works so that you can take full advantage of its many attractive features. We've made every effort to make sure this information is clear, easy to understand, and accurate. The official plan document contains complete plan provisions and is available for inspection, upon request, through PEHP FLEX\$. In case of any discrepancy between this document and the official plan document, the official plan document will take precedence. If there is anything you do not understand, contact the PEHP FLEX\$ Department at 801-366-7503 or Toll Free 800-753-7703.

There are two types of FLEX\$ accounts available: A Healthcare Account and a Dependent Day Care Account. You can enroll in one or both!

FLEX\$ Benefits Brochure

You are eligible to participate in PEHP FLEX\$ if you are a regular full-time employee or a part-time employee eligible for benefits, with an employer that offers this benefit through PEHP. If you are unsure if you are eligible to participate in FLEX\$, check with your payroll coordinator.

Enroll in PEHP FLEX\$ during your open enrollment period. View your FLEX\$ Benefit Brochure to find your enrollment period (find it in the [Benefit Information Library](#)). To participate in the upcoming Plan Year, enroll online by [logging into your account](#). (online enrollment is **only** available if your employer decides to participate), or send a FLEX\$ Enrollment Form to PEHP FLEX\$, 560 East 200 South, Salt Lake City, UT 84102-2004 or fax to 801-366-7772 or 800-759-8772 **by the end of your enrollment period**. (Enrollment forms are available the [Benefit Information Library](#), click on FLEX\$ or Forms.) You must re-enroll each year that you wish to participate.

Important Restrictions

- » New employees must enroll within **60** days after their hire date, in order to participate in the current Plan Year.
- » Eligible expenses must be incurred within the Plan Year (or the plan grace period if applicable). See your FLEX\$ Benefits Brochure to find your plan year and to see whether you have a grace period or a rollover plan.
- » Claims must be submitted by the claims submission deadline (See your FLEX\$ Benefits Brochure).
- » If you have a grace period plan, funds remaining in your FLEX\$ Healthcare and/or Dependent Day Care Accounts that are not used to reimburse eligible expenses, incurred during the Plan Year or before the end of the grace period, may not be carried over to the next Plan Year, but will be forfeited to your employer. Check with PEHP FLEX\$ to see which plan you have.
- » If you have a rollover plan, up to \$500 of funds remaining in your FLEX\$ Healthcare Account that are not used to reimburse eligible expenses incurred during the Plan Year may be carried over to the next Plan Year. Any funds exceeding \$500 will be forfeited to your employer.
- » You may not transfer funds from one account to another; the amount that you designate for health reimbursement may not subsequently be used for reimbursement of dependent day care

expenses and vice versa.

- » FLEX\$ Healthcare and Dependent Day Care account expenses **MAY NOT ALSO BE CLAIMED AS A FEDERAL INCOME TAX CREDIT**. Expenses exceeding the reimbursed amount may be claimed as an income tax credit.
- » FLEX\$ Healthcare funds can be used to pay for qualified expenses for you, your spouse, and your eligible dependents. Eligible dependents as defined by the IRS are:
 - › Dependent includes a child (son, daughter, stepson, stepdaughter, or child legally adopted) of a participant, who has not attained age 27 as of the end of the taxable year, regardless of whether that child is married or meets the residency, support, and other tests described in IRC §152(c) for a dependent.
 - › Qualifying relative –
 - » Is a relative for whom you provide at least half of the relatives support
 - » Does not have gross income for this year in excess of the exemption amount
- » **USE CAUTION WHEN DETERMINING THE AMOUNT TO BE DEDUCTED FROM YOUR PAYCHECK FOR FLEX\$, AS UNUSED FUNDS WILL BE FORFEITED TO YOUR EMPLOYER.**

