

BEFORE YOU PAY

**FOR YOUR
NEXT**

PRESCRIPTION,

BUY YOUR NEXT

PAIR OF GLASSES,

HAVE

DENTAL OR ORTHODONTIC WORK,

SEND YOUR CHILD TO

DAYCARE,

MAKE YOUR NEXT

CO-PAY,

OR QUIT SMOKING ...

TAKE CARE

OF YOURSELF

S A V E

25% TO 40%

**ON EVERY DOLLAR YOU
SPEND!**

BMS LLC
BENEFIT MARKETING SOLUTIONS

P.O. Box 43653 ~ Louisville, KY 40253-0653
(502) 244-1161 ~ (800) 919-BMSI ~ FAX (502) 244-1162
www.bmsllc.net



HERE'S HOW THE PLAN WORKS

SAVE \$25 TO \$40 ON EVERY \$100 YOU SPEND!

WHAT IS A FLEXIBLE SPENDING ACCOUNT (FSA)?

It is a benefit provided by your employer that lets you set aside a certain amount of your paycheck into an account before paying payroll taxes. Then, during the year, you can use the funds in the account to pay for qualified health or daycare expenses with pre-taxed dollars.

WHAT'S THE BENEFIT WHEN I PARTICIPATE?

Your biggest benefit is saving on your payroll withholding taxes. That's because you will save \$25 to \$40 on every \$100 you budget to pay for qualified expenses. That is a BIG SAVINGS!

CAN YOU EXPLAIN THE SAVINGS IN MORE DETAIL?

Below is an example of how a typical employee's take-home pay will increase as a result of participating in the Plan. For example, let's say an employee makes \$2,000 each month and decides to participate in the Plan. They first pay for qualified insurance premiums (like health and dental insurance) pre-tax through the Plan, but then also contribute to the FSA for medical and daycare expenses with pre-tax dollars. This employee will save approximately \$100 each month!

EMPLOYEE PAYCHECK WITHOUT THE PLAN

Mo. Salary	\$2,000	Net Pay WITHOUT The Plan
Est. FICA, fed. & state taxes	(\$ 500)	
Est. Insurance premium	(\$100)	
Est. Medical & daycare exp.	(\$300)	
<u>Net Pay Without Plan</u>	\$1,100	
		\$1,100.00

EMPLOYEE PAYCHECK WITH THE PLAN

Mo. Salary	\$2,000	Net Pay WITH The Plan
Est. Insurance premium	(\$100)	
Est. Medical & daycare exp.	(\$300)	
Adjusted Income	\$1,600	
Est. FICA, fed. & state taxes	(\$400)	
<u>Net Pay With Plan</u>	\$1,200	\$1,200.00

**THE EMPLOYEE SAVED
\$100 PER MONTH BY SIMPLY PRE-TAXING
THEIR INSURANCE PREMIUMS AND
PARTICIPATING IN THE FSA!**

CHOOSE YOUR PLAN

HEALTH FSA

The Health FSA pays for out-of-pocket medical expenses incurred during the Plan Year. Medical expenses eligible under the Health FSA include items such as co-pays and doctors' fees; deductible expenses; prescription drugs; dental and vision services, and much more.

Take a moment to review the worksheet provided in this brochure to estimate how much you spend on medical expenses each year and how much money you may save by participating in the Health FSA.

DEPENDENT CARE FSA

The Dependent Care FSA covers dependent daycare expenses so you (and your spouse) can work. This account covers daycare expenses for your dependent children through age 12 as well as elder care for parents that live in your home. You and your spouse must work or attend school full time to be eligible to participate in the Dependent Care FSA.

HOW DO I USE THE FSA FOR EXPENSES?

Option #1 —The BMS Flex Debit Card is a very convenient way to pay for your expenses. With the Debit Card you don't have to reach into your pocket for cash to pay for qualified expenses and then submit a claim to get repaid. By using the Debit Card, your purchase is automatically deducted from the appropriate balance on your account. Many of the most popular merchants have made the use of the Debit Card easier by conforming to the IRS IIAS system which requires the qualified items to be automatically substantiated upon swipe.

Option #2 — You can pay for your expenses and then submit a completed claim form along with valid receipts to BMS for reimbursement via check or free direct deposit to your personal bank account.

