Next Generation ENROLLMENT, INC

Questions? Please contact Next Generation Enrollment at (888) 266-1732 Monday through Friday between the hours of 8:00 AM and 11:00 PM EST or use the Chat option found at www.ngeinfo.com.

Flexible Spending Accounts

How they work and why you want to participate

The primary advantage to enrolling in an IRS approved Flexible Spending plan is to reduce your taxable income. The secondary advantage is to help offset your eligible out-of-pocket expenses. This plan, offered by your Employer, allows you to set aside PRE-TAX dollars for health and dependent care expenses that you would otherwise pay for with post-tax dollars. Flexible Spending Accounts (FSA) are exempt from federal taxes, Social Security taxes (FICA), and in most cases state income taxes.

For example, if you incur a deductible expense or office visit co-payment you may be reimbursed for those expenses through a Healthcare Flexible Spending Account. This plan allows you the opportunity to save approximately 30% or more on the expenses you, your spouse, or your dependents already incur for health care. The same holds true for the Dependent Care Flexible Spending Plan. By setting aside pre-tax dollars in a Dependent Care Flexible Spending Plan, you can take advantage of paying for child care costs on a pre-tax basis.

The plan and process works like this:

- You elect to participate in either or both the health care or dependent care Flexible Spending plan
- Through payroll deduction, you begin setting pre-tax dollars aside based on your annual election
- You incur an expense that qualifies for reimbursement, pay out-of-pocket and submit a claim for reimbursement

To submit a claim for reimbursement:

- Complete a claim form (for instructions on how to submit a claim online please see page 6)
- Gather applicable receipts
- Send the completed claim form and receipts to Next Generation Enrollment
- A reimbursement will be issued to you from the funds in your FSA

Remember, the funds from that account were never taxed; that is how you will save approximately 30% or more on your health and/or dependent care expenses!

The Department of Treasury modified its use-it-or-lose-it rule to allow for a limited rollover of FSA Healthcare funds. If your employer has implemented the rollover option, you will be able to rollover up to $500 in unused funds into the next plan year. However, if you employer has not implemented this provision, any funds that are not reimbursed under the plan will be forfeited.

The information in this packet is a brief overview of Flexible Spending plans and is in no way meant to guarantee benefits. More detailed information regarding both the health and dependent care reimbursement plans can be found online at www.nextgenerationenrollment.com.

Health Care Flexible Spending Plan

Save potentially 30% or more on your out-of-pocket health care expenses

Healthcare Flexible Spending Plan

A Flexible Spending Account, or FSA, lets you set aside pre-tax money from your paychecks to spend on out-of-pocket healthcare expenses (i.e. co-pays, deductibles, over-the-counter items, etc.) that your insurance plans do not cover in full or are ineligible under the plans. Money that goes into an FSA is pre-tax, so you can save as much as 30% of each dollar you put into your FSA, as long as you spend the money on qualified health costs for you, your spouse or eligible dependents. Whether or not you are enrolled in the medical insurance plan through your employer, you are eligible for the FSA.

Limited-Purpose Flexible Spending Plan

A Limited-Purpose Health Flexible Spending Account (referred to as a limited-purpose FSA) is much like a typical, general purpose health FSA. However, under a limited-purpose FSA, eligible expenses are limited to qualifying dental and vision expense for you, your spouse, and your eligible dependents. Limited-Purpose FSA Plans are designed for employees that are also contributing to a Health Savings Account (HSA) and are not eligible for a general purpose health FSA plan. By participating in this plan you are able to save money on expenses you are already paying for like dental checkups, vision exams, eyeglasses, and much more.

For access to a tax savings calculator, list of eligible items, reimbursement claim forms and frequently asked questions, visit www.nextgenerationenrollment.com.

