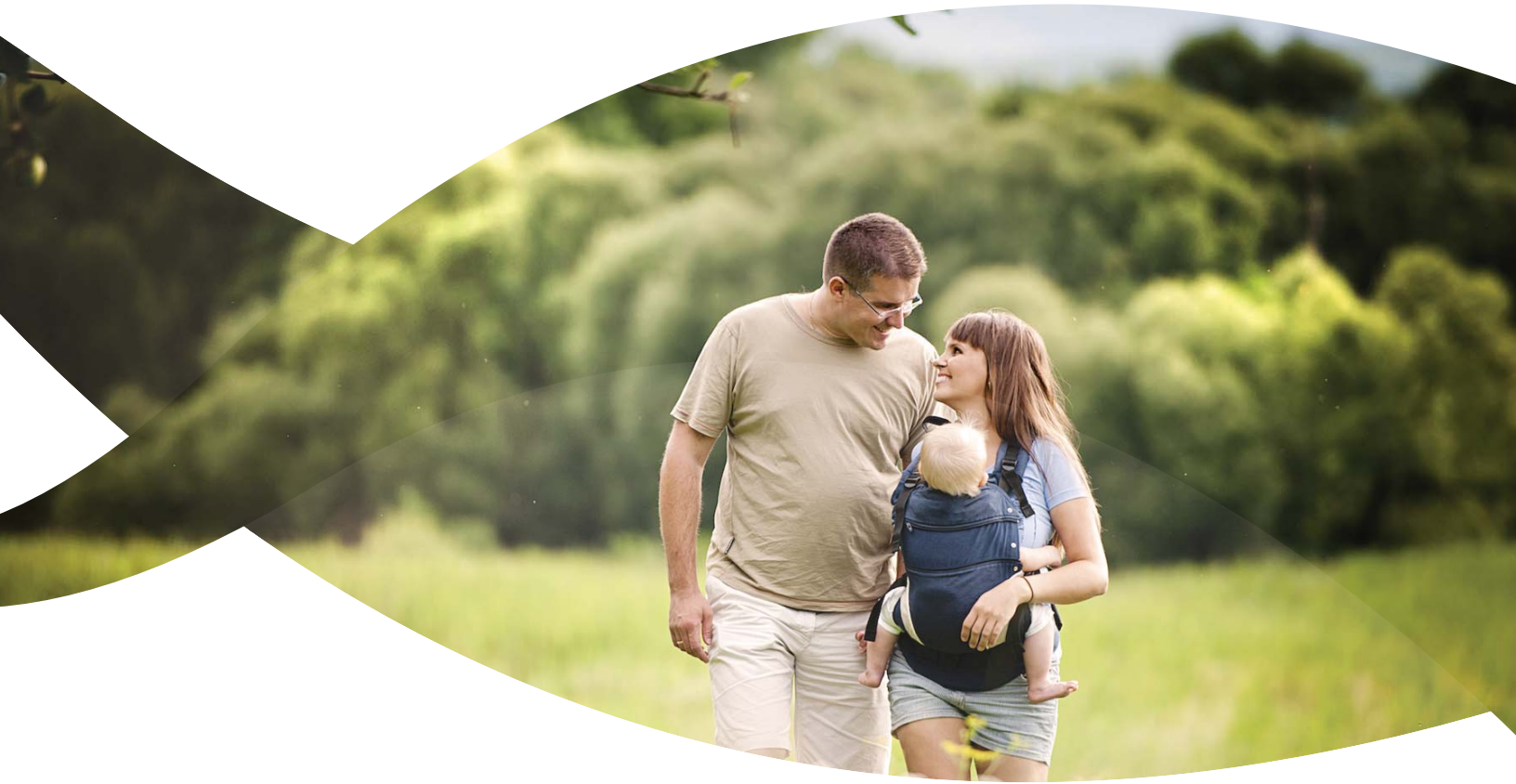


Flexible Spending Account (FSA)

Enrollment Guide



More Choices
For Managing
Your Healthcare Dollars

Peak1 Administration
MemberCare Department
Phone: 866.315.1777
Fax: 855.495.3669
membercare@mypeak1.com
MyPeak1.com

Flexible Spending Account Overview

What is a Flexible Spending Account (FSA)?

A Flexible Spending Account is a tax-advantaged account that allows you to use pre-tax dollars to pay for out-of-pocket qualified medical or dependent care expenses. You choose how much money you want to contribute to an FSA at the beginning of each plan year and can access these funds throughout the year.