NOTE: ALWAYS KEEP YOUR RECEIPTS!!
Remember— the IRS does require you to substantiate some debit card swipes. Certain payments will require further verification— dental, vision, medical fees that do not match a standard co-pay amount, or merchants not using the IIAS system. BMS LLC Employee Website will indicate what swipes are in need of receipts.



BMS LLC IS YOUR PLAN SOLUTION

Now that you know about the many ways you can use pre-tax earnings and your Flex Debit Card to keep more of what you earn and cover your out of pocket Medical and Daycare costs, take a moment to learn about the many tools available to you to make the most of your FSA with BMS LLC.

WEB SELF SERVICE

BMS LLC provides a very user-friendly website where you can access your account 24/7 at www.bmsllc.net. Simply choose the Employee Login under the Account Login Tab to access the following services:

- ~View FSA account balances & details.
- ~View FSA Claims History and Debit Card Use.
- ~Create Claim Forms & Debit Card Substantiation Forms (to then be faxed or emailed to BMS.)
- ~Sign Up for Free Direct Deposit.
- ~Order Extra Flex Debit Cards.
- ~Contact BMS Customer Service Dept.

(If this is your first time logging in, please use the New User Option and follow the steps to create your own unique username and password for your online account.)

FILING CLAIMS

To submit manual claims for reimbursement, simply go online at www.bmsllc.net to complete the online claim form and then fax the completed claim form, along with your qualified receipts, to BMS (cancelled checks and credit card statements are NOT qualified receipts).

BMS offers daily claims review and processing of FSA reimbursement claims as well as twice weekly claims reimbursement payments. It usually takes 1 to 2 business days to process your claim. Within a short time, you will receive your TAX-FREE reimbursement.

FAX SUBMISSION:

(502)244-1162

E-MAIL SUBMISSION:

claims@bmsllc.net

MAIL SUBMISSION:

BMS LLC

PO Box 43653

Louisville, KY 40253-0653

BMS encourages you to complete an ACH Direct Deposit form, available on our website. Direct Deposit will speed up the reimbursement process and save you a trip to the bank!

BMS LLC CUSTOMER SERVICE

When you have specific questions regarding your account, you can call the BMS Home Office at **(800) 919-BMSI**. Our dedicated Customer Service Team is available Monday through Friday, 8:30-5:00 PM EST.

BMS LLC CUSTOMER SERVICE CONT.

We offer prompt answers to any questions you have regarding your account. Or, dial the FSA Automated Line directly at **(877)BMS-FLEX** (available 24 hrs. day/7 days a week) for account balance, etc.

IMPORTANT INFORMATION

Must money be deposited in my account before I pay expenses for a claim? NO. The entire annual amount you elect for the Health FSA is available on the first day and throughout the Plan Year. However, only amounts contributed per pay period are available for Dependent Daycare.

I already have health insurance. Why should I participate in the Health FSA? The Health FSA is used to pay for expenses not covered by insurance. These include co-pays, dental, vision, prescription drug co-pays, just to name a few.

I don't use my employers' health insurance. Can I still participate? YES. You can still set aside money (before taxes are taken out) to budget and pay for qualified expenses for you and your dependents. Remember, a qualified expense paid from this plan cannot be eligible for reimbursement from another plan.

If I set aside part of my pay, won't I make less money? No. For every dollar you set aside to pay qualified expenses, you save FICA, federal income tax and state taxes. Your net take-home pay will increase by the taxes you save.

Can I change my contributions during the year? For Health and Dependent Care FSA, you can only change your election if you have a qualified change in status including birth, death and employment changes. Contact HR or BMS LLC for more details on what qualifies.

What if I don't use all of the money in my account? Contributions not used during the plan year may not be returned to you in cash or used in a later year due to IRS regulations on pre-tax benefits. Ask BMS LLC if your employer has implemented the 2 ½ month grace period that allows you extra time to spend your money.

What happens to my account if I terminate employment? You may request reimbursement for qualified expenses incurred **prior** to your termination date. Check your Plan Details with your HR for additional rights provided by your employer's plan.



