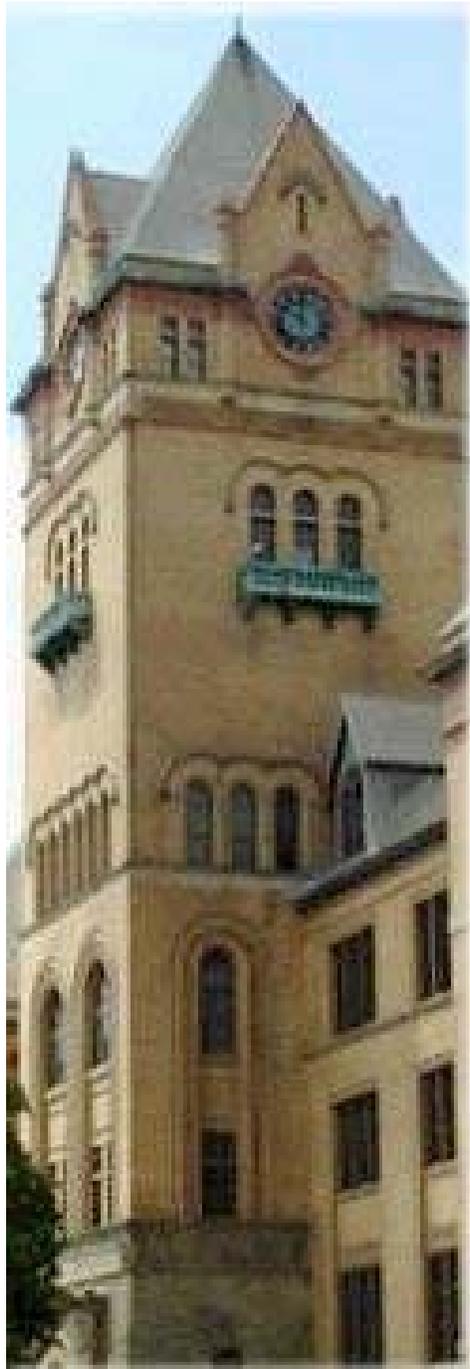


WAYNE STATE UNIVERSITY



Health
Reimbursement
Arrangement

AAUP-AFT Early
Retirement Offer

HANDBOOK

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Health Reimbursement Arrangement

Following are commonly asked questions and answers describing the basic features of Health Reimbursement Arrangements and how they operate. Please review these questions and answers carefully. This is your benefit and it is important that you understand how it works and how it can help you. However, you should note that the questions and answers address only key parts of the Health Reimbursement Arrangements. If you have additional questions, you can contact the IRS directly at 1-800-829-1040 or at <http://www.irs.gov/pub/irs-pdf/p502.pdf> for the IRS publication on Medical and Dental Expenses.

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GENERAL INFORMATION ON HEALTH REIMBURSEMENT ARRANGEMENTS (HRA)

1. What is the purpose of the Health Reimbursement Arrangement?

The purpose of a Health Reimbursement Arrangement is to permit eligible retirees to elect to defray the cost of their unreimbursed medical, dental and vision care, and the cost of the unreimbursed medical and dental care for their spouse and eligible tax dependents. Eligible retirees are also allowed to use the money to cover the cost of their medical plan premiums including Medicare premiums.

2. What is the benefit provided if I elect the Health Reimbursement Arrangement?

If you elect the one-time early separation and the HRA option, **\$29,986.20** will be deposited into an HRA account for your use. The amount is equal to the current average cost of single retiree medical coverage for a five-year period.

3. What is the effective date of the Health Reimbursement Arrangement?

AAUP-AFT members who elect the one-time early separation offer must retire on May 14, 2008. The effective date of the Health Reimbursement Arrangement for all participants is May 15, 2008.

4. Who may participate in the Health Reimbursement Arrangement?

Any AAUP-AFT represented employee who is 65 years old or older and has either ten years of service or five years of University contributions in the retirement program and has agreed to retire on May 14, 2008. You must specify in your letter of retirement that you want the money to be placed in an HRA account. Your letter of retirement must be submitted to your department with a copy to Total Compensation & Wellness by March 31, 2008.

