University of Utah Flexible Benefit Plan

Enrollment Guide

The University of Utah Flexible Benefit Plan is a Cafeteria Plan as defined in Section 125 of the Internal Revenue Code and is designed to permit an Eligible Employee to defer income on a pre-tax salary reduction basis to an account for reimbursement of certain Health Care Expenses and Dependent Day Care Expenses

Inside:

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INTRODUCTION

The University of Utah Flexible Benefit Plan (the "Plan") is a way to pay for certain eligible expenses on a BEFORE TAX basis:

- Health care expenses for you and your eligible dependents ("Health Care FSA")
- Dependent day care expenses for your eligible dependents ("Dependent Day Care FSA")

See the Health Care FSA and Dependent Day Care FSA Summaries below for information on eligible expenses.

The University's Plan Year is the 12-month period beginning on each July 1, and ending on June 30 of the following calendar year.

Eligibility

You are eligible to enroll in the Plan if you are a University of Utah employee in one of the following benefit-eligible positions, provided that the Plan election procedures are followed:

- Faculty members employed in a Tenure-line (Tenured or Tenure-track) position(s) at 50% FTE or greater (or at 37.5% or greater pursuant to a nine-month employment contract which is to be paid out over a twelve-month period), and faculty members employed in a faculty position(s) other than a Tenure-line category (for example, in a Career line, Adjunct, or Visiting Faculty category position) who have an appointment for nine months or longer at 50% FTE (full-time equivalent) or greater;

- Staff employees who are employed in a position expected to last nine (9) months or longer at 50% FTE or greater; and

- Employees who have qualified under one of the first two categories and are currently on an approved Phased Retirement Agreement.

Enrollment

New Hires: If you are new to the University or transfer from a University position not eligible for benefits to a benefit-eligible position, you may enroll within 90 days of your hire/transfer date (your "Initial Enrollment Period"). You must complete an FSA Enrollment through UBenefits (https://hr.apps.utah.edu/ubenefits/#/) during your Initial Enrollment Period. Your participation in the Plan will begin retroactive to your date of hire/transfer. If you do not enroll during your Initial Enrollment Period, you will not be able to enroll until the next Open Enrollment (unless you experience a Status Change Event—see WHEN CAN I MAKE A CHANGE IN MY ELECTION for additional information).

Open Enrollment: If you enroll during the annual Open Enrollment, your participation in the Plan will begin on the first day of the new Plan Year (July 1). Open Enrollment is usually held in May each year. Elections do not roll over from one Plan Year to the next. If you wish to continue participation in the Plan each Plan Year, you must reenroll during each Open Enrollment.

Minimum and Maximum election Amounts: The minimum you may elect is $5 per pay period per account. You may elect up to $2,700 (in 2019) in the Health Care FSA and up to $5,000 in the Dependent Day Care FSA. The IRS limits the amount you may elect for a Dependent Day Care FSA to $5,000 per calendar year per family.

Tax Savings

Paying for health care expenses through the Plan can save you 20% - 40% in taxes on each dollar that you spend for your share of health plan deductibles, copayments, and other medical expenses not covered by insurance (for example, glasses and over-the-counter medications used to treat medical conditions). Depending on your tax bracket, the Dependent Day Care FSA may save you more in taxes than the daycare tax credit (filed with your federal income tax return).

By electing to direct a portion of your salary through the Plan, you essentially use this money to pay for expenses on a TAX-FREE basis that would otherwise be paid out of your take-home pay.

The following example shows how the Plan could save this employee $332 in taxes:

	Without Plan	With Plan	Savings with Plan
Gross Income	$25,000	$25,000	
Medical Expenses paid through the Plan		1,200	
Taxable Income	$25,000	$23,800	
Federal Tax*	2,985	2,805	180
State Income Tax	790	730	60
Social Security (FICA) Tax	1,913	1,821	92
Pay Check After Taxes	$19,312	$18,444	
Expenses not run through the Plan	1,500	300	
Your Spendable Income	17,812	$18,144	**$332**

Notice that not all this employee's expenses were run through the Plan.

**Estimate based on 15% Marginal Tax Bracket - single with standard deduction*

HEALTH CARE FSA SUMMARY

The Health Care FSA is intended to qualify as a "self-insured medical reimbursement plan" under Internal Revenue Code §105, and the Health Care Expenses reimbursed are intended to be eligible for exclusion from participating employees' gross income under Code §105(b).

STEPS TO PARTICIPATE IN THE HEALTH CARE FSA

1. **Estimate your family's annual out-of-pocket medical expenses**. You may include expenses for anyone included on your federal tax return (spouse, children, etc.) Include predictable expenses only.
2. **Enroll in the Health Care FSA**. If you are new to the University, complete your enrollment through UBenefits during your Initial Enrollment Period (first 90 days following your date of hire into a benefit-eligible position). Otherwise, you may enroll during the annual Open Enrollment in May by making your election through the UBenefits Open Enrollment application.
3. **Receive medical services.** A Health Care Expense is **Incurred** when the services are provided that create the expense, regardless of when you are billed or pay for the expense. You must receive medical services before you file a claim for those services (an FSA cannot be used to pre-pay services).
4. **File a claim or use your FSA debit card.** After you have received the medical services and know the amount of your responsibility for the bill, you may pay the expense and submit a claim for reimbursement or use your debit card to pay for the services.
5. **Receive reimbursement.** The University's FSA Administrator will review your claim and, if approved, will reimburse you for the Health Care Expense.

IMPORTANT HEATH CARE FSA INFORMATION

Annual Maximum: $2,600.00**Annual Minimum:** $120.00 ($5.00 per pay period)

Qualifying Health Care Expenses include the following expenses:

- Defined as medical expenses in Internal Revenue Code §213 (see IRS Publication 502);
- Not paid or reimbursed by any other insurance or another plan; and
- Incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease, and for treatments affecting any part or function of the body and primarily to alleviate or prevent a physical or mental defect or illness.

