



Linda Parker, President

Krista Koss, Vice President  
[kkoss@rsabq.com](mailto:kkoss@rsabq.com)

Judy Webb, Account Administrator  
[jwebb@rsabq.com](mailto:jwebb@rsabq.com)

Marcia Ginn, Account Administrator  
[mginn@rsabq.com](mailto:mginn@rsabq.com)

Claims/Mailing address:  
PO Box 3684  
Corrales, NM 87048

Physical address:  
10143 4<sup>th</sup> Street NW  
Albuquerque NM, 87114

Phone: 505.822.9300  
[www.pretaxit.com](http://www.pretaxit.com)

Local Fax: 505.247.0568  
Toll Free Fax: 866.207.3916

Check your balance and account history at [www.myrsc.com](http://www.myrsc.com)

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**Enroll now, save money in taxes, and give yourself a raise by increasing your take-home income!**

The Cafeteria Plan allows you to save money that you usually pay out in taxes!

**Some important things to know:**

- You can be reimbursed for expenses that aren't covered by your health plan, along with other out-of-pocket expenses like co-pays, dental work, eyeglasses, and prescription costs!
- If you have children in day care, you can pay for day care expenses this way and save lots of money in taxes.
- Deductions for this plan are taken from your pay before taxes are taken out and deposited into an account for you. Then you submit receipts for these expenses until you are reimbursed in full. Paying for your expenses this way saves you money in taxes. Most participants save at least 25%!

**Here's an Example:**

	<b>Without a Cafeteria Plan</b>	<b>With a Cafeteria Plan</b>
Total Monthly Pay	\$1,600	\$1,600
Less Non-Taxable Benefits		
Insurance Premiums	0	187
Medical/Dental Expenses	0	60
Child-Care Expenses	0	175
	\$1,600	\$1,178
Total pay Subject to Taxes	\$1,600	\$1,178
Less Deductions		
Federal & State Taxes	\$192	\$115
Social Security & Medicare	122	90
After Tax Income	\$1,286	\$973
After Tax Expenses		
Insurance Premiums	\$187	\$0
Medical/Dental Expenses	60	0
Child-Care Expenses	175	0
	\$864	\$973
<b>TAKE HOME INCOME</b>	<b>\$864</b>	<b>\$973</b>

***Employee Monthly Savings if Enrolled in the Plan: \$ 109***

## Cafeteria Plan Frequently Asked Questions

### What is a Cafeteria Plan?

- A way for you to save money that otherwise goes towards taxes on medical expenses, daycare, and some insurance premiums
- An easy way for you to increase your take home pay

### How does it work?

- If you elect to participate, deductions are taken from each paycheck pre-tax, resulting in minimum tax savings of 25%. These dollars are exempt from Social Security, Medicare, and Federal and State taxes.
- You send in receipts for eligible expenses, and get reimbursed in full. Even a small annual election of \$400 gives you a savings of \$100!

### What can I deduct pre-tax?

- Out of Pocket Medical Costs (FSA Medical) up to \$2600
- Child Care (DCAP) up to \$5000 per family

### Whose expenses are eligible?

- Eligible: The employee (based on the eligibility guidelines set by employer)
- Eligible: Taxable dependents of the employee (usually spouse and children)
- Not Eligible: Domestic partners or other non-taxable dependents
- Special Note: If the employee, spouse or dependent also participates in an HSA (Health Savings Account), this limits the items eligible under your FSA. Consult your tax advisor.

### What Out of Pocket Medical Costs are Eligible?

- Unreimbursed Health Care Expenses are eligible under your Medical FSA. These are items you pay for directly. Check the list in this booklet for more details.
- |                                      |  |
|--------------------------------------|--|
| - Doctor office co-pays              | - Insulin/diabetic supplies;                             |
| - Eyeglasses, contacts, and supplies | Contraceptives; Band-Aids;                               |
| - Prescriptions                      | Supports and braces; Contact lens solution and supplies; |
| - Orthodontia and Dental work        | Wraps and bandages; Reading glasses                      |
| - Chiropractic care & Acupuncture    | - And Much More...                                       |

### What qualifies as dependent care/daycare?

- Children must be under 13 or with special needs
- Elderly dependents for whom 50% of care is provided by you
- There is \$5000 yearly maximum for this deduction, or \$2500 maximum if married, filing separately

## What are the Guidelines for Dependent Care?

- | <u>Acceptable</u>   | <u>Unacceptable</u>                               |
|---|---|
| - Before/after school programs                                      | - Sleepover camp                                  |
| - Traditional daycare   | - Non-reported daycare                            |
| - At-home daycare if payment is reported as income by care provider | - Care provided by another dependent under age 19 |
| - Unlicensed providers  | - Educational tuition starting at kindergarten    |

## How much should I contribute?

- Use the Confidential Employee Survey at the end of this booklet to estimate your monthly expenses
- Consider how many pay periods you have in each year
- Understand Forfeiture – You must use the money within the plan year
- Remember that you can only change your election amount under certain circumstances

## How Do I Change My Plan?

- You can change your plan during annual re-enrollment by changing the amount or declining the plan entirely
- Or, you may change your election (within 30 days of the change) if you have an IRS-approved “Change in Status” including:
  - Birth
  - Marriage
  - Divorce
  - Adoption
  - A move that affects insurance coverage
  - Change in Vendor (DCAP only)
  - Change in number of work hours

## Final Reminders:

- Your full medical election is available from day one of eligibility
- Dependent care is only paid out at the same rate you contribute
- Employer cannot deduct overspent amounts (claims paid exceeds deductions to date) from the final paycheck of terminated employees.
- Expenses are all reviewed by your Plan Administrator at the Cafeteria Plan Company, so your privacy is protected, as employer never sees your detailed claims
- If you terminate, you may only submit claims for dates of service up to and including your termination date.
- Do not throw out your debit card!



