Health Reimbursement Arrangement Voucher Packet

American Fidelity Assurance Company
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Dear HRA Participant:

As your company's Health Reimbursement Arrangement (HRA) provider, we appreciate the opportunity to assist you with your HRA Account. The funds allocated to you by your employer will be available to reimburse you for some of the out-of-pocket medical expenses you will incur over the course of this plan year. Please look over the information enclosed in this booklet. Hopefully, you will find that it will be very helpful throughout the year.

The following information is included in this booklet:

- How Does Your HRA Work
- What Expenses are Eligible for Reimbursement
- Important Information About Your HRA
- How To File A Claim
- How To Check Your Balance/Claim Status
- Questions and Answers
- Information about Direct Deposit
- Direct Deposit Forms/Reimbursement Vouchers
- Privacy Notice

Please note that we have provided contact and fax numbers on the back page of this booklet. Feel free to contact us if you have any questions about your account – we're always happy to help! Again, we look forward to assisting you throughout the year.

Sincerely,

American Fidelity's
HRA Administration Team

How Does Your HRA Work?

By participating in your employer's Health Reimbursement Arrangement, you now have access to a completely employer-funded account that can be used to reimburse you for eligible out-of-pocket expenses throughout the plan year.

Your employer will let you know the specific information about your plan, including, but not necessarily limited to:

- The amount to be funded to your account for the current plan year,
- When the account will be funded (usually monthly, quarterly or annually),
- Which expenses are eligible for reimbursement,
- Whether remaining funds at the end of the plan year will be allowed to "roll over" to the next plan year, and
- Any other information specific to your plan.

The funds in your account have been determined by your employer and will be available to offset eligible out-of-pocket medical expenses such as co-pays, co-insurance, deductibles, or other eligible Code §213(d) expenses. Reimbursable expenses must have been incurred for you and, if your employer so determines, for your spouse or your eligible dependents.

Only out-of-pocket medical expenses incurred after the effective date of the HRA and which have not been nor will be reimbursed from other sources are eligible for reimbursement. When the current plan year ends you will be allowed a 90-day run-off period in which you may submit any remaining claims that have not yet been reimbursed.

At the end of the run-off period, the funds remaining in your account, if any, will be handled according to the provisions of your plan. Your employer will communicate the details to you.

What Expenses are Eligible for Reimbursement?

HRAs are generally limited to cover only co-insurance, co-pays, or deductibles associated with your employer's major medical, dental, or vision insurance. However, it is possible for HRAs to reimburse any §213(d) eligible medical expense.

Your employer will communicate to you what type of expenses are eligible for reimbursement under this plan. If your plan does allow the reimbursement of all §213(d) eligible medical expenses, please visit American Fidelity's web site, www.afadvantage.com, to review a list of reimbursable items. You can access the list by selecting *Health Reimbursement Arrangements* from the drop down menu under the *For Individuals* tab. Once you navigate to the Health Reimbursement Arrangement page you will find a link to the list.

Before submitting a claim for reimbursement, be certain that you're aware of your employer's rules for your HRA plan.

As a general rule, employees pay no FICA, federal, or state income taxes on employer or employee HRA contributions. However, some state tax rules do not allow the tax-free treatment that applies under federal law and, therefore, HRA benefits may need to be included in your income for state tax purposes. For more information, consult with your tax advisor.

Important Information About Your HRA

- The IRS does not allow you to be reimbursed by more than one source for the same expense. Please be certain that you have not been/will not be reimbursed by any other source when you submit an HRA claim. "Double-dipping" can result in severe IRS penalties.
- If your employer currently offers Flexible Spending Accounts (FSAs) as an available benefit and your HRA will reimburse any §213(d) expense (rather than limiting the reimbursement to specific expenses such as co-pays, co-insurance and/or deductibles), your FSA must be exhausted before the HRA funds can be utilized. Therefore, claims for reimbursement must be submitted first to the FSA provider, and then to the HRA provider. Claims should be submitted accordingly.

