



2018 PLAN YEAR



IU Tax Saver Benefit (TSB) Plan

Summary of Plan Provisions

Full-time Academic and Staff Employees

Reimbursement Accounts and Associated Claims Administered
by The Nyhart Company

Table of Contents

Foreword	2
Plan Highlights	3
Plan Provisions	4
Summary.....	4
How the Reimbursement Accounts Work.....	4
Eligible Employees.....	5
Commencement of Participation.....	5
Termination of Participation.....	5
Mid-Year Changes in Enrollment.....	6
Leave Without Pay.....	6
Privacy of Personal Health Information.....	7
Premium Conversion	8
Healthcare Reimbursement Account	8
Contribution Limits.....	9
Availability of Funds.....	9
Eligible Expenses.....	9
Ineligible Expenses.....	9
IU Benefit Card.....	11
Dependent Care Reimbursement Account	12
Contribution Limits.....	12
Availability of Funds.....	12
Eligible Expenses.....	12
Ineligible Expenses.....	12
Qualifying Life Events	13
Definitions	14
Customer Service	16
Notice of Privacy Practices	17

Foreword

This booklet describes the pre-tax benefit coverages provided by Indiana University through the IU Tax Saver Benefit Plan. Material in this booklet is intended for informational purposes only and is not intended to serve as a legal representation of these benefits. Although the booklet is intended to be accurate, if there is any difference between this summary and other documents and regulations, those documents and regulations will govern.

This booklet should be read in its entirety since many of the provisions are interrelated.

While Indiana University intends to continue this plan, it reserves the right to change or terminate it at any time.

Indiana University does not give tax advice to employees. Neither the Plan Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of the Participant under this plan, or that any amounts which represent salary reduction contributions under this plan will be excludable from the Participant's gross income for federal, state or local income tax purposes, or that any other special federal, state or local tax treatment will apply to or be available to any Participant. It is the obligation of each Participant to determine the tax consequences of his or her participation in this plan.

Tax Saver Benefit (TSB) Plan

The TSB plan is designed to save tax dollars when you pay for IRS eligible expenses. When you elect to set aside salary contributions into one or both of the TSB expense reimbursement accounts, the contributions are not subject to federal, state, local or FICA taxes. This can mean substantial savings. The TSB accounts are administered by the Nyhart Company.

Eligible full-time (75% FTE or more) Academic (including IU Residents) and Staff employees are eligible to participate in either or both reimbursement accounts:

- Healthcare Reimbursement Account
- Dependent Care Reimbursement Account

Benefits described in this booklet are effective as of January 1, 2018.

