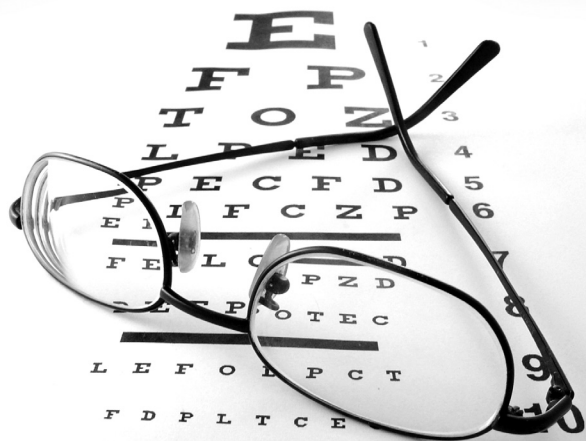




HEALTHCARE FLEXIBLE SPENDING ACCOUNT



25 Triangle Park Drive • PO Box 617
Concord, NH 03302-0617

Telephone: 800.527.5001 • Fax: 603.375.5967
E-mail: fsa@nhlgc.org • Web site: www.nhlgc.org

How It Works

Once you have met the eligibility requirements established by your employer, you have the opportunity to enroll in the Healthcare FSA. You must re-enroll during the open enrollment period prior to each plan year in order to continue participating. Once you choose to enroll, you will need to:

- Estimate your expected out-of-pocket healthcare expenses for the coming plan year and review what expenses are eligible for reimbursement. A partial list of eligible expenses is included in the **Eligible Expenses** section of this brochure. A detailed list is contained in the Plan Document, available from your employer, or online by following the “FSA” links at www.nhlgc.org.
- Decide how much you want to contribute to your account up to your employer’s maximum contribution limit. The amount you elect to contribute is deducted from your paycheck in equal installments throughout the plan year and deposited in your Healthcare FSA.
- Keep in mind that, once enrolled in a Healthcare FSA, you cannot change your payroll deduction amount until the next open enrollment period *except* when you experience a change in family or employment status like marriage, birth, death, divorce, taking a paid or unpaid leave of absence, termination or commencement of your or your spouse’s employment, or a change in hours (such as from full-time to part-time). A more complete list of change-in-status events and other requirements for mid-year election changes are included in the Plan Document.

After you incur an eligible expense, you can seek reimbursement from your account (see the **Receiving Reimbursement** section of this brochure for more details).

Eligible Expenses

Your Healthcare FSA can only be used to reimburse qualifying healthcare expenses incurred during the plan year (or during the 2½-month grace period immediately following the plan year if elected by your employer). A healthcare expense is incurred at the time the care or service is furnished and not when you are billed, charged for or pay for the service. The Plan Document, available from your employer, provides an overview of the Healthcare FSA and a detailed listing of eligible expenses. You can also access a detailed list of eligible healthcare expenses online by following the “FSA” links at www.nhlgc.org.

To qualify, the expenses must:

- Be incurred by you (the eligible employee), your spouse or your eligible dependents
- Not otherwise be reimbursed through a group health plan, other insurance or any other source
- Be considered medically necessary, i.e., for the purpose of treating a medical condition or illness

Here is a partial list of expenses eligible for reimbursement through a Healthcare FSA:

- Healthcare plan deductible
- Percentage of covered expenses that the healthcare plan does not pay
- Dental expenses not reimbursed through a dental plan, including orthodontic expenses

- Hearing expenses, including examinations and hearing aids
- Vision expenses, including examinations, lenses and frames
- Contact lenses, including solutions
- Chiropractic expenses
- Acupuncture
- Equipment like wheelchairs, crutches, and orthopedic shoes required due to a special medical problem
- Costs for transportation essential to medical care, such as ambulance service
- Weight-loss programs medically prescribed for treatment of a disease (excluding “diet” foods)

NOTE: At your group’s election, your Healthcare FSA may also reimburse for certain over-the-counter medications like allergy medicines, cough syrups and eye drops with designated pre-tax dollars. Contact your employer for more details.

Ineligible Expenses

Below is a partial list of expenses ineligible for reimbursement through a Healthcare FSA. The Plan Document, available from your employer, provides a more detailed list of ineligible expenses. Or, you can access a more detailed list online by following the “FSA” links at www.nhlgc.org.

