

Ball State University

Section 125

Limited Purpose Flexible Spending Account (FSA)

Employee Enrollment Information Packet

Only For Participants with a High Deductible Health Plan (HDHP)
with a Health Savings Account (HSA)



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Dear Ball State University Employee:

Participation in an HSA does affect your participation in a General Purpose Flexible Spending Account (FSA) for the prior plan year and FSA enrollment in future plan years. You have elected to participate in a group health plan that provides highly desired portability and tax savings combined. Enrolling in a High Deductible Health Plan (HDHP) and a Health Savings Account (HSA) will require you to become a more informed consumer of health care. It is important you understand how this plan works.

If you currently have a General Purpose Health Care FSA, or if you will have a Health Care FSA beginning July 1st, carefully review the information below for details. FSA participation may delay or prevent you from contributing to a HSA.

The General Purpose Health Care FSA plan is from July 1st to June 30th with a 2 ½ month grace period. The grace period extends the current plan year period to incur and submit health care FSA claims for participants who still have balances in their FSA on June 30th. As you know, IRS rules require that you forfeit (lose) the money in the FSA account if you do not use it by the end of the grace period.

If you have funds available to use in your General Purpose Health Care FSA on June 30th, you may consider the following options:

- Delay contributions to your HSA until October 1st and elect to remain in the General Purpose FSA through the Grace Period. This will allow additional time to incur expenses from the previous plan year through the end of the grace period. See the definition of the General Purpose FSA on page 4 and eligible expenses under this provision.
- Elect to convert your General Purpose FSA to a Limited Purpose FSA. HSA participation may begin July 1st.
- If you have not already done so, elect a one-time roll-over of your unused/unclaimed Health Care FSA balance to your HSA at the end of the current FSA Plan Year June 30th, with the following stipulations:
 - You must roll-over the lesser of your balance in your Health Care FSA as of June 30th of the current year, OR the balance that was in your account as of September 21, 2006 (The person must have had a FSA on September 21, 2006 to qualify.).
 - To roll-over funds from your current Health Care FSA you will need to complete the Health Care FSA Roll-Over Election form included in this packet. Your HSA must already be established.
 - The rollover must be a direct trustee-to-trustee transfer and can only be made once in your life time.
 - The rollover must result in a zero balance in your General Purpose FSA.

You may participate in the Dependent Care program without any HSA restrictions.

To assist you with making this very important decision, you will find in this packet Plan Definitions; and an Enrollment Form for handling of your current FSA and future FSA plans. This material is provided to assist you in determining your eligibility for participation in an HSA if you also participate in a current FSA or plan future participation in an FSA.

We appreciate your participation in the Flexible Spending Account offered by Key Benefit Administrators.

Sincerely,

Key Benefit Administrators
Flexpro™ Customer Care

Plan Definitions

What is *FlexPro*TM?

*FlexPro*TM is a Flexible Benefits (Cafeteria) Plan that is approved under Section 125 of the Internal Revenue Code. It enables you to pay for certain expenses with pre-tax dollars.

Optional Benefits: (Some or all of these benefits may be offered by Ball State University)

Employer Sponsored Insurance Plans — This account automatically allows you to pay for your portion of some insurance premiums with tax-free dollars via payroll deductions. This may include premiums for medical, dental, vision, group term life, cancer coverage, etc.

Limited Purpose Health Care Flexible Spending Account (FSA) – “Limited Purpose Health FSA” coverage is *qualified coverage* for participation in a HDHP and a HSA.

Reimbursement under the Limited Purpose Health FSA will be limited to:

- a. Services or treatments for dental care (excluding premiums)
- b. Services or treatments for vision care (excluding premiums)
- c. Services for preventative care. Preventative care limited to diagnostic procedures and services or treatments taken to prevent the onset of a disease or condition that is imminently possible. Preventative care does not include services or treatments that treat an existing condition. A diagnosis or letter of medical necessity may be required to consider claim reimbursement.
- d. Eligible medical expense incurred after the “minimum deductible” of the HDHP has been satisfied. The minimum deductible under this plan is conditioned on the Participant’s family status (single or family coverage).

Health Care Flexible Spending Account (FSA) – General Purpose - A General Purpose Flex Plan disqualifies you from contributing to a HSA. This is a plan designed to allow employee pre-tax dollars to cover health care costs including medical, dental, vision and hearing expenses that are not paid by insurance and other “out-of-pocket” expenses. *These expenses must be incurred within the plan year plus the grace period if applicable.* These expenses may include, but are not limited to: expenses for medical plan co-payments, deductibles, prescriptions, physician visits, chiropractic care, vision, dental/orthodontia care, and eligible over-the-counter items. Expenses must be incurred within the Plan Year and must be “medically necessary” to qualify. Expenses are considered “incurred” when the service is performed not when it is billed or paid. Expenses solely for cosmetic reasons or merely beneficial to one’s general health are not eligible expenses. The expenses that qualify are those permitted by Section 213 of the Internal Revenue Code, but only to the extent that the expense is not prohibited by any other code or regulation. The Grace Period for this plan will extend the time that you can incur expense as outlined on the Plan Specifics Page. *For the new plan year, if you are enrolled in a HDHP and a HSA you are not eligible for the total benefits of a General Purpose HealthCare FSA. Your General Purpose Health Care FSA from the prior plan year during the Grace Period disqualifies you from contributing to a HSA.*

See page 9, “Over-The-Counter Reimbursement “CHANGES””

Dependent Day Care Flexible Spending Account (FSA) — Dependent Day Care costs include most dependent day care expenses for eligible children and adults. Qualified expenses include fees for adult and childcare centers, pre-school, and before and after school care. To be eligible you and your spouse (if married) must be employed or attend school. Your dependent must be under age 13 or physically and/or mentally incapable of caring for him or herself if older than age 13. As of each regular deduction date established by the Plan during a Plan Year, the Employer will credit an amount to each Participant's Plan Year Account for the corresponding amount by which the Participant's cash compensation has been reduced pursuant to his election under the Plan. Eligible claims incurred during the Plan Year and submitted within the appropriate timeframe shall be reimbursed up to the amount available in the account at the time of reimbursement.