YOUR BMS LLC PLAN WORKSHEET

Now that you know about the many ways you can use pre-tax savings and your BMS LLC Take Care Flex Debit Card to keep more of what you earn, take a moment to fill out this basic worksheet to determine how much money you will save. Remember—please be wise in budgeting the amount you wish to contribute to the FSA as balances left at the end of the Plan Year cannot be returned to the individual participant due to IRS guidelines regarding pre-tax Plans.

NOTE: This worksheet is for illustrational purposes only and is subject to each individual's tax bracket and out of pocket expenses.

HEALTHCARE EXPENSES (estimated)

FOR EXPENSES NOT COVERED BY INSURANCE

Co-pays to doctors	\$ _____
Prescription Drugs	\$ _____
Prescribed sunglasses & eyeglasses	\$ _____
Contact lenses, solutions & supplies	\$ _____
Eye exams, surgery & LASIK	\$ _____
Dental cleanings, fillings & x-rays	\$ _____
Sealants, crowns, bridges & dentures	\$ _____
Braces, spacers & retainers	\$ _____
Tooth extraction, implants & oral surgery	\$ _____
Psychologist & psychiatrist fees	\$ _____
Obstetrics & fertility	\$ _____
Lab tests & body scans	\$ _____
Chiropractic & podiatrist fees	\$ _____
Oxygen, insulin, syringes & supplies	\$ _____
Hearing aids, batteries & exams	\$ _____
Artificial limbs, braces, orthopedic shoes	\$ _____
Walkers, canes & wheelchairs	\$ _____
Alcoholism & drug treatment	\$ _____
Medical alert bracelet & fees	\$ _____
Reconstructive surgery (birth defect, disease)	\$ _____
Wigs for hair loss caused by disease	\$ _____
Special school for disabled child	\$ _____
Over the Counter Items (with Physicians Prescription.)	\$ _____

A. ESTIMATED TOTAL TO BE CONTRIBUTED TO YOUR HEALTH FSA

\$ _____

DEPENDENT CARE EXPENSES (estimated)

SO YOU CAN WORK

Daycare, Nanny or babysitter thru age 12	\$ _____
Pre-K or nursery school	\$ _____
Before & after-school care thru age 12	\$ _____
Day camp thru age 12	\$ _____
Daycare for a disabled adult or child	\$ _____
Elder daycare for parent or dependent	\$ _____

B. ESTIMATED TOTAL TO BE CONTRIBUTED TO YOUR DEPENDENT DAYCARE FSA

\$ _____

INSURANCE PREMIUMS (already pre-taxed— for illustration only. Cannot be contributed to FSA.)

ONLY THOSE DEDUCTED FROM YOUR PAYCHECK AND ELIGIBLE TO BE PRE-TAXED.

Health Insurance (your share only)	\$ _____
Other Qualified Insurance (your share only) Such as Dental, Vision, Accident, Cancer, etc.)	\$ _____

C. ESTIMATED TOTAL OF ELIGIBLE PRE-TAXED INSURANCE PREMIUMS

\$ _____

ESTIMATED ANNUAL EXPENSES & TAX SAVINGS

Enter estimated annual household earnings (Remember you save between 25% and 40% on your FICA, federal and state tax.)

\$ _____

- A. ESTIMATED HEALTHCARE EXPENSES TO CONTRIBUTE TO YOUR HEALTH FSA**
- B. ESTIMATED DEPENDENT CARE EXPENSES TO CONTRIBUTE TO YOUR DAYCARE FSA**
- C. ESTIMATED INSURANCE PREMIUMS (Normally already pre-taxed.) Cannot be contributed to the FSA.**