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Eligible Medical Care Expenses

Healthcare Flexible Spending Plan. Medical and dental expenses that qualify as expenses for medical care under IRS rules generally qualify as Eligible Expenses for reimbursement under the Plan. Those may take the form of co-pays, deductibles, and medical expenses not covered by other insurance. Often expenses that qualify for deductions under IRS rules are Eligible Expenses, but in some instances expenses that are deductible will not be reimbursable and expenses that are not deductible will be reimbursable. Some specific examples are identified below. The following is not an exhaustive list and there are other expenses that are eligible if they satisfy the IRS rules.

Limited Scope Healthcare Flexible Spending Plan. Only a limited number of the following expenses are Eligible Expenses for reimbursement under the Limited Scope ME Plan. In some cases, the expenses must be for dental, vision, or preventive care. Dental care expenses are listed under the "Dental & Orthodontic Care" section. Vision care expenses are listed under the "Vision Care" section. Expenses for preventive care may be found in any of the following sections, but they must satisfy the definition of "preventive care."

> **"Preventive care"** includes periodic health examinations (e.g., annual physicals, routine prenatal and well-child care), immunizations, tobacco cessation and obesity weight-loss programs, and screening services that are not for the treatment of an existing illness, injury, or condition. Preventive care also includes treatment of a related condition during the preventive care service or screening. Preventive Care also includes preventive drugs/medications (e.g. drugs/medications taken by a person who has developed risk factors for a disease that has not yet manifested itself or taken to prevent the reoccurrence of a disease).

Listing of Allowable and Disallowable Expenses

Dental & Orthodontic Care

Allowable expenses:

- Dental treatment
- Artificial teeth/dentures
- Braces, orthodontic devices

Expenses specifically disallowed by the IRS or courts:

- Teeth whitening
- Toothbrushes and toothpaste, even if special type is recommended by dentist

Therapy Treatments

Allowable expenses:

- X-ray treatments
- Treatment for alcoholism or drug dependency
- Legal sterilization
- Acupuncture
- Vaccinations
- Hair transplant
- Physical therapy (as a medical treatment)
- Fee to use swimming pool for exercises prescribed by physician to alleviate specific medical condition such as rheumatoid arthritis
- Speech therapy
- Smoking cessation programs and prescribed drugs to alleviate nicotine withdrawal

Expenses specifically disallowed by the IRS or courts:

- Physical treatments unrelated to a specific health problem (e.g., massage for general well being)
- Any illegal treatment
- Cosmetic surgery
- Treatment for baldness (unless it is for a specific medical condition and not for cosmetic purposes)
- Electrolysis (unless it is for a specific medical condition and not for cosmetic purposes)

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Listing of Allowable and Disallowable Expenses CONTINUED

Fees/Services

Allowable expenses:

- Physician's fees and hospital services
- Nursing services for care of a specific medical ailment
- Cost of a nurse's room and board if paid by the taxpayer where nurse's services qualify
- Social Security tax paid with respect to wages of a nurse where nurse's services qualify
- Services of chiropractors
- Christian Science practitioner fees
- Diagnostic tests

Expenses specifically disallowed by the IRS or courts:

- Payments to domestic help, companion, babysitter, chauffeur, etc. who primarily render services of a non-medical nature
- Nursemaids or practical nurses who render general care for healthy infants
- Fees for exercise, athletic, or health club membership when there is no specific health reason for needing membership
- Marriage counseling provided by clergyman

Hearing Expenses

Allowable expenses:

- Hearing aids and hearing aid battery
- Hearing aid repair
- Special telephone equipment

Medicine and Drugs

Allowable expenses:

- Medicine and drugs that require a prescription
- Insulin
- Prescribed over the counter medicine and drugs when used to alleviate or treat personal injuries or sickness (including antacids, antihistamines, aspirin/pain relievers, cold medicines, acne medicine, etc.)