**What You Can Do Online  
Myrsc.com or  
Pretaxit.com**

**ALL PARTICIPANTS CAN:**

- *Log-in to the system. If you don't have a debit card, you can get the necessary employer code from your HR representative; if you have a debit card, you can use your debit card number to create a secure username and password*
- *Check your balances (including election, contributions, paid claims, what's left) for FSA Medical, Dependent Care, Individually Owned Insurance, HRA and HSA accounts*
- *Enter your reimbursement claim online and upload your receipts electronically*
- *Update your personal information (address, name, phone, email)*
- *Download a paper reimbursement form (on pretaxit.com)*
- *Find out which medical expenses are eligible (like in our paper booklet) or get more detailed information about whether a specific product is eligible (or requires RX) by using our shopping assistant*

**DEBIT CARD HOLDERS CAN:**

- *Activate your debit card*
- *See a list of all of your debit card transactions and their status*
- *Report loss/theft of debit card*
- *Review any email messages we've sent you (about your debit card)*
- *View all debit swipes that have been declined, the merchant, and reason for decline*
- *Search for specific debit card transactions by setting your own search requirements*
- *Repay your employer if you used your debit card for an ineligible medical expense*
- *Get a list of merchants that are set up to accept your debit card*

**Considerations for Allowable and Non Allowable Expenses**  
**Medical Flexible Spending Account – Cafeteria Plan**

- **Abortion** - Medical expenses associated with a legal abortion are reimbursable.
- **Acupuncture** - Medical expenses paid for acupuncture are reimbursable.
- **Alcoholism and drug abuse** - Medical expenses paid to a treatment center for alcohol or drug abuse are reimbursable. This includes meals and lodging provided by the center during treatment.
- **Alternative providers** - Expenses paid to alternative providers for homeopathic or holistic treatments or procedures are generally not covered unless prescribed to treat a specific medical condition. Naturopathic procedures or treatments using natural agents such as air, water or sunshine are generally not reimbursable.
- **Ambulance** - Medical expenses paid for ambulance service are reimbursable.
- **Artificial limb** - Medical expenses paid for an artificial limb are reimbursable.
- **Artificial teeth** - Yes
- **Attendant** - See Nursing services.
- **Automobile** - See Car.
- **Birth control pills and devices** - Medical expenses paid for birth control pills and devices prescribed by a doctor are reimbursable.
- **Braille books and magazines** - The amount by which the cost of Braille books and magazines for use by a visually impaired person exceeds the price for regular books and magazines is reimbursable.
- **Breast augmentation** - Expenses related to breast augmentation (such as implants or injections) are not reimbursable because the procedure is cosmetic in nature. However, medical costs related to the removal of breast implants that are defective or are causing a medical problem are reimbursable.
- **Breast reduction** - Medical expenses related to breast reduction surgery are reimbursable only if a physician substantiates that the procedure is medically required and not for cosmetic purposes (that is, to prevent or treat an illness or disease).
- **Capital expenses** - If their main purpose is medical care, capital expenses paid for special equipment installed in a participant's home or for improvements to the home are reimbursable.
- **Car** - Medical expenses are reimbursable for special hand controls and other special equipment installed in a car for the use of a person with disabilities. Also, the amount by which the cost of a car specially designed to hold a wheelchair exceeds the cost of a regular car is a reimbursable medical expense. However, the cost of operating a specially equipped car is not reimbursable (see Transportation).
- **Chair** - The cost of a reclining chair purchased on the advice of a physician to alleviate a heart, back or other condition is reimbursable.