Dependent Care expenses for the care of a qualifying individual that are for the purpose of enabling the employee to be gainfully employed are eligible. Dependent Care may not be reimbursed while on Leave of Absence (LOA). *Exception for short, temporary absences.* An absence of no more than 2 consecutive calendar weeks is considered a short, temporary absence.

Health Savings Account

Health Savings Account (HSA) means a special type of individual account that “eligible individuals” covered by high-deductible health plans (HDHPs) can establish with a qualified HSA trustee or custodian. It allows eligible individuals to pay for certain medical expenses on a tax-free basis for eligible individuals, their spouses, and/or any eligible tax dependents on a tax-free basis.

High Deductible Health Plan (HDHP) - Health Coverage Pertaining to HSA's

You must be covered by a HSA Qualified High Deductible Health Plan (HDHP) to contribute to a HSA account. A HDHP has a higher annual deductible than typical health plans, and a maximum limit on the sum of the annual deductible and out-of-pocket medical expenses that you must pay for covered expenses. Out-of-pocket expenses include co-payments and other amounts, but does not include premiums. The minimum annual deductible and maximum annual deductible and other out-of-pocket expenses for HDHPs are generally indexed annually.

Other health coverage pertaining to HSA's.

You (and your spouse, if you have family coverage) cannot have any other health coverage that is not an HDHP. However, you can still be an eligible individual even if your spouse has non-HDHP coverage provided you are not covered on that plan. Coverage through a non-HDHP, including your spouses' general purpose FSA, will disqualify you from contributing to a HSA. However, you can have additional insurance that provides benefits only for the following items:

- Liabilities incurred under workers' compensation laws, torts, or ownership or use of property.
- A specific disease or illness.
- A fixed amount per day (or other period) of hospitalization.

You can also have coverage (whether provided through insurance or otherwise) for the following items:

- Accident
- Disability
- Dental Care (This includes the “Limited Purpose FSA” only.)
- Vision Care (This includes the “Limited Purpose FSA” only.)
- Long-term Care

Non-HDHP coverage may include but is not limited to General Purpose FSA; participation in any other health plan that is not a HSA Qualified HDHP; “carve-out coverage” (i.e., coverage that provides benefits that the HDHP does not cover); not entitled to Medicare (i.e., eligible and enrolled); HRAs (i.e., arrangements that pay or reimburse all Code § 213(d) medical expenses of the employee, spouse, and dependents); an individual will not be eligible to make HSA contributions if his or her qualified medical expenses can be paid or reimbursed under a non-HDHP, health FSA or HRA that the individual's spouse is enrolled in at the spouse's workplace.

How Much Can I Save Participating in an FSA?

Is a Flexible Spending Account Right For You?

	YES	NO
Do you have out-of-pocket costs associated with the your medical plan?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have other out-of-pocket medical care expenses not covered by insurance?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have out-of-pocket dental expenses? (i.e. cleanings, fillings, orthodontia, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
Do you have out-of-pocket vision expenses? (i.e. exams, glasses, contact lenses, LASIK, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
Do you have Dependent Care Expenses that allow you and your spouse (if married) to be gainfully employed or attend school.	<input type="checkbox"/>	<input type="checkbox"/>

If you answered **YES** to any of these questions, you can reduce the taxes that you pay by participating in your employer sponsored Flexible Benefits Plan, *FlexPro™*, and therefore **increase your take home pay!**

Set aside pre-tax dollars for eligible expenses you will incur during the plan year.

Remember reimbursement under the Limited Purpose Health FSA will be limited to: a) Services or treatments for dental care (excluding premiums); b) Services or treatments for vision care (excluding premiums); c) Services for preventative care. Preventative care limited to diagnostic procedures and services or treatments taken to prevent the onset of a disease or condition that is imminently possible. Preventative care does not include services or treatments that treat an existing condition. A diagnosis or letter of medical necessity may be required to consider claim reimbursement; d.) Eligible medical expense incurred after the "minimum deductible" of the HDHP has been satisfied. The minimum deductible under this plan is conditioned on the Participant's family status (single or family coverage).

I. Vision and Dental Expenses – Limited Purpose

Vision Exams \$ _____
Eyeglasses, Contact lenses, solution \$ _____
Dental care \$ _____
Orthodontia \$ _____

Total Annual Dental, Vision Expenses: \$ _____

II. Health Care Expenses: (Limited Purpose Post Deductible Expenses or Preventative Expenses rule apply.)

Estimated family annual medical/dental/vision expenses **not covered** by insurance:

Prescription drugs \$ _____
Doctor office visits \$ _____
Physical exams \$ _____
Well-baby care \$ _____
Chiropractic care \$ _____
Insulin and related supplies \$ _____
Hearing care \$ _____
Other Medical Expenses \$ _____

Total Annual Medical Expenses: \$ _____

III. Dependent Day Care Expenses

Weekly expenses \$ _____

x 52

Total Annual Dependent Day Care Expenses: \$ _____

IV. Total Flex Savings

Total eligible annual expenses from above \$ _____

Multiply by an estimated tax savings of 26% x 26%

Your Estimated Annual Tax Savings: \$ _____



Frequently Asked Questions

This packet is only a brief overview of benefits that may be eligible under your plan. You should consult your Summary Plan Description for specific information about your plan.