Tax Saver Benefit (TSB) Plan Highlights

Plan Type/Provisions	Eligibility	Participation
<p>The plan is established under Section 125 of the Internal Revenue Code.</p> <p>Eligible employees can elect to reduce a portion of their salary to purchase certain benefits with pre-tax dollars. The plan is voluntary and there are no fees to participate. Under the plan, certain medical, dental, and vision expenses, and Dependent care expenses that allow the employee to work, are exempted from federal, state, local and FICA taxes.</p> <p>Three distinct plan provisions:</p> <ul style="list-style-type: none"> • Premium Conversion • Healthcare Reimbursement Account • Dependent Care Reimbursement Account 	<p>All full-time (75% FTE or greater) Academic and Staff employees (including Residents) are eligible to participate in the TSB Plan. Employees do not need to be enrolled in an IU-sponsored medical or dental plan to participate in a Healthcare or Dependent care reimbursement account.</p> <p>Individuals eligible to incur claims for reimbursement under TSB are defined in the corresponding sections of the plan booklet.</p> <p>An employee who terminates or loses eligibility during the year is generally not eligible to participate during the remainder of the Plan Year. Exceptions are:</p> <ul style="list-style-type: none"> • Rehired employees are eligible to resume elections in effect at the time of termination. • Healthcare expense reimbursement may be continued under the terms of COBRA. 	<p>Pre-tax premium contributions are automatic for an IU-sponsored medical or dental care plan and/or Personal Accident Insurance.</p> <p>Eligible employees may elect to participate in one, both, or neither of the reimbursement accounts each year.</p> <p>Participation in either reimbursement account is initiated by electing benefits through UHR. Enrollment must be renewed each year prior to the beginning of the calendar year during Open Enrollment with an effective date of January 1.</p> <p>IRC Section 125 regulations limit mid-year changes in plan elections to certain IRC-defined Qualifying Life Event.</p>
Contributions	Administration	Time Restrictions
<p>Employee contributions to IU-sponsored medical plans, dental plans, or Personal Accident Insurance are automatically deducted from paychecks on a pre-tax basis.</p> <p>The employee submits benefit elections for contributions to cover IRS-qualified health and dependent care expenses anticipated during the Plan Year. The pre-tax "salary reduction" is then transferred to an account for use by the employee for eligible expenses.</p> <p>There are maximum annual limits on the amount the employee may contribute to reimbursement accounts.</p> <p>Unused pre-tax reimbursement account balances cannot be returned to the employee for any reason, nor can they be moved between accounts.</p> <p>There is a \$500 carryover provision at the end of the plan year for the Healthcare Reimbursement account.</p>	<p>Pre-tax premium contribution benefits are administered through the IU payroll system.</p> <p>Claims for health expenses and dependent care expenses are administered on behalf of Indiana University by The Nyhart Company. Claims eligible for reimbursement under accounts are explicitly defined by the IRS. In addition, they must be incurred during defined time periods and submitted within allowed time restrictions.</p> <p>The entire amount of the Plan Year salary reduction is available for reimbursement beginning January 1.</p> <p>Claims can be reimbursed in advance of actual salary reductions, but reimbursement cannot be made until the service is provided.</p> <p>TSB Participants also enrolled in an HSA may have additional IRS restrictions on eligible expenses. See page 9 of the plan booklet for more information.</p>	<p>The plan is governed by several time restrictions:</p> <ul style="list-style-type: none"> • For new employees, eligibility begins on the date of hire so long as the employee enrolls within 30 days of the date of hire (new enrollment is not allowed during November and December of the current year); • For the Healthcare Reimbursement Account, eligible claims incurred during the Plan Year must be submitted by February 28th of the following year. • For the Dependent Care Reimbursement Account, eligible claims incurred during the Plan Year must be submitted by April 15th of the following year; • Mid-year changes must be made within 30 days of a Qualifying Life Event for example, within 30 days of birth for adding a newborn or within 30 days of a dependent child's marriage to drop the child and initiate a premium reduction.

Plan Provisions

Summary

The IU Tax Saver Benefit (TSB) Plan is a program that allows the reduction of the employee's salary to purchase certain benefits with pre-tax dollars. The plan is offered in three distinct provisions: a pre-tax Premium Conversion provision and two optional pre-tax reimbursement account provisions.

Pre-Tax Premium Conversion Provision

Employee contributions for their IU-sponsored medical and/or dental plan and Personal Accident Insurance are automatically taken from the employee's salary on a pre-tax basis.

Optional Pre-Tax Reimbursement Account Provisions **Healthcare (Medical, Prescription, Dental and Vision) Expenses**

An employee may elect to set aside pre-tax dollars in a reimbursement account to pay for IRS-qualified medical, dental, and vision expenses that are not covered by any type of insurance program. This includes health plan deductibles, co-insurance, prescription co-insurance or co-payments, vision exams, prescription glasses, dental expenses including orthodontia, and other health services not covered under a health plan. Certain services, for example, cosmetic surgery, are not IRS-qualified expenses.

NOTE: Employees enrolled in Indiana University's sponsored Health Savings Account (HSA) may only be reimbursed for dental and vision expenses until the HDHP deductible is met. All medical expenses as defined above, incurred after the deductible is met, may be reimbursed from the TSB Healthcare Reimbursement Account.

Dependent Day/Evening Care Expenses. An employee may elect to set aside pre-tax dollars in a reimbursement account to pay for IRS-qualified child or elder day/evening care that is required in order to allow the employee and employee's spouse to work.

Each year Eligible Employees may participate in one or both of these two reimbursement accounts, or may elect not to participate in either.

How the Reimbursement Accounts Work

Normally, the employee would pay for non-covered Health and Dependent Care expenses with after-tax income. By contributing pre-tax income to TSB Reimbursement Accounts, it is like getting a discount on these bills since the employee doesn't have to earn as much money to pay for them. The money contributed to reimbursement accounts by automatic payroll deductions is not subject to federal, state, local, or FICA taxes.