Account Advantages

- **Tax advantages.** Under an FSA, you can reduce your taxable income by the amount you contribute to your FSA. You can then use these pre-tax dollars to pay for expenses that would have otherwise been paid with after-tax dollars. In addition, you do not pay social security tax on the income reduction.
- **Easy to access.** Funds in the account are easily accessed with the Peak1 Debit Card. Your account balance is available at any time online.
- **Multiple uses.** There are hundreds of eligible healthcare expenses for your FSA funds, including prescriptions, certain over-the-counter expenses, doctor co-pays, health insurance deductibles and coinsurance. FSA funds may be used for any eligible healthcare expense not covered by insurance or any other plan for yourself, your spouse or tax dependents. See the list of eligible expenses in this guide for more details.
- **Rapid Reimbursements.** Reimbursements are easy when you use your Peak1 Debit Card. Using the card for a qualified purchase automatically creates a claim in your online account. If you did not use your card, you can create your claim online and submit your receipts. Even if you pay for an expense using your Peak1 Debit Card, you may still need to submit receipts for that purchase. Your online account will display a notice when receipts are needed.

Fund Availability Rules and Regulations

The IRS requires that employers make the full annual FSA election available to employees when a reimbursable expense occurs, regardless of whether you have deposited enough to cover the full amount at that point in time. For example, you may designate \$1,200 per year, equal to a payroll deduction of \$100 a month. You are eligible for reimbursement up to the full \$1,200 in the first month, even though you have only deposited \$100 in your account.

In October 2013, the U.S. Department of the Treasury and the IRS issued a notice modifying the longstanding "use it or lose it" rule for health FSAs. To make FSAs more consumer-friendly and provide added flexibility, the updated rules permit employers to allow plan participants to carry over up to \$500 of their unused FSA balances remaining at the end of the year. Please check with your plan documents to see if this option has been elected by your employer.

Dependent Care Assistance Program Overview

Dependent and Elder Care Assistance Program FSA (DCAP)

You may also choose to enroll in a Dependent Care Assistance Program FSA (DCAP), which covers employment-related dependent and elder care expenses and is an alternative to the Dependent Care Tax Credit. If you work and have children, a disabled spouse, or dependent parents, you know how important it is to have reliable and affordable care for them while you are at work.

A DCAP allows you to pay for these expenses and get a tax break at the same time. Expenses must be for dependents that are claimed as an exemption on your federal tax return. Typical expenses under this account include charges for day care, nursery school and elder care (unless it is for medical care) for your legal dependents. See the list of Eligible Expenses included in this guide for more details.

Eligibility Requirements

To be reimbursed through your DCAP for child and dependent care expenses, you must meet the following conditions:

- You must have incurred the expenses in order for you and your spouse, if married, to work or look for work, unless your spouse was either a full-time student or was physically or mentally incapable of self-care.
- You cannot have made the care payments to someone you can claim as your dependent on your federal tax return or to your child who is under age 19.
- Your filing status must be single, qualifying widow(er) with a dependent child, married filing jointly, or married filing separately.
- You and your spouse must maintain a home that you live in for more than half the year with the qualifying child or dependent.

Unlike the FSA, you may only receive reimbursement from your DCAP account equal to the amount you have actually deposited.



Using Your Account: How It Works

Peak1 Administration makes it easy to access and use your healthcare account funds.

- **Use Your Peak1 Debit Card:** This is the simplest way to purchase healthcare! Pay using your Peak1 Debit Card and keep your itemized receipts as documentation. Then, log on to your online account to upload your receipts online and submit documentation.
- **Pay Out of Pocket and Request Reimbursement:** Pay using your own personal credit card, cash or check and keep your itemized receipt as documentation. Then, log on to your online account to file for reimbursement. Print the claim submission form and submit documentation. You may receive reimbursement funds via check or direct deposit, depending on your plan rules.

How to Pay at Different Locations: Below are more details about how to pay for healthcare at different locations.

At the Doctor, Dentist, Eye Doctor, or Hospital

When you pay for healthcare at the doctor, dentist, eye doctor, or hospital, be sure to always present your health insurance ID card first to ensure proper processing of your charges.