5. What else should I know about the Health Reimbursement Arrangement benefit?

- The effective date of the program is May 15, 2008 through May 14, 2018. You will forfeit all unused funds in your Health Reimbursement Arrangement at the end of ten (10) years. This is known as the “use it or lose it” rule. Unused balances may not be carried over to the eleventh year or converted to cash. Forfeitures will be determined after the run-out period, which is three months after the end of the calendar year.
- Claims for expenses incurred by a domestic partner are not reimbursable through a Health Reimbursement Arrangement.
- No interest is earned on your HRA account.

6. Is there a lot of paperwork?

Less than you may think. If you use your debit card for health care expenses, you may be required to submit an itemized receipt AFTER THE FACT. For other expenses when you don't use the debit card the paperwork is minimal. A simple claim form must be completed with each submission of itemized receipts.

7. Is my Health Reimbursement Arrangement benefit taxable?

Under current law, the benefits you receive from the Health Reimbursement Arrangement are not currently taxable to you, nor are the benefits subject to Social Security (FICA) withholding taxes, federal, state, or city income tax withholding.

8. How does the Health Reimbursement Arrangement save me money?

The employer solely pays for the Health Reimbursement Arrangement.

9. When and how do I elect the Health Reimbursement Arrangement benefits?

Your enrollment is carried forward automatically each plan year (i.e. May 15) for the next 10 years.

10. Will I have to pay any administrative costs?

There are no administrative costs.

11. When will my participation in the Health Reimbursement Arrangements cease?

Your participation will continue through the end of the tenth year (i.e. May 14, 2018) or until you exhaust all the funds or until you die, whichever comes first. There are survivor rights with this plan. If an HRA participant dies while eligible under the plan, his or her accumulated balance may be used to pay for the substantiated qualified medical expenses of his or her surviving spouse or tax dependents.

12. What benefit is there in having a Health Reimbursement Arrangement plan for medical expenses?

It is likely you will have some medical expenses that will not be covered by your health care insurance that you will have to pay for in the coming year. For example, you or your spouse and tax dependents may have medical expenses that are subject to deductibles and copayments under the medical insurance plans offered through Wayne State University. Or, you may incur expenses that are not reimbursed at all, such as eyeglasses. You may even use your HRA to cover your expenses for your medical premiums.

13. How does the Health Reimbursement Arrangement benefit work?

The Health Reimbursement Arrangement will reimburse you for eligible medical care expenses to the extent that you have a positive balance in your account. Eligible medical care expenses include all health insurance premiums, deductibles and copayments, as well as uninsured medical, dental, vision, and hearing care expenses. Generally, the expenses covered must be “medically necessary” as determined by a physician. Reimbursement of expenses must be for expenses incurred (not billed or paid) during the applicable coverage period. Claims must be properly substantiated. Expenses deductible under IRS Code Section 213 may be reimbursed from the HRA account. For more detailed information on reimbursable expenses, you may call the Internal Revenue Service at 1-800-829-1040 for a copy of the IRS publication 502 or download the publication from <http://www.irs.gov/pub/irs-pdf/p503.pdf>.

You will be issued a Debit Card to use with your HRA Account. This will allow you to access your account without having to pay and be reimbursed. The limit is based on your available Health Reimbursement account balance.

Additional information is available at: <http://www.hr.wayne.edu/tcw/pdfs/hra-overview.pdf>

14. I am worried about losing the unused fund in my arrangement. How can I keep this from happening?

This may be a valid concern. Make every effort to deplete your HRA account within the 10 years it remains in effect. Also, please remember there are survivor rights under this plan.

15. What should I do if I haven't kept my pharmacy receipts?

You can ask your pharmacist for an itemized list of purchases for a specific period. All pharmacies will provide you with this information if you allow them the time to prepare it.



How to File a Claim For Reimbursement

Where to Begin:

- Go to www.connectyourcare.com
- Select **New members and existing users log in here>>** in the upper right hand corner.
- Sign in with your user name and password.
- If it is your first time visiting the site, choose **New User Registration** to select your user name and password.

Enter a New Claim: If you pay for an expense out of pocket (without using your healthcare payment card), you must enter a claim for reimbursement and submit your receipts. Entering a new claim is easy.

- Log into the CDH Portal and select **Claim Center**.
- Click on **Add New Claim** from the left-hand menu.
- Follow the four easy steps on the screen to enter information about your claim. Continue through the screens until the **Claim Submission Form** displays.
- **Print** the Claims Submission Form to use as your cover sheet, then fax it with your receipts to the number shown on the form. You can also scan the receipts to your computer and email them to the address on the form, or mail them to our claims center through the postal service.



