

UT FLEX  
Flexible Spending Accounts  
For Plan Year 2005-2006

*for Employees of The University of Texas System*

## *UT FLEX for Employees of The University of Texas System*

The information contained in this booklet is intended to provide a basic understanding of the UT FLEX program. The University of Texas System (UT) retains the sole right to interpret the terms set forth in this booklet. Should any provision of this booklet conflict with the plan document, the provision of the plan document shall prevail. Should any provision of this plan booklet or the plan document conflict with Section 125 of the Internal Revenue Code, the provisions of the Internal Revenue Code shall prevail.

***Note:** This publication should only be used as a guide for determining what constitutes an eligible UT FLEX Medical Expense Reimbursement Account or Day Care Reimbursement Account expense, not for when these expenses are eligible for reimbursement. The Internal Revenue Code specifically requires that eligible expenses will only be reimbursable if incurred within a benefit plan year as defined by UT.*

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# UT FLEX Plan Information

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**Plan Name:** UT FLEX  
1) Insurance Premium Redirection Plan  
2) Medical Expense Reimbursement Account  
3) Day Care Reimbursement Account

**Plan Sponsor:** The University of Texas System  
Office of Employee Benefits  
702 Colorado Street, Suite 6.300  
Austin, Texas 78701  
Phone: (512) 499-4616  
Fax: (512) 499-4620

**Plan Effective Date:** September 1, 1988

**Plan Year:** September 1-August 31

**Employer Federal Tax Identification Number:** 74-6000203-W

**Flexible Spending Plans and Claims Administrator:**  
PayFlex Systems USA, Inc.  
Flex Department  
P.O. Box 3039  
Omaha, NE 68103-3039  
Customer Service: Toll-Free (866) 887-3539  
(Monday-Friday 8:00 AM - 5:00 PM C.S.T.)  
Fax: Toll-Free (877) 230-4283

**Flexible Spending Plan Administrator Contract Effective Date:** September 1, 2004

**Plan Year:** The plan year is the twelve (12) month period beginning September 1 of each year and concluding on August 31 of the next year.

**Amendment or Termination:** UT FLEX is established on a permanent basis; however, The University of Texas System reserves the right to amend, modify or terminate this Plan, in whole or in part, at any time by duly adopted resolution of the Board of Regents.

# *UT FLEX Overview*

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Effective September 1, 1988, UT established UT FLEX which provided a pre-tax Premium Redirection Plan and Flexible Spending Account (FSA) Plans using automatic pre-tax payroll deductions. UT FLEX is a "cafeteria plan" established pursuant to the Internal Revenue Code. Any active employee of UT who is eligible to participate in a UT Group Insurance Plan, as defined in Chapter 1601 of the Texas Insurance Code are eligible to participate and, can enroll in the UT FLEX Medical Expense Reimbursement Account and/or the UT FLEX Day Care Reimbursement Account. Retired employees and return-to-work retired employees are not eligible to participate in UT FLEX.

Enrollment in the UT FLEX plan, a pre-tax redirection plan, is automatic when an employee elects to participate in any medical, dental, vision, life, accidental death and dismemberment insurance plan that requires an out-of-pocket premium contribution by the employee. The employee's part of the premiums for that coverage will automatically be deducted from the employee's monthly salary and redirected automatically through UT's pre-tax premium redirection plan. You do not have to participate in any of the other UT FLEX Reimbursement Accounts to be eligible to participate in the pre-tax premium redirection plan.

PayFlex Systems USA, Inc. (PayFlex) currently administers the following UT FLEX Flexible Spending Accounts (FSAs):

- 1) Medical Expense Reimbursement Account; and
- 2) Day Care Reimbursement Account.

UT self-administers the pre-tax premium redirection portion of the plan.

## *Eligibility for Participation*

Each employee of UT who is eligible for participation in a UT Group Insurance Plan is eligible to participate in UT FLEX. Employees are automatically enrolled in the Premium Redirection Plan upon enrollment in a UT Group Insurance Plan. Employees may enroll in the UT FLEX FSAs upon completion of the proper enrollment documentation through the employee's UT institution Benefits Office. Retired employees and return-to-work retired employees are not eligible to participate in UT FLEX. The provisions of this booklet do not intend to override any eligibility requirement(s) as specified in Chapter 1601 of the Texas Insurance Code.

## *Flexible Savings Account Enrollment Guidelines and Program Benefits at a Glance*

Taking advantage of this benefit is simple. First, determine the type(s) of UT FLEX FSA(s) you need. Once you determine which FSA(s) suits your needs, contact your UT institution Benefits Office for information about how to enroll. If you are a newly hired employee, you have 31 days from the first date of employment to complete this enrollment. After your enrollment is complete, your authorized monthly deductions to the FSA(s) will be deposited on a pre-tax basis

**Note:** *There are restrictions prohibiting changes to your FSA contributions once you enroll in UT FLEX. You should review your 1st earnings statement following enrollment or following the beginning of a new plan year to ensure the proper amount is being deducted from your paycheck and credited to the correct FSA account.*

Once you or an eligible family member incurs an eligible medical or dependent day care expense, you may request tax-free withdrawals from your account for reimbursement. Reenrollment in the UT FLEX FSAs is NOT automatic from one plan year to another. UT FLEX must be reelected during each Annual Enrollment period to continue participation.

### **Helpful Hints Regarding Enrollment:**

- Carefully read this booklet and calculate your estimated expenses.
- Enrollment in UT FLEX is coordinated through the UT TOUCH online-enrollment during the Annual Enrollment period (held each year during the month of July). Enrollment for newly hired employees outside of the Annual Enrollment period is coordinated through your UT institution Benefits Office.
- Call your UT institution Benefits Office for assistance with enrollment questions.

## *Termination of Participation*

Participation in UT FLEX will terminate on the earliest of the:

- 1) date you cease to be an Employee;
- 2) date you no longer meet the eligibility requirements;
- 3) date the UT FLEX plan is amended or it is terminated;
- 4) effective date of your UT FLEX election not to participate for an upcoming plan year; or
- 5) last day of the plan year for which the benefit was elected, typically August 31.

Subject to any specific limitations for any particular benefit elected: (1) participation shall be continued during a leave of absence for which you continue to receive a salary from UT; and (2) participation shall be suspended during an unpaid leave of absence, unless you choose to make monthly after-tax contributions to your account while on unpaid leave.

## *Definitions*

**Account:** means a record keeping account established by the Plan Administrator in the name of each Participant for the purpose of accounting for contributions made by and on behalf of a Participant and benefits paid for a Participant.

**Annual Enrollment Period:** a specified time period, usually the month of July each year, during which you may make UT FLEX elections for the Plan Year beginning the following September 1.