Who can participate in the Plan?

All employees who have met the eligibility requirements established by the Ball State University may participate in the Plan.

How do I sign up?

The Ball State University will give you the opportunity to sign up prior to each effective date of the Plan, provided you have fulfilled the eligibility requirements.

How do I determine how much money to allocate?

Be conservative! Only consider your known expenses. Do not allow for things that might happen. For dependent day care, do not forget to consider vacations or times you will not be paying the dependent day care provider. A list of eligible expenses and a worksheet are provided to help you calculate your expenses for the upcoming plan year.

Are there limits?

Yes, the maximum annual amount for the Dependent Day Care FSA is \$5,000 per family (\$2,500 if you are married and filing separate tax returns). The maximum annual amount for the Health Care FSA is printed in your Summary Plan Description.

I went to the doctor before the plan year began, but I did not pay the expense until after the plan year started. May I include that expense?

No. Services must be incurred within the plan year. The date of payment does not matter.

Can I change my annual allocation anytime during the Plan Year?

You may change your annual allocation if you have one of the eligible status changes as defined in the Ball State University Plan. Examples of qualifying changes in status are marriage or divorce, death of a spouse or dependent, birth or adoption of a child, and change in your employment or in your spouse's employment. Status changes must be consistent with the status change event. Please consult your Summary Plan Description for complete details.

What happens if I do not use all of my annual allocation?

The IRS has established a "use it or lose it rule." If you do not use all of your annual allocation, you will forfeit any remaining amount. For example, if you allocate \$500 and only submit \$450 in expenses, you will lose the \$50 (not just the taxes.) So, please be conservative when you determine your annual allocation.

What expenses are eligible under the Flex Plan?

A list of eligible and ineligible expense items follows. Please pay special attention to the orthodontia claims submission requirements for your Plan which are listed on the Plan Specifics page.

Does my plan include a Grace Period?

The IRS has issued regulations governing Section 125 Flexible Spending Plans. It allows the Ball State University to extend the deadline for participants to *incur* claims for their Flex Plan (medical and dependent daycare) after the end of the plan year, into the new plan year for 76 days. Paper claims to access the previous year money must be submitted no later than 90 days after the end of the Grace Period; your debit card will not work to access past year's money.

Can I sign up for the Dependent Day Care plan and still take the Dependent Day Care tax credit on my annual tax return?

The amount you pledge towards the Dependent Day Care account reduces the amount you can claim as a tax credit, dollar for dollar. Most employees (depending on your family income) will experience a higher tax savings on the Dependent Day Care Plan. You should consult with your accountant to see which option works best for your situation.

What happens if I terminate my employment?

You may still submit eligible receipts for expenses incurred within the time frames established by your Employer. Also, you may be eligible to continue coverage under the Health Care FSA option through federal COBRA regulations.

How do I submit a claim for reimbursement?

Copies of receipts for Health Care FSA expenses must be submitted with a signed claim form. The receipts must be independent third party receipts showing the name of the provider, the date of service, the type of service, the amount of the service and the patient's name. If your insurance company covers the expense, please submit the receipt to the insurance company first. You may then forward a copy of the Explanation of Benefits from the insurance company along with the signed claim form to FlexPro™. Cancelled checks are not eligible as receipts for Health Care FSA expenses. The total amount of reimbursement you selected for the Plan Year will be available at all times during the Plan Year.

For Dependent Day Care FSA expenses, send a signed claim form along with copies of statements or receipts, which show the day care provider's name, the dates of service, the amount of the service and the dependent's name to FlexPro™. Reimbursement of expenses incurred during the Plan Year shall not exceed the balance of your Plan Year Account at the time of the reimbursement.

Claim forms, including detailed receipts/invoices, may be faxed for processing to (317) 284-7269 or (866) 241-1488 or www.keyfamily.com/kba/flexhome.asp.

Will I receive information throughout the year telling me where I stand on my account?

Yes, you will receive periodic reports via email showing what has been credited to your account. You may also access your personal account on line by setting up your account at: <https://www.benefitspaymentsystem.com>.

Will my participation in the Flex Plan affect my Social Security?

You will not pay Social Security taxes on the money you contribute to the Flex Plan. Therefore, your future Social Security benefits may be slightly reduced. However, the tax savings you receive from this plan should be more than any reduction in your Social Security benefits.

How do I submit expenses, if I have money left from the previous year?

Ball State University employees will utilize a signed claim form and corresponding third-party substantiation, if necessary, to access the previous year's money. Debit Cards will be re-loaded with the new year plan dollars, and previous year plan dollars will only be available during the grace period depending upon the enrollment options selected. See the Enrollment Form.

What Type Of Expenses Are Eligible?

Limited Purpose Health Care FSA Expenses

The following list, while **not intended to be complete**, illustrates expenses that **may** be reimbursed under the Limited Purpose Health Care FSA: (Restrictions apply to the Limited Purpose FSA coverage. Most Dental and Vision expense are eligible.

