## HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA)

Reimbursable expenses may be incurred by you, your spouse or any dependents for which you are entitled to claim an income tax exemption on your annual income tax return for the plan year.

**Valid reimbursable health care expenses are:** 1) those described in Internal Revenue Code Section 213 (e), refer to IRS Publication 502; 2) those which result from treatment prescribed by a physician or other health care professional licensed under Florida Statute; and 3) those expenses for which you are not compensated by insurance or otherwise. The following are examples of expenses, which may be included:

Deductibles, nursing services, well care, co-payment or co-insurance, prescription drugs, out of pocket expenses not covered by insurance, transportation associated with the delivery of medical services, treatment for substance abuse, dental and orthodontic expenses not covered by insurance, cost of related medical aids (glasses, contact lenses, hearing aids) and physicians, surgeons, psychological, psychiatric, dental, and ophthalmologic fees. ***New eligible expenses: Weight loss programs recommended by a physician for a SPECIFIC medical condition or morbid obesity, and stop-smoking programs now qualify for reimbursement. A physicians statement must accompany these claims.***

**Excluded from Reimbursement:**

1) Effective 1/1/1990, Health insurance premiums paid for individual or group plans outside the College.
2) Effective January 1, 1991, Cosmetic Surgery. The Internal Revenue Code defines cosmetic surgery as any procedure, which is directed at improving the patient's appearance, and does not meaningfully promote the proper function of the body or prevent or treat illness or disease.

Elections made to a health care reimbursement account are irrevocable for the plan year except if a change in status occurs, such as divorce, marriage, death, etc. Changes in status must be reported within 31 days of the date of occurrence to make a change. Evidence of change in status must be submitted. These include copies of birth or marriage certificate, divorce decree, etc.

Funds remaining in the Health Care Reimbursement Account at the end of the plan year shall be forfeited under the IRS "use it or lose it" rule. Items claimed for reimbursement may not be itemized as tax deductions on the annual income tax return, IRS Form 1040.

Employees who are able to claim Earned Income Tax Credit (EITC) should carefully review the impact of using salary reduction on EITC. Salary reduction may provide greater EITC in addition to other tax savings. Consult your tax preparer for advice.

## DEPENDENT CARE REIMBURSEMENT ACCOUNT (DCRA)

Single or Married Filing Individual Return: $2,500 Married Filing Joint Return: $5,000

"Dependent" is:

1) Child under age 13 you claim as a tax exception
2) Child (any age) you claim as a tax exception, mentally/physically incapable of self-care
3) Spouse, mentally/physically incapable of self-care
4) Other individual for whom you may claim a tax exemption for taxable year.

**Eligible Dependent Day Care Expenses:**

1) Expenses incurred to enable the employee to work.
2) Expenses incurred in the Plan Year.

**Ineligible Dependent Day Care Expenses:**

1) Expenses associated with payment to any individual for whom you or your spouse may claim a tax exemption.
2) Care for your child 13 years or older who is mentally and physically capable of self-care.
3) Expenses associated with payment to your child who is under 19 at the close of the taxable year.
4) Expenses associated with overnight camp, travel, entertainment, laundry, etc.

You must provide Ameriflex with the day care provider's full name, address and social security number or tax ID number. Services provided by tax-exempt organizations such as a church, school board or United Way are exempt from this provision. It is recommended that: 1) Individuals who have an adjusted gross income of $24,000 or less should exercise use of the IRS Child Care tax credit to receive the greatest tax advantage; 2) a dependent day care reimbursement account should be used only by those with an adjusted gross income in excess of $24,000. Employees who are able to claim Earned Income Tax Credit (EITC) should carefully review the impact of using salary reduction on EITC. Salary reduction can provide greater EITC in addition to other tax savings. Consult your tax accountant for advice. The amount you allocate for dependent day care reimbursement may not exceed your income if you are single, or the lesser of your income and the income of your spouse if you are married. ***Please note in 2003, NEW IRS Child Care tax credit rules began, which are more beneficial. MDC suggests you contact your your tax professional for advice in this program participation.***

Any day care or dependent care provider caring for more than six individuals must comply with the applicable laws and regulations of the State of Florida.

Elections made under a dependent day care reimbursement account are **irrevocable** during the plan year except in case of a change in status such as divorce, marriage, death, etc. Changes in status must be reported within 31 days of the date of occurrence to make a change. Evidence of occurrence required such as copy of birth, death, marriage certificate or divorce decree, etc.