- **Copays.** If you are asked to pay a copay, you may pay with your Peak1 Debit Card, or you may pay out of pocket and request reimbursement from your account. Save your itemized receipt to submit as documentation.
- **Additional Charges.** If you're asked to pay additional charges, do not pay your provider until the claim is processed by your health plan and you receive your Explanation of Benefits (EOB) in the mail. This helps avoid overpayment. Compare your EOB with the provider bill to verify the amount being charged by your provider is the same as the patient balance on the EOB. After you receive your EOB, you may pay with your Peak1 Debit Card, or you may pay out of pocket and request reimbursement from your account. You may send in your EOB or itemized provider bill as documentation.

At the Pharmacy

- **Prescriptions.** When purchasing prescriptions, be sure to always present your health insurance ID card first to ensure proper processing of your charges. You may pay with your Peak1 Debit Card, or you may pay out of pocket and request reimbursement from your account. Save your itemized receipts for your records. Peak1 is able to auto-substantiate recurring co-pay amounts.
- **Over-the-Counter Items.** You may pay for eligible items with your Peak1 Debit Card, or you may pay out of pocket and request reimbursement from your account. Save your itemized receipts to submit as documentation.

At Dependent Care Locations

If you have a Dependent Care FSA, then you should pay for your qualified dependent care expenses out of pocket and request reimbursement from your account. You will need to submit your itemized receipt as documentation. Remember, receipts for these expenses must include the name of the dependent.

Submitting documentation is easy! Receipt requests will be made electronically; simply log into your online account regularly to see if receipts are needed. If documentation is required, you can scan and upload your receipts or attach and fax them to the claims department.

MyPeak1.com: Online Account Information & Tools

A major component of Consumer-Driven Healthcare (CDH) is providing consumers with the tools and education they need to make informed healthcare decisions. Our online CDH Portal puts the account information and health education tools you need to make wise healthcare decisions at your fingertips.

HOME ACCOUNTS PROFILE NOTIFICATIONS FORMS LINKS

Claim History: FSA 2011

Plan Year Ending on 12/31/2011

Claim Number	Claim Status	Receipt Status	Date of Service	Claim Amount	Paid	Pending	Denied
CBE11042P0000101	Pending Reimbursement	Received	4/1/2011	\$20.00	\$0.00	\$20.00	\$0.00
CBE11042P0000201	Pending Reimbursement	Received	4/1/2011	\$20.00	\$0.00	\$20.00	\$0.00
CBE11042P0000301	Pending Receipt	Required	4/1/2011	\$23.80	\$0.00	\$23.80	\$0.00
CBE11042P0000401	Paid	Received	4/1/2011	\$6.70	\$6.70	\$0.00	\$0.00
CBE11043P00000201	Scheduled Reimbursement	Not Needed	3/20/2011 - 4/29/2011	\$25.00	\$0.00	\$25.00	\$0.00
CBE11039C00000302	Paid	Received	3/29/2011	\$82.50	\$82.50	\$0.00	\$0.00
CBE11039C00000302	Paid	Received	3/16/2011	\$125.00	\$125.00	\$0.00	\$0.00
CBE11049SC0000101	Paid	Received	3/11/2011	\$20.00	\$20.00	\$0.00	\$0.00
CBE11049P00000101	Pending Reimbursement	Received	3/2/2011	\$50.00	\$0.00	\$30.00	\$20.00
CBE11049P00000101	Pending Reimbursement	Overdue					

HOME ACCOUNTS PROFILE NOTIFICATIONS FORMS LINKS

Payment History

Action Required: 3 receipts needed to approve your claims @ 1 reimbursement totaling \$20.00 due for claims which you were paid and later denied @

Payment Date	Payment Number	Amount	Payment Type	Method	Status	View Detail
4/29/2011	0000001551	\$6.70	Claim Reimbursement	Direct Deposit	Paid	View Detail
4/27/2011	0000001550	\$108.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
4/22/2011	0000001409	\$117.10	Claim Reimbursement	Direct Deposit	Paid	View Detail
4/11/2011	0000001545	\$232.50	Claim Reimbursement	Direct Deposit	Paid	View Detail
4/8/2011	0000001548	\$108.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
4/8/2011	0000001546	\$20.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
4/7/2011	0000001543	\$108.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
4/1/2011	0000001541	\$55.70	Claim Reimbursement	Direct Deposit	Paid	View Detail
3/22/2011	0000001540	\$105.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
3/17/2011	0000001538	\$5.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
3/9/2011	0000001537	\$20.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
12/7/2010	0000027174	\$15.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
9/1/2010	0000000014	\$20.00	HSA Distribution	Direct Deposit	Paid	View Detail
8/26/2010	0000001522	\$17.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
8/16/2010	0000001518	\$15.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
8/16/2010	0000000012	\$200.00	HSA Distribution	Direct Deposit	Paid	View Detail
8/15/2010	0000001517	\$9.50	Claim Reimbursement	Direct Deposit	Paid	View Detail
7/29/2010	0000001516	\$7.50	Claim Reimbursement	Direct Deposit	Paid	View Detail
6/25/2010	0000001495	\$89.00	Claim Reimbursement	Direct Deposit	Paid	View Detail
6/16/2010	0000045801	\$1.50	HSA Distribution	Direct Deposit	Paid	View Detail