Most eligible medical expenses require the deductible must be met from the HDHP)

I. DENTAL & VISION - LIMITED PURPOSE

DENTAL EXPENSES

- Routine & Preventive Services
- X-rays
- Orthodontia (*A treatment plan may be required*) (see Plan Specifics page for your Plan's orthodontia guidelines)
- Restorative services, fillings, extractions, dentures

VISION CARE EXPENSES

- Eye exams
- Prescription eyeglasses & sunglasses
- Contact lenses & supplies
- Corrective surgery (*RK & LASIK*)

II. MEDICAL – POST DEDUCTIBLE

MEDICALLY NECESSARY EQUIPMENT

- Wheelchair, crutches & lifts
- Oxygen equipment & supplies
- Blood pressure monitor

DIABETIC SUPPLIES

- Insulin
- Test strips, lancets, etc.
- Glucose monitor

PHYSICAL EXAMINATIONS

- Annual physical exam (*including prostate screening, pap smears & mammograms*)
- School & work physicals

COUNSELING & PSYCHIATRIC TREATMENT

(*Prescribed by a doctor to treat a medical condition.*)

Statement required from the doctor. See Marriage/Family Counseling)

- Psychologists
- Psychotherapists
- Psychiatrists

FEES & SERVICES

- Physicians, surgeons, anesthesiologists, OB/GYN
- Ambulance
- Nursing (*including room & board*)
- Chiropractic service

- Fertility treatment
- Sterilization & reversals
- Medically necessary reconstructive services (*i.e. mastectomy or following an accident*)
- Hospital expenses

HEARING EXPENSES

- Testing
- Hearing aids
- Batteries & repairs

OTHER EXPENSES

- Prosthesis & artificial limbs
- Organ tissue donation expenses
- Tuition at special school for handicapped
- Travel necessary to seek medical treatment (*limitations apply*)
- Orthotics & orthopedic shoes (*medically necessary*)
- Laboratory fees
- Acupuncture
- Alcohol & drug rehabilitation expenses
- Special equipment for those who are deaf and/or blind (*i.e. Braille books, hearing devices, guide dogs*)
- Weight loss programs and drugs (*ONLY when prescribed by a doctor to treat obesity and/or a specific medical condition – statement required from the doctor*)
- Medical supplies
- Therapy treatments (*when prescribed by a doctor*)

III. INELIGIBLE EXPENSES

- Cosmetic treatments or surgery (*unless necessary to alleviate a deformity related to a congenital abnormality, trauma, or disfiguring disease*)
- Expenses (*treatments and drugs*) only to improve your general health or well being
- Hair replacement treatments and drugs
- Health club dues
- Long Term Care Insurance

- Marriage & family counseling
- Nutritional supplements/vitamins
- Teeth whitening, toothbrush
- Vacations
- Vitamins to improve or to preserve general health (*even when prescribed by a doctor*)

IV. DEPENDENT CARE EXPENSES

Dependent Care FSA ELIGIBLE expenses include expenses necessary for you and your spouse (if married) to be gainfully* employed or a full-time student. Eligible expenses include:

- Expenses paid for the care of a dependent under age 13
- Expenses paid for the care of a dependent who is physically or mentally incapable of caring for himself or herself if older than age 13.
- Expenses paid to a dependent care provider
- If you are divorced your child must be in your custody for at least six months out of the year

The following list illustrates some of the Dependent Care expenses that are NOT ELIGIBLE under the Plan:

- Kindergarten
- Field trips, lunches, supplies, and transportation fees
- Overnight camps
- Care for dependent that lives outside of the employee's home
- Registration fees

Note: An individual who is gainfully employed is not required to allocate expenses during short, temporary absences from work, such as for vacation or minor illness, when the care-giving arrangement requires the employee to pay for care during the absence.

An absence of up to two consecutive calendar weeks is treated as a short, temporary absence.

Over the Counter Medicine Reimbursement “CHANGES”

Limited Purpose FSA eligible over-the-counter items only after the “minimum” deductible has been met.

ONLY UNTIL DECEMBER 31, 2010

*The IRS has approved some over-the-counter, non-prescription, “medicines and drugs” that are taken for medical care as eligible expenses for reimbursement under your Health Care Flexible Spending Account (FSA). “Medicines and drugs” are defined as items for your personal use (or your spouse or dependents) to alleviate or treat personal injuries or sickness. Still **not** eligible are items merely beneficial to your general health such as dietary, nutritional supplements, vitamins, toothpaste, etc.*

Examples of Eligible Expenses

(The following list, while not intended to be complete, illustrates some over-the-counter expenses that may be reimbursed under the Health Care FSA; some restrictions may apply and may require a letter of medical necessity from a physician.)