- **Child care** - See Dependent day care expenses.
- **Childbirth classes** - Expenses for childbirth classes are reimbursable, but are limited to expenses incurred by the mother-to-be. Expenses incurred by a "coach"-even if that is the father-to-be-are not reimbursable. To qualify as medical care, the classes must address specific medical issues, such as labor, delivery procedures, breathing techniques and nursing.
- **Chiropractor** - Expenses paid to a chiropractor for medical care are reimbursable.
- **Christian Science practitioners** - Medical expenses paid to Christian Science practitioners are reimbursable.
- **Clinic** - Medical expenses for treatment at a health clinic are reimbursable.
- **COBRA Premiums** - COBRA premiums that you pay for yourself or your eligible dependents are not reimbursable under a health FSA or HRA. However, COBRA premiums are reimbursable under an HSA.
- **Coinsurance amounts** - Medical coinsurance amounts and deductibles are reimbursable.
- **Concierge fees** – for special privileges at doctor's practices are not reimbursable.
- **Contact lenses** - See Vision Care.
- **Cosmetic surgery** - Medical expenses for cosmetic surgery are reimbursable only if the surgery is necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease. However, medical expenses paid for other cosmetic surgery are not deductible medical expenses under Code Section 213, and thus are not reimbursable. This applies to any procedure that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease. For example, face lifts, hair transplants, hair removal (electrolysis), liposuction and teeth bleaching generally are not deductible. If there is a concern that a medical or dental surgery could be considered cosmetic, a doctor's certification should be obtained explaining how the procedure meaningfully promotes the proper function of the body or prevents or treats an illness or disease. This will help to prove that the claim is reimbursable.
- **Crutches** - Medical expenses paid to buy or rent crutches are reimbursable.
- **Dancing lessons, swimming lessons, etc** - Dancing lessons, swimming lessons, etc., are not reimbursable even if they are recommended by a doctor.
- **Day care** - See Dependent day care.
- **Deductibles** - Medical insurance deductibles and coinsurance amounts under the employer's plan are reimbursable.
- **Dental treatment** - Medical expenses for dental treatment are reimbursable. This includes fees paid to dentists for X-rays, fillings, braces, extractions, dentures, dental implants, veneers, etc. Also see Cosmetic surgery.
- **Dependent day care expenses** - Dependent day care expenses are not reimbursable under a health FSA, HRA or HSA, but may be reimbursable under a dependent care FSA.

- **Developmentally Disabled, special home for** - The cost of keeping a developmentally disabled person in a special home (not the home of a relative) on the recommendation of a psychiatrist to help the person adjust from life in a mental hospital to community living is reimbursable.
- **Diaper service** - Payments for diapers or diaper services are not reimbursable unless they are needed to relieve the effects of a particular disease.
- **Diets** - See Special foods.
- **Disability** - See Braille books and magazines, Car, Guide dog, Learning disability, Developmentally disabled, Personal use items, Schools, Television, Therapy, Transportation, Wheelchair. Also see discussion under the heading "Capital Expenses," below.
- **Drugs** - See Medicines.
- **Drug addiction** - See Alcoholism.
- **Ear piercing** - Expenses for ear piercing are not reimbursable.
- **Electrolysis or hair removal** - see Cosmetic surgery.
- **Employment-related expenses** - Employment-related expenses such as employment physicals are not reimbursable. (Note, however, that physical exams that are not employment-related are reimbursable. See Physical exams.)
- **Employment taxes** - See Nursing services.
- **Exercise equipment** - The cost of exercise equipment for general well-being is not reimbursable. If the equipment is prescribed by a physician to treat specific medical conditions (e.g. diabetes), then the expense should be reimbursable. The physician should substantiate the necessity of the item.
- **Eyeglasses** - See Vision Care.
- **Fitness programs** - Fitness programs or physical therapy for general health are not reimbursable.
- **Food** - See Special foods.
- **Funeral expenses** - Expenses for funerals are not reimbursable.
- **Group medical insurance** - See Insurance premiums.
- **Guide dog or other animal** - The cost of a guide dog or other animal used by the visually impaired or hearing impaired is reimbursable. Costs associated with a dog or other animal trained to assist persons with other physical disabilities are also reimbursable, as are amounts paid for the care of these specially trained animals.
- **Hair transplant** - see Cosmetic surgery.
- **Health club dues** - Health club dues, YMCA dues, or amounts paid for steam baths for general health or to relieve physical or mental discomfort not related to a particular medical condition are not reimbursable.
- **Hearing aids** - Medical expenses for a hearing aid and batteries are reimbursable.
- **Herbs** - The cost of herbs taken for general well-being are not reimbursable. However, the cost of herbs taken to alleviate a specific medical condition are reimbursable. The diagnosis of a medical condition must accompany the claim documentation.
- **Holistic treatments** - See Alternative providers.
- **Homeopathic treatments** - See Alternative providers.