HOME ACCOUNTS PROFILE NOTIFICATIONS FORMS LINKS

Account Summary

All active and past accounts from the last three years are reflected here. Simply click on an underlined item to get more detail. If you have any questions regarding your Available Balance or other activity information, please contact Consumer Services at 1.888.555.5455 or via e-mail at consumerservices@peakinsurancor.com.

Action Required: 3 receipts needed to approve your claims @ 1 reimbursement totaling \$20.00 due for claims which you were paid and later denied @

Health Savings Account

Actual Cash Balance: \$1,072.68

Pending Debits: (\$0.00)

Available Cash Balance: \$1,072.68

Pending Cash to Investment Transfers: \$0.00

Investment Fair Market Value: \$0.00

Total Available Balance: \$1,072.68

Balance current as of 5/2/2011

Health Savings Account Contribution Totals

Year	2011	2010
IRS Maximum Contribution Amount:	\$6,150.00	\$6,150.00
Processed Contributions:	\$0.00	\$1.00
Scheduled Contributions:	\$0.00	\$0.00
Pending Contributions:	\$0.00	\$0.00
Maximum Contribution Available:	\$6,150.00	\$6,149.00

HOME ACCOUNTS PROFILE NOTIFICATIONS FORMS LINKS

Profile

Name: Maria Isla

Address: 980 Min

Country: United States

Home Phone: (123)

Email Address:

Employee Number: 0001273716

Employer Employee ID:

Gender: Female

Marital Status: Married

Eligible Dependents

Name	Birth Date	Gender	Student	Relationship
Torrence Isla	5/2/1974	Male	No	Spouse
Julietta Isla	2/9/2000	Female	Yes	Dependent
Kathy C. Isla	1/29/1990	Female	Yes	Dependent

Beneficiaries

Name	Relationship	Beneficiary Type	Share Percentage
Torrence Isla	Spouse	Primary	100%

Bank Accounts

Account Usage	Account Nickname	Bank	Account Type	Account Number
Claim Reimbursement	Direct Deposit	STATE BANK OF FARGO	Checking	xxxx3566
HSA Distributions	Direct Deposit	STATE BANK OF FARGO	Checking	xxxx3476

Where to Begin:

- Go to www.mypeak1.com
- Select I am a Participant on the home page
- Click Login and sign in with your username and password
- If it is your first time visiting the site, your username is the first initial of your first name, your last name and the last four digits of your Social Security Number. Your password is password1.

Online Account Access

We make it easy to access and manage your account online. Use the CDH Portal to:

- Get Account Balance
- View Debit Card Transactions
- View and Submit Claims
- Upload Receipts for Substantiation
- View Claim Status
- Access Claims Forms
- View Reimbursement Schedule
- Request Dependent Debit Cards

Access Your Account Information 24 Hours A Day At
MyPeak1.com

Using Your Peak1 Debit Card

Peak1 Administration provides a convenient healthcare payment card, Peak1 OneCard, to access account funds. You will receive your Peak1 OneCard in the mail. It will come in a plain white envelope with Peak1 Administration's return address.

Use Your Healthcare Payment Card

Pay for qualified products and services directly at approved merchants (see sidebar). The money comes right out of your healthcare account. Your Peak1 Debit Card is a prepaid card, but you are generally able to select "credit" or "debit" at the point of sale. Some merchants may require a purchase with "debit" and a correct PIN number.



Get Your Balance

By frequently checking your account balance online, you will have a good idea of the amount of funds available in your account. When you swipe your healthcare payment card, the system makes sure that your coverage is active and that you have sufficient funds in your account for the full amount. If not, the transaction will be denied. You can swipe the card for the amount left in your account and pay the difference with another form of payment.