**Change in Status:** an event that allows you to revoke or change your election under the UT FLEX plans. Some allowable examples of a Change in Status include marriage, divorce, death of a spouse or child, birth or adoption of a child, termination or commencement of employment for you or your spouse, and change in eligibility for coverage due to change in employment for you or your spouse. Any change in plan participation or election, due to a Change in Status, must be consistent with the Change in Status event. For example, if you adopt a child, you may change your election to include medical coverage for the child, but the agreement could not be changed to drop vision coverage since this would be unrelated to the adoption.

**Cafeteria Plan:** a written plan under which all participants are active employees and all participants may choose from among 2 or more qualified benefits consisting of cash and qualified benefits.

**Code:** means the Internal Revenue Code of 1986, as amended from time to time as well as any regulation adopted by the Internal Revenue Service to implement the Code. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements, or replaces such section or subsection.

**Dependent:** means a "qualifying child" or "qualifying relative" as defined in Code Section 152 as modified by Code Section 105(b). For purposes of health care reimbursements under the Medical or Medical-Related Expense Reimbursement Benefits of the Plan, "qualifying relative" is not subject to the income limitation of Code Section 152. For purposes of the Dependent Care (Day Care) Assistance benefits of the Plan, "Dependent" means any individual who is (a) a "qualifying child" of the Participant who is under the age of 13 and who resides with the Participant for more than one-half of the year, or (b) a Dependent or the spouse of the Participant who is physically or mentally incapable of caring for himself or herself, meets any income limitation of "qualifying relative" of Code Section 152 and shares the same principal place of abode with the Participant.

**Day Care Reimbursement Account:** the UT FLEX Day Care Reimbursement Account established under the provisions of Section 129 of the Internal Revenue Code for the purpose of reimbursement of eligible dependent day care expenses.

**Eligible Participant:** an employee of UT who is eligible to participate in a UT group insurance plan and who is not a retired employee or a return-to-work retired employee. Participation in the medical plan is not necessary; however, the employee must be eligible to participate in a UT group insurance plan as defined by the Texas Insurance Code, Chapter 1601.

**Employer:** The University of Texas System, its universities, colleges, and departments.

**Entry Date:** the first day of the Plan Year except for an Employee who first satisfies the requirements for eligibility during the Plan Year, including rehired Employees in which case, the Entry Date shall be the first day of the month coincident with or next following the satisfaction of the requirements for eligibility.

**Flex Plan:** the UT FLEX Employee Benefit Plan established pursuant to the laws of the State of Texas and by means of this document, any and all exhibits or documents which are incorporated and made a part hereof by reference, including separate written plans of the University of Texas System and any amendments which may be made to the Flex Plan from time to time.

**Grace Period:** the 2 and ½ month period beyond the end of the UT Flex plan year, ending on November 15th, in which participants may incur qualified medical expense reimbursement account claims to be reimbursed from prior plan year contributions.

**Incurred or to Incur:** for purposes of the Plan an expense is considered to be incurred on the date at which the service is provided, regardless of the date of payment of or billing for the expense.

**Insurance Premium Redirection Plan:** the UT FLEX Insurance Premium Redirection Plan established to satisfy the requirements of Sections 105(b) and 106 of the Internal Revenue Code in order to enable you to avoid taxation on amounts used to pay qualified insurance premiums on certain benefit plans offered by UT.

**IRS regulations:** U.S. Treasury regulations issued by the Internal Revenue Service to implement the Internal Revenue Code. These regulations have the force of law. For purposes of this booklet, all references to the Internal Revenue Code include all applicable IRS regulations.

**Medical Expense Reimbursement Account:** the UT FLEX Medical Expense Reimbursement Account established to satisfy the requirements of Sections 105(b) and 106 of the Internal Revenue Code in order to provide for reimbursement for qualified health related expenses.

**PayFlex System USA, Inc.:** the organization designated and contracted by UT to coordinate claim reimbursements for the Medical Expense Reimbursement Account and the Day Care Reimbursement Account.

**Period of Coverage:** the Plan Year during which coverage of benefits under the Flex Plan is available to and elected by a Participant. Provided, however, an Employee who becomes eligible to participate during a Period of Coverage may elect to participate for a period lasting until the end of the current Period of Coverage. In such case, the interval commencing on such Employee's Entry Date and ending as of the last day of the current Period of Coverage shall be deemed to be such Participant's Period of Coverage.

**Plan Administrator:** the organization designated and contracted by UT to coordinate claim reimbursements for the Medical Expense Reimbursement Account and the Day Care Reimbursement Account. Effective September 1, 2004, PayFlex Systems USA, Inc. is the Plan Administrator of the UT FLEX plan.

**Plan Year:** means a twelve (12) month period commencing September 1 of each year and ending August 31 of the following year.

**Salary Conversion Agreement:** means a written agreement by and between the Employer and Participant under which the Employer during the Plan Year reduces the Participant's salary and contributes the amount of the reduction to the Plan on behalf of the Participant, as a before-tax contribution.

**UT:** The University of Texas System.

**You/Your:** means the eligible participant (an employee) of UT.

# Understanding Flexible Spending Accounts

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## What is a Flexible Spending Account?

Flexible Spending Accounts (FSAs) provide a tax-advantaged way to pay certain out-of-pocket health care expenses and work-related day care expenses. Each account allows you to pay your expenses with "pre-tax" dollars, which means you get a tax deduction for these expenses before you ever file your tax return. You don't pay Federal income or Social Security taxes on this money.

## The UT FLEX plan includes two FSA options:

- 1) Medical Expense Reimbursement Account: You can set aside money on a pre-tax basis to pay for qualifying out-of-pocket medical, dental, vision or hearing expenses that are not covered under your existing insurance plans; and
- 2) Day Care Reimbursement Account: You can set aside money on a pre-tax basis to pay for qualifying work-related child or adult day care expenses.

## What is the advantage of using the UT FLEX Flexible Spending Accounts?

The advantage of these accounts is you do not pay Federal income or Social Security taxes on this money. By paying for qualified insurance coverages on a pre-tax basis, and by paying your out-of-pocket medical and day care expenses through the Flexible Spending Accounts, you can lower the amount of taxes you pay. You add dollars to your spendable income, and that means you have more take-home pay and more money in your pocket.

## How do the spending accounts work?

Once you decide to use the Medical Expense and/or the Day Care Reimbursement Account, follow these easy steps:

- Estimate the amount you will spend on out-of-pocket medical and/or day care expenses.
- Decide how much you wish to set aside into your medical and/or day care expense account(s). (See page 24 for important information about annual calendar year limits on day care expense reimbursements). The amount(s) you wish to set aside into your account(s) will come out of your paycheck (on a pre-tax basis) in equal amounts each pay period on a schedule established by UT.
- If you do not use the Flex Convenience® Card, as you incur medical or day care expenses throughout the year, submit a claim form along with documentation of your qualified expenses, and then you are reimbursed for these expenses from your account(s). You can be reimbursed by check or direct deposit. If you elect the Flex Convenience® Card (available for the Medical Expense Reimbursement Account only), you can use the card to seek reimbursement for qualified expenses at the location in which you receive the service. Don't forget to save all receipts for expenses charged to your Flex Convenience® Card as you will be asked by PayFlex for some or all of your receipts at a later date.