- **Hospital** - Expenses incurred as a hospital in-patient or out-patient for laboratory, surgical and diagnostic services qualify as medical expenses.
- **Hot tub** - See Capital Expenses.
- **Household help** - The cost of household help, even if recommended by a doctor, is prohibited. However, certain expenses paid to an attendant providing nursing-type services are reimbursable. (See Nursing services).
- **Human guide** - Expenses for a human guide-to take a blind child to school, for example-are reimbursable. Also see Guide dog.
- **Impotence or sexual inadequacy** - Medical expenses related to the treatment of impotence are reimbursable if substantiated by a physician.
- **Infertility** - Medical expenses related to the treatment of infertility are reimbursable. Eligible expenses may include egg donor costs, infertility monitors, in-vitro fertilization and sperm washing. Surrogate costs associated with a qualified dependent of the taxpayer are reimbursable and may include such things as blood compatibility testing and psychological exams. If the surrogate mother is not a qualified dependent of the taxpayer, the costs that the surrogate mother incurs are not reimbursable. Storage costs associated with the freezing of blood cords, embryos, placentas and sperm (sperm banks) are generally reimbursable when a specific medical condition exists. Additionally, these costs are reimbursable only for a limited period until they can be used to treat the existing condition (generally up to one year). Diagnosis of the medical condition is required.
- **Insulin** - The cost of insulin is reimbursable.
- **Insurance premiums** - Premiums for any health plan are not reimbursable under a health FSA.
- **Laboratory fees** - Laboratory fees that are part of medical care are reimbursable.
- **Lasik eye surgery** - According to the IRS, radial keratotomy (RK) (or other corrective eye surgery such as lasik surgery) is a deductible expense under IRC Section 213 and thus reimbursable under a health FSA, HRA or HSA.
- **Lead-based paint removal** - The cost of removing lead-based paints from surfaces in a home to prevent a child who has (or has had) lead poisoning from eating the paint are reimbursable. These surfaces must be in poor repair (peeling or cracking) or within the child's reach. The cost of repainting the scraped area, however, is not reimbursable.
- **Learning disability** - Tuition payments to a special school for a child who has severe learning disabilities caused by mental or physical impairments, including nervous system disorders, are reimbursable. A doctor must recommend that the child attend the school. See Schools. Also, tutoring fees paid on a doctor's recommendation for a child's tutoring by a teacher who is specially trained and qualified to work with children who have severe learning disabilities are reimbursable.
- **Legal fees** - Legal fees paid to authorize treatment for mental illness are reimbursable. However, any part of a legal fee that is a management fee, for example, a guardianship or estate management fee, is not reimbursable.
- **Licensing requirements** - Neither the tax code nor IRS regulations require a plan participant to determine whether a provider is qualified, authorized under state law or licensed to practice before using his/her services. In Revenue Ruling 63-91, the IRS ruled that: "Amounts paid for medical services rendered by practitioners, such as chiropractors, psychotherapists,

and others rendering similar type services, constitute expenses for 'medical care' within the provisions of section 213 of the Code, even though the practitioners who perform the services are not required by law to be, or are not (even though required by law) licensed, certified, or otherwise qualified to perform such services." The main issue is the nature of the treatment, not the license held by the practitioner. Thus, services provided by a range of organizations and individuals may be reimbursable, including care provided by hospitals, medical doctors, dentists, eye doctors, chiropractors, nurses, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, psychoanalysts and others.

- **Life insurance premiums** - Life insurance premiums are not reimbursable.
- **Liposuction** - see Cosmetic surgery.
- **Lodging and meals** - The cost of lodging and meals at a hospital or similar institution are reimbursable if the employee's main reason for being there is to receive medical care. (Also see Nursing home.) The cost of lodging not provided in a hospital or similar institution while an employee is away from home is reimbursable if four requirements are met: (1) the lodging is primarily for and essential to medical care; (2) medical care is provided by a doctor in a licensed hospital or in a medical care facility related to, or the equivalent of, a licensed hospital; (3) the lodging is not lavish or extravagant under the circumstances; and (4) there is no significant element of personal pleasure, recreation or vacation in the travel away from home.
  - The reimbursable amount cannot exceed \$50 for each night for each person. Lodging is included for a person for whom transportation expenses are a medical expense because that person is traveling with the person receiving the medical care. For example, if a parent is traveling with a sick child, up to \$100 per night is reimbursable as a medical expense for lodging.
  - Meals and lodging away from home for medical treatment that is not received at a medical facility, or for the relief of a specific condition, are not reimbursable even if the trip is made on the advice of a doctor.
- **Long-term care insurance premiums** - Long-term care insurance premiums are not reimbursable under a health FSA.
- **Marriage counseling** - Expenses for marriage counseling services do not qualify as medical expenses. However, sexual inadequacy or incompatibility treatment is reimbursable if the treatment is provided by a psychiatrist.
- **Maternity clothes** - Expenses for maternity clothes are not reimbursable.
- **Massage** - Fees paid for massages are not reimbursable unless prescribed and *substantiated by a physician to treat a physical defect or illness*.
- **Mattresses** - Mattresses and mattress boards for the treatment of arthritis are reimbursable.
- **Meals** - See Lodging and meals or Special Foods.
- **Medical aids** - Medical aids such as false teeth, hearing aids, orthopedic shoes, crutches and elastic hosiery are reimbursable.
- **Medical information plan** - Amounts paid to a plan that keeps medical information so that it can be retrieved from a computer data bank for medical care are reimbursable.
- **Medical services** - Only legal medical services are reimbursable. Amounts paid for illegal operations or treatments, regardless of whether they are rendered by licensed or unlicensed practitioners, are not reimbursable.