Qualifying Health Care Expenses do not include insurance premiums, long-term care expenses, and cosmetic expenses.

The purpose of Publication 502 is to assist people with their income tax filing. It does not address Health Care FSA Plans. However, most of the items listed as deductible in Publication 502 can be claimed through your Health Care FSA. Please Note: **You can only request reimbursement from your Health Care FSA for expenses based on the date Incurred or date of service (not based on the date paid as stated in Publication 502)**.

Expenses reimbursed by the Health Care FSA may not be deducted on your income tax return. Expenses deducted on your income tax return may not be filed for reimbursement through your Health Care FSA.

Eligible Medical Expenses
Below is a partial listing of eligible expenses. Remember, expenses can only be claimed based on the date Incurred regardless of the date you are billed or pay for the expense.

- Deductibles and Copayments
- Doctor visits
- Dental expenses
- Vision care expenses
- Prescription glasses (including reading glasses)
- Contact lenses and solutions
- Corrective eye surgery
- Prescription Drugs & Medicines (legal) used to treat a medical condition
- Insulin
- Dental services including crowns and implants
- Orthodontia (braces)
- Medical equipment
- Hearing aids including batteries
- Transportation expenses related to illness
- Chiropractor visits
- Breast pumps
- Over-the-counter medications (a prescription from your health care provider is required)

Ineligible Medical Expenses
This is a partial list of medical-related items that are not eligible for reimbursement under the Plan. There are other items that are not eligible that are not listed here.

- Cosmetic procedures; *e.g.* face-lifts, skin peeling, teeth whitening, veneers, hair replacement, removal of spider veins
- Non-prescription glasses and sunglasses
- Toiletries
- Medicines, drugs, herbs, or vitamins for general health and not used to treat a specific medical condition
- Expenses that are merely beneficial to your general health (*e.g.,* vacations and vitamins)
- Health club dues (not prescribed for a particular condition)
- Any sort of insurance premiums
- Warranties
- Long-term care expenses
- Prescription Drugs imported from another country

FSA Debit Cards
You will receive an FSA debit card to pay for Health Care Expenses (including prescription drugs) at an eligible health care provider or participating pharmacy. Health Care Expenses paid with this debit card eliminate out-of-pocket payment because they draw money *directly* from your Health Care FSA, and eliminate the need for a paper claim. If you use your FSA debit card, you may later be asked to file the supporting documentation to show that the expense was eligible. Please keep all receipts. Review the information about the debit card included in your confirmation packet for more information on how the card works and the retailers and health care providers that will accept it.

Grace Period. If you are a participant as of June 30th of a Plan Year, you may continue to incur expenses through September 15th to use any remaining funds from the Plan Year that just ended. Claims for expenses Incurred during the Grace Period are paid from the oldest Plan Year's funds first unless you request otherwise. Requests for Reimbursement must be submitted on or before December 31st following the end of the Plan Year/Grace Period.

Coverage Continuation ("COBRA"). To the extent required by COBRA, a Participant or his/her spouse or dependent may elect to continue the coverage elected under the Health Care FSA even though the Participant's or his/her spouse's or dependent's election to receive benefits expired or was terminated, under the following circumstances:

(a) Death of the Participant;
(b) Termination (other than for gross misconduct) or a reduction in hours;
(c) Divorce or legal separation of the Participant; or
(d) A dependent child ceases to be a dependent under the terms of this Plan.

When the Plan is notified that one of the events has occurred, the right to choose **continuation coverage** will be provided to each eligible person(s) if, on the date of the qualifying event, the Participant's remaining benefits for the current Plan Year are greater than the Participant's remaining deferral amounts. The right to elect to continue ends 60 days from the date the notice of the right to continue coverage is provided by the University. It is the responsibility of the Participant or a responsible family member to inform the University of the occurrence of an event described in subparagraphs (c) and (d) above within **60 days** of the date of the event; otherwise, continuation is not available.

Continuation coverage will not extend beyond the end of the current Plan Year and may terminate earlier if the premiums are not paid within 30 days of their due dates. **Payments for expenses Incurred during any period of continuation shall not be made until the payment for that period is received by the University.** An administrative charge of 2% is assessed for each premium paid for continuation coverage.

DEPENDENT DAY CARE FSA SUMMARY

The Dependent Day Care FSA Plan is intended to qualify as a "Dependent Day Care assistance program" under Code §129, and the Dependent Day Care Expenses reimbursed are intended to be eligible for exclusion from participating Employees' gross income under Code §129(a).

STEPS TO PARTICIPATE IN THE DEPENDENT DAY CARE FSA PLAN:

1. **Estimate your total eligible Dependent Day Care Expenses for the Plan Year**. Include predictable expenses only.
2. **Enroll in the Dependent Day Care Flexible Spending Plan**. If you are new to the University, complete your enrollment through UBenefits during your Initial Enrollment Period (first 90 days following your date of hire into a benefit-eligible position). Otherwise, you may enroll during the annual Open Enrollment in May or following a Status Change Event by completing the online UBenefits Open Enrollment application.
3. **Receive Dependent Day Care services for a Qualifying Individual from a Qualified Provider.** Dependent Day Care Expenses are **Incurred** when the day care is provided. You must receive the Dependent Day Care services before you file a claim for those services.
4. **File claims.** After you have received the Dependent Day Care services, you may submit a claim for those expenses.
5. **Receive reimbursements.** The University's FSA Administrator will review your claim, and if approved will reimburse you up to the amount you have on deposit in your Dependent Day Care FSA. If your claim exceeds your available funds, the difference will be recorded and paid as funds become available from payroll.

