

How Much Should You Budget?

After reviewing the list of qualified expenses (see below), estimate how much you will spend on these expenses during the next Plan Year. Use the list in this package and on our web site to help you figure your expenses for the Plan Year.

Change in Elections

Once enrolled in the medical plan, you may not change elections. To comply with IRS regulations, you may only make a change in your election at the beginning of each Plan Year. This means you may not make a change in your elections after the open enrollment period, unless you have a family status change. Examples include marriage, adoption, death, loss of spouse's employment, etc.

The "Use It or Lose It Rule"

Remember this important rule when deciding how much to place in your account. If you contribute dollars to a reimbursement account and do not use all of the monies you deposit, you will lose any remaining balance in the account at the end of the year.

Grace Period Extension/ \$500 Carryover

If allowed by your Plan, an additional time period is allowed to incur expenses and claim reimbursements. In both options, qualified expenses will be paid from unused funds in the previous Plan Year. Ask your employer or call Kabel Business Services to learn if either option is available for your Plan and if so, the specifics of your Plan.

Limited Purpose Flex Healthcare Account

Persons participating in a Health Savings Account (HSA) may only have a Limited Purpose Flex Healthcare Account. Only vision and dental expenses may be reimbursed through a Limited Purpose Flex Healthcare Account.



Examples of Medical & Related Expenses

- Acupuncture
- Alcoholism treatment
- Artificial limbs/teeth
- Birth control pills
- Birth prevention surgery
- Braces-Orthopedic
- Braille-books & magazines*
- Care for handicapped child
- Chiropractic care
- Co-Pays
- Communication equipment/deaf
- Contact lenses and solutions
- CPAP machines
- Crutches
- Deductible amounts you pay
- Dental fees
- Dentures
- Diagnostic fees
- Drug & medical supplies
- Education for the blind
- Eyeglasses, including examination fee
- Handicapped person special schools
- Hair transplants *
- Hearing devices & batteries
- Home improvement motivated by medical consideration *
- Hospital bills
- Insulin
- Laboratory fees
- Lead base paint removal for children with lead poisoning
- Life fee to retirement home for medical care
- Nurse's fees (including nurse's board and Social Security tax where paid by taxpayer)
- Obstetrical expenses
- Operations
- Orthodontia (See special rule in FAQ section)
- Orthopedic shoes *
- Osteopath
- Prescribed medications
- Psychiatric care
- Psychologist fees
- Mentally handicapped special costs
- Routine physicals and other non-diagnostic services or treatments
- Smoking cessation programs *
- Sterilization fees
- Surgical fees
- Lasik eye surgery (which is a surgical procedure to correct optical myopia)
- Therapeutic care for drug and alcohol addiction
- Therapy treatments
- Transportation expenses primarily for rendition of medical service (ambulance to hospital or recuperation home, cab fare in obstetrical cases)
- Tuition at special school for handicapped
- Vitamins obtained at a prescription level from a pharmacist *
- Wigs, when needed after chemotherapy *
- X-rays

Example of Flex Plan 30% Tax Savings

	Without a Flex Plan	With a Flex Plan	Savings
GROSS INCOME	\$2,000.00	\$2,000.00	
MEDICAL INS	\$(136.00) **	\$(136.00)	
MED or DC EXPS	\$(100.00) **	\$(100.00)	
TAXABLE INCOME	\$2,000.00	\$1,764.00	
FEDERAL TAX	\$(347.00)	\$(306.00)	+\$41
STATE TAX	\$(100.00)	\$(88.00)	+\$12
FICA	\$(153.00)	\$(135.00)	+\$18
NET INCOME	\$1,400.00	\$1,471.00	=(+\$71)

** not deductible for tax purposes

* Requires note from medical practitioner to indicate medical necessity.

This list is not intended to include all eligible expenses. Cosmetic procedures that are performed to improve general appearances not related to a medical condition are not allowable. Vitamins and Supplements must be purchased to treat a medical condition. For questions about expenses not on this list or for further clarification, please visit our web site or contact us.