- **Medicare Part A** - The tax paid for Medicare Part A is not reimbursable under a health FSA or HRA.
- **Medicare Part B** - Premiums paid for Medicare Part B are not reimbursable under a health FSA or HRA.
- **Medicines** - Amounts paid for prescribed medicines and drugs are reimbursable. A prescribed drug is one which requires a prescription by a doctor for its use by an individual. The cost of insulin is also reimbursable. See Over-the-counter medicine and drugs.
- **Naturopathic treatments** - See Alternative providers
- **Nursing home** - The cost of medical care in a nursing home or home for the aged for an employee, or for an employee's spouse or dependent, is reimbursable. This includes the cost of meals and lodging in the home if the main reason for being there is to get medical care.
- **Nursing services** - Wages and other amounts paid for nursing services are reimbursable. Services need not be performed by a nurse as long as the services are of a kind generally performed by a nurse. This includes services connected with caring for the patient's condition, such as giving medication or changing dressings, as well as bathing and grooming the patient.
  - Only the amount spent for nursing services is reimbursable. If the attendant also provides personal and household services, these amounts must be divided between the time spent performing household and personal services and the time spent on nursing services.
  - Meals - Amounts paid for an attendant's meals are also reimbursable. This cost may be calculated by dividing a household's total food expenses by the number of household members to find the cost of the attendant's food, then apportioning that cost in the same manner used for apportioning an attendant's wages between nursing services and all other services (see above).
  - Upkeep - Additional amounts paid for household upkeep because of an attendant are also reimbursable. This includes extra rent or utilities paid because of having to move to a larger apartment to provide space for an attendant.
  - Infant care - Nursing or baby sitting services for a normal, healthy infant are not reimbursable.
  - Social Security, unemployment (FUTA) and Medicare taxes paid for a nurse, attendant or other person who provides medical care are reimbursable.
- **Optometrist** - See Vision Care.
- **Orthodontia** - Expenses are generally reimbursable, however, because services are generally provided over an extended period of time, the rules of reimbursement are handled differently from all other health care expenses. Reimbursement is based upon actual payments made rather than traditional dates of service. If you have dental insurance that covers orthodontia, you will be required to submit both an explanation of benefits (EOB) and an itemized bill showing payments you have made. If your orthodontia expenses are not covered by insurance, you may submit proof of your payment in either the form of an itemized bill or itemized paid receipt.

- **Orthopedic shoes** - See Medical aids.
- **Organ donor** - See Transplants.
- **Over the counter medicines and drugs** - Expenses used for general well-being or for purely cosmetic purposes are not eligible. Medicines and drugs including, but not limited to acetaminophen, acne products, allergy products, antacid remedies, antibiotic creams/ointments, anti-fungal foot sprays/creams, aspirin, cold remedies, cough syrups and drops, ear drops, ibuprofen, laxatives, migraine remedies, nasal sprays, pain relievers, and sleep aids require a written directive from a medical advisor (including a medical diagnosis) if purchased after 1/1/2011. Topical creams for itching, stinging, burning, pain relief, sore healing or insect bites may also require a note from your physician.
- **Over the counter supplies** – Insulin and diabetic supplies and expenses for products such as bandages, first aid kits, gauze, crutches, hearing aid batteries and contact lens solutions are reimbursable.
- **Oxygen** - Amounts paid for oxygen or oxygen equipment to relieve breathing problems caused by a medical condition are reimbursable.
- **Parking** - see Transportation.
- **Personal use items** - Items that are ordinarily used for personal, living, and family purposes are not reimbursable unless they are used primarily to prevent or alleviate a physical or mental defect or illness. For example, the cost of a wig purchased at the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease is reimbursable.
  - If an item purchased in a special form primarily to alleviate a physical defect is one that in normal form is ordinarily used for personal, living and family purposes, the cost of the special form in excess of the cost of the normal form is reimbursable. (Also see Braille books and magazines.)
- **Phone equipment** - See Telephone.
- **Physical exams** - Physical exams are generally reimbursable, except for employment-related physicals. See Employment-related expenses.
- **Pre-existing conditions** - Medical expenses not covered because of the plan's pre-existing condition limitation are reimbursable.
- **Pre-payments** – for services other than orthodontia are not reimbursable.
- **Premiums** - Premiums, of any kind, that you pay for yourself or your eligible dependents are not reimbursable under a health FSA.
- **Prescription drugs** - See Medicines.
- **Private hospital room** - The extra cost of a private hospital room is reimbursable.
- **Propecia** - Reimbursable when prescribed by a physician for a specific medical condition, but not for cosmetic purposes (that is, to stimulate hair growth).
- **Prosthesis** - See Artificial limb.
- **Psychiatric care** - Expenses for psychiatric care are reimbursable. These expenses include the cost of supporting a mentally ill dependent at a specially equipped medical center where the dependent receives medical care. Also see Psychoanalysis and Transportation.
- **Psychoanalysis** - Expenses for psychoanalysis are reimbursable.
- **Psychologist** - Expenses for psychological care are reimbursable.

- **Radial Keratotomy** - According to the IRS, radial keratotomy (RK) (or other corrective eye surgery such as lasik surgery) is a deductible expense under IRC Section 213 and thus reimbursable under a health FSA, HRA or HSA.
- **Reasonable and customary charges, amounts in excess of** - Medical expenses in excess of the plan's reasonable and customary charges are reimbursable.
- **Resort** - See Spa or resort.
- **Retin-A** - Reimbursable when prescribed by a physician for treatment of acne, but not aging.
- **Rogaine** - Reimbursable when prescribed by a physician for a specific medical condition, but not for cosmetic purposes (that is, to stimulate hair growth).
- **Schools, special** - Expenses paid to a special school for a mentally impaired or physically disabled person are reimbursable if the main reason for using the school is its resources for treating the disability. This includes the cost of a school that:
  1. teaches Braille to a visually impaired child;
  2. teaches lip-reading to a hearing-impaired child; or
  3. provides remedial language training to correct a condition caused by a birth defect.