Allergy Medicine (*Prescribed by a Physician after December 31, 2010.)
Antacids (*Prescribed by a Physician after December 31, 2010.)
Anti-diarrhea Medicine (*Prescribed by a Physician after December 31, 2010.)
Bactine (*Prescribed by a Physician after December 31, 2010.)
Band-Aids/Bandages
Bug Bite Medication(oral) (*Prescribed by a Physician after December 31, 2010.)
Calamine Lotion (*Prescribed by a Physician after December 31, 2010.)
Carpal Tunnel Wrist Supports
Cold Medicines (*Prescribed by a Physician after December 31, 2010.)
Cold/Hot Packs for Injuries
Condoms
Contact Lens Cleaning Solution
Cough Drops (*Prescribed by a Physician after December 31, 2010.)
Diaper Rash Ointments (*Prescribed by a Physician after December 31, 2010.)
First Aid Cream (*Prescribed by a Physician after December 31, 2010.)
First Aid Kits
Hemorrhoid Medication (*Prescribed by a Physician after December 31, 2010.)
Incontinence Supplies
Laxatives (*Prescribed by a Physician after December 31, 2010.)
Liquid Adhesive for Small Cuts (*Prescribed by a Physician after December 31, 2010.)
Menstrual Cycle Products for pain and cramp relief (*Prescribed by a Physician after December 31, 2010.)
Motion Sickness Pills (*Prescribed by a Physician after December 31, 2010.)
Nasal Sinus Sprays or Strips (*Prescribed by a Physician after December 31, 2010.)
Nicotine Gum or patches for Stop-smoking Purposes (*Prescribed by a Physician after December 31, 2010.)
Pain Reliever (*Prescribed by a Physician after December 31, 2010.)
Pedialyte for Ill Child’s Dehydration (*Prescribed by a Physician after December 31, 2010.)
Pregnancy Test Kits
Products for Muscle Pain or Joint Pain, i.e., Ben Gay, Tiger Balm, etc. (*Prescribed by a Physician after December 31, 2010.)
Reading Glasses
Rubbing Alcohol
Sinus Medications (*Prescribed by a Physician after December 31, 2010.)
Sleeping Aids used to treat occasional Insomnia (*Prescribed by a Physician after December 31, 2010.)
Special Ointment or Cream for Sunburn (*Prescribed by a Physician after December 31, 2010.)
Spermicidal Foam
Thermometers (ear or mouth)
Throat Lozenges (*Prescribed by a Physician after December 31, 2010.)
Visine and other such eye products
Wart remover treatments (*Prescribed by a Physician after December 31, 2010.)

BEGINNING JANUARY 1, 2011

*Under the provision of the new bill HR 3590, the **cost of over-the-counter medicines may not be reimbursed** with excludible income through a Health FSA, HRA, HSA, **unless the medicine is prescribed by a physician.** The new bill *does not apply to items that are not medicines, including equipment such as crutches, supplies such as bandages, and diagnostic devices such as blood sugar test kits.* Such items may qualify as medical care if they otherwise meet the definition in § 213(d). Code §213(d) defines “medical care” to include amounts paid “for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.”

BSP Benefits Card (Flex Card) and Claims Procedures: Limited Purpose FSA

You may use your BPS Benefits Card™ (Flex Card) for eligible Limited Purpose FSA expenses. The card is restricted to dental and vision provider/merchants only.

1. What is the BPS Benefits Card?

The BPS Benefits Card™ (Flex Card) is a MasterCard offered to enhance your Limited Purpose Flexible Spending Account by providing instant access to your FSA account. The card is designed for use only at qualified providers or merchants that accept MasterCard and offer eligible goods or services for reimbursement under your Limited Purpose Flexible Spending Account. Rather than paying out-of-pocket money for qualified expenses and waiting for reimbursement, your Flex Card transfers funds for qualified expenses directly from your available funds in your Limited Purpose Flexible Spending Account to the provider. As a Limited Purpose Flexible Spending Account participant, a Flex Card will be mailed to your home address.



2. How does the Flex Card work?

The Flex Card is a debit card that allows you to pay for your eligible Limited Purpose FSA expenses directly at the point-of-service. The Flex Card is treated like a credit card at a merchant or provider terminal because it does not require a P.I.N. number before processing a transaction. There is no additional line of credit associated with the card, and no credit check will be performed.

3. Over the Counter Items Ineligible.

Over the counter items are eligible after the minimum deductible has been met. You must submit eligible receipts to be reimbursement. The Flex Card will not be accepted at Pharmacies, Grocery Stores and retail Discount Stores. See page 9 “Over-The-Counter Reimbursement “CHANGES””

4. Health Care Related Providers

Debit Card usage is restricted to dental and vision merchants/providers. All other eligible claims must be submitted with a signed claim form and fulfill substantiation requirements including evidence the deduction from the HDHP has been met (when applicable) or supporting preventative diagnosis provided (when applicable.)

5. Substantiation Requirements.

a. Substantiation Request – In order to confirm the eligibility of all expenses charged to your Flex Card, you may be asked to provide supporting information about your purchase. *FlexPro™* follows the IRS-defined Limited Purpose Flexible Spending Account Flex Card audit guidelines.

Although the Flex Card provides direct access to your FSA dollars, it does not eliminate the need for your FlexPro™ Administrator to verify the eligibility of the item(s) purchased as requested by the IRS.

The following substantiation criteria is required.

Substantiation Requirements

- 1. Name of Patient**
- 2. Date of Service or purchase**
- 3. Name of Provider or Merchant**
- 4. Type of Service or Supply including:**
 - a. Evidence the deduction from the HDHP has been met (when applicable)
 - b. Supporting preventative diagnosis provided (when applicable.)
- 5. Amount of Service or Supply**
- 6. Copy of prescription for over-the-counter medicines (Only Post Deductible Eligible)**

NOTE: Credit card receipts without transaction details as noted in the substantiation requirements above are not eligible receipts.