IMPORTANT DEPENDENT DAY CARE FLEXIBLE SPENDING PLAN INFORMATION

Annual Maximum: $5,000.00 **Annual Minimum:** $120.00 ($5.00 per pay period)

IRS Regulations limit the amount you and your spouse together may elect up to a total of $5,000.00 per calendar year.

A Qualifying Individual is (a) your dependent who is under the age of 13 who lives with you at least one half of the year, or (b) your spouse who is mentally or physically incapable of caring for himself or herself and resides with you for more than one half of the calendar year; or (c) your other dependent (e.g., a parent or child age 13 or older), who is physically or mentally incapable of caring for himself or herself and resides with you for more than one-half of the calendar year (to be considered a "dependent" the individual must be someone you could claim as an exemption on your taxes). The child of a divorced or separated employee is treated as a qualifying individual of the custodial parent irrespective of who claims the dependency exemption. If such child is in the custody of one or both parents for more than half of the calendar year, the child is treated as having been in the custody of the parent who had custody for the greater portion of that year. If the child was not in the custody of one or both parents for more than half of the calendar year, then neither parent can be considered the custodial parent.

A Qualified Provider can provide care in your home or outside your home. If the care is provided outside your home and the facility cares for more than 5 individuals, then it must be licensed by the

State. The expenses **may not** be paid to your spouse, a child of yours who is under the age of 19 at the end of the year in which the expenses are Incurred, or to an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent.

The Dependent Day Care FSA is an alternative to taking a "tax credit" allowed with your tax filing each year. You may receive a tax break on your expenses, but you must choose whether to use the "Tax Credit" or the Dependent Day Care FSA. The IRS will not allow you to receive two tax breaks on the same expenses. Please contact your tax advisor if you have questions about which option is best for you.

Eligible Dependent Day Care Expenses
Eligible Dependent Day Care Expenses are those that you incur in order for you and your spouse (if married) to be gainfully employed that are considered to be employment-related expenses under Internal Revenue Code §21(b)(2) to the extent that you or another person (if any) incurring the expense is not reimbursed for the expense through any other Plan. Only expenses Incurred for care and well-being qualify for this tax break (kindergarten, summer school and private school expenses, food and transportation do not qualify). Day camp fees Incurred in order for you to work are allowable but overnight camps are not. You can only claim expenses based on the date Incurred (not paid).

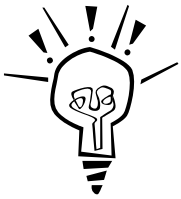
Eligible Expenses are those that enable you to be gainfully employed including:

- Day-care centers
- Day camps
- Babysitters
- Nannies

Ineligible Dependent Day Care Expenses
This is a partial list of items that are not eligible for reimbursement under the Plan. There may be other items that are not listed here.

- Care that is not Incurred in order for you to work or look for work
- Kindergarten or other educational expenses
- Instructional or summer school
- Food, transportation or activity fees
- Overnight camps
- Child support payments
- Care for a child for whom you have 50% or less physical custody
- Care for a child age 13 or older who is not disabled
- Amounts paid to your spouse or dependent or to your (or your spouse's) son or daughter who is under 19 years old at the end of the year

In the event your participation in the Plan ceases prior to the end of the Plan Year and you have amounts remaining in your Dependent Day Care FSA, you may obtain reimbursement for Eligible Dependent Day Care Expenses Incurred through the end of the Plan Year (June 30) up to the amount remaining in your Dependent Day Care FSA account. You must request reimbursement of Eligible Expenses on or before December 31st following the end of the Plan Year.



FREQUENTLY ASKED QUESTIONS

Q. **WHICH ACCOUNT WILL REIMBURSE HEALTH CARE EXPENSES INCURRED FOR MY SPOUSE AND/OR DEPENDENT CHILDREN?**

Eligible Health Care Expenses Incurred on behalf of anyone who could be included as your dependent on your federal tax return (spouse, children, etc.) may be reimbursed through the Health Care FSA. The Dependent Day Care FSA is only for reimbursement for day care expenses Incurred by you for the care of a Qualifying Individual in order to allow you to work or look for work.

Q. **WHAT DOES "BEFORE TAX" OR "PRE-TAX" MEAN?**

Plan deductions are taken from your pay before State, Federal and Social Security taxes are calculated on your income. These deductions reduce your **taxable** income reported on your W-2 and on your income tax returns.

Q. **IF I DEFER PART OF MY PAY, WON'T I MAKE LESS MONEY?**

Although the amount of your paycheck will decrease, when you use the money in your FSA account the amount of money you have to spend will be greater (because you are not paying taxes on the amount you spend for eligible Health and Dependent Day Care costs through the Plan.)

Q**. HOW MUCH DOES IT COST?**

All administrative fees for the Plan are paid by the University. There is no cost to you to participate in the Plan.

Q**. HOW MUCH WILL BE DEDUCTED FROM MY PAY?**

Your deduction each pay period is an amount equal to your annual election for the Plan Year, divided by the number of pay periods in the Plan Year. If you experience a Status Change Event (see below for information) and change your Health Care FSA or Dependent Day Care FSA election, your future salary reductions per pay period will be adjusted so the new election amount (less any amounts already deducted from your pay), is divided equally between the pay periods remaining in the Plan Year.

Q**. IS THERE ANY RISK TO ENROLLING?**

The only risk is that you must use the money in your FSA Account for Eligible Expenses Incurred during the Plan Year (and subsequent Grace Period). If your participation in the Plan ceases at an earlier date, medical expenses incurred after your participation ends are not eligible. Money not reimbursed to you for Eligible Expenses prior to December 31st following the end of each Plan Year is forfeited.