ELECTION CHANGES

- » Your FLEX\$ annual election amounts are irrevocable. You can make changes **ONLY** in the event of a change in family status. A change in family status includes: marriage or divorce, birth or adoption of a child, the death of your spouse or child, or a change in employment status for you or your spouse. The change in election must be consistent with the status change. Written notice of any change must be received by PEHP FLEX\$ within **60** days after the change in status.
- » If you terminate employment during the Plan Year and do not elect to continue participation in FLEX\$ under COBRA, you have **60** days to submit claims for eligible expenses ***incurred prior to the date of termination***.
- » If you terminate employment during the Plan Year and you elect to continue your FLEX\$ under COBRA, you must complete a FLEX\$ Enrollment/Change form and state on the form that you are continuing under COBRA. This election is separate from a medical insurance COBRA election and can be made regardless of any medical insurance COBRA election. On the Enrollment/Change form, you may elect to leave your commitment for the year the same or decrease it, but not below the amount already contributed. If there are sufficient funds in your final check, you may prepay the difference between your revised election and the amount previously contributed by having it withheld on that check (thus receiving the tax savings for that amount.) By electing COBRA you may continue to incur expenses and submit claims through the end of the Plan Year. COBRA secures your rights to participate through the end of Plan Year.

HEALTHCARE ACCOUNT

Your FLEX\$ Healthcare Account may be used to reimburse you for eligible out-of-pocket expenses incurred for you, your spouse, and/or your eligible dependents, within the Plan Year (or before the 15th day of the 3rd month after the end of the Plan Year for grace period plans).

Eligible medical expenses include amounts paid for the diagnosis, treatment, or prevention, or for treatment affecting any part or function of the body. The expenses must be to alleviate or prevent a physical defect or illness, including medicines and drugs. A partial list of eligible and ineligible expenses follows. For a full list and more detail, view [IRS Publication 502](#).

Eligible Healthcare Expenses

Eligible expenses determined by the IRS include, but are not limited to, the following:

- » Abortion
- » Acupuncture
- » Alcoholism (Payments to a treatment center for alcoholics and drug addicts. This includes meals and lodging provided by the center during the medical treatment. Amounts paid for transportation to and from Alcoholics Anonymous meetings may also be included.)
- » Ambulance
- » Annual physical examination
- » Artificial teeth & limbs
- » Bandages
- » Birth control pills*
- » Body scan
- » Braille books and magazines, to the extent and for the amount that the cost exceeds the regular price.
- » Breast pumps and supplies
- » Breast reconstructive surgery *
- » Capital expenses (Amounts you pay for special equipment installed in a home for improvements if the main reason is for medical care. Operation and upkeep also qualify as medical expenses, as long as the medical reason still exists)
- » Car—special design. The amount by which the cost of a car specially designed to hold a wheelchair is more than the cost of a regular car.
- » Chiropractor
- » Christian Science Practitioners
- » Co-payments
- » Crutches
- » Dental treatment - Including fees paid to dentists for x-rays, fillings, braces, extractions, bridges, fluoride treatment, TMJ, and dentures.
- » Depression medication*
- » Diagnostic devices
- » Disabled dependent medical care
- » Doctors' fees - This includes, but is not limited to, fees to chiropractors, ophthalmologists, osteopaths, podiatrists, psychiatrists, surgeons, pediatricians, dermatologists, anesthesiologists, gynecologists, obstetricians, and neurologists.
- » Drug addiction treatment
- » Drugs and medicines*
- » Eyeglasses and contact lenses - including eye examinations and contact lens solutions
- » Eye surgery
- » Fertility Treatment

- » First aid creams & antibiotic ointment*
- » Guide Dog or other service animals
- » Health institute*
- » Hearing aids - including repairs, maintenance, and batteries
- » Home care
- » Hormone therapy*
- » Hospital services
- » Improvements made to a property rented by a disabled person. Amounts paid by a disabled person to buy and install special plumbing fixtures, mainly for medical reasons, in a rented house may qualify as medical expenses
- » Insulin treatment
- » Insurance deductibles & co-payments
- » Instruction, training, and equipment for the deaf and blind
- » Laboratory fees that are part of medical treatment
- » Lactation expenses
- » Lactose intolerant pills*
- » Lasik-vision correction eye surgery
- » Laxatives*
- » Lead-based paint removal. (This includes the removal of lead-based paints from surfaces in a home to prevent a child who has or had lead poisoning from eating the paint. These surfaces must be in poor repair [peeling or cracking] or within the child's reach. The cost of repainting the scraped area is not a medical expense)
- » Legal fees paid to authorize treatment for mental illness
- » Legal Operations
- » Long-term care - must be qualified
- » Maternity Care
- » Massage Therapy*
- » Meals and lodging at a hospital or similar institution if the main reason for being there is to receive medical care.
- » Medical care, including meals and lodging for the Member, his spouse, or his dependents in a nursing home or home for the aged, if the main reason for being there is to get medical care.
- » Medicines and drugs, or insulin*
- » Mileage, reimbursable for travel to doctor and dentist appointments. (\$.15 per mile 2005)
- » Motion sickness pills*
- » Muscle or joint pain relievers*
- » Non prescription pain relievers, allergy medications, cold remedies, and antacids*
- » Nursing Home
- » Nursing Services
- » Optometrist