IMPORTANT UPDATE: EFFECTIVE JANUARY 1, 2011 *The cost of over-the-counter medicines may not be reimbursed with excludible income through a Health FSA, HRA, HSA, unless the medicine is prescribed by a physician. See page 8 for additional details.*

b. Ineligible Expenses — Should your transaction detail reflect your Flex Card purchase was for ineligible expenses, or if the necessary documentation was not provided to the Plan Administrator in a timely manner, the transaction will be considered 'denied/ineligible' and you must reimburse *FlexPro™* for the amount charged to the Flex Card. Your Flex Card will be temporarily deactivated if reimbursement is not made immediately.

6. What happens if I try to charge \$50 but I only have \$30 left in my available account balance?

The \$30 remaining balance in your flex account will be used to pay for your purchase. An alternate method of payment will be required for the remaining \$20 purchase.

7. What if my provider doesn't have a charge card terminal?

You can still utilize funds from your account using the traditional method (you pay the provider, submit a claim form and detailed invoice/receipt, and receive reimbursement via check) by mailing or faxing your claim paperwork to *FlexPro™*.

8. What do I do if my card is lost or stolen?

You should immediately contact a *FlexPro™* Customer Care Representative at (800) 558-5553 and/or visit the web site flexpro@keybenefit.com to report your Flex Card lost or stolen. You will receive a replacement card within 7-10 days.

9. Where can I view my Flexible Spending Account history?

Go to www.benefitspaymentsystem.com. After following the instructions to 'Create Account,' you will be able to check on your current account balance, request statements on demand, and review your detailed transaction history.

10. Please visit our NEW website for related forms and information on Flexible Benefit Plans.:

www.keyfamily.com/kba/flexhome.asp.

11. When does the new plan year start on my debit card for Ball State University employees?

The new plan year will begin as identified on the Plan Specifics page. Your debit card will automatically be re-loaded with the new annual amount you have elected. Any money left over from the previous year plan can be accessed only with paper claims – Ball State University provides a 76 day grace period in which you can continue to incur expenses to use up the money from the old plan year. Another 90 days is allowed by the Ball State University in which to submit those incurred charges from the previous year's plan. **Remember:** If you do not use the money you have contributed, you will lose it.



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Flexpro@keybenefit.com

Ball State University

Section 125 FlexPro Plan Specifics

PLAN YEAR:	07/01/10 - 06/30/11
PLAN OPTIONS:	PLAN MAXIMUMS:
Premium Plan Option	Total Premiums
Health Care FSA Plan Option	\$ 5,000.00
Limited Purpose HCFSA	\$ 5,000.00
Dependent Care FSA Plan Option	\$ 5,000.00
Plan Maximum	\$10,000.00 + Total Premiums
Maximum Contributions to the HSA (includes Employee pre-tax salary reduction and Employer contributions if applicable. Indexed annually)	2010 Maximum - Individual \$3,050, Family \$6,150
Eligibility Requirements:	1st day of employment.
Participation in the Premium Plan Option by New Hires:	Premium enrollment upon eligibility
Participation in the Health Care FSA Plan Option by New Hires:	Premium enrollment upon eligibility
Participation in the Dependent Care FSA Plan Option by New Hires:	Spending account enrollment upon eligibility
Participation by Terminated Employees In the Health Care FSA:	Terminated employees will be allowed 0 days past termination to continue incurring expenses and an additional 90 days to submit expenses.
Participation by Terminated Employees in the Dependent Care FSA:	Terminated Employees may incur expenses until the end of the month in which termination occurs and will have an additional 90 days to submit expenses.
Claims Submission:	Daily Checks issued Daily.
Orthodontia Services:	The total reimbursement for orthodontia services may be made as services begin provided the participant actually paid for those service in full at the beginning of treatment or in the initial down payment may be reimbursed plus remaining balance may be reimbursed on a monthly basis.
Grace Period:	If a balance remains in the account, the grace period allows 76 days for the participant to incur claims for their Flex Plan after the end of the plan year.

Claims submitted after the end of the Grace Period:

Claims must be submitted no later than 90 days after the end of the Grace Period.

HSA Funding

Employee pre-tax salary reduction

Qualified HSA Trustee/Custodian

Employer makes the choice

Employer Contributions to the HSA

Employee contributions will be made through the Flexible Benefit Plan

HSA Contributions will be made:

Per pay period

Limited Purpose Health Care FSA Option:

- a. Services or treatments for dental care (excluding premiums)
- b. Services or treatments for vision care (excluding premiums)
- c. Services for preventative care. Preventative care limited to diagnostic procedures and services or treatments taken to prevent the onset of a disease or condition that is imminently possible. Preventative care does not include services or treatments that treat an existing condition. A diagnosis or letter of medical necessity may be required to consider claim reimbursement.
- d. Eligible medical expense incurred after the “minimum deductible” of the HDHP has been satisfied. The minimum deductible under this plan is conditioned on the Participant’s family status (single or family coverage).

Prospective election changes may be made to the HSA

At any time

Notification Timeframe for Status Changes:

Status changes must be submitted within 31 days of the Qualifying Event

Ball State University
Limited Purpose Flexible Spending Account (FSA)
Participants with HDHP/HSA Health Savings Account (HSA)

FSA General Purpose *FSA Limited Purpose * One-Time Rollover Option

You must complete the FSA/HSA Enrollment Form and return it to your Human Resources Department.