Expenses specifically disallowed by the IRS or courts:

- Medicine and drugs for personal, general health, or cosmetic purposes
- Dietary supplements if for general health

Medical Equipment

Allowable expenses:

- Blood Sugar test kits
- Wheelchair or autoette (cost of operating/maintaining)
- Crutches (purchased or rented)
- Special mattress & plywood boards prescribed to alleviate arthritis
- Oxygen equipment and oxygen used to relieve breathing problems that result from a medical condition
- Artificial limbs
- Support hose (if medical necessary)
- Wigs (where necessary to mental health of individual who loses hair because of disease)
- Excess cost of orthopedic shoes over cost of ordinary shoes
- Breast pumps for nursing mothers

Expenses specifically disallowed by the IRS or courts:

- Wigs, when not medically necessary for mental health
- Vacuum cleaner purchased by an individual with dust allergy
- Mechanical exercise device not specifically prescribed by physician

Physicals

Allowable expenses:

- Physicals and other well visits
- Immunizations

Expenses specifically disallowed by the IRS or courts:

- Physicals for employment purposes

Listing of Allowable and Disallowable Expenses CONTINUED

Vision Care

Allowable expenses:

- Optometrist's or ophthalmologist's fees
- Eyeglasses and prescription sunglasses
- Insurance for replacement of lost or damaged contact lenses
- Contact lens and contact lens solutions
- Laser eye surgery

Assistance for the Handicapped

Allowable expenses:

- Cost of guide for a blind person
- Cost of note-taker for a deaf child in school
- Cost of Braille books and magazines in excess of cost of regular editions
- Seeing eye dog (cost of buying, training and maintaining)
- Household visual alert system for deaf person
- Excess costs of specifically equipping automobile for handicapped person over cost of ordinary automobile; device for lifting handicapped person into automobile
- Special devices, such as tape recorder and typewriter, for a blind person

Miscellaneous Charges

Allowable expenses:

- X-rays
- Expenses of services connected with donating an organ
- Excess cost of medically prescribed diet
- The cost of a medically prescribed weight loss program
- Breast reconstructive surgery following mastectomy as part of treatment for cancer
- Contraceptives
- Fertility treatments
- Medical records charges
- Bandages
- Lactation supplies for nursing mothers
- Cost of transportation (e.g.) mileage) primarily for and essential to medical care

Expenses specifically disallowed by the IRS or courts:

- Expenses of divorce when doctor or psychiatrist recommends divorce
- Cost of toiletries, cosmetics, and sundry items (e.g., soap, toothbrushes)
- Cost of special foods taken as a substitute for regular diet, when the special diet is not medically necessary or taxpayer cannot show cost in excess of cost of a normal diet
- Maternity clothes
- Diaper service
- Distilled water purchased to avoid drinking fluoridated county water supply
- Installation of power steering in automobile
- Pajamas purchased to wear in hospital
- Mobile telephone used for personal calls as well as calls to physician
- Union dues for sick benefits for members
- Contributions to state disability funds
- Auto insurance providing medical coverage for all persons injured in or by the taxpayer's automobile, where amounts allocable to taxpayer and dependent is not stated separately
- Long-term care services
- Funeral expenses

Insurance

Allowable expenses:

- None

Expenses specifically disallowed by the IRS or courts:

- Health insurance premiums (including individual and non-employer sponsored coverage)
- Long term care insurance premiums

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Dependent Care Flexible Spending Plan (Child Care)

Save potentially 30% or more on your dependent care expenses.

Dependent Care Flexible Spending plans are designed to help you save money on the child care expenses you and your spouse (if applicable) incur during the year. Child care expenses may include day care, nursery school costs, or after-school programs. This plan can also be used for expenses incurred in the care of elderly parents, a disabled spouse or a disabled child. Please note, the Dependent Care Flexible Spending Account is not for dependent medical expenses; this account is specifically for the care of your child or dependent while you and/or your spouse are at work or attending school.

By contributing to this plan through payroll deduction, your Dependent Care Flexible Spending Account is funded from your check on a PRE-TAX basis. It is through this pre-tax deduction you save a percentage of each dollar you spend on eligible dependent care expenses.

A requirement for eligibility is that you are employed and covered under this plan at the time your eligible dependent receives care.