**Important Notice:** FSAs are regulated by the Internal Revenue Service, and are subject to specific laws and regulations. You must make your election decision(s) before the new plan year begins each year, (or before your effective date if you are newly eligible). The election decision(s) remains in effect for the plan year, unless you have a qualifying change in status event, such as a marriage, birth, death of a dependent, etc. (Check with your UT institution Benefits Office if you have questions about qualifying events). Any funds remaining in your account at the end of the reimbursement period are forfeited. You can avoid forfeitures if you plan carefully (review prior year's expenses to estimate what you will have the next year, be conservative, and plan only for predictable expenses).

**Do I have to enroll in a UT medical or dental plan in order to enroll in the FSA plans?**

No, as long as you are eligible for group insurance plans offered by UT, actual enrollment is not required in order to participate in UT FLEX FSA plans.

**How often do I enroll in the plan?**

You enroll in the plan annually. Typically, this is done during the July Annual Enrollment Period. You will be notified each year when it is time to re-enroll.

**How will retiring affect my eligibility?**

Retired employees are NOT eligible to enroll in a UT Flex account. However, federal law permits you to continue your Medical Expense Reimbursement Account coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) during the plan year in which you retire if you were already participating in the Account as an employee. However, your Medical Expense Reimbursement Account COBRA coverage will end at the end of the plan year in which you retire. You should only continue your Medical Expense Reimbursement Account through COBRA if you have a remaining account balance and do not have outstanding reimbursable expenses incurred prior to your retirement date.

If you have additional questions about the FSA plans, call PayFlex or you may access the UT FLEX Website at [www.utflex.com](http://www.utflex.com). In addition to contacting PayFlex, your UT institution Benefits Office can assist you in learning more about UT FLEX.

PayFlex  
1-866-887-3539  
(1-866-UTS-FLEX)  
(M-F 8:00 AM -5:00 PM CST)  
[www.utflex.com](http://www.utflex.com)

# Premium Redirection Plan

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If you meet the definition of an Employee, as defined by Texas Insurance Code, Chapter 1601, you are qualified to participate in the UT FLEX Premium Redirection Plan. Through the Premium Redirection Plan, your salary is reduced by the amount of premium that you have elected to pay and the University contributes the deducted amount of money towards certain UT group insurance premiums for which you are enrolled.

The plans for which the employee's portion of premiums can be paid through the Premium Redirection Plan are:

- 1) Group medical plan (whether it is insured or self insured-whether an HMO or indemnity type of plan, sponsored by the University) for you and your dependents;
- 2) Group dental plan for you and your dependents;
- 3) Group vision plan for you and your dependents;
- 4) Group voluntary term life plan (limited to the first \$50,000 coverage) for you only;
- 5) Group accidental death and dismemberment for you and your dependents; and
- 6) Group long term disability for you only. You may elect by signed consent, to redirect the premiums for the group long term disability (LTD) plan. However, before you do so, you should be aware that as a result, if benefits become payable due to a disability, the benefits received from the LTD plan will be considered to be taxable income.

***Note:** When you make an election, for one of the plans listed above, that requires an out-of-pocket premium, the election constitutes your agreement to participate in the Premium Redirection Plan. If premiums change upward or downward, your salary is increased or decreased in the same manner as the premium increase or decrease (adjustments will occur automatically). Elections for the Medical Expense Reimbursement Account and the Day Care Reimbursement Account, include a separate salary conversion agreement to allow deductions from your salary and must be made on an annual basis and will NOT renew unless you make a separate election during the designated Annual Enrollment period.*

# *Medical Expense Reimbursement Account*

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If you are an active employee who is eligible to participate in a UT group insurance plan, you are eligible to enroll in the Medical Expense Reimbursement Account. Retired employees and return-to-work retired employees are not eligible to participate in UT FLEX. Medical Expense Reimbursement Accounts enable you to pay for health-related services, which are not covered by your medical, dental, or vision insurance plans with pre-tax dollars. Services must be provided to you and your qualified dependents who you claim for federal income tax purposes. This benefit may result in significant savings for you and your family.

For example, if you were not participating in the UT FLEX Medical Expense Reimbursement Account and you are in a 28% income tax bracket, you must earn \$310.80 in order to pay a \$200 medical bill with after-tax dollars. Both income tax and Social Security and Medicare taxes would have to be paid on the \$310.80. At the 28% tax bracket, the income taxes would be \$87.02 while the Social Security and Medicare tax would be \$23.78, assuming that the Social Security maximum had not been met. After these taxes have been paid, only \$200 of the \$310.80 would remain to pay the medical bill. Under this example, you would save \$110.80 by using the Medical Expense Reimbursement Account.

You must elect the amount of funds to be deposited into your Medical Expense Reimbursement Account annually during the Annual Enrollment period. If you are newly eligible for the UT FLEX program, you must complete the appropriate documentation through your UT institution Benefits Office within 31 days of becoming eligible.

Your Medical Expense Reimbursement Account begins each Plan Year with a zero dollar balance. You cannot claim expenses greater than your annual election. The full plan year election amount (reduced by prior reimbursements) will be available to reimburse you for qualifying, eligible medical expenses incurred during the Plan Year, regardless of the amount you have contributed when you submitted the claim (so long as you remain a participant and have continued to make contributions).

## *Election Limits*

UT limits the election amount allowable within a Medical Expense Reimbursement Account to the smallest of:

- 1) your annual taxable income;
- 2) your spouse's annual taxable income; or
- 3) a plan year total of \$5,000 (\$416 per month for a 12-month employee; \$555 per-month for a 9-month employee; the minimum amount of contribution is \$15 per month).

*Note: Any amount remaining in the account at the end of the reimbursement period (plan year + grace period), after reimbursements have been made for all qualified claims received by PayFlex, will be forfeited by the participant.*

Because UT FLEX is a "use it or lose it" benefit, you should carefully estimate all expected out-of-pocket qualified health-care related expenses for a particular plan year. Some expenses, such as medical, dental, and vision deductibles are usually relatively easy to estimate, but many other expenses, such as prescriptions or qualified over-the-counter items, are unforeseen. Although it is to your advantage to have the exact amount deposited into your Medical Expense Reimbursement Account, predicting the appropriate amount is not always easy. Therefore, it is normally advisable to underestimate medical expenses that will be eligible for reimbursement under the Plan in order to help ensure no funds are forfeited at the end of the plan year.

