



VitaFlex Medical Reimbursement Plan Limited Purpose Accounts

Contributions to a Health Savings Account (HSA)

In general, if you are currently participating in a qualified High-Deductible Health Plan (HDHP) and are either making contributions to a Health Savings Account (HSA) or having contributions made to a Health Savings Account on your behalf, then participation in a *regular* medical Flexible Spending Arrangement (FSA) will disqualify you from making contributions to your HSA. However, you may make an election to change your *regular* medical FSA into a *limited purpose* medical FSA, or Limited Purpose Account, thereby allowing you to maintain both accounts concurrently. A Limited Purpose Account restricts eligibility to those expenses that will not disqualify you from making contributions under your HSA.

What expenses are eligible under a Limited Purpose Account?

Under a Limited Purpose Account, regular medical expenses are not eligible for reimbursement until you meet the statutory minimum annual deductible set by the IRS. For the 2011 Plan Year, the minimum annual deductibles are \$1,200 for self-only coverage and \$2,400 for family coverage. These are the minimum annual deductible limits for a medical plan to qualify as a High-Deductible Health Plan (HDHP). In some cases, your medical plan deductible may be greater than the amounts listed above, in which case you *could* claim medical expenses beyond the amount listed above but still under your medical plan deductible. When making an election to convert a regular medical FSA to a Limited Purpose Account, please only take into consideration the following expenses.

- Dental Expenses
- Orthodontia Expenses
- Vision Expenses
- Preventive Care Expenses (e.g. immunizations or wellness visits)
- Post-Deductible Medical Expenses (please refer to the statutory limits outlined above)

How do I elect a Limited Purpose Account?

When making your VitaFlex election, you must indicate through the enrollment process that you would like to elect a Limited Purpose Account. Depending on your enrollment method, there is a checkbox located on both the online enrollment portal and the hard copy election form for you to indicate that you are currently contributing to an HSA and would like to convert your regular medical FSA to a Limited Purpose Account. If you fail to notify VitaFlex of your intention to convert your regular medical FSA to a Limited Purpose Account and then submit medical expenses for processing, the reimbursements could disqualify the tax favored status of your HSA plan.

It is not the responsibility of VitaFlex to know whether or not you are contributing to an HSA. Likewise, it is not possible for VitaFlex to know whether submitting certain claims under the Plan will disqualify you under your HSA. Regardless of whether contributions made to your HSA are provided by you or are made on your behalf through your Employer, you are responsible for notifying VitaFlex if you wish to participate under the Limited Purpose Account provisions of this Plan.

Your election of a Limited Purpose Account applies to you and ALL dependents who are eligible to submit expenses under your Medical Reimbursement Account. Your Account may not be divided into being a Limited Purpose Account for only one eligible individual and a regular account for other individuals.

Different Plan Year Election

Please note that any contributions into an HSA may be restricted based on the Claims Incurred Deadline election of this Plan. If the Claims Incurred Deadline crosses over into the following Plan Year, then your eligibility to contribute to an HSA account may be limited. Please consult your tax advisor for additional information.

Contact VitaFlex

Please contact VitaFlex if you have any questions. We can be reached via e-mail at flex@vitamail.com or over the phone at (650) 966-1492 or (800) 424-3052. Additional information can also be found on our website at www.vitaflex.net.