Q**. WHEN WILL MY PARTICIPATION END?**

Unless your employment is terminated or you transfer to a position not eligible for benefits, your participation will end at the end of the Plan Year (June 30th). You must make a new election during Open Enrollment if you want to participate in the following Plan Year.

If your employment with The University of Utah is terminated for any reason or you transfer to a position not eligible for benefits, your participation in the plan will end on the date of termination or transfer (unless you elect to continue participation through COBRA). This means you will no longer be able to make deferrals to the Plan and expenses Incurred after your termination or transfer date are not eligible for reimbursement.

Regardless of the date on which your participation in the Plan ends, you have until December 31st following the end of the Plan Year to submit eligible expenses for reimbursement (health care expenses must have been Incurred while you were participating in the Plan).

***Q*. CAN I REENROLL IN THE PLAN IF I AM LATER REHIRED INTO A BENEFIT-ELIGIBLE POSITION?**
If you return to work with the University in a benefit-eligible position during a subsequent Plan Year, you may reenroll in the FSA Plan within 90 days of your date of rehire through the UBenefits application.

If you return to work with the University in a benefit-eligible position within 31 days and during the same Plan Year, your participation will automatically be reinstated as it was (however, expenses Incurred during the period your employment was terminated will not be eligible for reimbursement). Your per pay period deferrals will be adjusted so that your total deferrals for the year will equal your annual election.

***Q*. WHEN CAN I MAKE A CHANGE IN MY ELECTION?**
Generally your elections under the Plan are irrevocable for the Plan Year. The Health Care FSA and the Dependent Day Care FSA are two separate programs, and money cannot be simply switched between these two accounts. However, you may change your election if you, your spouse, or a dependent experience a Status Change Event (as defined by the Internal Revenue Code) that affects eligibility for coverage under an employer's plan. The change must be consistent with the Event.

The change request must be completed through UBenefits before the end of the Plan Year or within 90 days from the date of the Event, whichever is earlier. The new election becomes effective on the date of the Status Change Event.

A Status Change Event is one of the following events:

Events 1 - 5 apply to a **Health Care FSA** and a **Dependent Day Care FSA**. When these events occur, a consistent change may be made to your election.

1. Your legal marital status changes through marriage, divorce, death, legal separation, or annulment.

2. Your number of dependents changes due to an event, including birth, adoption (or placement for adoption), or death. If your child no longer qualifies for Dependent Day Care because he or she turned 13, that is considered a loss of a dependent for a Dependent Day Care FSA, but not a Health Care FSA.

3. You, your spouse, or any of your dependents have a change in employment status that affects eligibility under this Plan or the University of Utah Employee Health Care Plan or a similar plan maintained by your spouse's or dependent's employer.

4. One of your dependents satisfies or ceases to satisfy the requirements for coverage under this Plan or the University of Utah Employee Health Care Plan due to attainment of age, change in dependent status, change in Student status, marriage, or any similar circumstances.

5. You, your spouse or one of your dependents experiences a loss in coverage as a result of a change in residence.

Events 6 - 8 apply to a Health Care FSA, but not a Dependent Day Care FSA. When any of these events take place, a consistent change may be made to your election.

6. You are served with a judgment, decree or court order, including a Qualified Medical Child Support Order ("QMCSO") regarding coverage for a dependent. If the order requires you to pay for medical expenses not paid by insurance for a dependent child, then you may add or increase your Health Care FSA election. If the order requires that another person pay for medical expenses not paid by insurance for the dependent child, then you may drop or reduce coverage under your Health Care FSA.

7. If you, your spouse or a dependent become entitled to and covered under Medicare or Medicaid, you may drop or reduce your Health Care FSA election.

8. If you, your spouse or a dependent lose eligibility and coverage under Medicare or Medicaid, you may add or increase your Health Care FSA election.

Events 9 - 11 apply only to the Dependent Day Care FSA. If any of the following events take place, a consistent change may be made to your election:

9. There is a change made under another similar employer-sponsored plan as long as the change made under the other plan was permitted by IRS regulations or was made for a period of coverage that is different from the Plan.

10. You change Dependent Day Care providers (including school or other free provider).

11. Your Dependent Day Care provider, who is not your relative, changes your costs significantly. A relative is any person who is a child, parent, stepchild, sibling, aunt, uncle, cousin, or in-law of the participant.

Q. I HAVE BEEN CALLED TO ACTIVE MILITARY DUTY. CAN I RECEIVE A DISTRIBUTION FROM MY FSA ACCOUNT(S)?

If you are called to active military duty for 180 days or more or for an indefinite time, you may obtain a Qualified Reservist Distribution ("QRD") from your Health Care FSA Account. (QRDs are not available on a Dependent Day Care FSA.) If the period specified in the order or call is less than 180 days, you may not obtain a QRD; however, subsequent calls or orders that increase the total period of active duty to 180 days or more will qualify you for a QRD. To obtain a QRD, submit a written request to University Human Resource Management, together with a copy of the order or call to active duty. The QRD will be the amount you have contributed to your Health Care FSA less any health FSA Reimbursements received as of the date of the QRD request. Your right to submit additional medical expenses for reimbursement will be terminated following a valid QRD request. You will be eligible to reenroll in a Health Care FSA in future Plan Years. The amount of the QRD will be included in your gross income and wages on your Form W-2 for the year in which the QRD is paid and will be subject to employment taxes.

***Q*. HOW QUICKLY WILL MY CLAIMS BE PAID?**

The University's FSA Administrator will process your claim as soon as possible following their receipt of the claim. Valid health care claims will be paid up to the total amount of your annual Health Care FSA election less prior payments. Valid Dependent Day Care claims will be paid up to the balance in your Dependent Day Care FSA. Any excess Dependent Day Care claim will be held and paid as amounts are

deducted from your pay. If there is a problem with your claim, the University's FSA Administrator will notify you.