There may be additional rules that apply to your employer's HRA.

Options at Employment Termination

Upon termination of employment, an employee has two options:

1. Discontinue participation in the HRA. The employee will have through the end of the current plan year and the run-off period to submit claims that were incurred during their participation in the current HRA plan year. **Claims that were incurred after the termination date will not be reimbursed.** Any remaining HRA balance at the end of the run-off period will be returned to the Employer.

2. Elect COBRA for the HRA. In order to maintain participation in the HRA the employee may elect to continue by electing COBRA. COBRA participation allows the participant to continue the same coverage level that existed under the HRA immediately preceding the COBRA-eligible event. **Continued HRA participation via COBRA must be funded by the COBRA participant.**

How To File A Claim

1. Complete and submit an HRA Expense Reimbursement Voucher, along with third-party documentation (see the list below of acceptable documentation), to American Fidelity. For forms, please visit our website www.afadvantage.com. If you do not have Internet access, please contact us at (888) 577-5555.

2. Submit your completed form and documentation to American Fidelity. You can either mail it to the address listed at the bottom of the reimbursement voucher or fax it to us toll free at (800) 240-0642. We are unable to verify the receipt of your fax for 1 full business day after it is sent, however, after that time we will be happy to confirm its receipt.

3. When your claim is received, our team will review and process your request for reimbursement.

4. You can choose to have your reimbursement mailed to you or have the funds deposited directly into a specified checking account. More information on direct deposit, including the form to get started, is included in this booklet.

Acceptable Documentation to be submitted with your HRA Reimbursement Voucher:

1. Bill or receipt that includes the name of the service provider, the type of service rendered, the original date of the service, and the charge for the service; or

2. *Insurance Company Explanation of Benefits (EOB); or

3. Pharmacy statement that includes the Rx number and the name of the prescription, along with the amount charged.

4. Effective January 1, 2011, OTC Reimbursements drugs and medicine require a medical practitioner's prescription, including:
   1) The name and address of the patient;
   2) The name and quantity of the drug prescribed and directions for use;
   3) The date of issue;
   4) The name, address, and phone number of the prescriber, his or her license classification, and his or her federal registry number;
   5) A description of the condition for which the drug is being prescribed;
   6) The signature of the medical practitioner issuing the order.

Unacceptable Documentation that should NOT be submitted with your HRA Reimbursement Voucher:

1. Cancelled checks/credit card receipts; or

2. Bill or receipt that shows a balance forward/previous balance or payment.

***HRA plans that reimburse only co-pays, co-insurance, or deductibles require that an EOB from your major medical carrier be submitted to obtain reimbursement.**
Consult your Employer for details.

Important Claims Submission Reminders:

- Submitting unacceptable documentation with your reimbursement voucher will dramatically hinder the reimbursement process. If you have questions regarding acceptable documentation, please feel free to contact us at (888) 577-5555.
- Please keep a copy of all claims submitted for your records. There will be a $50 charge for pulling claims that have been processed.

How To Check Your Balance Or Claim Status

Contact our Customer Service Representatives:
You can always choose to speak directly with one of our customer service representatives. We are happy to hear from you and are eager to answer your questions. You can reach us at **(888) 577-5555** Monday through Friday, 8:00 – 4:45 Central Standard Time. Please specify that you have questions regarding your Health Reimbursement Account.

Questions and Answers

Q. What paperwork is required to submit an HRA claim?

- Fill out the HRA Expense Reimbursement Voucher and include third-party documentation which provides the following information:
  (1) The date of service
  (2) The type of service
  (3) The charge for the service; or

- **Insurance Company's Explanation of Benefits (*may be required for reimbursement, based on your employer's HRA plan design*); or**

- Pharmacy statement that includes the Rx number and the name of the prescription, along with the amount charged.

- Effective January 1, 2011, OTC Reimbursements drugs and medicine require a medical practitioner's prescription, including:
  1) The name and address of the patient;
  2) The name and quantity of the drug prescribed and directions for use;
  3) The date of issue;
  4) The name, address, and phone number of the prescriber, his or her license classification, and his or her federal registry number;
  5) A description of the condition for which the drug is being prescribed;
  6) The signature of the medical practitioner issuing the order.