The cost of meals, lodging and ordinary education supplied by a special school is reimbursable only if the main reason for using the school is its resources for treating the mental or physical disability. The cost of sending a non-disabled "problem child" to a special school for benefits the child may get from the course of study and disciplinary methods is not reimbursable.

- **Scientology "audits"** - Amounts paid to the Church of Scientology for "audits" do not qualify as expenses for medical care.
- **Sexual counseling** - Expenses for counseling regarding sexual inadequacy or incompatibility are reimbursable if the counseling is provided to a husband and/or wife by a psychiatrist.
- **Smoking drugs** - The cost of drugs to stop smoking for the improvement of general health are reimbursable. A physician's note is required.
- **Smoking program** - The cost of a program to stop smoking for the improvement of general health is reimbursable.
- **Spa or resort** - Although a visit to a spa or resort may be prescribed by a physician for medical treatment, only the costs of the medical services provided are reimbursable, not the cost of transportation. (see Transportation and Trips.)
- **Special foods** - The costs of special foods and/or beverages-even if prescribed-that substitute for other foods or beverages which a person would normally consume and which satisfy nutritional requirements (such as the consumption of bananas for potassium, for example) are not deductible. However, prescribed special foods or beverages are reimbursable if they are consumed primarily to alleviate or treat an illness or disease, and not for nutritional purposes. Special foods and beverages are reimbursable only to the extent that their cost is greater than the cost of the commonly available version of the same product.
- **Sterilization** - The cost of a legal sterilization (a legally performed operation to make a person unable to have children) is reimbursable.
- **Substance abuse** - See Alcoholism and drug abuse.

- **Supplements** - The cost of supplements taken for general well-being are not reimbursable. However, the cost of supplements taken to alleviate a specific medical condition is reimbursable. A physician should substantiate the diagnosis of a specific medical condition and acknowledge that the supplement being used alleviates the medical condition diagnosed.
- **Swimming lessons** - See Dancing lessons.
- **Telephone** - The costs of purchasing and repairing special telephone equipment that lets a hearing-impaired person communicate over a regular telephone are reimbursable.
- **Television** - The cost of equipment that displays the audio part of TV programs as subtitles for the hearing-impaired is reimbursable. This may include an adapter that attaches to a regular TV or the cost of a specially equipped TV in excess of the cost of the same model regular TV set.
- **Therapy** - Amounts paid for therapy received as medical treatment are reimbursable. Payments made to an individual for special exercises administered to a developmentally delayed child are also reimbursable. These so-called "patterning" exercises consist mainly of coordinated physical manipulation of the child's arms and legs to imitate crawling and other normal movements. (Also see Fitness programs.)
- **Toothbrushes** - Toothbrushes and toothpastes are not reimbursable, even if prescribed by a dentist or physician.
- **Transplants** - Payments for surgical, hospital, laboratory and transportation expenses for a prospective or actual donor of a kidney or other organ are reimbursable.
- **Transportation** - Amounts paid for transportation primarily for, and essential to, medical care are reimbursable. (See also Reimbursable Transportation Expenses Do Not Include.)

**Reimbursable expenses include:**

- bus, taxi, train or plane fare, or ambulance service;
- actual car expenses, such as gas and oil (but not expenses for general repair, maintenance, depreciation and insurance);
- parking fees and tolls;
- transportation expenses of a parent who must accompany 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 is 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.
- Instead of actual expenses, it is acceptable to use a flat rate per mile for each mile a car is used for medical purposes. The allowable mileage rate for medical transportation is set by the IRS each year. The cost of tolls and parking may be added to this amount.

**Reimbursable transportation expenses do not include:**

- transportation expenses to and from work, even if a medical condition requires an unusual means of transportation; or
- transportation expenses incurred if, for non-medical reasons, an employee chooses to travel to another location (or to a resort or spa) for an operation or other medical care prescribed by a doctor.