Employee Name: _____ ID or SSN Number: _____

Home Address: _____
Number & Street

City

State

Zip Code

Please check if new address

Email Address _____ Daytime Phone Number: _____

SELECT THE APPLICABLE FSA/HSA OPTION BELOW:

PLEASE REVIEW CAREFULLY: If you are electing a HDHP and an HSA you must select one of the available options applicable to your FSA for the (1) Preceding Plan Year - Election Option **or** (2) Preceding the Plan Year – One-Time Plan Rollover Option **and** (3) the New Plan Year Option if applicable.

1. FSA Preceding Plan Year - Election Option:

- At the end of the FSA Plan Year (**June 30th**), my General Purpose Health Care FSA will have a zero balance. **I elect to participate in the HSA effective July 1st.**

I have self-only coverage OR family coverage under my Employer Group Health Plan, which I understand qualifies as a high-deductible health plan (HDHP) under Code § 223(c)(2). I cannot be claimed as another person's tax dependent. I am not covered by Medicare benefits. If I have any health coverage other than my coverage under the Employer Group Health Plan, that coverage is either (a) HDHP coverage or (b) permitted non-HDHP insurance or coverage. In 2009 the limitation is \$3,000 for self-only coverage or \$5,950 for family coverage. (Indexed Annually)

- At the end of the FSA Plan Year (**June 30th**), my General Purpose Health Care FSA will still have a balance. **I elect to participate in the Limited Purpose FSA** during the Grace Period for the preceding plan year. This will convert the General Purpose FSA to the Limited Purpose FSA.

Note: To preserve HSA eligibility for the new plan year, unless the participant positively elects otherwise during the Initial and/or Annual Enrollment Period the remaining FSA balance from the preceding plan year will automatically *default* to a Limited Purpose FSA during the plan Grace Period. **IMPORTANT:** Carefully review the definition for the Limited Purpose FSA. This option may place you in a position to forfeit some or most of the remaining balance in your prior year FSA since the list of eligible expenses considered for reimbursement is now limited. **HSA contributions may begin on or after July 1st.**

- At the end of the FSA Plan Year (**June 30**), my General Purpose Health Care FSA will still have a balance. **I elect to remain in a General Purpose FSA** during the Grace Period for the prior plan year. I will continue to submit expenses under my General Purpose FSA and not participate in the HSA until the first day of the month following the end of the Grace Period (**October 1st**). **Note:** When first eligible for the HDHP coverage, the participant can elect to remain in the General Purpose FSA for the rest of the year (including the Grace Period). This would enable the participant to use up the General Purpose FSA balance, but not allow contributions to the HSA account during this period. The FSA plan is still active, subject to *use it or lose it rules*. Only eligible claims incurred in the plan year and through the end of the grace period are eligible. After the end of the "Grace Period", I will no longer participate in a General Purpose Health Care FSA. **HSA contributions may begin on or after (October 1st.)**

Ball State University
Flexible Spending Account (FSA) - Health Savings Account (HSA) Enrollment Options (continued)

2. FSA Preceding Plan Year – One-Time Plan Rollover Option:

I understand that the one-time rollover elections must be made by the end of the current FSA Plan Year. I would like to rollover the balance in my General Purpose FSA from the current plan year and will not participate in the Limited Purpose FSA during the Grace Period. (See attached Rollover Request Form.)

Note: You are *eligible* to elect a one-time rollover of your FSA balance to an HSA effective **June 30th** if there is a balance in the FSA at the end of the preceding plan year ending **June 30th**.

The amount that can be distributed from a Health Care FSA to an HSA may not exceed an amount equal to the lesser of:

- 1) The balance in the Health Care FSA as of September 21, 2006, or
- 2) The balance in the Health Care FSA as of the date of distribution.

An individual who was not covered in a health FSA or HRA on September 21, 2006 may not elect a qualified has roll-over distribution.

If funds are rolled over to the HSA at the end of the FSA plan year (**June 30th – current plan year**), claim reimbursement from the FSA plan ceases. The employer makes the qualified HSA distribution directly to the trustee or custodian of the employee’s HSA by the 15th day of the third calendar month following the end of the preceding plan year and results in a zero balance in the health FSA or HRA. The qualified HSA distribution is made after the employee becomes HSA eligible.

Amounts contributed to an HSA under this provision are excludable from gross income and wages for employment tax purposes; they are not taken into account in applying the maximum deduction limitation for other HSA contributions. This provision will expire on December 31, 2011. This provision is limited to one distribution with respect to each Health Care FSA for an individual.

Amount to rollover to Trustee/Custodian: Health Care FSA: \$ _____

Health Care FSA: The available balance on the last day of the plan year.

I hereby request that the money requested be deducted from my Health Care FSA in the amount set out above and be delivered to the Trustee/Custodian of my HSA. I certify the following: a qualified HSA distribution has not been previously made with respect to this Health Care FSA, I have HDHP coverage as of the first day of the month during which the qualified HSA distribution occurs, I will not request or seek reimbursement from the Health Care FSA after the last day of the plan year and I do not participate in any non-HSA compatible Health plan. I understand that I must continue coverage under a qualifying HDHP health plan for at least 12 months following the rollover.

3. FSA New Plan Year:

I will not be electing to participate in a General Purpose FSA or Limited Purpose FSA during the new plan year.

Note: I am *eligible* to participate in an HSA effective **July 1st**. My General Purpose Health FSA **has a zero balance** at the end of the preceding plan year ending **June 30th**.

I elect to participate in a Limited Purpose FSA during the new plan year (**July 1st – June 30th**) in conjunction with the HSA.