View Claims/Submit Receipts* for Purchases Requiring Substantiation: Even if you pay for an expense using your healthcare payment card, you may still need to submit receipts for that purchase. The CDH Portal will post a notice in your account when receipts are needed. To submit a receipt or to determine if you need to submit a receipt for a purchase, follow these simple steps.

- Log into the CDH Portal and select **Claim Center**.
- All claims display; ones needing receipts show at the top.
- Click on **Reprint Form** next to the claim to print your Claim Submission Form, then fax, email or mail it with your receipts to the number or address shown on the form.
- To view details of a claim, including copies of previously faxed receipts, click on **View Details**.

View Claim Status: At any time after your request is sent in, you can return to the Claim Center to see the status of your claim.

- Select **Claim Center** from the Home page. Select **All Claims** and the status of those claims will be displayed.

Important Information

- * You may only submit receipts for services incurred during the plan year or employment period. An expense is incurred when a service is received, not when a bill is paid.
- * If you paid with your healthcare payment card, there is no need to add a new claim. Just be ready to submit receipt if requested.
- * Credit card receipts or cancelled checks are not considered sufficient documentation.

**For eligible expenses covered by insurance; attach your Explanation of Benefits (EOB). For eligible expense not covered by insurance or where an EOB is not available; attach an itemized bill/receipt that includes the date of service, name and address of the provider, a description of the service and the amount charged.*



Claims FAQs

When will I need to submit receipts?

You will need to submit receipts anytime you request reimbursement. There are also times that you will need to submit a receipt when you pay with your healthcare payment card. Always save your receipts in case they are needed. Times you may need them for purchases include:

- Purchase of over-the-counter medicines at major retail drugstores and grocery stores such as CVS, Rite Aid, Eckerd, Safeway, etc. An exception to this is Walgreens; FSA eligible purchases made at Walgreen's stores will not require that you submit receipts as long as you use your healthcare payment card. Remember to pay for non-eligible items with a separate form of payment.
- Payments at a qualified provider that do not exactly match your health plan co-pays such as deductibles, coinsurance obligations, medical labs and dental offices.

How can I minimize receipt requests?

The following are tips that may reduce requests for additional documentation when using your Visa card:

- Pay for your over-the-counter items (like aspirin and contact lens supplies) separately from your prescriptions.
- Purchase your eligible items online from drugstore.com, visiondirect.com, or at a Walgreens, Happy Harry's or Wal-Mart store.

How will I know if additional documentation is needed?

You will be notified by email or in writing by a customer service representative. Additionally, when you log into your Account Claim Center, all claims needing receipts will be listed first.

What if I do not submit the required documentation?

If you do not send the appropriate documentation as requested, your card privileges will be suspended, and you will be required to pay back any ineligible amount used from your FSA or HRA.

What is the turnaround time for reimbursement requests processing?

We process reimbursement requests within 48 hours of receipt and send out reimbursements at least twice a month. Check your enrollment material or with your HR representative for your reimbursement schedule. You may check the status of your request online or by calling 1-877-292-4040. All claims requiring additional documentation are listed at the top.

How will I receive my reimbursements?

You are eligible to be reimbursed by check or direct deposit. For quicker reimbursement sign-up for direct deposit. Enter your direct deposit information into your online account, or request a direct deposit enrollment form by calling customer service at 1-877-292-4040 or by sending an email to service@connectyourcare.com.

FSA Store | flexible spending account

ConnectYourCare has partnered with [drugstore.com](#), [Wal-Mart](#), [Walgreens](#), [Happy Harry's](#) and [Vision Direct](#) to make it quick and easy for you to use your ConnectYourCare healthcare payment card for eligible over the counter (OTC) products. **When you use your card at these merchants, you don't have to send in receipts.**

Eligible items are clearly marked for your convenience and apply whether your account is an FSA, HRA or HSA. You can also purchase items that are not FSA, HRA or HSA eligible. Simply have another form of payment ready for these items.

Questions?

ConnectYourCare Customer Service Representatives are available from 8 AM to 8 PM Monday through Friday at 877-292-4040 or at service@connectyourcare.com

Listing of HSA Qualified Medical Expenses

This is a quick reference list of expenses that can be reimbursed from a health reimbursement arrangement (HRA).