- » Organ Transplant. Charges for surgical, hospital, laboratory, and transportation expenses for a donor or a possible donor of a kidney or other transplant.
- » Osteopath
- » Oxygen and Equipment
- » Pain reliever, menstrual pain & cramp relief*
- » Physical, Speech, and Occupational Therapy
- » Pregnancy test kits
- » Prosthesis
- » Psychiatric care. (This includes the cost of supporting a mentally ill dependent, as well as the cost of a specially equipped medical center where the dependent receives medical care.)
- » Psychoanalysis
- » Psychologist
- » Psychotherapy
- » Sinus medication*
- » Sleeping aids*
- » Special home for intellectually and developmentally disabled
- » Special school for a child who has severe learning disabilities caused by a mental or physical handicap, including nervous system disorders. A doctor must recommend that the child attend the school.*
- » Sterilization
- » Stop-smoking programs
- » Sunburn ointment or cream*
- » Sunscreen*
- » Suppositories and creams for hemorrhoids*
- » Surgery
- » Telephone for Hearing Impaired - including repairs
- » Television for Hearing Impaired, to the extent and for the amount that the cost exceeds the regular price.
- » Transportation primarily for and essential to medical care. You may include the following:
 - › Bus, taxi, train, or plane fare, or ambulance service.
 - › Parking fees and tolls.
 - › Parent's transportation expense if a parent must go with a child who needs medical care.
 - › Transportation expenses of a nurse or other person who can give injections, medications, or other treatment required by a patient who is traveling to get medical care and are unable to travel alone.
 - › Transportation expenses for regular visits to see a mentally ill dependent, if these visits are recommended as a part of treatment.
- » Tutoring fees incurred on a doctor's recommendation for the child's tutoring by a teacher who is specially trained and qualified to work with children who have severe learning disabilities

- » Vasectomy
- » Wart remover treatment*
- » Weight loss program as treatment of a specific disease*
- » Wheelchair - including cost of operating and maintaining the wheelchair
- » Wig - if purchased upon the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease
- » X-rays

* Must be prescribed by a Doctor, for a specific medical condition. A copy of the prescription must accompany each FLEX\$ claim.

Ineligible Healthcare Expenses

Expenses that are **NOT** covered include, but are not limited to, the following:

- » Baby sitting, childcare, and nursing services for a normal, healthy baby
- » Capital improvements including swimming pools, elevators, air conditioners, and dust elimination systems not medically necessary.
- » Charges by a plan that keeps a person's medical information by computer and that can give that information when needed.
- » Charges for any occupational illnesses or injury covered by Worker's Compensation.
- » Charges for services not recommended by a physician.
- » Contact lens service agreement or insurance
- » Controlled substances
- » Cosmetic surgery—for a face-lift or other cosmetic surgery.
- » Cosmetics
- » Cost of operation of a specially equipped car, except as discussed above.
- » Dancing lessons, swimming lessons, etc., even if they are recommended by a doctor for the general improvement of one's health.
- » Deodorant
- » Diapers or diaper service
- » Electrolysis or hair removal
- » Equipment not considered durable or medically necessary.
- » Expenses reimbursed by any other insurance policy, employer plan, or any other party, including a Health Maintenance Organization.
- » Facial tissues
- » Flexible spending account
- » Funeral Expenses
- » Health club dues, YMCA dues, or steam baths for a person's general health or to relieve physical or mental discomfort not related to a particular medical condition.
- » Health savings accounts
- » Household help, even if a doctor recommends it because a person is physically unable to do work.