## *Grace Period*

In 2005, the IRS modified the "use-it-or-lose-it" rules affecting flexible spending accounts. Beginning with the 2005 plan year UT Flex Medical Expense Reimbursement account participants are allowed a "grace period" to incur qualified medical expenses to be used to seek reimbursement of funds from prior plan contributions which remain at the end of a plan year. This "grace period" is 2 and ½ months beyond the end of the prior plan year. UT Flex Medical Expense Reimbursement Account participants will have until November 15th following the end of each prior plan year (August 31) to incur eligible medical expenses to exhaust their remaining balance. The "grace period" does not impact the November 30th submission of claims deadline following the end of each plan year. Note: The "grace period" only applies to participants of the Medical Expense Reimbursement Account. It does not apply to the Daycare Reimbursement Account.

## *Eligible Health Care Expenses*

Qualifying Health Care expenses are those expenses incurred by you, your spouse or eligible dependents for "medical care" as defined in Code Section 213. Generally, this means an item for which you could have claimed a medical care expense deduction on an itemized federal income tax return for which you have not otherwise been reimbursed or could be reimbursed from insurance or from some other sources.

Medical care expenses include amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, and for treatments affecting any part of function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Expenses for solely cosmetic reasons generally are not expenses for medical care. Also, expenses that are merely beneficial to one's general health are not expenses for medical care. In some cases, you will be required to provide a letter or further documentation from your attending physician in order to substantiate your claim.

For information about what items are, and are not, deductible health care expenses, consult IRS Publication 502-Medical and Dental Expenses. Use the Publication with caution since it is intended only to help taxpayers figure out their tax deductions and not to explain what is reimbursable under your Medical Expense Reimbursement Account. Although the Publication indicates you may get a deduction based on when you pay for an expense, this rule does not apply to your Medical Expense Reimbursement Account. Your Medical Expense Reimbursement Account requires that you incur the expenses (have the service provided that gives rise to the expense) during the Plan Year, regardless of when you pay for it or are billed for it. The Publication also refers to health insurance premiums, founders' fees, lifetime care, long-term contracts/services; these are not eligible expenses under the Medical Expense Reimbursement Account.

Be sure to contact your Employer if you have questions about what expenses are, and are not, eligible. You can also go online at [www.utflex.com](http://www.utflex.com) for more information.

## *Examples of Eligible Health and Medical Care Expenses*

### **A**

- Acupuncture
- Alcoholism treatment
- Allergy treatments (over-the-counter drugs, prescription medications and allergy shots)
- Alternative healers (professional fees)
- Ambulance service
- Antacids
- Artificial insemination
- Artificial limb/teeth
- Autoette (wheelchair)
- Automobile modifications (if medically necessary)

### **B**

- Battery-powered toothbrush (if medically necessary and prescribed by physician)
- Birth control pills (Norplant, ovulation kits)
- Blood pressure monitoring devices
- Body scans for diagnostic purposes
- Bone density testing
- Braille books and magazines

### **C**

- Capital expenditures
- Capital expenses (Only a qualified financial or tax consultant can make an absolute determination with regard to the qualification of capital expenditures)
- Childbirth expenses (physician, midwife)
- Chiropractor professional fees
- Cholesterol testing
- Christian Science Practitioner fees
- Co-insurance, co-pay amounts and deductibles
- Cold medicine (over-the-counter drugs including sore throat sprays, lozenges, nasal sprays, cough syrups, cough drops, vapor rubs and prescription medications)
- Contact lenses and cleaning solutions
- Contraceptives (birth control pills, condoms, spermicides)
- Cosmetic surgery and procedures to correct congenital abnormality or treat injury resulting from accident

Counseling (for treatment of specific medical condition)  
Crutches

## D

Deductibles  
Dental treatment (includes exams, x-rays, fillings, root canals, gum disease treatment, crowns, bridges, dentures, implants, orthodontia; does not include cosmetic treatments such as teeth whitening, dental veneers, bonding, etc.)  
Diabetic supplies (insulin, syringes, testing strips, glucometers)  
Diagnostic services and tests  
Diapers (if required due to medical condition)  
Drug dependency treatments  
Drugs (prescription drugs, insulin; see Over-the-counter Drugs/Medicines; does not include cosmetic drugs)  
Dyslexia treatment

## E

Eye surgery (cataract, LASIK, corneal rings, etc.)  
Eyeglasses, prescription (includes prescription sunglasses; also includes over-the-counter reading glasses)  
Eye examinations

## F

Fertility treatments (in-vitro fertilization, surgery or operations to reverse a prior surgery that prevents you from having children)  
Flu shots  
Fluoridation device (if medically necessary & prescribed by physician)

## G

Genetic testing  
Guide dog or other animal used to assist persons with physical disabilities

## H

Health institute  
Health screening (cholesterol checks, bone density testing, blood pressure testing, hearing exams)  
Hearing aids and batteries  
Home health care  
Hospital services

## I

Immunizations  
Inclinators  
Infertility treatments  
Insulin and syringes

## L

Laboratory fees  
Language training for child with dyslexia or disabled child  
Laser eye surgery (cataract, LASIK, corneal rings, etc.)  
Lead based paint removal  
Learning disability caused by mental or physical impairment, or nervous system disorders (treatment must be recommended by physician)  
Legal fees (fees you pay that are necessary to authorize treatment for mental illness)  
Lodging (see IRS Publication 502, - Lodging)  
Long-term care services

## M

Mastectomy-related special bras (the cost over & above the cost of a normal bra)  
Meals (only as part of inpatient hospital care)  
Medic-alert bracelet  
Medical conference admission and transportation to/from (if concerns chronic medical condition of you, spouse or child)  
Medical equipment (crutches, wheelchairs, walkers, etc.)  
Medical information plan  
Medical monitoring and testing devices  
Medical records charges  
Medical services provided by physicians, surgeons, specialists or other medical practitioners  
Medical supplies (bandages, band-aids, gauze pads, thermometers, hot/cold packs, heating pads, nasal (breathe-right) strips, etc.)  
Medicines/Drugs (prescription drugs, over-the counter drugs or insulin; does not include cosmetic drugs)  
Mentally handicapped, special home for person adjusting from life in mental institution to community living

## N

Norplant insertion and removal  
Nursing home (if necessary for medical care and only the portion for medical services)  
Nursing services  
Nutritionist's professional expenses (if treating a specific medical condition; not for weight loss for general health)

## O

Obstetrical expenses  
Occlusal guards to prevent teeth grinding  
Operations (legal operations that are not cosmetic in nature)  
Optometrist fees  
Oral surgery  
Orthodontia (see Claim Filing Instructions)  
Orthopedic devices  
Orthopedic shoes (to the extent the cost exceeds that of normal shoes)  
Osteopath fees  
Over-the-counter Medicines/Drugs (allergy medicines, antacids, anti-diarrhea, anti-fungal ointments and creams, antiseptic ointments and creams, cold medicines including sore throat sprays, lozenges, nasal sprays, cough syrups, cough drops, vapor rubs, eye drops, first-aid and antibiotic creams and ointments, gas relief medicines, hemorrhoid ointments and creams, laxatives, lice treatments, motion-sickness pills, pain relievers including arthritis pain, head/back pain and menstrual pain, sleep aids, stop smoking gums/patches, yeast infection products; does not include cosmetic items, vitamins, herbal and dietary supplements or items for general good health)  
Ovulation monitor  
Oxygen