Q. How long will it take for my claim to be processed?

Depending on how your employer is funding your HRA plan, claims will be processed daily, semi-monthly or monthly. If you fax your claim, you will save on mail time. Signing up for direct deposit is an additional way to expedite your reimbursement. It is possible that HRA Reimbursements will be processed more frequently than semi-monthly or monthly, depending on your employer's HRA plan design. See your employer for additional details.

Q. How can I find out if you received my fax?

To check on the status of your fax, call our toll-free number, **(888) 577-5555**. We are unable to verify the receipt of your fax for 1 full business day after it was sent, however, after that time we are happy to confirm its receipt.

Q. I am making monthly payments to pay for surgery that I had last year, are these payments eligible?

It is important to remember that only services incurred while you are participating in your employer's HRA plan are eligible for reimbursement. Expenses incurred before your participation began are not eligible.

Q. What if my employment with my current employer terminates during the middle of the year? Will I still be able to access my HRA funds?

If your employment terminates during the middle of the plan year for any reason, any remaining funds in your HRA account will be forfeited to your employer unless COBRA is elected. See additional information on this topic under the section "Options at Employment Termination" included in this booklet.

Q. The run-off period for my plan will end very soon. Does my claim have to be in your office by the last day of the run-off period, or just postmarked by this date?

Claims must be received in our office on or before the last day of the run-off period. American Fidelity will not honor claims received after the run-off period.

Direct Deposit

Have you signed up to have your HRA reimbursements deposited directly into your bank account? By selecting this method of payment, you will be saving days of waiting for your reimbursement check to arrive in the mail.

- Direct deposit eliminates the possibility of your check being lost or delayed by the mail!
- Direct deposit eliminates a trip to the bank to deposit your reimbursement check!

Each time a deposit is made to your account, you will be mailed an Explanation of Benefits that shows the deposit made as well as a summary of your account. This will help you keep track of your account.

How do you get started on direct deposit?

Just complete the Authorization Agreement for Automatic Deposit that you'll find in this booklet. Attach your voided check in the space allotted and mail or fax it back to us! It will take approximately two weeks from the date that we receive this authorization for direct deposits to begin. Until that time, reimbursements will be made by check.

How do you make a change?

If you change banks or account numbers, simply complete a new authorization agreement. We will stop your deposits as soon as we receive the new authorization agreement. We will stop your deposits as soon as we receive the new authorization. It will take approximately two weeks for deposits to begin going to your new account. During this time, you will receive a check if any reimbursements are made to you.

How long will this authorization remain in effect?

This authorization will remain in effect until you send us written notification to terminate it. If you participate in the Health Reimbursement Arrangement again for the next plan year, your authorization will carry over. If you do not participate in the HRA for the next plan year, there will simply be no deposits made to your account following the runoff period.

We hope that you'll decide to take advantage of this "fast payment" service! If you have any questions, please call us at **(888) 577-5555**.

Would you like to have your reimbursement deposited directly into your Checking or Savings Account?

If so, please complete and return the following form:

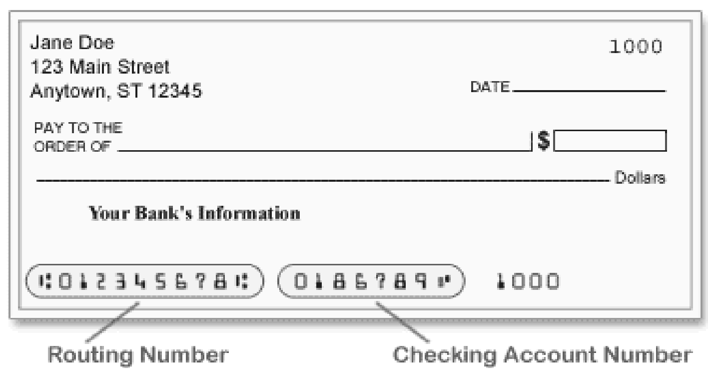
Name of Employer			Daytime Phone
Name of Employee (Last, First, M.I.)			Social Security #
Address	City	State	Zip Code

Banking Information (Routing and Account numbers) must be included in order for request to be processed, or you may attach a voided check.