You must also meet one of the following requirements for eligibility:

- Your spouse is working or looking for employment
- You are a single parent or guardian
- At a time when you are employed, your spouse is a full-time student at least five months during the year
- Your spouse is mentally or physically disabled and unable to provide for his/her own care
- You are legally separated or divorced and have custody of your child, even if you cannot claim an exemption for this dependent on your income taxes (for the time period that the child resides with you, this plan can be used to pay for child care services)

An Eligible Dependent is a qualifying individual spending at least eight hours a day in your home and is one of the following:

- Your dependent under age 13 for whom you claim an exemption on your income taxes (expenses are no longer eligible for reimbursement upon the dependent's thirteenth birthday)
- A child under the age of 13 for whom you have custody, if divorced or legally separated
- Your spouse, if mentally or physically unable to provide self care
- Your dependent, regardless of age, who is mentally or physically unable to provide self care, even if you cannot claim an exemption for this dependent on your income taxes

Eligible Expenses for Reimbursement include:

- Care received inside or outside your home by someone other than: your spouse, a person listed as a dependent on your income tax return, or one of your children under age 19; the child care provider must claim the payments received as income
- Care received from a qualifying child day care center or adult or dependent care center
- Care provided by a housekeeper as long as the services provided, in part, are for the care of a qualified dependent
- Care provided through nursery, preschool, after-school, or summer day camp programs
- Taxes for wages spent on eligible dependent care can also be submitted for reimbursement

Ineligible Expenses

- **Include, but are not limited to: dependent health care expenses, dependent care for a child age 13 or over, non work-related babysitting, care that is educational in nature (kindergarten and beyond), or overnight camp. All submitted claims and receipts are reviewed and processed prior to issuing reimbursement (IRC §125; 129).**

By setting aside pre-tax dollars and participating in the Dependent Care Flexible Spending Plan, you can take advantage of paying for these incurred expenses on a PRE-TAX basis.

Next Generation ENROLLMENT, INC

Questions? Please contact Next Generation Enrollment at (888) 266-1732 Monday through Friday between the hours of 8:00 AM and 11:00 PM EST or use the Chat option found at www.ngeinfo.com.

How to Access and Use the NGE Participant Portal

At www.nextgenerationenrollment.com you are able to obtain helpful information pertaining to your Flexible Spending plan. To access claim forms, worksheets and a list of eligible expenses, click on the "Participants" icon, then click on "FSA/HRA/HSA Plan Participants" and then "NGE Forms/FAQs." From our website, you will be able to log on to your participant portal to access and update your personal data, view account balances, as well as submit a claim online.

1. Using your web browser, navigate to **www.nextgenerationenrollment.com**. Click on "Participants" icon
2. Click on "**FSA/HRA/HSA Plan Participants**" and select "**FSA/HRA/HSA System Login**"
3. Note the following: **First time users: Click on "Register."**

   Use the following information to create an account:
   - **Username** – create your own username
   - **Password** – create your own password
   - **Employee ID** – Use the online chat to contact NGE if you do not have your Employee ID.
   - **Registration ID** – Select Employer ID from the drop down and enter your company's Employer ID.
   - Follow the remaining steps to register online.

Returning users: Click on **"Log In."** Enter your user created User ID and unique password. If you have forgotten your user ID please contact NGE to get it by clicking on the chat button or calling us at 888-266-1732.

Update your Personal Information

1. Hover over "My Profile" and click on "Personal Information." Click the "Edit" button."
2. Update your phone number and email address. If any other information is incorrect please contact NGE.
3. Once complete, click on "Save."

View Claims

1. Click on "View Details" or "Transaction History" on the left hand side under "My Accounts."
2. Click on the claim number or form to obtain detailed information regarding each claim.

Check your Balance

1. Click on "View Details" and select "Account Details".
2. This will provide you with your Election, YTD Contributions, YTD Claims Submitted, Additional Allowable Claims and your Current Funds Available.