- **Trips** - Amounts paid for transportation to another location, if the trip is primarily for and essential to receiving medical services, are reimbursable. (Also see Lodging and meals.) A trip or vacation taken for a change in environment, improvement of morale or general improvement of health, is not reimbursable, even if it is taken at the advice of a doctor. (See Spa or resort.)
- **Tuition** - Charges for medical care included in the tuition of a college or private school are reimbursable if the charges are separately stated in the tuition bill. (Also see Learning disability and Schools, special.)
- **Tutor's fees** - See Learning disability.
- **Vacation** - See Trips.
- **Vaccines** - Expenses for vaccines are reimbursable.
- **Vasectomy** - Medical expenses related to a vasectomy are reimbursable.
- **Vision care** - Optometric services and medical expenses for eyeglasses and contact lenses needed for medical reasons are reimbursable. Eye exams and expenses for contact lens solutions are also reimbursable. However, premiums for contact lens replacement insurance are not reimbursable. (Also see Radial keratotomy) (Also see Lasik Eye Surgery).
- **Vitamins** - Daily multi-vitamins taken for general well-being are not reimbursable. Vitamins taken to treat a specific medical condition are reimbursable. A diagnosis of the medical condition should accompany the vitamin claim. Prenatal vitamins obtained by prescription are reimbursable.
- **Wage continuation policies** - Premiums paid under wage continuation policies are not reimbursable.
- **Weight loss machines** - See Exercise Equipment.
- **Weight loss programs, treatments and prescriptions** - The cost of weight loss programs, treatments and prescriptions for general health are not reimbursable even if a doctor prescribes them. However, if the program, treatment or prescription is prescribed by a physician to treat a medical illness (e.g., heart disease), the expense should be reimbursable. The physician should substantiate the necessity of the item.
- **Well baby care** - See Nursing services.
- **Wheelchair** - Amounts paid for an autoette or a wheelchair used mainly for the relief of sickness or disability, and not just to provide transportation to and from work, are reimbursable. The cost of operating and maintaining the autoette or wheelchair is also reimbursable.
- **Wigs** - See Personal use items.
- **X-ray fees** - Amounts paid for X-rays taken for medical reasons are reimbursable.

## TAX SAVINGS FOR CHILDCARE

These charts compare two types of child-care tax benefits for families. One benefit is the Dependent Care Credit applied to a personal tax return. The second benefit is the annual tax savings when an employee elects the Dependent Care Assistance Program (DCAP) offered by your employer.

- **First, find your total household annual income.**
- **Then find the column that matches the number of children in your household.**

If the dollar amount below is in parentheses, you would save more money using the Child Tax Credit. **If the dollar amount is not in parentheses, your savings through the DCAP is greater than using the Child Tax Credit.**

### PARTICIPATING IN DCAP: Filing Jointly

Gross wages of Employee and spouse	1 dependent child under 13	2 dependent children under 13	Gross wages of Employee and spouse	1 dependent child under 13	2 dependent children under 13
<b>\$10,000</b>	<b>(\$1,868)</b>	<b>(\$2,368)</b>	\$60,000	\$ 533	\$ 136
<b>\$15,000</b>	<b>\$383</b>	<b>(\$1,740)</b>	\$70,000	\$ 533	\$ 133
<b>\$18,000</b>	<b>\$383</b>	<b>(\$290)</b>	\$80,000	\$ 533	\$ 133
\$20,000	\$383	\$ 183	\$90,000	\$ 533	\$ 133
\$25,000	\$723	\$ 831	\$110,000	\$ 893	\$ 133
\$30,000	\$1,072	\$ 436	\$125,000	\$1,283	\$ 833
\$35,000	\$ 932	\$ 216	\$150,000	\$1,033	\$ 833
\$40,000	\$1,022	\$ 836	\$170,000	\$1,174	\$ 633
\$45,000	\$ 958	\$ 936	\$200,000	\$1,183	\$ 783
\$50,000	\$ 533	\$ 811	\$225,000	\$1,183	\$ 783

### PARTICIPATING IN DCAP: Filing as Head of Household

Gross wages of Employee	1 dependent child under 13	2 dependent Children under 13	Gross wages of Employee	1 dependent child under 13	2 dependent children under 13
<b>\$10,000</b>	<b>(\$1,868)</b>	<b>(\$2,368)</b>	\$60,000	\$ 533	\$133
<b>\$15,000</b>	\$ 383	<b>(\$1,740)</b>	\$70,000	\$ 998	\$208
\$18,000	\$ 458	<b>(\$ 191)</b>	\$80,000	\$ 283	\$883
\$20,000	\$ 777	\$ 703	\$90,000	\$ 283	\$883
\$25,000	\$ 857	\$ 1,436	\$100,000	\$1,033	\$883
\$30,000	\$ 897	\$ 1,001	\$112,000	\$1,033	\$883
\$35,000	\$1,182	\$ 766	\$125,000	\$ 723	\$323
\$40,000	\$ 931	\$ 1,086	\$150,000	\$ 873	\$440
\$45,000	\$ 533	\$ 772	\$175,000	\$ 873	\$473
\$50,000	\$ 533	\$ 133	\$200,000	\$ 873	\$473



## HIPAA NOTICE OF PRIVACY PRACTICES FOR PERSONAL HEALTH INFORMATION

**This notice describes how medical information about you may be used and disclosed and how you can get access to this information. Please review it carefully.**

This is your Health Information Privacy Notice from the Cafeteria Plan Company (referred to as We or Us). This notice is effective April 14, 2007 and was updated for the Omnibus Rule effective September 23, 2013. . This notice is solely for your information. You do not need to take any action.

This notice provides you with information about the way in which We protect Personal Health Information (“PHI”) that We have about you and your dependents. PHI includes individually identifiable information which relates to your past, present or future health, treatment or payment for health care services. This notice also explains your rights with respect to PHI.

The Insurance Portability and Accountability Act (“HIPAA”) requires us to: Keep PHI about you and your dependents private except in certain circumstances; provide you this notice of our legal duties and privacy notices with respect to your PHI; and follow the terms of the notice that are currently in effect. We reserve the right to change our privacy practices and the terms of this notice.