Routing Number

Account Number

Bank Name



I hereby authorize American Fidelity Assurance (AFA) Company to make deposits into my account. I understand that it will take approximately two weeks from the date that AFA receives this authorization for direct deposits to begin.

This authority is to remain in full force and effect until AFA has received written notification from me of its termination in such time and such manner as to afford AFA and my financial institution a reasonable opportunity to act on it.

Fax this form to (800) 240-0642, or

Mail to:
American Fidelity Assurance Company
AFES Flex Account Administration
P.O. Box 25510
Oklahoma City, OK 73125-0510

Signature

Date

AFES HEALTH REIMBURSEMENT ARRANGEMENT
EXPENSE VOUCHER

Name of Employee (Last, First, MI)		Social Security #
Mailing Address [ ] *Check here if this is a new address*	**E-mail address**	
Name of Employer		**Daytime Phone #**

Date of Expense	Name of Person for Whom the Expense Was Incurred	State Tax Law Eligible (If Incurred for a Dependent)*		Amount of Medical Expense
		Yes	No	
				Expense Total: (must be completed)

<u>HRA EXPENSE GUIDELINES</u>: Some Employer's HRA Plans require an Explanation of Benefits (EOB) to be submitted with each reimbursement request. Check with your Employer for details on your plan.

<u>Acceptable Documentation</u> to accompany the reimbursement voucher:

√ Professional bill or receipt that includes:
- Provider of service
- Type of service rendered
- Charges for the service
- Original date of service

<u>**NOTE:** the date of service, not the date of payment must fall within the dates of the plan year for which you are enrolled</u>

√ Insurance Company Explanation of Benefits

√ Pharmacy Statement that includes Rx number and name of prescription

√ **Over-the-counter drugs and medicine - medical practitioner's prescription and receipt required**.

<u>Unacceptable Documentation</u> includes:

√ Cancelled checks or credit card receipts

√ Bill or receipt that only shows a balance forward/ previous balance or payment due

I authorize the above expenses to be reimbursed from my Health Reimbursement Arrangement. To the best of my knowledge my statements on this form are true and complete. I certify that either I, my spouse, or my dependent (qualifying child or qualifying relative as defined in Code Section 152*)* or qualifying adult child (as amended in Code Section 105 to be included as a dependent with respect to benefits provided after March 30, 2010) has received the services described above on the dates indicated and that the expenses qualify as valid medical care expenses under Code Section 213 (d). I certify that these expenses have not been reimbursed, nor will I seek reimbursement, under a major medical plan or any other health plan, such as an individual policy or my spouse's or dependent's health plan, a Health Savings Account, or Health Flexible Spending Account. I understand that the expense for which I am reimbursed may not be used to claim any federal income tax deduction or credit. I further understand that I may be asked to provide further documentation or further detail relating to an expense.

** You only need to complete this box if you live in one of the following states: HI, IN, MN, VT, WI.* As a general rule, employees pay no FICA, federal, or state income taxes on employer or employee Health Reimbursement Arrangement contributions or reimbursements. However some state tax rules do not allow the tax-free treatment that applies under federal law and, therefore, Health Reimbursement Arrangement reimbursements may need to be included in my income for state tax purposes. I have verified and appropriately indicated, to the best of my knowledge, whether each dependent for whom an expense was incurred is a state tax-qualified dependent in the state where I reside.