Know What's Eligible

Familiarize yourself with what expenses are eligible from your employer's plan documents. Examples of eligible expenses are doctors' visits, prescription drugs and many over-the-counter expenses.

Save Your Receipts

Although your healthcare payment card eliminates the need to file paper claims, the IRS requires that your charges be verified. Always save your receipts in case Peak1 requests to confirm a purchase or for tax purposes. Your online account will display a notice when receipts are needed.

Use Your Card at Approved Merchants

Your card has been programmed to work only at merchant locations that are designated as healthcare merchants based on their Merchant Category Code (MCC).

Examples of qualified merchants include doctor's offices and hospitals. The card should only be used to pay for eligible medical expenses, and you should always save your receipts.

A few examples of where you could use your OneCard include: Wal-Mart, Walgreens, Rite-Aid, and many more locations.

For purchases at those locations, you can pay with other means, then submit a request for reimbursement through your online account at:

www.mypeak1.com

Lost or Stolen Cards: Report a lost or stolen card immediately to MemberCare by calling toll-free 866.315.1777.

Healthcare FSA Calculator

While there's no such thing as free money, a Flexible Spending Account (FSA) can help your money go a lot further. Use our Savings Calculator below to see how much you could save by enrolling in an FSA.

Eligible FSA Expenses

A healthcare FSA can cover medical, dental or vision expenses that you would otherwise pay out of pocket. Enter the annual amounts you spend on each expense to see how much you should contribute to your FSA.

Medical deductible	\$_____
Office visit copays	\$_____
Chiropractic services	\$_____
Psychiatric services	\$_____
Medical supplies and equipment	\$_____
Laboratory or x-ray charges	\$_____
Surgical or outpatient procedures	\$_____
Hospitalization expenses	\$_____
Prescription drugs	\$_____
Other medical expenses	\$_____
Dental deductible	\$_____
Dental preventative visits	\$_____
Orthodontia expenses	\$_____
Other dental expenses	\$_____
Vision deductible	\$_____
Vision exam	\$_____
Glasses, contact lenses, supplies	\$_____
Other vision expenses	\$_____
Other expenses	\$_____

Annual FSA Election \$_____

Dependent Care Assistance Program (DCAP)

A Dependent Care Assistance Program FSA (DCAP) covers the cost of most types of caregivers who watch your dependents while you work. Enter the amounts you spend on each expense to see how much you should contribute to the DCAP.

Day care center	\$_____
Au pair or in home care	\$_____
Nursery school	\$_____
Before school care	\$_____
After school care	\$_____
Elder care	\$_____
Other dependent care expenses	\$_____
Annual DCAP Election	_____

Annual Elections_____ (from left & above)

(X) tax rate_____ (from table below)

=_____ **Tax Savings!**

<u>Annual Household Income</u>	<u>Estimated Tax Rate*</u>
less than \$30,000	25%
\$30,000 - \$39,999	29%
\$40,000 - \$69,999	31%
\$70,000 or greater	33%

**The tax rates are estimated based on a combination of social security, federal and state income taxes using national averages. They may not reflect your actual tax rate.*

Sample Eligible FSA Expenses

The following are eligible for tax-free purchase with your FSA funds.

Acupuncture	Diagnostic services	Organ transplant
Alcoholism treatment	Drug addiction treatment	Orthodontia (not for cosmetic reasons)
Ambulance	Eye examination	Oxygen
Artificial limb	Eye glasses & related materials	Physical exam
Automobile modifications for physically handicapped person	Fertility treatment	Physical therapy
Birth control pills	Flu shot	Prescription drugs
Blood pressure monitoring device	Guide dog or other animal aide	Psychiatric care
Braille books & magazines (above the cost of regular printed material)	Hearing aids	Smoking cessation program
Chiropractic care	Hospital services	Surgery
Christian Science practitioner	Immunization	Transportation for medical care
Contact lenses & related materials	Insulin	Weight loss program to treat obesity
Crutches	Laboratory fees	Wheelchair
Dental treatment	Laser eye surgery	
Dentures	Medical testing device	
	Nursing services	
	Obstetrical expenses	

Sample Expenses that are NOT Eligible for FSA Funds

These items are never eligible for tax-free purchase with FSA funds.

Cosmetic surgery
 COBRA premiums
 Exercise equipment
 Fitness programs
 Funeral expenses
 Hair transplants
 Household help
 Illegal operations and treatments
 Insurance premiums
 Long-term care premiums
 Maternity clothes
 Retiree medical insurance premiums
 Teeth whitening
 Vitamins



Eligible Dependent Care Expenses

DCAP funds cover care costs for your eligible dependents while you are at work. Remember to use your funds by the end of your plan year (with grace period); IRS rules require that you forfeit any money deposited in a DCAP account that is not spent.