\$ _____
\$ _____
\$ _____
\$ _____

GRAND TOTAL

\$ _____

ESTIMATED TAX RATE

25%-40%

EST. TOTAL PRE-TAX SAVINGS

\$ _____



Qualified Medical Expense List Under Your Health FSA

Acid reducing gum, liquid & tablets	Diaper rash ointments	Ovulation indicators
Acne Medications	Diuretics & water pills	Oxygen
Acupuncture fees	Doctor's office co-pays	Pain relievers, aspirin, non-aspirin
Airplane ear protection	Eye watering/drying aid	Periodontist & Endodontist fees
Alcoholism & drug treatment	Ear Wax removal drops	Physical & speech therapy
All prescriptions drugs dispensed in US	Eardrops for swimmers	Physician & Osteopath fees
Allergy medications	Eczema cream	Physiologist & Psychiatrist
Ambulance expense	Elevated toilet seats	Pill Boxes
Anti-diarrhea medications	Emergency room co-pays	Pinworm treatment
Antifungal treatments	Endodontist Fees	Pregnancy test
Anti-itch lotion	Eye exams	Prescribed medicines
Antiseptic or ointment for cuts	First aid bandages, gloves & masks	Prescription Glasses & Contacts
Arches & orthopedic shoes	First Aid wipes	Programs (for specific disease with doc's note)
Arthritis pain reliever	Flu relief syrup, tablets & drops	Quit smoking programs, patches & gums
Artificial limbs & braces	Flu shots	Radiology
Bedpans & ring cushions	Gas prevention tablets or drops	Reconstructive bypass surgery associated with birth defect, disease or accident
Benzocaine swabs	Gastric bypass surgery	Reconstructive Surgery in connection with birth defect, disease & Accident
Body scans	Glucose meters and tablets	Respiratory stimulant ammonia
Boric acid powder	Hearing devices & batteries	Routine check-ups
Braille Books, & magazines	Hemorrhoid relief	Shower bars & safety handles
Bronchial asthma inhalers	Home blood or drug tests	Shower protection for casts, prostheses, etc
Bronchodilator/expectorant tablets	Homeopathic earache tablets	Sinus & allergy nasal spray
Bunion & blister medications	Homeopathic sinus medications	Sleeping Aids
Chiropractor & Podiatrist fees	Hot & cold compress packs & wraps	Smoking Cessation programs, patches & gums
Cholesterol tests & monitors	Humidifiers & Vaporizers	Special schooling for a disabled child
Christian Science practitioner's fees	Hydrogen peroxide	Surgical fees
Co-Insurance	Incontinence supplies	Syringes
Cold relief syrup, tablets & drops	Inpatient admission co-pays	Therapeutic support gloves
Cold sore & fever blister medications	Iodine tincture	Throat pain medications
Colorectal cancer screening tests	Ipecac syrup	Travel to doctor or healthcare facilities
Contact lenses and solution	Itch relief	Upset stomach medications
Contraceptives	Lab Fees	Vapor patch cough suppressant
Co-payments	Laxatives	Wart removal medications
Corn & callus removal	Lice control	Weight-loss programs & fees pertaining to a specific disease (with physicians note)
Crutches & canes	Medical alert bracelets & fees	Wheelchairs, walkers & shower chairs
Deductibles	Medicated bandages	Wigs for hair loss caused by disease
Dental fillings, crowns & bridges	Medicated bath products	X-rays & MRI
Dental sealants	Medicated chest rub	
Denture adhesive	Motion sickness tablets	
Dentures	Nasal decongestant spray/drops/inhaler	
Diabetic lancets	Needles	
Diabetic supplies	Obstetrics & Fertility	
Diabetic test strips	Office visits	
Diagnostic services or treatment	Orthodontist & Dentist	

NOTE: This list is not all inclusive and is subject to change. Contact BMS LLC for questions regarding a specific expense item to determine if it is qualified for reimbursement.

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***Effective January 1, 2011, certain Over-The-Counter items will no longer be eligible expenses for reimbursement under a FSA unless they are accompanied by a Doctor's prescription. Over the Counter Categories affected by this change include: Acid Controllers, Allergy & Sinus Medicine, Antibiotics, Anti-Diarrheas, Anti-Gas Products, Anti-Itch & Insect Bite, Anti-Parasitic Treatments, Baby Rash Ointments/Creams, Cold Sore Remedies, Cough Cold & Flu, Digestive Aids, Feminine Anti-Fungal/Anti-Itch, Hemorrhoid Preps, Laxatives, Motion Sickness, Pain Relievers, Respiratory Treatments, Sleep Aid Sedatives, and Stomach Remedies. The use of the Debit Card is available if you have a qualified prescription on file with the Pharmacy. NOTE: Reimbursement is still an option through our Check or Direct Deposit Methods by simply submitting a manual claim to BMS, including a Doctor's prescription, to conform with new regulations enacted as part of Healthcare Reform.**



Why do I need to send in receipts when using my Debit Card?