## P

Pain relievers (for arthritis pain, head/back pain, menstrual pain, muscle or joint pain, e.g., aspirin, ibuprofen; does not include vitamins or herbal supplements)  
Patterning exercises  
Physical exams, routine physicals  
Physical therapy  
Physicians fees  
Pregnancy test, over-the-counter  
Prescription drugs (does not include cosmetic drugs)  
Prescription eyeglasses or prescription sunglasses  
Prosthesis  
Psychiatric care  
Psychoanalysis  
Psychologist fees

## R

Radial keratotomy (corrective eye surgery)  
Reading glasses (prescription glasses or over-the counter glasses)  
Reconstructive surgery following mastectomy

## S

Schools and education, special (for mentally impaired or physically disabled person - see IRS Publication 502)  
Sick-child care facility (for medical care only)  
Sleep disorder and treatment  
Speech therapy  
Sterilization procedures (vasectomy or tubal ligation)  
Stop-smoking programs (including hypnosis, over-the-counter gums and patches)  
Storage fees for embryo or sperm (fees for temporary storage of eggs or sperm only to extent used for immediate conception in current plan year)  
Storage fees for umbilical cord blood (fees for temporary storage only to extent used for medical condition in current plan year)  
Sunglasses (only if medically required due to specific medical condition & obtained at direction of physician)  
Surgical fees (for legal operations not cosmetic in nature)

## T

Taxes charged for medical services and products  
Telephone consultations with a health care provider  
Telephone or Television for hearing-impaired persons or special equipment  
Therapy, physical or speech  
Transplants (donor expenses, if you pay those expenses)  
Transportation and related travel expenses for person seeking treatment (See IRS Publication 502 Transportation and Trips)

## U

Usual and customary, charges in excess of

## V

Vaccines, vaccinations  
Vasectomy  
Vitamins (only by prescription and only if necessary to treat a specific medical condition)

## W

Weight-loss program (only if medically necessary to treat existing disease, such as heart disease and undertaken under physician's direction)  
Wheelchair  
Wigs (if purchased upon advice of physician for mental health of patient)

## X

X-ray fees

**Note:** Expenses not specifically mentioned above may also qualify for reimbursement.  
Consult a qualified tax consultant if you have questions about eligible expenses.

## *Examples of Ineligible Health Care Expenses*

### **A**

Adoption fees

### **B**

Baby-sitting, childcare or nursing services for a Healthy baby

Breast pump

### **C**

Chairs, recliner

Childbirth expenses (Lamaze or childbirth classes, doula services)

Completing claim forms fees for controlled substances (marijuana, laetrile, etc.)

Cord blood storage for future use

Cosmetic surgery or procedures; cosmetic prescription drugs such as Retin-A, Renova, Propecia, etc. and over-the-counter cosmetic drugs/medicines such as acne products

Counseling (marriage, family counseling)

### **D**

Dancing lessons

Dental veneers or bonding, or teeth whitening for cosmetic reasons

Diaper service

Divorce expenses

Domestic help

Doula services

### **E**

Ear piercing

Electrolysis or hair removal

Exercise equipment for general health

Exercise/Fitness programs for general health

Expenses that have been reimbursed elsewhere, or that may be reimbursable under any other source

Expenses not incurred during your period of coverage

### **F**

Facelifts or other similar cosmetic treatments (dermabrasion, chemical peels, etc.)

Funeral expenses

### **H**

Hair transplant

Health club membership dues

Herbal supplements (dietary and nutritional supplements, vitamins, natural medicines, etc.)

Household help

### **I**

Illegal operations and treatments

Insurance premiums

### **L**

Lactation consultant for general instruction  
Laetrile  
Lamaze/Childbirth classes  
Lifetime care fees  
Liposuction or other similar cosmetic treatments

## **M**

Marriage, family counseling  
Massage therapy (unless recommended as medically necessary to treat a specific injury or illness; does not include therapy for stress or tension reduction)  
Marijuana  
Maternity clothes  
Mattress  
Meals while traveling to obtain medical care  
Medical newsletters  
Medical savings account

## **N**

"No Show" doctor or dentist visits, charges for Nursing services for health baby  
Nutritional supplements (vitamins, herbal and dietary supplements, natural medicines, etc.)

## **P**

Paternity testing  
Personal use items (items ordinarily used for personal, living or family purposes)  
Prepayment for services not yet provided  
Prescription drug discount programs, fees for

## **R**

Recliner chair

## **S**

Safety glasses  
Storage fees for embryo, sperm or umbilical cord blood, long term  
Student health fees  
Sun screen lotion  
Sunglasses, clip on  
Surrogate expenses  
Swimming lessons

## **T**

Tanning salons and equipment  
Tattoo removal  
Teeth bleaching/whitening for cosmetic purposes

## **V**

Vacuum cleaner for allergies  
Varicose veins, treatment of  
Vision service agreements or lens replacement insurance

## **W**

Warranties/service contracts  
Weight loss programs for general health or appearance; diet foods for weight loss

## *Claim Reimbursement*

There are two methods of submitting claims to PayFlex: 1) using a hard copy claim and faxing or mailing the information to PayFlex, or 2) using the electronic Express Claims system at [www.utflex.com](http://www.utflex.com).

### **Paper Claims**

Using the UT FLEX paper claim form, you can request reimbursement of eligible medical care expenses incurred by you or your eligible dependents during the Period of Coverage. The claim must contain the following: a) the amount, date, and nature of the expenses with respect to which a reimbursement is requested; b) the name of the person, organization, or entity which provided the service related to the expense; and c) other information as requested by PayFlex (i.e. actual receipts for expenses, an explanation of benefits form, or an itemized bill).

Copies of cancelled checks cannot be substituted for the itemized receipt or the explanation of benefits.

Medical Expense Reimbursement Account claims should be mailed or faxed to:

PayFlex Systems USA, Inc.  
Flex Dept.  
P.O. Box 3039  
Omaha, NE 68103-3039  
Customer Service: Toll-Free (866) 887-3539  
Fax: Toll-Free (877) 230-4283  
(Monday-Friday 8:00 AM - 5:00 PM C.S.T.)

In addition, claim forms are available at your UT institution Benefits Office, on the PayFlex website at [www.utflex.com](http://www.utflex.com), or on the UT website at: [www.utsystem.edu/egi/2004/employee/flex.asp](http://www.utsystem.edu/egi/2004/employee/flex.asp).