The employee is responsible for estimating the IRS-qualified expenses that are anticipated during the Plan Year. Indiana University will reduce the employee's taxable salary by the specified amount divided equally by the number of regular paychecks issued during the year. The pre-tax money is transferred to an account for use by the employee for eligible expenses. After incurring IRS-qualified expenses, the employee submits receipts for reimbursement from the associated account, or in the case of the Healthcare Reimbursement Account, the IU Benefit Card can be used to pay expenses.

How Tax Saver Benefit Saves Money

When an employee contributes money to a Tax Saver Benefit (TSB) Plan reimbursement account, the contribution is not subject to federal, state, local, or FICA taxes. These tax savings really do add up. The amount of the savings depends on income, marital filing status, withholding allowances, and resulting tax rate. For example, a married employee with an annual salary of \$34,000 with no allowances and no other deductions could save approximately 26% in taxes. The following is an example only - tax savings will depend on the employee's tax rate.

EXAMPLE:	Not using TSB	Using TSB
Contribution to reimbursement account	\$0	\$780
Cost of prescription co-insurance and eye glasses	\$780	\$780
Income taxes paid to take home \$780	\$271	\$0
Amount you must earn to pay co-insurance and	\$1,051	\$780
AMOUNT SAVED:	\$0	\$271

Eligible Employees

All full-time (75% FTE or greater) Academic and Staff employees (including Residents) are eligible to participate in the Tax Saver Benefit (TSB) Plan. Employees do not need to be enrolled in an IU-sponsored medical or dental plan to participate in reimbursement accounts. New employees are not eligible to enroll in TSB reimbursement accounts during November and December of the current year. They may enroll for the following January 1.

If an employee terminates coverage in the TSB plan during the year for a reason other than termination of employment, the employee is not eligible to participate during the remainder of the Plan Year. An employee who terminates employment and is rehired during the same Plan Year may resume the TSB elections that were in place at the time of termination.

Plan Design

The plan is a Cafeteria Benefits Plan, established by Indiana University for the exclusive benefit of Eligible Employees. It is intended to qualify as a Cafeteria Benefits Plan under Section 125 of the Internal Revenue Code of 1986, as amended. It is administered in accordance with the provisions of the Internal Revenue Code and associated regulations, which apply to such benefit plans.

In order to receive the preferential tax benefits afforded by IRC 125, the plan must be administered within very specific IRS regulations. For example:

- Mid-year changes in contributions are limited to those consistent with an IRS-defined Qualifying Life Event, such as, marriage, birth of a child, or change in dependent care provider rates.
- IRS regulations determine which expenses are allowable, that is, qualified for pre-tax benefits.
- Unused pre-tax reimbursement account balances cannot be returned to the employee for any reason, nor can they be moved between accounts.
- There is a \$500 carryover provision at the end of the plan year for the Healthcare Reimbursement account.

Administration

Pre-tax Premium Conversion benefits are administered through the IU payroll system.

Reimbursement accounts and associated claims under TSB are administered by The Nyhart Company.

Commencement of Participation

The effective date of participation is important because it determines when the employee may begin to make pre-tax contributions and the date on which incurred claims may be eligible for reimbursement under a Pre-Tax Reimbursement Account.

Participation in the Tax Saver Benefit Plan begins on the following date:

- **Open Enrollment:** The first day of the Plan Year if coverage is elected during Open Enrollment; or
- **Newly Eligible Employees:** On the date of hire, so long as coverage is elected within 30 days of becoming eligible; or
- **Other Mid-year Elections:** With respect to a mid-year Qualifying Life Event, on the date of the event, so long as coverage is consistent with the event and coverage is elected within 30 days of the event.

Termination of Participation

The termination date of participation is important because it defines the point at which pre-tax contributions can no longer be made and, with respect to a Healthcare Reimbursement Account, the date after which incurred expenses are no longer eligible unless the Participant elects to continue contributions under COBRA.

Irrevocable Election. Once participation is elected, participation is irrevocable for the remainder of the Plan Year except under certain IRS-defined circumstances.

