

Health Care Reimbursement Account (HCRA)

Flexible Spending Accounts

Flexible Spending Accounts (FSA) offer you the opportunity to reduce your taxable income. You can set up an account with pre-tax dollars to pay for eligible health care expenses and qualifying dependent care expenses. By using pre-tax dollars, money that is set aside in an FSA is not included in your earnings for tax purposes. The amount of federal, state and Social Security taxes you pay is reduced.

While the tax savings advantage of a flexible spending account is very valuable to you, it is important to carefully plan your contributions. Internal Revenue Service (IRS) regulations do not allow you to receive any unused money left in your account at the end of the calendar year. This means any money deposited during the calendar year that is not used for eligible expenses incurred that year is forfeited.

Health Care Reimbursement Account (HCRA)

The Health Care Reimbursement Account is a flexible spending account. If you participate, you can reimburse yourself for eligible health care expenses for you and your eligible dependents with pre-tax money. Eligible expenses include co-payments, deductibles, co-insurance and other IRS-approved health expenses, including eligible over-the-counter items.

If you decide to participate, you may contribute from \$120 to \$7,500 annually to your HCRA in addition to any company coverage for which you are eligible. Your annual contribution will be converted to a per-pay-period amount and deducted from your first and second paycheck each month. For 2010, the company will provide \$200 of coverage in the HCRA for all full-time employees actively employed as of Dec. 31, 2009.

The HCRA, combined with the company's medical and dental plans, offers you flexibility to design a health care program that best meets your needs. For example, you could choose a lower cost medical plan during Open Enrollment and use your premium savings to contribute more to your HCRA.

How the HCRA Works

You estimate your eligible health care expenses for 2010, and during Open Enrollment, you specify the amount you want deducted from your salary on a pre-tax basis and deposited into your HCRA account.

ADP Benefit Services (ADP) is the claims administrator. After you incur eligible health care expenses, a claim for reimbursement is submitted to ADP either through the auto-claims filing process or a paper claim process. After ADP processes the claim, you are reimbursed by check or direct deposit.

Open Enrollment

Nov. 16 – 30, 2009

Online only — 100% paperless 

Auto-claims Rollover

Auto-claims Rollover* is an automated claims feature that eliminates the use of paper forms for co-payments and deductibles for Anthem participants. As eligible expenses are incurred and your medical claims are processed, the employee's eligible expenses will be electronically transferred from Anthem to ADP and processed according to your available HCRA balance.

This eliminates the need to fill out paper claims, making reimbursements for those monthly prescriptions, deductibles and doctor co-payments easier than ever.

Eligible expenses

As you consider participation in the company's medical and dental plans, keep in mind that the HCRA provides this tax-savings advantage on any health care expenses considered tax-deductible by the IRS and not reimbursed under any medical, dental, vision or hearing program. ADP's Web site offers a listing of eligible expenses. You may not be reimbursed for any eligible expenses arising before your participation became effective or after you cease participation. Eligible expenses must be incurred during the calendar year.

Examples of eligible expenses:

- your share of medical and dental costs — deductibles, co-payments, coinsurance;
- many over-the-counter items such as antacids, first-aid items, pain relievers, cold medications and allergy medications;
- abdominal and back supports;
- eye examinations, eyeglasses, contact lenses, eye surgery;
- hearing aids and batteries; and
- smoking-cessation programs and prescribed drugs to alleviate nicotine withdrawal.

For more information

The Benefits Web site is available to you 24 hours a day, seven days a week. For questions about specific plan benefits, contact ADP.

Additional Information

Customer Service

Web Access

Health Care Reimbursement Account (HCRA)

1-800-654-6695

www.flexdirect.adp.com

ADP Services — Access Web address for tax-savings worksheet, listing of eligible expenses, view your claims history, arrange for direct deposit of your reimbursement checks.

*This feature is not applicable for certain claims such as claims adjustments, workers' compensation, duplicate claims or Coordination of Benefits processing, in addition to other examples. For details, contact ADP online or call 1-800-654-6695.