***Q*. IS DIRECT DEPOSIT AVAILABLE?**
Yes. You may have your reimbursement payments sent directly to your checking, money market, or savings account. Direct deposit provides you with the fastest and safest payment method.

***Q*. HOW LONG DO I HAVE TO USE THE MONEY IN MY FSA ACCOUNT?**
You can use the money in your Health Care FSA Account beginning on the date you begin participating (July 1st if you enroll during Open Enrollment each year) through the end of the Plan Year (June 30th), unless you cease participating at an earlier date.

You can use the money in your Dependent Day Care FSA Account beginning on the date you begin participating (July 1 if you enroll during Open Enrollment each year) through the end of the Plan Year (June 30), even if you cease participating at an earlier date.

If you are enrolled in the Plan on June 30th, you may continue to use money remaining in your account at the end of the Plan Year (June 30th) for eligible expenses Incurred through the 2½ month Grace Period following the Plan Year (July 1st through September 15th).

Requests for reimbursement must be submitted on or before December 31st following the end of the Plan Year/Grace Period.

***Q*. WHAT IF I DON'T USE ALL OF THE MONEY I ELECT IN THE HEALTH CARE FSA OR THE DEPENDENT DAY CARE FSA?**
The University's FSA Administrator can help you estimate your eligible expenses for the Plan Year. If you have funds remaining in either one of your accounts at the end of the claim filing deadline for the Plan Year (December 31st), that amount will be forfeited to The University of Utah, according to IRS regulations. The University may use the forfeited funds in accordance with federal regulations, including to help offset Plan expenses.

***Q*. DO I HAVE TO REENROLL IN THE PLAN OR DOES PARTICIPATION CONTINUE FROM ONE PLAN YEAR TO THE NEXT?**
Participation in the Health Care FSA and the Dependent Day Care FSA terminates at the end of each Plan Year (June 30th). You MUST re-enroll during Open Enrollment each year (usually held in May) to continue your participation for the next Plan Year (July 1st through June 30th).

***Q*. HOW ARE MY TAXES AFFECTED?**
You are not paying Social Security tax on that portion of your income that has been redirected. As a result, your Social Security benefits may be slightly reduced.

Expenses reimbursed through a Health Care FSA may not be deducted on your individual income tax return. Likewise, expenses deducted on your income tax return may not be filed for reimbursement through your Health Care FSA.

Additionally, participation in the Dependent Day Care FSA is an alternative to taking a "Tax Credit" allowed with your tax filing each year. You may receive a tax break on your expenses, but you must choose whether to use the "Tax Credit" or the Dependent Day Care FSA. The IRS will not allow you to receive two tax breaks on the same expenses.

Q. WHAT IF I GO ON A LEAVE OF ABSENCE?
If you go on a leave of absence with pay (including leave under the Family and Medical Leave Act), your participation in the Plan continues. A leave of absence without pay (including leave under the Family and Medical Leave Act), is a Status Change Event that will allow you to choose to cancel participation or continue participation. Please contact the Absence Management Team at (801) 581-7447 to make arrangements to cancel or continue your participation. If you choose to continue participation, you must make monthly payments during your unpaid leave of absence. Dependent Day Care expenses may not be eligible during your leave of absence, since in order to be eligible, they must be Incurred to allow you to work.

***Q*. WHAT HAPPENS IF MY CLAIM FOR REIMBURSEMENT IS DENIED IN WHOLE OR IN PART?**
If your claim is denied in whole or in part, the University's FSA Administrator will notify you in writing within 30 days of the date the claim was received. This time period may be extended for an additional 15 days for matters beyond the control of the University's FSA Administrator, including in cases where a claim is incomplete. The University's FSA Administrator will provide written notice of any extension, including the reasons for the extension and the date by which a decision is expected to be made. When a claim is incomplete, the extension notice will also specifically describe the information required. You will have 45 days from receipt of the notice in which to provide the specified information. A decision on your claim will be suspended until the specified information is provided. Notice of a denied claim will include:

(a) The specific reason(s) for the denial;
(b) The specific Plan provision(s) on which the denial is based;
(c) A description of any additional material or information necessary for you to validate the claim and an explanation of why such material or information is necessary; and
(d) Appropriate information on the steps to be taken if you wish to appeal the University's FSA Administrator's decision, including your right to submit written comments and have them considered, and your right to review relevant documents and other information (upon request and at no charge).

If your claim is denied in whole or part, you (or your authorized representative) may request review upon written application to the Committee (the Benefits Committee that acts on behalf of the University's FSA Administrator with respect to appeals). Your **appeal must be made in writing within 30 days** of your receipt of the notice that the claim was denied. If you do not appeal on time, you will lose the right to appeal the denial and the right to file suit in court. Your written appeal should state the reasons that you feel your claim should not have been denied. It should include any additional facts and/or documentation that you feel supports your claim. You will have the opportunity to ask additional questions and make written comments. You may review (upon request and at no charge) documents and other information relevant to your appeal.

Your appeal will be reviewed and decided by the Committee in a reasonable time no later than 60 days after the Committee receives your request for review. The Committee may, in its sole discretion, hold a hearing on the denied claim. Any medical expert consulted in connection with your appeal will be different from and not subordinate to any expert consulted in connection with the initial claim denial. The identity of the medical expert consulted in connection with your appeal will be provided. 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:

(a) The specific reason(s) for the decision on review;
(b) The specific Plan provision(s) on which the decision is based;
(c) A statement of your right to review relevant documents and other information (upon request and at no charge); if an "internal rule, guideline, protocol, or other similar criterion" is relied on in making the decision on review, a description of the specific rule, guideline, protocol, or other similar criterion or a statement that such a rule, guideline, protocol, or other similar criterion was relied on. A copy of such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request.