### **EXPRESS Electronic Claims**

PayFlex also offers EXPRESS Claim service. This method of filing paper claims will allow for a 3-hour turn-around time on the processing of your paper claims. By using the EXPRESS Claim service, participants can now print out a completed claim form, attach the necessary documentation to substantiate the claims being filed, and fax it to PayFlex. PayFlex will in turn process the claims within 3 business hours. Once the claim is processed, the participant will receive an immediate email letting them know the claim has been handled. Participants can access EXPRESS claims at [www.utflex.com](http://www.utflex.com).

You may submit charges related to different services or even different individuals at the same time. The Explanation of Benefits (EOB) form that is supplied by the medical, dental or vision programs, and any receipts or bills must be filed with your claim form. If the EOB, receipt or bill is not included, PayFlex may delay or decline reimbursement until one or both of the above is supplied. If you retire or terminate employment during a Plan Year, you may receive benefits for charges incurred during your Period of Coverage even though a claim had not been filed at the time of your retirement or termination. However, claims must be filed on or before November 30 following the end of the Plan Year in which the retirement or termination occurred.

***Note:** Claims are reimbursed only for medical expenses incurred during the Period of Coverage. All claim submissions for expenses incurred during a Plan Year must be received by PayFlex or post marked on or before the November 30 deadline following the end of an applicable Plan Year. Any amounts remaining in a participant's account after November 30 will be forfeited. This is a requirement of federal law. UT cannot make any exceptions to these rules.*

## *Flex Convenience® Card*

UT FLEX offers you a fast and easy way to receive reimbursements from your Medical Expense Reimbursement Account through the use of the Flex Convenience® Card. The Flex Convenience® Card electronically debits funds from your Medical Expense Reimbursement Account when an eligible, uninsured medical expense is incurred. Much like other debit cards, there is no risk of overspending or exceeding your account limits. If funds are not available because your annual election has been spent, the transaction will be denied. You are eligible to elect the Flex Convenience® Card when you first enroll in the Medical Expense Reimbursement Account or during Annual Enrollment. There is a \$9 annual fee for the Card. For newly eligible employees enrolling in this benefit after October 1 of a plan year, the cost is prorated to .75 cents per month.

The advantages of this card are:

- 1) you don't have to pay money out of your pocket at the time of service by the provider; 2) you don't have to complete a claim form (you must, however, save your receipts in case you are asked by PayFlex to substantiate your claim); and
- 3) you don't have to wait for a reimbursement check to arrive in the mail.

You must elect the FLEX Convenience® during each Annual Enrollment period. You may order additional cards for your family members by contacting PayFlex. Your card is valid for up to two plan years if you renew your card election in subsequent plan years.

***Note:** The IRS mandates PayFlex, as the UT FLEX administrator, to periodically audit UT participants who elect the FLEX Convenience® Card to ensure reimbursements are being given for qualified items. Therefore, if you enroll in the FLEX Convenience® Card, it is very important that you retain your receipts for a minimum of 1 year. IRS regulations require you to substantiate expenses by providing this information upon request. Many audit requests from PayFlex are eliminated due to claims data supplied directly to PayFlex from the various benefit plan administrators contracting with The University of Texas System Office of Employee Benefits. However, not all claim information is supplied via the data from these administrators. Thus, you may still receive periodic requests for proof of expenses. You will receive a letter requesting the necessary documentation and be required to submit documentation of these claims. If you do not provide the requested information, the card will be inactivated and you must reimburse PayFlex for the unsubstantiated expenses.*

For detailed information about eligible and ineligible expenses which qualify for reimbursement through the Flex Convenience® Card, visit the PayFlex Service Center at [www.utflex.com](http://www.utflex.com). Your plan is regulated by federal law; therefore, this information is subject to change at any time and without notice. You must comply with IRS guidelines by using the card only for qualifying expenses, and providing appropriate documentation to substantiate your expenses upon request.

# Day Care Reimbursement Account

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If you are an active employee who is eligible to participate in a UT Group Insurance Plan, you are eligible to enroll in the Day Care Reimbursement Account. Retired employees and return-to-work retired employees are not eligible to participate in UT FLEX. The objective of the Day Care Reimbursement Account is to enable you to pay for qualified dependent day care services with pre-tax dollars. Your participation in the Day Care Reimbursement Account can result in significant savings for you and your family.

**Important:** *For certain individuals, participation in the Day Care Reimbursement Account may not maximize their available tax savings. Currently, the Internal Revenue Code allows a tax-credit for qualified dependent day care. The percentage of day care expenses that can be taken as a tax credit varies according to an individual's adjusted gross income. Some individuals may save more by using the tax-credit available to them than by participating in the Day Care Reimbursement Account. For more information, consult with a qualified tax professional before enrolling in this account.*

If you determine this option is appropriate for you and your family, you must elect the amount of funds to be deposited into your Day Care Reimbursement Account annually during the normal Annual Enrollment period. If you are newly eligible for the UT FLEX program, you must complete the appropriate documentation through your UT institution Benefits Office within 31 days of becoming eligible.

## Maximum Day Care Reimbursement Account Election

The Internal Revenue Service limits the maximum deduction amount allowable within a Day Care Reimbursement Account to the smallest of:

- 1) your annual taxable income;
- 2) your spouse's annual taxable income;
- 3) a calendar year total of \$5,000 (\$416 per month for a 12-month employee; \$555 per month for a 9-month employee; the minimum amount of contribution is \$15 per month) if you are single or a married person filing a joint income tax return; or
- 4) a calendar year total of \$2,500, if you are married and you and your spouse are filing separate income tax returns. For purposes of determining the maximum allowable deduction when a Participant's spouse is a Full-time Student at an educational institution or the Participant's Qualifying Dependent, the spouse shall be deemed to have annual taxable income of not less than \$200 per month if the Participant has one dependent. If the Participant has two or more dependents, the spouse's annual taxable income shall be deemed to be \$400 per month.

**Important:** In any given calendar year (Jan. 1 - Dec. 31), dependent day care deductions cannot exceed \$5,000 (or \$2500 if married and filing separately) for tax-filing purposes.

The Day Care Reimbursement Account operates on a plan year (September 1-August 31) basis. It is your obligation to ensure that the deductions you and those of your spouse, if any, make for the plan year do not cause you to exceed the federal calendar year limits.

**Note:** Any amount remaining in the account at the end of the plan year, after reimbursements have been made for all qualified claims received by PayFlex, will be forfeited by the participant. Because UT FLEX is a "use it or lose it" benefit, you should carefully estimate all expected day care expenses for a particular Plan Year. Although it is to your advantage to have the exact amount deposited into your Day Care Reimbursement Account, predicting the appropriate amount is not always easy. Therefore, it is normally advisable to underestimate day care expenses that will be eligible for reimbursement under the Plan in order to help ensure no funds remain in the account at the end of the Plan Year. The "grace period" does not apply to the Day Care Reimbursement Account.