______________________________ ______________________________

Signature of Employee **Date Signed**

Mailing Address: American Fidelity Assurance Company, AFES Flex Account Administration, PO Box 25510, Oklahoma City, OK 73125-0510 **PHONE NUMBER:** 1-888-577-5555 **FAX NUMBER:** 1-800-240-0642

American Fidelity will not be responsible for faxes not received. Average processing time is 5 to 7 working days from receipt of a completed voucher. Additional Forms and Account Information are available on our website at: www.afadvantage.com – forms for **Education Employees.**

<u>INCOMPLETE VOUCHERS MAY DELAY PROCESSING OR RESULT IN A DENIED CLAIM</u>

AFES rev0511

KEEP A COPY OF ALL CLAIMS SUBMITTED FOR YOUR RECORDS

Dependent Definition for State Tax Purposes
Updated May 17, 2011

State		Rule
HI WI		Internal Revenue Code Section 152 in Effect from Jan 1, 2005 to Dec. 31, 2008, does not follow current federal law. An individual who is a Qualifying Child or Qualifying Relative is a tax-qualified dependent. A “Qualifying Child” is: • A child (including natural, adopted, foster and/or step child) and descendent of such person (i.e., grand and great grandchildren), or a brother or sister (including step) and a descendent of such person (i.e., nieces or nephews, including step nieces and nephews); and, • Has the same principal abode as the employee for more than half of the year, • Is under the age of 19 at the end of the year, or, if a full-time student, under the age of 24 at the end of the year, or is permanently disabled, and • Does not provide more than half of his or her own support. A “Qualifying Relative”: • A child (including natural, adopted, foster and /or step child) and descendent of such person (i.e., grand and great grandchildren), or a brother or sister (including step siblings), parent or ancestor, stepparent (not including ancestors), aunt or uncle, niece or nephew, in-laws, or any other individual not listed above (i.e., a non-relative) who, for the taxable year (1) has the same principal place of abode as taxpayer, and (2) is a member of taxpayer’s household (and the relationship does not violate local law), and • Receives more than half of his or her support from the employee; and, • Is not a “qualifying child” of any taxpayer. The general rule in the case of divorce is that the custodial parent (with whom the child resides for more than half the year) is eligible to claim the child as a tax dependent. To determine when a non-custodial parent may claim a child as a tax-dependent for benefit plan purposes, contact your state or tax advisor.
IN VT MN*	*Complies with federal law for 2010 only.	Internal Revenue Code Section 152 in Effect from Jan. 1, 2009 to March 29, 2010, does not follow current federal law. The Internal Revenue Code Section 152 definition in effect in 2009 applies, but in order to be a Qualifying Child the individual also (1) must not have filed a joint return (other than a claim of refund) with the individual’s spouse for a taxable year beginning in the calendar year in which the taxable year of the taxpayer begins; and (2) must be younger than the employee/taxpayer.
All Other States and Current Federal Law 2011	It appears that the current dependent qualification requirements for other states income tax laws follow the federal law.	Internal Revenue Code Sections 152 and 105 in Effect from March 30, 2010 to present: The Internal Revenue Code Section 152 definition in effect on January 1, 2010 applies. In addition, a child (including natural, adopted, foster and/or step child) of a taxpayer who as of the end of the calendar year has not attained age 27 is eligible under both federal and state law to receive tax-free health FSA reimbursements (regardless of whether the individual is a Qualifying Child or Qualifying Relative).

American Fidelity does not provide legal advice – as such, we suggest that employers and individuals consult with their legal counsel and/or tax advisors.

Helpful Tips For Your HRA Account:

Need more forms? Visit us online at www.afadvantage.com! No Internet Access?
No problem!! Call us at (888) 577-5555 between 8:00-4:45 CST. We're happy to send you any of the forms that you need.

Questions about your account? Call our Customer Service Hotline!
We are happy to help with any questions or concerns you may have. Give our Customer Service Team a call at (888) 577-5555 and one of our friendly team members will be right with you. Our call center is open Monday through Friday, 8:00 to 4:45 CST.

Put Your Claim on the Fast Track:

Fax Claim Toll Free to: 1-888-577-5555

Sign up for Direct Deposit of Reimbursement

Visit Us Online at *www.afadvantage.com* for reimbursement forms!

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