- » Illegal operations and treatments
- » Infant Formula
- » Insurance Premiums
- » Legal fees including guardianship or estate management fees.
- » Liposuction
- » Maternity clothes
- » Meals and lodging if the reason for being in the home is personal or family-related.
- » Meals and lodging while a person is away from home for medical treatment that is not received in a medical facility, or for the relief of a specific condition, even if the trip is made on the advice of a doctor.
- » Medical savings account
- » Medicines and drugs from other countries
- » NoDoz
- » Nonprescription drugs and medicines
- » Nutritional supplements
- » Payments for treatment or service performed outside the Plan Year
- » Personal use items
- » Prepayments
- » Services that are not medically necessary
- » Special foods, even if medically necessary
- » Special school for benefits the child may get from the course of study and the disciplinary methods.
- » Surgical hair transplant performed by a physician.
- » Teeth bleaching/whitening or veneers.
- » Toiletries and cosmetics.
- » Toothbrush & toothpaste
- » Transportation expenses if, for non-medical reasons only, a person chooses to travel to another city, such as a resort area, for an operation or other medical care prescribed by a doctor.
- » Transportation expenses to and from work, even if the condition requires an unusual means of transportation.
- » Trips or vacations taken for general improvement of health, even if the trip is on the advice of a doctor.
- » Veterinary Fees
- » Weight-loss program if not for the treatment of a specific disease

Dependent Day Care Account

Your FLEX\$ Dependent Day Care Account may be used to reimburse you for eligible day care expenses. Day care expenses for dependent children are subject to requirements and limitations of Internal Revenue Code Section 125:

- » Your dependent day care expenses must be incurred to allow you and/or your spouse to work or to look for work. It can not be used for babysitting expenses for social events.
- » Payments for dependent day care; to someone you could not claim as a dependent. If the person you make payments to was your child, he/ she must be 19 by the end of the year.
- » You may allocate up to \$5,000 per tax year for reimbursement of dependent day care expenses (\$2,500 if you are married and file a separate tax return).
- » You may not use a dependent day care account for the following: elementary school, secondary schools, summer schools, sports camps, overnight camps, and education classes.
- » You cannot claim a tax credit on your income taxes for dependent day care expenses reimbursed through your FLEX\$ account. **Consult your tax advisor to determine which is best for you.**
- » You cannot include any expense that is excluded by federal regulations including but not limited to food, clothing, or educational services unless these services are minimal or insignificant and inseparable from the portion of the expense that is for care, or for the individual's well being and protection.

Dependent Eligibility

An eligible dependent is someone who falls into one of the following categories:

- » Your eligible dependent under age 13
- » Your spouse, dependent, and/or qualifying relative who is physically or mentally not able to care for himself or herself

Dependent Day Care Expenses

Eligible expenses include, but are not limited to, the following:

- » Wages paid to a qualified dependent day care provider for services inside or outside of your home.
- » Employer taxes paid on the wages of a dependent day care provider.
- » Costs for a private school that provides care beyond educational requirements, but only for the portion that is not for the education.
- » Costs for "away from home facilities" as long as your dependent spends at least eight hours a day at home.
- » Services provided by a *qualified* day care center.
- » Any other qualified dependent day care expenses as defined by the Internal Revenue Code.

FLEX\$ Reimbursement and Claims Processing

PEHP FLEX\$ covers eligible healthcare and dependent day care expenses that are incurred in the plan year that you are enrolled. This means that treatment and/or services must be provided on or after your effective date of coverage, during the plan year or plan grace period that you are a participant. The date that an expense was paid has no bearing on whether or not it is eligible under the program.

Health Account Claims

- » Use your PEHP FLEX\$ Benefit Card at qualified provider locations and your provider will be paid directly from your FLEX\$ account. The FLEX\$ card only works at authorized vendors, e.g., physician's office, dentist, hospital, or pharmacy and should only be used for eligible expenses.