FLEXIBLE SPENDING ACCOUNT CLAIMS

Eligible expenses must be Incurred during the portion of the Plan Year that you are a Participant. Claims must be filed by December 31st following the end of the Plan Year. After December 31st, your account will be closed and any balance remaining will be retained by The University of Utah in accordance with federal regulations. If December 31st is a holiday, Saturday, or Sunday, then claims must be filed by the first business day following December 31st.

You must submit a completed claim form along with **copies** of invoices or statements **from the provider** to serve as proof that you have Incurred an eligible expense in order to receive payment. Statements are **required** to **include:**

(a) The provider's name;
(b) The date(s) of service;
(c) A description of the service(s); and
(d) The expense amount.

Copies of personal checks and paid receipts, without the above information, are not acceptable. Documentation or copies will not be returned. For over-the-counter items, the receipt or documentation from the store must include the name of the drug printed on the receipt and be accompanied by a prescription from your health care provider. You must indicate the existing or imminent medical condition (items such as vitamins and nutritional supplements may require a physician's statement) for which the item will be used on the receipt, on the claim form, or on a separate enclosed statement each time these items are claimed. Purchases for general good health will not be accepted. You will be provided with a claim form with your enrollment confirmation.

You may have your Dependent Day Care provider complete the Dependent Day Care section of the claim form and sign on the line provided in lieu of providing the above documentation for Dependent Day Care claims.

The tax identification number or Social Security Number of the Dependent Day Care provider should be listed on each of your claim forms. You must provide this number with your federal income tax return. Please check with your childcare provider (**before** enrolling in this category) to be sure that you are able to obtain their tax I.D. number or his/her Social Security Number.

Orthodontic expenses may be assumed to be Incurred at the time a monthly payment is due and paid. These monthly payments must be spread out evenly over the expected period of orthodontic treatment. Claims submitted for orthodontic payments that meet the above are eligible. You may also submit a claim for a reasonable down payment of the orthodontic treatment if the down payment is made at the time the appliances are placed. Claims for payments made prior to being due or that otherwise do not meet the above requirements will not be processed. Claims for the entire fee paid at the beginning of treatment will not be processed, nor will claims for an entire year's payments made at the beginning of the year be processed. To claim orthodontic down payments, you must include a copy of the treatment contract and payment schedule along with proof of payment or a receipt of payment stating the date the braces were placed.

Payment from your Health Care FSA for expenses Incurred during the Plan Year will be made up to the approved amount of your claim or your remaining annual election, whichever is less. Payment is not

limited to the amount in your account at the time of your claim. Your monthly payroll deductions will continue for the entire Plan Year.

Payment from your Dependent Day Care FSA will be made up to the approved amount of your claim or the current balance in your account, whichever is less. If you submit claims in an amount greater than the current balance in your account, any eligible portion of your claim that is not paid will be paid automatically as money is deferred through payroll.

Direct deposit into the bank account of your choice is available for your claim payments. By using direct deposit you will not need to wait for a check to arrive. A notice that a payment was made will be sent to you. This direct deposit notice is available by U.S. Mail or by email. If you prefer, a check can be mailed to you instead of payment by direct deposit.

INTERNET ACCESS

You can access your Health Care FSA and your Dependent Day Care FSA on the internet 24 hours a day, 7 days a week. Information is updated every morning to reflect the previous day's transactions. You can find out if a claim has been processed, if a payment has been deposited or sent, or your current balance using the internet access. Information for the current Plan Year is available (the previous Plan Year until December 31st following the end of that Plan Year is available as well). There is no personally identifying information on the internet; which means this information will be meaningful to you, but not to anyone else.

GENERAL PLAN INFORMATION

The Employer and Plan Administrator	The University of Utah Division of Human Resources 250 East 200 South, Suite 125 Salt Lake City, UT 84111 (801) 581-7447
FSA Administrator	HealthEquity memberservices@healthequity.com 1-866-346-5800

The name of the Plan is The University of Utah Flexible Benefit Plan. The Plan is intended to last indefinitely; however, the employer retains the right to amend or terminate the Plan at any time for any reason.

The agent for Service of Legal Process is Phyllis Vetter, General Counsel, 201 South Presidents Circle, Room 309, Salt Lake City, UT 84112.

The benefit Plan Year is the twelve-month period from July 1st through June 30th of the next calendar year.

Although combined within this document, the Health Care Flexible Spending Plan and the Dependent Day Care Flexible Spending Plan are separate plans for purposes of administration and all reporting and nondiscrimination requirements imposed by Code §105 and 129. The Health Care Flexible Spending Plan is also a separate plan for purposes of applicable provisions of COBRA.

The Health Care Flexible Spending Plan and the Dependent Day Care Flexible Spending Plan are entirely funded by Employee salary reductions. However, for the purposes of the Plans and the Internal Revenue Code they are considered employer contributions. All of the amounts payable under this Plan shall be paid from the general assets of the employer. The University of Utah will not maintain any fund or segregate any amount from general assets for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in any fund, account or asset of The University of Utah from which any payment under this Plan may be made. There is no trust or other fund from which benefits are paid. While The University of Utah has complete responsibility for the payment of benefits out of its general assets, it may hire an unrelated third party firm to make benefit payments on its behalf. The maximum contributions that may be made under this Plan for a Participant is the total of the maximums that may be elected as employer and Participant contributions

for benefits, and as described in the Health Care Flexible Spending Plan Summary and Dependent Day Care Flexible Spending Plan Summary sections.

The University of Utah will hire a FSA Administrator to perform certain administrative functions for the Plan. The FSA Administrator processes all claims for the Health Care FSA and the Dependent Day Care FSA.