Note: I am *eligible* to participate in an HSA effective **July 1st**. My General Purpose Health FSA **has a zero balance** at the end of the preceding plan year ending **June 30th**.

FSA - number of deductions _____
 Per Pay Period FSA Deduction \$ _____

I elect to participate in a Limited Purpose FSA during the new plan year (**July 1st – June 30th**) in conjunction with the HSA.

Note: I am *eligible* to participate in an HSA effective **October 1st**. My General Purpose Health FSA **has a balance** at the end of the preceding plan year ending **June 30th**.

FSA - number of deductions _____
 Per Pay Period FSA Deduction \$ _____

4. Dependent Care Flexible Spending Account Expenses

DCA - number of deductions _____
 Per Pay Dependent Care Deductions \$ _____
 Annual Dependent Care Deductions \$ _____

I understand that I am required to notify my Employer immediately of any changes in the information relating to my HSA eligibility, the amount of contributions or changes in my Trustee/Custodian. If I fail to provide accurate and updated information in connection with any amounts that were contributed to my HSA when I was not eligible, my contributions are reportable as income and may also be subject to additional tax penalties. I am subject to the rules of the IRS regarding this plan, and am solely responsible understanding those rules and for the proper use of this account.

By signing this form and returning it to my Employer, I certify that all of the statements above are true. I agree that I will notify the Employer immediately in writing if I cease to meet any of these conditions. I also understand that my HSA contributions are subject to certain aggregate limits under federal tax law. I authorize my pay to be reduced by the amount specified above.

Employee Signature: _____ Date: _____

FlexPro™ Claim Form

P.O. Box 55210 Indianapolis, IN 46205
 800-558-5553 * 317-284-7150
 Fax: 866-241-1488 * 317-284-7269
 Flexpro@keybenefit.com

THIS SIGNED FORM MUST ACCOMPANY EACH GROUP OF RECEIPTS SUBMITTED

Employee Name: _____ ID or SSN Number: _____

Email address: _____

Home Address: _____
Number & Street City State Zip Code

Please check if new address

Daytime Phone Number: _____ Number of pages: _____

To the best of my knowledge and belief, my statement in this Request for Reimbursement is complete and true. I am claiming reimbursement only for eligible expenses with the date of service incurred by me, my spouse, or my qualified dependent(s) during the applicable plan year. I certify that these expenses have not been reimbursed by any other source, nor will any reimbursement be sought from any other source. By signing and submitting a Dependent Care Reimbursement Request, I am certifying that expenses for which I request reimbursement satisfy all dependent care guidelines. I and my spouse, where applicable, are gainfully employed or a full-time student and not on leave. In accordance with the Flex Benefit Plan, I authorize my Flexible Spending Account(s) to be reduced by the amount requested.

Employee Signature: _____ Date: _____
Signature Required

Health Care Expenses:

Expenses that may be covered by your (or your spouse's) medical, dental or vision plan must first be submitted to the appropriate insurance carrier. The Explanation of Benefits (EOB) you receive from your insurance carrier may then be submitted to FlexPro™ as a qualifying receipt towards your FlexPro™ Plan. Health care receipts must be from an independent third party and must include the Name of the Patient, Name of the Provider, Type and date of Service or Supply provided (Names of Prescriptions are required), and the Amount of the Service or Supply. Receipts for eligible over-the-counter (OTC) drugs or medicines must include the same information but the type of Supply and the Patient's Name may be hand written on the receipt by the participant if necessary.

EFFECTIVE JANUARY 1, 2011 *The cost of over-the-counter medicines may not be reimbursed with excludible income through a Health FSA, HRA, HSA, unless the medicine is prescribed by a Physician. Copy of prescription from Physician is required.*

If necessary please add additional pages.

NOTE: Eligible expenses may be restricted for employees in a Limited Purpose FSA. Additional substantiation requirement will apply.

Name of Patient or Dependent	Date(s) of Service	Name of Provider or Merchant	Type of Service or Supply	Health Care Charge for each service/supply	Flex Card Purchase Substantiation
Total					

As requested, a letter of medical necessity is included. A letter of medical necessity is on file.

Dependent Care: Dependent Day Care receipts must include the Name of the Provider, Dates of Service, Name of the Dependent(s), Fee for Service or you may have your Dependent Day Care Provider complete and sign below (Original Signature required).

Date(s) of Service: (to & from) _____ Fee for Service: _____

Dependent(s) Name: _____ Dependent Date of Birth: _____

Dependent Care Provider Name and Tax ID #: _____

Dependent Care Provider Signature: _____ Date: _____

Dependent Care expenses for the care of a qualifying individual that are for the purpose of enabling the employee and the spouse, when applicable, to be gainfully employed or a full-time student are eligible. Dependent Care may not be reimbursed while on Leave of Absence (LOA). *Exception for short, temporary absences.* An absence of no more than 2 consecutive calendar weeks is considered a short, temporary absence. A taxpayer who is gainfully employed is not required to allocate expenses during a short, temporary absence from work, such as for vacation or minor illness, provided that the caregiving arrangement requires the taxpayer to pay for care during the absence.

The following reimbursement request rules apply: Health Care and Dependent Care expenses must be incurred within the appropriate Plan Year. See Plan Specific page for eligibility requirements. Photocopies of receipts are acceptable. Please retain a copy of all receipts for your own records. *Cancelled checks are not acceptable receipts.* This form must be signed and submitted with applicable receipts.