Medical expenses allowed as deductions are determined by Section 213 (d) of the Internal Revenue Code. However, eligible medical expenses under an HRA draw from this list of deductible medical expenses, but may exclude some expenses in the plan design. For more detailed information, please refer to IRS Publication 502 titled, "Medical and Dental Expenses," Catalog Number 15002Q. You can order the publication by calling (800) TAX FORM or see it online at www.irs.gov/pub/irs-pdf/p502.pdf. For tax advice, please seek the services of a competent professional.

Eligible Medical Expenses		
<ul style="list-style-type: none"> • Abdominal supports • Acupuncture • Air conditioner (when necessary for relief from difficulty in breathing) • Alcoholism treatment • Ambulance • Anesthetist • Arch supports • Artificial limbs • Autoette (when used for relief of sickness or disability) • Birth control pills (by prescription) • Blood tests • Blood transfusions • Braces • Cardiographs • Chiropractor • Christian Science practitioner • Contact lenses • Contraceptive devices (by prescription) 	<ul style="list-style-type: none"> • Convalescent home (for medical treatment only) • Crutches • Dental treatment • Dental X-rays • Dentures • Dermatologist • Diagnostic fees • Diathermy • Drug addiction therapy • Drugs (prescription) • Elastic hosiery (prescription) • Eyeglasses • Fees paid to health institute prescribed by a doctor • FICA and FUTA tax paid for medical care service • Fluoridation unit • Guide dog • Gum treatment • Psychoanalyst • Psychologist 	<ul style="list-style-type: none"> • Psychotherapy • Radium therapy • Registered nurse • Special school costs for the handicapped • Spinal fluid test • Splints • Sterilization • Surgeon • Telephone or TV equipment to assist the hard-of-hearing • Therapy equipment • Transportation expenses (relative to health care) • Ultraviolet ray treatment • Vaccines • Vasectomy • Vitamins (if prescribed) • Wheelchair • X-rays
Eligible Over-the-Counter Drugs		
<ul style="list-style-type: none"> • Antacids • Allergy medications • Pain relievers • Cold medicine • Anti-diarrhea medicine • Cough drops and throat lozenges 	<ul style="list-style-type: none"> • Sinus medications and nasal sprays • Nicotine medications • Nasal sprays • Pedialyte® • First aid creams • Calamine lotion 	<ul style="list-style-type: none"> • Wart removal medication • Antibiotic ointments • Suppositories and creams for hemorrhoids • Sleep aids • Motion sickness pills
Ineligible Medical Expenses		
<ul style="list-style-type: none"> • Advance payment for services to be rendered next year • Athletic club membership • Automobile insurance premium allocable to medical coverage • Boarding school fees • Bottled water • Commuting expenses of a disabled person • Cosmetic surgery and procedures • Cosmetics, hygiene products and similar items • Funeral, cremation or burial expenses 	<ul style="list-style-type: none"> • Health programs offered by resort hotels, health clubs and gyms • Illegal operations and treatments • Illegally procured drugs • Maternity clothes • Penalties for failure to precertify according to health plan rules • Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits • Scientology counseling • Social activities 	<ul style="list-style-type: none"> • Special foods and beverages • Specially designed car for the handicapped other than an Autoette or special equipment • Swimming pool • Travel for general health improvement • Tuition and travel expenses to send a problem child to a particular school
Ineligible Over-the-Counter Drugs		
<ul style="list-style-type: none"> • Toiletries (including toothpaste) • Acne treatments • Lip balm (including ChapStick® or Carmex®) 	<ul style="list-style-type: none"> • Cosmetics (including face cream and moisturizer) • Medicated shampoos and soaps • Vitamins (daily) • Fiber supplements 	<ul style="list-style-type: none"> • Dietary supplements • Weight-loss drugs for general well-being • Herbs

In general, health insurance may not be purchased with HSA funds. There are four exceptions; HSA funds can be used to pay for:

- 1) A health plan during any period of continuation coverage required under any federal law
- 2) A qualified long-term care insurance contract
- 3) A health plan during a period in which the individual is receiving unemployment compensation under any federal or state law
- 4) For individuals over age 65, premiums for Medicare Part A, B, or D, a Medicare HMO and/or the employee share of premiums for employer-sponsored health insurance, including premiums for employer-sponsored retiree health insurance