Participation continues to the end of the Plan Year unless it terminates on one of the following dates:

- The date that the Participant's employment terminates or the Participant is no longer an Eligible Employee (no longer employed as 75% FTE or greater) except with respect to a Healthcare Reimbursement Account if the Participant elects to continue after-tax contributions under COBRA; or

- The date of a Qualifying Life Event, if termination is on account of and consistent with a Qualifying Life Event and is requested by the employee in writing within 30 days of the event; or
- With respect to the Healthcare Reimbursement Account or the Dependent Care Reimbursement Account, the last day of the Plan Year in which the employee has elected participation in the account (i.e., the employee must affirmatively elect participation each Plan Year); or
- With respect to the pre-tax Premium Conversion provision, on the last day of the Plan Year in which the employee elects, during Open Enrollment, to terminate IU-sponsored health care coverage or Personal Accident Insurance; or
- The date on which the Participant fails to make required contributions; or
- The date that the University terminates the plan.

A Participant will not be eligible to make any further contributions as of the date participation terminates (except as described in the COBRA section). However, a terminated Participant may continue to submit claims for payment from their Healthcare of Dependent Care Reimbursement Accounts if the claims were incurred while participating, as long as they are submitted within specified time frames.

Mid-Year Changes in Enrollment

Once an employee has declined or elected participation, mid-year changes are only allowed under certain IRS-qualified circumstances that is referred to as a Qualifying Life Event. A mid-year change must be requested in writing within 30 days of the event. The change in election must be consistent with and on account of the event. Qualifying Life Events are detailed on pages 15-16 of this booklet.

About Taxes

FICA taxes are not deducted from the pre-tax contributions made under the provisions of this plan. This will slightly lower the employee's contributions to Social Security. The federal, state, and local tax advantages gained through participation may offset any possible reduction in Social Security.

Employee Responsibilities

For the TSB Healthcare and Dependent Care Reimbursement Accounts, the employee is

responsible each year for:

- Estimating the IRS-qualified expenses anticipated during the next calendar year.
- Notifying the University of any mid-year Qualifying Life Events and requesting corresponding changes to TSB plan contributions and health plan enrollment in writing within 30 days of the event.
- Completing the online enrollment process prior to the beginning of the Plan Year or within 30 days of becoming an Eligible Employee.
- Submitting IRS-qualified expenses for reimbursement during the Plan Year and no later than February 28 following the end of the Plan Year for the Healthcare Reimbursement Account, and no later than April 15 following the end of the Plan Year for the Dependent Care Reimbursement Account (or the next business day if April 15 falls on a weekend).
- Verifying payroll deductions and notifying the IU Human Resources office of any error within 30 days of the date of the benefit enrollment.
- In the case of disputed claims, it is the employee's responsibility to provide proof that claims were submitted in a timely manner to the Claims Administrator, Nyhart.
- In the case of disputes as to the timely submission of an online request to make a mid-year change to IU-sponsored health care coverage and/or to make a change to a reimbursement account, it is the employee's responsibility to provide proof that the required documentation was submitted in a timely manner to the Plan Administrator, Indiana University.

Leave Without Pay

Commencement of, or return from a Leave Without Pay is an IRS-defined Qualifying Life Event that allows an employee to suspend and then resume IU-sponsored health care coverage and/or suspend and resume participation in a reimbursement account. Employees must provide the University with notice of the Qualifying Life Event within 30 days along with an enrollment change request. When suspending and resuming participation in the same year, the employee must resume the elections in place at the time that participation was terminated.

If the employee does not request a change in participation at the commencement of an unpaid

leave, the employee is responsible for making arrangements to pay the employee contributions during the unpaid leave of absence. Failure to make contributions will result in termination of participation in the associated parts of the TSB Plan. Claims incurred after participation ends will not be eligible for reimbursement. Upon return from the unpaid leave, the employee may request to reinstate the plan elections that were in place at the time they were discontinued, so long as the request is made in writing within 30 days of the event.