It is intended that this Plan meet all applicable requirements of the Code and other federal regulations. In the event of any conflict between this Plan and the Code or other federal regulations, the provisions of the Code and the federal regulations shall be deemed controlling, and any conflicting part of this Plan shall be deemed superseded to the extent of the conflict.

The University of Utah shall perform its duties as the Plan Administrator and in its sole discretion, shall determine an appropriate course of action in light of the reason and purpose for which this Plan is established and maintained. In particular, the Plan Administrator shall have full and sole discretionary authority to interpret all Plan documents, and make all interpretive and factual determinations as to whether any individual is entitled to receive any benefit under the terms of this Plan. Any interpretation of the terms of any plan document and any determination of fact adopted by the Plan Administrator shall be final and legally binding on all parties. Any interpretation shall be subject to review only if it is arbitrary, capricious, or otherwise an abuse of discretion. Any review of a final decision or action of the Plan Administrator shall be based only on such evidence presented to or considered by the Plan Administrator at the time it made the decision that is the subject of review. Accepting any benefits or making any claim for benefits under this Plan constitutes agreement with and consent to any decisions that the Plan Administrator makes in its sole decision and further constitutes agreement to the limited standard and scope of review described by this section.

To the extent permitted by law, the Plan Administrator and other parties assuming a fiduciary or decision making role shall not incur any liability for any acts or for failure to act except for their own willful misconduct or willful breach of this Plan. The standard shall be one of ordinary care.

This Enrollment Guide contains only a general description of some of the features of the University's Flexible Benefit Plan and is not intended to constitute a promise or contractual commitment by the University or a right to benefits under any of its employee benefit plans. The University reserves the right to unilaterally change or terminate any or all of its employee benefit plans at any time and without prior notice. Also, modifications may be necessary to comply with applicable legal requirements. The exact details of the plans are included in the legal plan documents that govern each plan. In the event of any inconsistency between a statement in this guide and the plan document or Internal Revenue Service rules, the plan document or IRS rule will control.

GLOSSARY

COBRA: The Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

Code: The Internal Revenue Code of 1986, as amended.

Dependent: With regard to any health plan a dependent is a person who is a qualifying child or qualifying relative as defined in Code §152, without regard to the gross income limitations. With regard to the Dependent Day Care Flexible Spending Plan, a dependent shall be a qualifying person as defined in Code §21(b)(1), as amended (See also "Qualifying Individual" under the Dependent Day Care Flexible Spending Plan Summary.) In the case of divorced parents, the child shall be treated as a dependent of the custodial parent as described in Code §21(e)(5).

Dependent Day Care Expenses: Employment-related expenses as defined in Internal Revenue Code §21(b)(2).

Educational Organization: An organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

Enrollment: Means the form or internet web page and online process provided by the University for the purpose of allowing an eligible Employee to participate in this Plan by electing salary reductions to pay for any of the Health Care FSA Plan and/or Dependent Day Care FSA Plan benefits. It includes an agreement pursuant to which an eligible Employee or Participant authorizes the Employer to make salary reductions.

Employee: Means an individual that The University of Utah classifies as a common-law employee and who is on The University of Utah W-2 payroll. The term "Employee" does include "former Employees" for the limited purpose of allowing continued eligibility for benefits under the Plan for the remainder of the Plan Year in which an Employee ceases to be employed by the Employer provided the Employee takes the steps necessary to continue participation.

FSA: An account established under the Health Care FSA Plan or the Dependent Day Care FSA Plan.

Grace Period: If you are a participant in the Health Care FSA as of June 30th of a Plan Year, you may continue to incur expenses through September 15th to use any remaining funds from the Plan Year that just ended. Claims for expenses Incurred during this Grace Period are paid from the oldest year's funds first unless you request otherwise. All requests for reimbursement must be submitted for reimbursement on or before December 31st.

HIPAA: The Health Insurance Portability and Accountability Act of 1996, as amended.

Incurred: The date or dates that services or products are provided that give rise to an expense regardless of when the expenses are paid or billed.

Health Care Expense: An expense Incurred by you, your spouse or a dependent for "medical care" as defined in Internal Revenue Code Section 213(d), including amounts Incurred for the diagnosis, cure,

mitigation, treatment, or prevention of disease, and for treatments affecting any part or function of the body. It does not include any insurance premiums, long-term care expenses, or expenses for cosmetic services.

QMCSO: A qualified medical child support order, as defined in ERISA § 609(a).

Participant: A person who is an eligible Employee and who is participating in this Plan. Participants include: (a) those who elect Health Care FSA and/or Dependent Day Care FSA, and salary reductions to pay for such benefits; and (b) those who elect instead to receive their full salary in cash. The following Employees are excluded from participation:

- Leased employees;
- Contract workers and independent contractors;
- Temporary employees and casual employees;
- Individuals paid by a temporary or other employment or staffing agency; and
- Employees covered under a collective bargaining agreement.

Plan: The University of Utah Flexible Benefit Plan.

Plan Year: The Plan Year is from July 1 through June 30 of the next calendar year.

Spouse: A person who is legally married to a participant as defined under applicable state law.

Student: Student means an individual who during at least two semesters during the taxable year is a full-time student at an Educational Organization.

UNIVERSITY OF UTAH
EMPLOYEE HEALTH CARE PLAN AND FLEXIBLE BENEFIT PLAN
NOTICE OF PRIVACY PRACTICES

This notice describes how medical information about you may be used and disclosed and how you can get access to this information. Please review it carefully.

This notice is effective September 20, 2013

Your Rights

When it comes to your health information, you have certain rights. This section explains your rights and some of our responsibilities to help you.

Get a copy of health and claims records

- You can ask to see or get a copy of your health and claims records and other health information we have about you. Ask us how to do this.
- We will provide a copy or a summary of your health and claims records, usually within 30 days of your request. We may charge a reasonable, cost-based fee.