Dependent Care Expenses that CAN Be Reimbursed Through a DCAP

Please note: Expenses must be for dependent care provided during working hours.

- Care of an incapacitated adult who lives with you at least eight hours a day
- Placement fees for a dependent care provider, such as an au pair
- Child care at a day camp, nursery school, or by a private sitter
- Before school or after school care (other than tuition expenses)
- Custodial care for dependent adults
- Nursery schools or pre-schools
- Summer or holiday day camps
- Licensed day care centers
- Late pick-up fees

Dependent Care Expenses that CANNOT Be Reimbursed Through a DCAP

- Expenses for children 13 and older
- Educational expenses including kindergarten or private school tuition fees
- Amounts paid for food, clothing, sports lessons, field trips and entertainment
- Payment for services not yet provided (payment in advance)
- Care for dependent while sick employee stays home
- Overnight camp expenses
- Transportation expenses
- Late payment fees
- Registration fees
- Medical care



Healthcare Flexible Spending Account FAQs

How much can I contribute to my Healthcare FSA?

The maximum annual contribution is \$2,500 for Healthcare FSA plans. Please see your plan documents or consult with your Human Resources office for more information. For a Dependent Care FSA, you may not contribute more than \$5,000 according to IRS regulations.

How can I find out my account balance and review transactions?

Account Balance and Claims Status information is available 24 hours a day, seven days a week: Log into your account at MyPeak1.com.

Does Peak1 have a mobile app?

Yes. Peak1 offers a convenient mobile app that allows users to view their balances, file claims and more. It is compatible with iPhone, iPad, iPod and Android devices. Download it through the Peak1 portal, the App Store or Google Play Store.

How will I be able to access my FSA funds?

You will receive a Peak1 Debit Card to access your FSA funds. You can also pay for eligible expenses with any other form of payment and request reimbursement from your account.

When can I request reimbursement from my FSA?

You have access to the account when your plan becomes effective.

How will I receive my reimbursements?

You are eligible to receive funds by check or direct deposit. For quicker reimbursements, sign up for direct deposit.

How will I know if I need to submit a receipt to Peak1 Administration for substantiation?

You can review if your claim requires receipts online by logging into your account and visiting the Action Required Center. You need to submit receipts if you see a notice. If a receipt is needed, you will also be notified by email or letter within 15 days of your payment card swipe.

What if I don't submit my receipts?

You must provide the receipts within the time requested, or the transaction will be deemed ineligible, and you will be required to refund the amount of the transaction. If you fail to submit required receipts within 60 days, your payment card will be deactivated. If you fail to reimburse the account, the amount of the ineligible expenses may be withheld from your pay.

Is the Peak1 OneCard a regular debit card?

No, your Peak1 OneCard is a prepaid card. It is provided to give you quick access to the funds in your FSA. When paying for an eligible expense at a qualified merchant, swipe the card and select "credit." There is no personal identification number, or PIN, associated with your card.

When will my card be activated?

Your card will be automatically activated the first time you use it.

Where can I use my healthcare payment card?

Your healthcare payment card can be used nationwide at qualified merchants. Examples of qualified merchants may include pharmacies, doctors' offices, vision centers, and hospitals. Your card should only be used to pay for medical expenses eligible under your plan, and you should always save your receipts.

Do I still need to keep my receipts when I use my card?

YES! We may request documentation any time you use your payment card. Therefore, always hold on to your receipt* in case further documentation is requested. The receipt must contain the following information:

- date of service
- name and address of service provider/merchant
- description of the service or expense provided
- amount charged

Receipts for DCAP purchases must contain the above information, as well as:

- Name and age of the dependent

*Please note that non-itemized cash register tapes, credit card receipts and cancelled checks alone do not provide proper substantiation.

Can I order a replacement or additional card for my spouse or dependent?

Yes. There is a \$5.00 fee for an additional card or a \$10 fee for a replacement card. Simply log on to your online account or contact MemberCare to request an additional card.

Is Orthodontics an eligible expense for my FSA?

Yes. IRS regulations allow a Health FSA participant to be reimbursed for orthodontia services. Peak1 requires a letter of medical necessity as orthodontic treatments can be considered cosmetic.