Submit a Claim

1. Hover over "My Account" and click on "Reimbursement Request" then click "Add New."
2. Enter the Date of Service (this is the date you went to the doctor, bought the prescription, the date range for dependent care, etc.).
3. Enter the dollar amount of the service or item.
4. Select who the service was provided to, either yourself or your dependent. (If your dependent is not listed you may request them to be added by emailing us at clientservices@nextgenerationenrollment.com.) You may also select the employee name for all claims.
5. Enter the provider's name.
6. Select the Account Type by dropping arrow down to select appropriate plan type (FSA Healthcare, FSA Dependent Care, etc.).
7. You have the option of attaching the receipt to the claim. If you upload the receipt there is no need to fax or mail the claim form and receipts to NGE.
8. Use the notes section for any comments.
9. Click "Ok" if you are finished. If you have additional claims to enter, select the "Add New" option. Once you are done entering all claims click on the "Certification Box" and click the "Submit" button.
10. Click on "View Claim Submittal Form." If you attached the receipt to the claim, keep this form for your records. If you did not upload the receipts, print and send the form with your receipts to Next Generation Enrollment. These can be faxed to (888)267-0839. If you prefer to mail your form and receipts, please send to P.O. Box 527, Ada, MI 49301. Claims will be processed within two business days of receipt. Please keep all receipts and original documentation as required by the IRS.

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Health Care Reform and Flexible Spending Accounts
Changes to Over-the-counter Eligibility for Reimbursement

In March 2010, President Obama signed the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively "the Act"). The Act includes a number of modifications to employee benefit programs. One provision that affected employee participants beginning January 1, 2011 was the requirement for over-the-counter (OTC) drugs, medicines and biologicals to be accompanied by a physician's prescription in order to be eligible for reimbursement under health flexible spending accounts (FSAs), health reimbursement arrangements (HRAs) and health savings accounts (HSAs).

Though the specific list of items affected has not been completely assessed, the following categories of OTC items will require a doctor's prescription as of January 1, 2011 in order to be eligible for reimbursement through an FSA, HRA or HSA:

- Acid Controllers
- Allergy & Sinus
- Antibiotic Products
- Anti-Diarrheal
- Anti-Gas
- Anti-Itch & Insect Bite
- Anti-parasitic Treatments
- Baby Rash Ointments/Creams
- Cold Sore Remedies
- Cough, Cold & Flu
- Digestive Aids
- Feminine Anti-Fungal/Anti-Itch
- Laxatives
- Motion Sickness
- Pain Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies

The following are examples of some of the OTC items that will remain eligible for reimbursement without a doctor's prescription:

- Band Aids
- Birth Control
- Braces & Supports
- Catheters
- Contact Lens Supplies & Solutions
- Denture Adhesives
- Diagnostic Tests & Monitors
- Elastic Bandages & Wraps
- First Aid Supplies
- Insulin & Diabetic Supplies
- Ostomy Products
- Reading Glasses
- Wheelchairs, Walkers, Canes

Please feel free to contact Next Generation Enrollment with questions regarding the change to OTC eligibility and reimbursement at (888) 266-1732.

NGE Anytime

Bringing technology to our clients and their participants is what we do at NGE and to make managing your reimbursement account easier, we are launching the **NGE Anytime** mobile app.

You'll be able to download this free application for use on any Apple product or Android device. Just search for **NGE Anytime** in the application store and you'll see our app.

Note that in order to use it, you need an account on the **NGE Participant Portal**. If you have not already created an account, do so on the NGE website.

Once you download the **NGE Anytime** mobile app to your device, you will log in with the same username and password information that you would use when logging in through a computer to the **NGE Participant Portal**.

This app has several very cool features that you're going to love!

- Take a picture of your receipt and upload it through the site when we request substantiation of a purchase
- Check your balance
- Review recent transactions
- Obtain contact information for NGE when you need our help

If you're able, take advantage of this free application and start using the **NGE Anytime** mobile app to make it easier to utilize and manage your reimbursement account.

