



SUBJECT:	Flexible Benefits Plan
POLICY NO:	III:02
APPLICABLE TO:	Benefit Eligible Employees
PAGE NO:	1 of 3
EFFECTIVE DATE:	August 1, 1993
REVISION DATE:	November 1, 2019

I. POLICY:

Description

This Plan allows an employee to purchase health and dependent care benefits with pretax dollars. Participation in the Plan is voluntary. An employee can elect to have their health and dental premiums paid pre-tax. They can also elect to contribute to a Health Care and/or Dependent Care Expense Account which is administered through Medsurety. Employees direct a portion of their compensation to be deposited into these accounts each pay period. The employee must request reimbursement from their account for eligible expenditures.

Eligibility

All employees working at least 30 hours per week and who are over age 21 are eligible. Other special rules apply for participation in both the Health Care Expense and Dependent Care Accounts. Contact the Benefits/Payroll Department for further information.

II. PRE-TAX PREMIUMS:

If you elect to participate in the Plan, you may elect to have the portion of the health insurance premiums not paid by HHRI deducted from your salary on a pre-tax basis. If your health insurance premiums increase or decrease during the Plan Year, the amount deducted from your salary will be adjusted accordingly. An election for pretax premiums will be in effect for future years unless a new election is made during Open Enrollment or due to a qualifying event.

III. HEALTH CARE EXPENSE ACCOUNT:

A. Benefit Amounts

The maximum amount to have credited to the Health Care Expense Account each year follows the IRS guidelines. To inquiry on a specific years' IRS guideline, please contact the Benefits/Payroll Department. You must elect to have a Health Care Expense Account each year during Open Enrollment.

B. Eligible Expenditures

Payments of deductibles, co-payments, or expenditures that are considered medical care expenses under Section 213(d)(1) of the Internal Revenue Code are eligible for reimbursement. All uninsured expenses for you or your dependents may be reimbursed, even if you or your dependents are not covered by HHRI insurance.

For example, fees paid to dentists, doctors, psychiatrists, psychologists, optometrists, chiropractors, and physical therapists are all eligible for reimbursement. Fees for doctor-prescribed or recommended drugs, hearing aids, eyeglasses, x-rays, hospital services, and other medical expenses are also covered. Expenses are not eligible for reimbursements that are considered to be a cosmetic procedure that is not medically necessary. Of course, if the expense is reimbursable through insurance or some other source, you must obtain reimbursement from that source. But if the expense is not



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reimbursable through insurance, you may obtain reimbursement through your Health Care Expense Account.

C. Reimbursement

1. The full amount of your election will be available at the start of the year and will continue to be available until the end of the year or until you are no longer eligible.

Any contributions exceeding annual incurred expenses will be forfeited.

If you were to terminate your employment or change your benefit eligible status, any expenses incurred after the status change would not be reimbursed, unless:

- a. You have the deductions for the remainder of the year taken on a **pre-tax** basis from your last paycheck before the change. This will permit you to obtain the benefits of pre-tax contributions for the remainder of the year;
- Or
- b. You pay the contributions on an **after-tax** basis for the remainder of the year. This requires monthly payments equal to the applicable contribution amount.
2. Reimbursement is administered by HHRI's third party vendor, Medsurety.

IV. DEPENDENT CARE EXPENSE ACCOUNT:

A. Benefit Amounts

The maximum amount to have credited to the Dependent Care Expense Account each year follows the IRS guidelines. To inquiry on a specific years' IRS guideline, please contact the Benefits/Payroll Department. You must elect a Dependent Care Expense Account each year.

B. Eligible Expenses

Any expenses that are considered employment-related expenses under Section 21(b)(2) of the Internal Revenue Code are eligible for reimbursement. Generally, these expenses are expenses you incur for the care of your dependent(s) while you (and your spouse, if you are married) are at work. You are also eligible if your spouse is a full time student or disabled.

You may use your Dependent Care Expense Account to obtain reimbursement for employment-related expenses incurred for care of your dependent outside your home only if the dependent is under age 13 or is physically or mentally incapable of caring for him/herself.

You may use your Dependent Care Expense Account to obtain reimbursement for the expense of services in your home if the services are at least in part for the care of your dependent so that you (or your spouse, if you are married) may work. You will not be



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reimbursed from your Dependent Care Expense Account for any services provided by a person you or your spouse could claim as a deduction on your tax return, or by any of your children who are under age 19.

C. Reimbursement

Reimbursement is administered by HHRI's third party vendor, Medsurety.

Your reimbursement is limited to funds that have already been payroll deducted for the year.

If you were to terminate your employment or change your benefit eligible status, amounts credited to your Dependent Care Expense Account will still be available for reimbursement of eligible employment-related dependent care expenses that you incur during the year, whether those expenses were incurred before or after the change. However, you cannot make any further contributions to your Dependent Care Expense Account after the change.

V. SPECIAL RULES:

- A. You may become a participant either during the open enrollment election period (December of the preceding year) or when you have a change in family status, or when you begin employment if after the regular election period.
- B. Once you have elected a salary reduction for pre-tax premiums or for an expense account, you can neither change nor cancel that decision (except in the case of a qualifying event) for the rest of the calendar year.
- C. You may be reimbursed from your account only for services rendered during the same calendar year, or while a participant of the plan.
- D. Reimbursement requests for expenses incurred during a calendar year may be filed through April 15 of the following year.
- E. Any unused balances for the calendar year will not be refunded to you, but instead will revert to HHRI.

VI. PLAN DOCUMENTS:

HHRI will provide you with a summary of the Plan Document upon employment. Refer to this summary for complete detail on eligibility rules and eligible expenditures.