A "qualified dependent" for the Day Care Reimbursement Account is an individual who is:

- 1) a person under the age of 13 when care is provided and for whom you claim an exemption for income tax purposes;
- 2) your spouse who is physically or mentally incapable of caring for himself or herself; or
- 3) your dependent who is physically or mentally unable to care for himself or herself and for whom you can claim an exemption for income tax purposes.

**Important:** The definition of "qualified dependent" for the Day Care Reimbursement Account is different from the definition of "dependent" for UT group insurance eligibility purposes.

### **What is a qualified day care expense?**

Qualified day care expenses are expenses incurred by you or your spouse which are employment related expenses as defined by Section 21(b)2 of the Internal Revenue Code and which are provided by a Qualified Dependent Care Provider. Generally, this means the day care expenses must be for the purpose of enabling you and your spouse (if you are married) to work outside of the home, or to enable you or your spouse to attend school fulltime.

### **Examples of Eligible Day Care Expenses (See IRS Publication 503) include:**

- After school or extended day programs (supervised activities after the regular school program)
- Au pair expenses for dependent care (does not include travel expenses)
- Babysitter expenses (inside or outside household)
- Custodial childcare or eldercare expenses for qualifying individual
- Day camps, if primary reason for being there is the care and well-being of the child and is custodial in nature, and not educational
- Daycare centers
- FICA and FUTA taxes of daycare provider

- Household employee expenses whose services include care of a qualifying person
- Expenses incurred to enable an individual to become gainfully employed
- Nanny expenses
- Pre-school/Nursery school for pre-kindergarten
- Sick-child care center to extent the care is not for medical services
- Work-related day care expenses - must allow you to work or look for work. You must be gainfully employed (earning income). This does not include volunteer work that is unpaid or for nominal pay.

**Examples of Ineligible Day Care Expenses (See IRS Publication 503) include:**

- Educational/tuition expenses - kindergarten, first grade and above
- Expenses paid to child of participant
- Field trip expenses
- Food, clothing, education or entertainment expenses
- Household services (chauffeur, bartender, gardener)
- Incidental expenses (diaper, activities, etc. charges)
- Overnight camp expenses (not even the portion attributed to the daytime cost)
- Payments for care where you are not the custodial parent (in divorce situations)
- Payments for care while you are off work because you are on a leave of absence
- Payments for care while you are off work because you are on maternity or other medical leave
- Payments for care while you are off work because you are on vacation
- Payments for care while you are off work due to illness
- Payment for services not yet provided (advance payments)
- Registration fees/reservation fees/holding fees
- Transportation expenses

**Who is a qualified day care provider?**

A qualified day care provider is the person(s) or organization(s) providing care to your qualified dependent. A qualified day care provider can include: 1) licensed nursery schools; 2) licensed day care centers; 3) an individual who has the responsibility of providing care for qualified dependents either inside or outside of your home.

**Who is NOT a qualified day care provider?**

Your child under age of 19, or anyone you claim as a dependent for income tax purposes is not a qualified day care provider.

**What amounts will be available for Day Care expense reimbursements at any particular time during the Plan Year?**

The amount of year-to-date contributions (deposits), reduced by prior reimbursement, will be available to reimburse you for qualified, eligible Day Care Expenses you incur during the Plan Year. Because UT typically processes payroll on or about the 20th of each month, day care reimbursement funds for the same month may not be available until after this date.

## *Claim Reimbursement*

There are two methods of submitting claims to PayFlex: 1) using a hard copy claim and faxing or mailing the information to PayFlex, or 2) using the electronic Express Claims system at [www.utflex.com](http://www.utflex.com).

### **Paper Claims**

Using the UT FLEX paper claim form, you can apply to PayFlex for reimbursement of day care expenses incurred by your dependent(s) during the Period of Coverage.

The claim should contain the following:

- a) the amount, date, and nature of the expenses with respect to which a reimbursement is requested;
- b) the name of the person, organization, or entity which provided the service related to the expense;  
and
- c) other information as requested by PayFlex (e.g., actual receipts for expenses or an itemized bill).

Day Care Reimbursement Account claims should be mailed or faxed to:

PayFlex Systems USA, Inc.  
Flex Dept.  
P.O. Box 3039  
Omaha, NE 68103-3039  
Customer Service: Toll-Free (866) 887-3539  
Fax: Toll-Free (877) 230-4283  
(Monday-Friday 8:00 AM - 5:00 PM C.S.T.)

In addition, claim forms are available at any UT institution Benefits Office, on the PayFlex website at [www.utflex.com](http://www.utflex.com) or on the UT website at [www.utsystem.edu/egi/2004/employee/flex.asp](http://www.utsystem.edu/egi/2004/employee/flex.asp).

### **EXPRESS Electronic Claims**

PayFlex also offers EXPRESS Claim service. This method of filing paper claims will allow for a 3-hour turn-around time on the processing of your paper claims. By using the EXPRESS Claim service, participants can now print out a completed claim form, attach the necessary documentation to substantiate the claims being filed, and fax it to PayFlex. PayFlex will in turn process the claims within 3 business hours. Once the claim is processed, the participant will receive an immediate email letting them know that the claim has been handled. Participants can access EXPRESS claims at [www.utflex.com](http://www.utflex.com).

***Note:** Claims may only be made for day care expenses received during the Period of Coverage. All claim submissions for expenses incurred during a Plan Year must be received by PayFlex or post marked on or before the November 30 claim submission deadline following the end of an applicable Plan Year. Any amounts remaining in a participant's account after November 30 will be forfeited. This is a requirement of federal law. UT cannot make any exceptions to these rules.*

You may submit charges related to different day care services or even different individuals at the same time. If the receipt or bill is not included, PayFlex may delay or decline reimbursement until one or both of the above is supplied. If you terminate employment during a Plan Year, you may receive benefits for charges incurred during the Period of Coverage even though a claim had not been filed at the time of termination. However, claims must be filed on or before November 30 following the end of the Plan Year in which the termination occurred.

The Day Care Reimbursement Account is NOT eligible for continuation benefits under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA).

# *Limitations on Medical and Day Care Reimbursement Accounts*

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Once you have made an election for either the Medical Expense Reimbursement Account or the Day Care Reimbursement Account for a Plan Year, the elections cannot be changed or revoked unless there is a qualifying Change in Status which allows you to make a consistent change to your enrollment in either the Medical Expense or Day Care Reimbursement Accounts.

Change in Status determinations are made by your UT institution Benefits Office, as outlined by the UT Office of Employee Benefits per the requirements of the Internal Revenue Code.

Because your tax situation is unique to you, UT cannot provide tax advice to employees. Employees who are considering participation in a UT FLEX account may want to seek counsel from a qualified tax advisor.