Simply speaking, **the IRS!** If they are going to allow you to keep a chunk of your money without paying taxes, they require that you keep receipts for 100% of your medical expenses and send them in if asked. Receipts help BMS to verify that your expenses are acceptable within the IRS guidelines.

I thought the FSA Debit Card was supposed to make it easier. Why do I still need to send in receipts on some Expenses? Is there still a benefit to having the Debit Card?

This is still part of the same program whether you are using manual claims or your Debit Card for your medical purchases and the IRS still insists you obtain valid receipts for **every** medical purchase.

Yes, there are still major benefits to the card even though you might have to send in a receipt. First, the moment you swipe the card you have been immediately reimbursed. Even if you might have to send in a receipt you do not have to wait for your money.

It might seem logical to assume that any purchase from a dentist or from an eye doctor would be okay. Actually, things like teeth bleaching or non-Rx contacts (just to change eye color) would not qualify for the FSA. Even though you still have to obtain a valid receipt for all debit card purchases, you may not have to send certain ones in every time you use your card. For example, if the Dr. Office co-pays are even amounts (e.g., \$10) you will not be asked for a receipt. If they are odd amounts (e.g., \$27.63) you probably will be asked to provide a receipt. Most often receipts are necessary for hospital bills, dental services and vision expenses. In reality, less than 10% of swipes actually require substantiation via receipt.

Explain the IIAS System (Inventory Information Approval System) for FSA Debit Cards?

Even in this high-tech society medical debit cards are only “half smart”. July 1, 2009 a mandate requiring drug stores and pharmacies to implement IIAS or become a “90 percent” retailer went into effect. IIAS certified means that at the point of sale, the retailer is able to distinguish qualified medical expenses versus non-qualified medical expenses as outlined under Section 213(d) of the IRS code. “90 percent” retailer means that the retailer has certified that 90 percent of the store’s gross receipts consist of items which qualify as for medical care.

What does this mean to you?

If you use your Debit Card at a full IIAS compliant or “90 percent” retailer, the purchase will be substantiated at the point of sale and there will be no need to send in receipts. However, if you use your card at a retailer which has not yet become IIAS certified or taken action to be considered a “90 percent” retailer you will not be able to use your flexible benefits card at that location. You can always submit those claims manually for reimbursement via check or direct deposit.

You keep saying “valid receipts,” what are they?

The IRS says a valid receipt will have: the medical provider’s name; the patient’s name; a description of the product or service; the date of service or date of purchase; and the amount of out-of-pocket expense.

Certain expenses (such as medical deductibles) require an Explanation of Benefits (EOB) statement from the insurance company to determine exactly what they expect the member or patient to pay. Items such as cancelled checks, credit card statements and similar items are **UNACCEPTABLE** to the IRS.

Where can I find a list of legitimate expenses and what happens if I buy something with my card that is not acceptable?

An extensive list of eligible expenses is available at www.bmsllc.net as well as in this brochure. Anything purchased with the FSA Debit Card that is not allowed by the IRS or is not verified must be repaid to the program or else the IRS says your card must be suspended.

For details on the IRS Inventory Information Approval System (IIAS) visit our website, www.bmsllc.net.

NOTE: Effective January 1, 2011, certain Over-The-Counter items will no longer be eligible expenses for reimbursement under a FSA unless they are accompanied by a Doctor’s prescription. You can submit these items to BMS LLC via a manual submission for reimbursement, IF you include a doctor’s note prescribing the OTC drug or medication OR purchase the OTC drug or medication at the pharmacy counter using the BMS Take Care debit card by presenting the prescription to the pharmacist. More details of this change can be found at www.bmsllc.net.

Please visit www.bmsllc.net and click on Account Login to review if there are transactions that need to be substantiated or verified. A deadline for receiving your receipts will be indicated on the website. You will also receive e-mail notification if you have pending Debit Card transactions. We allow 60 days for you to respond to requests for receipts prior to us automatically suspending your card.

BMS LLC is committed to making this a successful program for you!