Ask us to correct health and claims records

- You can ask us to correct your health and claims records if you think they are incorrect or incomplete. Ask us how to do this.
- We may say "no" to your request, but we'll tell you why in writing within 60 days.

Request confidential communications

- You can ask us to contact you in a specific way (for example, home or office phone) or to send mail to a different address.
- We will consider all reasonable requests, and must say "yes" if you tell us you would be in danger if we do not.

Ask us to limit what we use or share

- You can ask us not to use or share certain health information for treatment, payment, or our operations.
- We are not required to agree to your request, and we may say "no" if it would affect your care.

Get a list of those with whom we've shared information

- You can ask for a list (accounting) of the times we've shared your health information for six years prior to the date you ask, who we shared it with, and why.
- We will include all the disclosures except for those about treatment, payment, and health care operations, and certain other disclosures (such as any you asked us to make). We'll provide one accounting a year for free but will charge a reasonable, cost-based fee if you ask for another one within 12 months.

Get a copy of this privacy notice

You can ask for a paper copy of this notice at any time, even if you have agreed to receive the notice electronically. We will provide you with a paper copy promptly.

Choose someone to act for you

- If you have given someone medical power of attorney or if someone is your legal guardian, that person can exercise your rights and make choices about your health information.
- We will make sure the person has this authority and can act for you before we take any action.

File a complaint if you feel your rights are violated

- You can complain if you feel we have violated your rights.
- You can file a complaint with the U.S. Department of Health and Human Services Office for Civil Rights by sending a letter to 200 Independence Avenue, S.W., Washington, D.C. 20201, calling 1-877-696-6775, or visiting **www.hhs.gov/ocr/privacy/hipaa/complaints/.**
- We will not retaliate against you for filing a complaint.

Your Choices

For certain health information, you can tell us your choices about what we share. If you have a clear preference for how we share your information in the situations described below, talk to us. Tell us what you want us to do, and we will follow your instructions.
In these cases, you have both the right and choice to tell us to:

- Share information with your family, close friends, or others involved in payment for your care
- Share information in a disaster relief situation

If you are not able to tell us your preference, for example if you are unconscious, we may go ahead and share your information if we believe it is in your best interest. We may also share your information when needed to lessen a serious and imminent threat to health or safety.

In these cases we *never* share your information unless you give us written permission:

- Marketing purposes
- Sale of your information

Our Uses and Disclosures

How do we typically use or share your health information?

We typically use or share your health information in the following ways:

Help manage the health care treatment you receive

We can use your health information and share it with professionals who are treating you. *Example: A doctor sends our health plan administrator information about your diagnosis and treatment plan so they can arrange additional services.*

Run our organization

- We can use and disclose your information to run our organization and contact you when necessary.
- We are not allowed to use genetic information to decide whether we will give you coverage and the price of that coverage. This federal rule does not apply to long term care plans.

Example: We use health information about enrolled employees in the aggregate to develop better services for health plan members.

Pay for your health services

We can use and disclose your health information as we pay for your health services. *Example: We share information about you with your dental plan to coordinate payment for your dental work.*

Administer your plan

We may disclose your health information to your health plan administrator for claims administration. *Example: We contract with health plan administrators to provide network and claims administration for the health plan, and they provide us with certain statistics to calculate the premiums we charge.*

How else can we use or share your health information?

We are allowed or required to share your information in other ways – usually in ways that contribute to the public good, such as public health and research. We have to meet many conditions in the law before we can share your information for these purposes. For more information see:
www.hhs.gov/ocr/privacy/hipaa/understanding/consumers/index.html**.**

Help with public health and safety issues

We can share health information about you for certain situations such as:

- Preventing disease
- Helping with product recalls
- Reporting adverse reactions to medications
- Reporting suspected abuse, neglect, or domestic violence
- Preventing or reducing a serious threat to anyone's health or safety

Do research

We can use or share your information for health research.

Comply with the law

We will share information about you if state or federal laws require it, including with the Department of Health and Human Services if it wants to see that we're complying with federal privacy law.

Respond to organ and tissue donation requests and work with a medical examiner or funeral director

- We can share health information about you with organ procurement organizations.
- We can share health information with a coroner, medical examiner, or funeral director when an individual dies.

Address workers' compensation, law enforcement, and other government requests

We can use or share health information about you:

- For workers' compensation claims
- For law enforcement purposes or with a law enforcement official
- With health oversight agencies for activities authorized by law
- For special government functions such as military, national security, and presidential protective services

Respond to lawsuits and legal actions

We can share health information about you in response to a court or administrative order, or in response to a subpoena.

Our Responsibilities

- We are required by law to maintain the privacy and security of your protected health information.
- We will let you know promptly if a breach occurs that may have compromised the privacy or security of your information.
- We must follow the duties and privacy practices described in this notice and give you a copy of it.
- We will not use or share your information other than as described here unless you tell us we can in writing. If you tell us we can, you may change your mind at any time. Let us know in writing if you change your mind.

For more information see: www.hhs.gov/ocr/privacy/hipaa/understanding/consumers/noticepp.html**.**

Changes to the Terms of this Notice

We can change the terms of this notice, and the changes will apply to all information we have about you. The new notice will be available upon request, on our web site, and we will mail a copy to you.

Contact Us

If you are concerned that your privacy rights may have been violated, or disagree with a decision that we made about access to your health information, contact:

University of Utah Benefits Department
Attention: Director of Benefits
250 E 200 S, Suite 125
Salt Lake City, UT 84111
(801) 581-7447
Fax: (801) 585-7375

University of Utah Information Security and Privacy Office
650 Komas Drive, Suite 102
Salt Lake City, UT 84108
(801) 587-9241
Fax: (801) 587-9443
http://privacy.utah.edu/