NGE's FSA Next Day Pay

NGE now offers FSA Next Day Pay service! Submit your reimbursement request with documentation online through the NGE Participant Portal by 3PM ET M-F, and NGE will process your reimbursement request that day. Your funds will be released the following business day!*

To take advantage of the FSA Next Day Pay service, you must have registered an account on the NGE Participant Portal. Once you gain access to the NGE Participant Portal or log in if you are an existing user, then you will need to file your reimbursement request entirely online. If you need to establish an account for the NGE Participant Portal or you are unsure how to file a reimbursement request online, then download these step-by-step instructions. Remember that if you have questions at any point, use the Chat button in the upper right of each page.

To really speed up the processing of your reimbursement requests, make sure you are utilizing direct deposit. If you need a direct deposit form, click here.

Take advantage of technology and use NGE's FSA Next Day Pay service to speed the processing time and get your money in your hands faster!

**Please note some clients request that NGE release funds according to a specific schedule. Therefore, we are not able to release funds every day for a small handful of clients. However, the vast majority of participants will have their direct deposit initiated the next day or their check will be in the mail.*

1. Using your web browser, navigate to **www.nextgenerationenrollment.com**.
2. Click on the **"Participants"** icon.
3. Click on **"FSA/HRA/HSA Plan Participants."**
4. Click on **"FSA/HRA/HSA System Login."**
5. You will be redirected to the NGE Participant Portal.

First time users must click on **"Register"**

- To best use this system, you may need to disable any pop-up blockers.
- **User Name**- create your own user name
- **Password**- create your own password
- **Employee ID**- first letter of your first name, up to the first six letters of your last name and the last four digits of your SSN. For example, if your name was Jane Williams and the last four of your SSN was 1234, you would enter jwillia1234 as the Employee ID
- **Registration ID**- Select Employer ID and enter your employer ID or select Card Number from the drop down and enter your Benefits MasterCard number.
- **Follow the remaining steps to register**. (If you can get your account set up, use the Chat button for assistance)

Returning Users: Click on "Log In" Enter your user created User ID and unique password. If you have forgotten your user ID please contact NGE to get it by clicking on the chat button or calling us at (888) 266-1732.

After you have successfully created an account, you will have the ability to submit claims, check your balance, update your personal information, and view past claims. You may occasionally have to use your Employee ID again to reset your password. Your password will expire after 90 days.

continued on next page

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How to Submit a Claim Online

1. To submit a claim online, log in to the NGE Participant Portal. Then under **"My Accounts,"** click on **"Reimbursement Request".** Click **"Add New".**
2. Enter the **Date of Service** (this is the date you went to the doctor, bought the prescription, or the date range for dependent care, etc.)
3. Enter the dollar amount of the service or item.
4. Select to whom the service was provided, either yourself or your dependent. You may also select the employee name for all claims. If you prefer to itemize your expenses by family member and your dependent is not listed, you may request to have them added by utilizing NGE's online chat service.
5. Enter the provider's name.
6. Select the **Account Type** in the drop down menu to select appropriate plan type (FSA Healthcare, FSA Dependent Care, etc.)
7. Upload your supporting documentation to substantiate the purchase. If you choose to upload the receipt, there is no need to fax or mail your claim form and receipts to NGE.
8. Use the notes section for any comments.
9. If you have additional claims to enter, select the **"Add New"** option and repeat steps 2-8.
10. Click **"Ok"** when you are finished entering your claims and you have uploaded all receipts. Next click on the **"Certification Box"** and click the **"Submit"** button.
11. Click on **"View Claims Submittal Form"** and save this for your records. If you did not upload your receipt, print and send this form with your receipt or itemized bill to Next Generation Enrollment. These can be faxed to (888) 267-0839. If you prefer to mail your form and receipts, please send to P.O. Box 527, Ada, MI 49301. ***Note that if you are not able to upload your receipts directly into the online portal, then NGE's FSA Next Day Pay service does not apply.***
12. Please keep all receipts and original documentation as required by the IRS.