### Use and Disclosure of PHI

We obtain PHI in the course of providing and/or administering cafeteria plan and health reimbursement arrangement plan benefits for you. We may use and/or disclose PHI about you and your dependents in the following manner:

**Business Associates** We may disclose PHI to administrators who are employed by Us and subcontractors who may use the PHI to administer your health care benefits, such as a cafeteria plan or health reimbursement arrangements. For example, the medical bill you submit will be used to determine what amount can be reimbursed to you.

We may disclose PHI if required to do so by law. For example, if your health plan is audited, we may need to disclose PHI.

**Notification:** Using Our best judgment, We may use or disclose information to notify or assist in notifying family members, friends and others involved in your care, and/or any other person you identify, of health information relevant to that person’s involvement in payment related to your care, unless you have objected. This includes disclosures after your death to family members and others involved in your care unless you objected prior to your death.

We will not use or disclose your health information without your authorization, except as described in this notice or permitted by law. We will not sell your information or use it for marketing purposes without your authorization

## **Your Rights Regarding PHI That We Maintain About You and Your Dependents**

You have various rights as a consumer under HIPAA concerning PHI. You may exercise any of these rights by writing to Us at the Cafeteria Plan Company, PO Box 3684, Corrales NM 87048.

- You have the right to inspect and copy the PHI that we maintain, including records maintained electronically. If you request a hard or electronic copy of the information. We may charge a fee for the costs of copying, mailing or the supplies associated with your request.
- You have the right to request a list of certain disclosures of the PHI. Your request must state a time period, may not include dates before April 14, 2003 and may not exceed a period of six years prior to the date of your request. If you request more than one list in a year, We may charge you the cost of providing the list. We will notify you of the cost and you may withdraw or modify your request before any costs are incurred.
- You have the right to request restrictions on certain uses and disclosures of PHI. We are not required to agree to your request. Your request must be in writing and state (1) what information you want to restrict; (2) whether you want to restrict our use, disclosure or both; and (3) to whom you want the restrictions to apply. You have the right to request that a covered entity not disclose to your health insurance carrier or to US any services you received if you pay in full for such services "out of pocket."
- Certain uses and disclosures of your PHI require prior written authorization from you. If you have provided authorization, you may revoke that authorization at any time by writing to Us at the address at the end of this notice.
- You have the right to request that We communicate personal information to you in a certain way or at a certain location. Your request must specify how or where you wish to be contacted. We will comply with reasonable requests.
- You have the right to request that we amend your PHI.
- You have the right to opt-out of any fundraising communications.
- You have the right to be notified of a breach of unsecured protected health information.
- You have the right to a paper copy of this notice. You may ask us to give you a copy of this notice at any time. Even if you have agreed to receive this notice electronically, you are still entitled to a paper copy of this notice upon request.

### **Complaints**

If you believe your privacy rights have been violated, you may file a complaint with Us at the address listed at the end of this notice. When filing a complaint, include your name, address and telephone number and we will respond. You may also contact the Secretary of the Department of Health and Human Services. You will not be retaliated against for filing a complaint.

### **Changes to this Notice**

We reserve the right to modify this Privacy Notice and our privacy policies at any time. If We make any modifications, the new terms and policies will apply to PHI Personal Information before and after the effective date of the modification that

We maintain. If We make material changes, We will provide a new notice to the participants.

If you have any questions regarding this notice, please call **505-822-9300** and ask for an Administrator, or send your written questions to the Cafeteria Plan Company, PO Box 3684, Corrales, NM 87048. Please include your name, the name of your employer, your address and telephone number and We will respond.

**Notes:**

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## **CONFIDENTIAL EMPLOYEE SURVEY**

The following worksheet will help you determine the amounts of eligible expenses you can defer through the Cafeteria Plan.

### **1. Health Care Expense Reimbursement Program:**

Estimate your out of pocket medical expenses per year for:

Acupuncture, chiropractic	\$	_____
Birth control and infertility expenses		_____
Braces, retainers, fillings		_____
Co-payments for office visits to your doctor(s)		_____
Counseling sessions (except marriage counseling)		_____
Dental exams, cleanings, X-rays, etc.		_____
Health insurance deductibles		_____
Orthodontic implants or inlays, other		_____
Prescription drugs		_____
Vision care (exams, contacts, eyeglasses, Lasik)		_____

(Vitamins/Supplements/Herbal Remedies are NOT eligible unless prescribed by a physician. Over the Counter medicines now require a prescription).

**Total Out of Pocket Medical Expenses:** \$ \_\_\_\_\_

**Divided by number of pay periods:**

**Suggested deduction per pay period:** \$ \_\_\_\_\_

### **2. Dependent Care Assistance Program:**

If you pay for dependent care for children under the age of 13, or special needs children of any age, and or adults incapable of taking care of themselves how much do you spend **each year?**

**Total Dependent Care:** \$ \_\_\_\_\_

**Divided by number of pay periods:**

**Suggested deduction per pay period:** \$ \_\_\_\_\_

*Be conservative in your approach to the amount you are considering for your election.*