The card cannot distinguish if a charge is an eligible expense, only that it is an authorized vendor and that you have sufficient balance in your FLEX\$ account. The IRS requires that every FLEX\$ claim be documented either electronically or manually. If the PEHP FLEX\$ staff can not verify your claim electronically, you will receive a letter requesting additional documentation of your claim.

KEEP YOUR RECEIPTS.

- » Submit a FLEX\$ manual claim form (available at www.pehp.org) and include a copy of **one** of the following documents for each item claimed: an Explanation of Benefits (EOB) from your insurance carrier, OR a receipt or statement detailing the services provided, date of service and total out-of-pocket expense.
- » Due to the unique nature of orthodontia expenses, the following special documentation requirements have been established:
 - › The first orthodontia claim submitted must include a copy of the written agreement between you and the orthodontist, indicating the total estimated charges and the period of treatment.
 - › All claims submitted must include a copy of a receipt from the orthodontist as evidence of payment.
- » The entire annual election amount is available the day the Plan Year begins.

Dependent Day Care Claims

- » Enroll in the FLEX\$ Automatic Reimbursement program by completing an Automatic Reimbursement claim form at the beginning of each Plan Year. Your request must include a copy of a written contract, statement or agreement letter from the day care provider. The agreement must show: Provider name, address, Tax ID or Social Security number, and anticipated costs for the Plan Year. **You will be required to provide a statement and/or copies of receipts from your day care provider at the end of the Plan Year, documenting the actual costs incurred.** You must submit an Automatic Reimbursement Claim for each Plan Year. Forms are available at www.pehp.org.
- » Submit a FLEX\$ claim form (available at www.pehp.org). Include a copy of a receipt signed by your dependent day care provider. The receipt must include the provider's Tax ID or Social Security number, address, dates of service, and amount paid.
- » Dependent Day Care FLEX\$ funds are available for reimbursement as they are withheld from your paycheck and received by PEHP FLEX\$.

Claims are processed within three to five business days. You can be reimbursed through direct deposit to your designated financial institution or by a check mailed to your home. Direct Deposit forms are available at www.pehp.org.

Claims must be for expenses incurred within the Plan Year (or by the 15th day of the 3rd month after the end of the Plan Year if you have a grace period plan). Under IRS guidelines, expenses are "incurred" when the services are received and not when the participant is formally billed, charged, or pays for the services.

If you do not sign the claim form and/or provide appropriate documentation for each item claimed, your claim will be denied and returned to you.

Keep your original receipts and a personal record of exactly what you have submitted for payment. This is especially important because PEHP FLEX\$ is unable to provide you with copies of FLEX\$ claims and claims documentation. Send claims to PEHP FLEX\$ 560 East 200 South, Salt Lake City, UT 84102 or fax claims to 801-366-7772 or Toll Free 800-759-8772.

You have ninety (**90**) days from the end of the Plan Year, to submit claims for reimbursement.

Denied FLEX\$ Claims

You will be informed of all denied claims in writing. Denied claims may be appealed. Send appeals, in writing, along with any supporting documentation, to Appeals and Policy Management at P.O. Box 3836, Salt Lake City, UT 84110-3836, within 60 days of the denial notification. The PEHP FLEX\$ Appeals Board will then respond within 60 days of receipt of your appeal.

Duplicate Reimbursement/Overpayment

If reimbursement from FLEX\$ and any other source exceeds 100% of a healthcare or dependent day care expense, the PEHP FLEX\$ Department will either require you to refund the excess amount or will adjust future claim payment(s). In the event that your FLEX\$ reimbursements exceed the total amount that you have contributed for the year, you will be required to refund the difference within 15 days after notification by the PEHP FLEX\$ Department.

Name and Address Change

You are responsible for informing your payroll/human resource department and PEHP whenever there is a name and/or address change. Verify your address by logging in to your account at www.pehp.org. Include the correct home address on each FLEX\$ claim. Failure to do so may result in delays in receiving FLEX\$ reimbursements.

FLEX\$ Administrative Fee

The FLEX\$ administrative fee is paid by your employer or deducted from your check.

Forms and Information

FLEX\$ Forms and documentation are available at www.pehp.org.

For further information, call PEHP FLEX\$ at 801-366-7503 or 800-753-7703.