- Expenses reimbursed or entitled to reimbursement by insurance or other plan coverage
- Expenses not considered medically necessary
- Cosmetic surgery
- Health club dues
- Items or services utilized for promoting “general” health, such as vitamins and herbal medications

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Receiving Reimbursement

When you incur an eligible healthcare expense, you can apply for a reimbursement from your account in one of two ways:

1. Submit to LGC a *Flexible Spending Account Reimbursement Form* obtained from your employer or downloaded at www.nhlgc.org.
2. Submit your claim online by accessing the “FSA” link at www.nhlgc.org and follow login instructions provided for entering required information plus scanning, mailing or faxing related receipts.

When seeking reimbursement from your account, you must provide copies of all related bills, receipts, explanation of benefits, or other written statements that include a description of the service, name of the provider, relationship of the person who incurred the expense, the amount of expense you have incurred, and the date the service was incurred. Please note that cancelled checks are not acceptable as proof of your expense. Mail or fax this information to:

NH Local Government Center
Attn: FSA Reimbursement
PO Box 617
Concord, NH 03302
603.375.5967 (fax)

Incomplete forms may be delayed or returned.

Reimbursement is provided on a weekly basis, and the minimum check amount is \$20 unless it is the last claim of the plan year. Healthcare FSA

expenses will be reimbursed up to the annual election amount. Reimbursement requests are limited to expenses incurred during the plan year (or during the 2½-month grace period immediately following the plan year if elected by your employer) and may be submitted for up to 90 days after the plan year (or grace period) ends.

If you leave employment during a plan year, you may have the right to elect to continue your Healthcare FSA contributions and have access to your Healthcare FSA balances for the remainder of that plan year, subject to the requirements and limitations set forth under federal COBRA law. Please see the Plan Document or contact either your employer or LGC for further information.

Debit Card Option

If offered by your employer, a debit card made available by LGC can be used to purchase eligible expenses. A separate brochure detailing this option will be provided by your employer as needed.

Important Tax Considerations

You should keep in mind the following tax considerations when deciding whether to participate in the Healthcare Flexible Spending Account program:

- **Use-or-lose.** IRS regulations stipulate a “use-or-lose” rule that requires employees to use all of their designated Healthcare FSA funds during the plan year (or during the 2½-month grace period immediately following the plan year if elected by your employer), or forfeit remaining balances.
- **Cannot claim the same expenses as deductions on your income taxes.** You cannot receive reimbursement for a qualifying expense through your Healthcare FSA and also deduct the same expense on your federal income taxes. We strongly encourage you to speak with your tax advisor before enrolling in a Healthcare FSA for tax-related questions or concerns.
- **Reimbursement accounts affect your Social Security earnings.** Because you reduce your taxable income by setting aside money in a Healthcare FSA, your Social Security earnings for the year may be reduced. Over time, this may also lessen your overall Social Security benefits. However, the tax savings you will receive now should compensate for those reductions.
- **Important HSA information.** Employees who are enrolled in a Health Savings Account (HSA) either through their employer or a spouse’s employer **cannot** participate in a traditional Health-

care FSA per IRS regulations. A limited purpose FSA may be available; please contact your employer for further information.

Information About Your Account

Your Healthcare FSA information is available to you 24 hours a day, 7 days a week! For your convenience:

- You may access transaction information, account balances and account history by following the “FSA” links at www.nhlgc.org.
- Updated account balances are provided with each reimbursement check.
- A statement of account balance and transaction history is provided 90 days prior to the end of each plan year, or request a statement anytime by calling LGC at **800.527.5001**.

If you have questions about this brochure or your Healthcare Flexible Spending Account, please contact your employer directly, or LGC at **800.527.5001**.

Healthcare Flexible Spending Account Worksheet

To estimate how much you should contribute to your Healthcare FSA, use the worksheet below. You may also want to review related expenses for the past several years for you and your covered family members.

Medical deductibles	\$ _____
Dental deductibles	\$ _____
Medical co-payments	\$ _____
Dental co-payments	\$ _____
Other dental (orthodontics)	\$ _____
Vision / hearing care	\$ _____
Prescription drug copays	\$ _____
Over-the-counter drugs*	\$ _____

* This is an employer plan option; be sure your employer offers it before adding to calculation.

1) TOTAL EXPENSES	\$ _____
2) Maximum Contribution Limit	\$ _____
3) Annual Contribution (amount on line #2 or #3, whichever is less)	\$ _____
4) Number of Pay Periods per Plan Year	_____

PAY PERIOD DEDUCTION \$ _____
(divide amount on line #3 by amount on line #4)