# *Potential Disadvantages of UT FLEX Participation*

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**NOTE:** *The following are potential disadvantages of UT FLEX participation for you and your family that you may wish to discuss with your tax advisor.*

- Your social security benefits may be reduced if you participate, because when you receive tax-free benefits under the Plan, it reduces the amount of contributions that you make to the federal social security system as well as the UT's contribution to the social security system on your behalf. However, the tax savings that you realize through Plan participation will often more than offset any reduction in other benefits. (Note: Your retirement benefits from the Teacher Retirement System of Texas or Optional Retirement Plan offered by UT are not affected by your participation in UT FLEX.)
- The amounts credited to your Medical Expense and/or Day Care FSA account(s) for any Plan Year shall be used only to reimburse you for eligible expenses incurred during the plan year or your applicable period of coverage. In addition, funds in one account cannot be used for expenses in another account.
- You must apply for reimbursement on or before the 90th day following the close of the plan year. After all claims for a plan year have been settled, according to IRS Regulations, any remaining money left in any one account (health care and/or dependent care) must be forfeited and this money would revert to UT (to be used to offset UT FLEX administrative expenses and future costs.). For example, if you designate \$5,000 annually to your Day Care FSA account and by the end of the plan year you spent only \$4,500, you will forfeit \$500.
- Your FSA expense account(s) will begin the new plan year with a zero balance. Because money is forfeited if it is left in the account at the end of the plan year for the Day Care Reimbursement Account or the end of the "grace period" for the Medical Expense Reimbursement Account, it is important that you carefully estimate what you will spend in each area of the benefit plan.
- The IRS regulations strictly limit UT FLEX changes and some corrections during the plan year.

# *Online Access to Your Flexible Spending Accounts*

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The UT FLEX Website provides comprehensive information regarding your FSA(s). By entering [www.utflex.com](http://www.utflex.com) into your Internet browser, you will access the UT FLEX homepage.

Navigational tabs to customer links are located along the left-hand side of the page. By clicking on "My Account" and registering your account, you will be able to access valuable information you need to manage your Medical Expense and/or Day Care Reimbursement Account.

The following is a list of the quick links on the website to help you meet your FSA needs:

- **My Accounts** - access your claim and payment history, account balances, etc.
- **Express Claims** - file claims online for your medical expense and/or daycare reimbursement accounts.
- **Eligible/Ineligible Expenses** - learn about eligible and ineligible expenses.
- **Frequent Questions** - read from a variety of questions to get answers about important topics.
- **Forms Publications** - get forms and publications regarding your accounts, including claim forms and direct deposit forms.
- **Savings Calculator** - itemize your unreimbursed medical and day care expenses, and estimate your annual increase in spendable income through participation in a FSA.
- **Tax Credit Wizard** - determine if you qualify for the Day Care Reimbursement Account, and if it is to your advantage to elect a Day Care Reimbursement Account.

## *Continuation of Coverage*

If, upon termination, you have a remaining balance in your Medical Expense Reimbursement Account, you may choose to continue coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). For more information and the enrollment materials regarding COBRA, you should contact your UT institution Benefits Office.

# *Appeals Relating To Your FSA(s)*

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## *Administrative Errors in Establishing or Continuing UT Flex Accounts*

Check your first paycheck to ensure your elected UT Flex contribution are in the correct Medical Expense Reimbursement Account or Day Care Reimbursement Account for the Plan Year. In order to qualify as a cafeteria plan under Section 125 of the Internal Revenue Code, the UT Flex plan cannot allow a participant to change their UT FLEX election during the plan year unless the employee experiences a qualified Change in Status. An employer that fails to comply with the irrevocability requirement of Section 125 can be disqualified from offering pre-tax deductions to its employees. Therefore, the only change allowable, other than a qualified change in status, is when clear and convincing evidence exists that an administrative error was made during the enrollment, redirection, or election process. You have 31 days from the date of the first paycheck stub in this fiscal year which contains the deduction to recognize the error and contact your institution Benefits Office to request a correction of an administrative error.

## *Claim Reimbursement Denial*

If a claim is denied, in whole or in part, you will receive written notice from the Claims Administrator within 30 days (may include a 15-day extension for reasons beyond the control of the plan) of the date your claim was received. This notice will state:

- 1) The specific reason for denial and plan provision on which the denial is based;
- 2) A description of any material or information necessary to perfect the claim (this information must be provided within 45 days); and
- 3) Steps to be taken if you wish to request a review of the decision, including your right to submit written comments, your right to review relevant documents and other information.

If your claim is denied in whole or part, you may request review upon written notice. You have the right to appeal a denial for reimbursement decisions by sending a written request for review within 31 days of your receipt of denial to PayFlex. Your written request for review should state the reasons that you feel your claim should not have been denied and include any additional facts and/or documents that you feel support your claim.

Your request for review will be reviewed and decided by PayFlex in a reasonable time not later than 60 days after PayFlex receives your request for review. If the decision on review affirms the initial denial of your claim, you will be furnished with a notice of adverse benefit determination on review setting forth the reason for the decision on review and plan provision on which the decision is based, a statement of your right to review relevant documents, if an internal rule, guideline or protocol, or other similar criterion is relied on in

making the decision on review, and a description of that rule or a statement that such rule will be provided free of charge to you upon request.

**Written appeals should be sent to:**

PayFlex Systems USA, Inc.  
Flex Dept.  
P.O. Box 3039  
Omaha, NE 68103-3039  
Customer Service: Toll-Free (866) 887-3539  
Fax: Toll-Free (877) 230-4283  
(Monday-Friday 8:00 AM - 5:00 PM C.S.T.)

**If my appeal to PayFlex is denied, do I have other appeal rights?**

Yes, you may further appeal in writing to:

The University of Texas System  
Office of Employee Benefits  
702 Colorado Street, Suite 6.300  
Austin, Texas 78701  
Phone: (512) 499-4616  
Fax: (512) 499-4620

Your appeal of the denial of a claim by PayFlex must contain the following:

- 1) a letter stating the date of the service(s) for which your request was denied, and why you believe the claim should be approved;
- 2) a copy of the denial letter you received; and
- 3) any additional documentation or information you think may have a bearing on your appeal.

**Can I appeal mid-year enrollment decisions or Change in Status decisions?**

Yes, you have the right to appeal the decision of your UT institution Benefit Office regarding midyear enrollment elections or Change in Status denials. You may appeal mid-year enrollment or change in status decisions by sending a written request within 31 days of receipt of the denial to:

The University of Texas System  
Office of Employee Benefits  
702 Colorado Street, Suite 6.300  
Austin, Texas 78701  
Phone: (512) 499-4616  
Fax: (512) 499-4620

Your written appeal must contain the following:

- 1) a letter stating the name of the UT institution with which you are affiliated and the reason why you believe the mid-year enrollment or Change in Status should be approved;
- 2) a copy of the denial letter you received (if applicable) or a written summary of the discussion you had with your institutions Benefit Office; and
- 3) any additional documents or information you think may have a bearing on your appeal.

All determinations made by Office of Employee Benefits are final.

***NOTE:** Exceptions can be permitted on appeal only if deemed to be extenuating circumstances that are recognized by the Internal Revenue Code.*

# *Notes*