Privacy of Personal Health Information

In order to administer the benefits described in this plan booklet, personal health information is exchanged between plan members, their health care providers, the Plan Administrator, and, in some cases, the plan sponsor. The types of uses of health information are described below. Indiana University has a longstanding policy of maintaining the confidentiality of such health information. Beginning April 14, 2003, the University, as the health plan sponsor, is also required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), to protect the confidentiality of private health information. A complete description of employee rights under HIPAA can be found in the plan's Notice of Privacy Practices located in the back of this booklet, and is also available to plan Participants on the Indiana University Human Resources Web site; and from the Health Care Data Administrator.

With respect to Protected Health Information, Indiana University, as plan sponsor, will:

- not use or disclose information other than as described by the plan documents or as required by law;
- ensure that anyone who receives information in the course of operating the health plan agrees to the same conditions that apply to the plan sponsor with respect to such information;
- ensure reasonable separation between the health plan and the plan sponsor such that health information is not used for employment-related actions and decisions, nor disclosed in connection with any other employee benefit plan without authorization;
- report to the plan's designee any use of information that it becomes aware is inconsistent with permitted uses;
- make such information available to an individual for review or amendment and provide an

accounting of disclosures as required by HIPAA;

- cooperate with the Secretary of the U.S. Department of Health and Human Services as needed to determine the plan's compliance with HIPAA; and
- if feasible, return or destroy all protected health information received from the health plan when no longer needed; and if not feasible, limit further uses and disclosures consistent with HIPAA.

Within the university, only employees designated as having responsibility for benefit administration functions within Human Resources offices will be given access to HIPAA Protected Health Information. These individuals may only obtain and use Protected Health Information to carry out administrative functions needed to support the benefit plan. If these persons do not comply with the University's privacy practices, the University provides a procedure for resolving issues of noncompliance, including corrective sanctions.

Under HIPAA, a health plan member has certain rights with respect to Protected Health Information, including certain rights to see and copy the information, receive an accounting of certain disclosures of the information and, under certain circumstances, amend the information. Members also have the right to file a complaint with the University or with the Secretary of the U.S. Department of Health and Human Services if there is a concern that rights have been violated.

How Your Health Information May Be Used by This Plan.

Indiana University, as the plan sponsor of the Tax Saver Benefit Plan, engages a third party to administer these benefits on behalf of the plan. The plan uses and discloses personal health information for the purposes of carrying out plan operations. This includes such activities as processing applications for enrollment; customer service; detecting and preventing fraud or misrepresentations; internal and external audits; administration of claims; appeal and grievance review; and coordination of benefits. The health plan also uses and discloses personal health information as required by law and government oversight agencies.

The TSB plan does not use personal health information for purposes other than HIPAA permitted uses without the written authorization of the member.

The TSB Plan Administrator mails claim payment explanations for the employee, spouse, and children (adult and minor) to the address of record for the person in whose name the coverage is held, the employee. The health plan also discloses information about the payment of claims by the plan for the spouse and children covered upon inquiry by the person in whose name the coverage is held. If the spouse and or Dependent child over age 18 does not want such information disclosed in this manner or wishes to have the plan communicate with them in a different manner, the spouse or child must make a written request to the Plan Administrator stating where and how communication should take place. The Plan Administrator will make every effort to honor reasonable requests for special communications.

A member who has a question about the privacy of health information or wishes to file a complaint, may contact the Health Care Data Administrator, University Human Resources, Poplars E165, Bloomington, IN, 47405.

Premium Conversion

Pre-Tax Premiums

Preferential tax treatment is applied to employee contributions for IU-sponsored medical and dental plans and Personal Accident Insurance. When the employee enrolls in IU-sponsored health plan benefits or Personal Accident Insurance, the employee is authorizing contributions to be automatically taken from the employee's salary on a pre-tax basis. Participation is automatic with election of an IU-sponsored medical and/or dental plan and Personal Accident Insurance enrollment.

Restrictions on Mid-Year Changes

Because the employee's health care premiums receive preferential tax treatment under this plan, IRS regulations state that the employee's health plan selection is in effect for the entire Plan Year and cannot be changed until the next Open Enrollment except under special circumstances defined by IRC Section 125 and by HIPAA special enrollment provisions. These special circumstances are referred to as Qualifying Life Events by this plan and are listed in a separate section of this booklet. This plan also limits the time during which an employee can request changes to a health plan selection:

- The employee has 30 days from the Qualifying Life Event to request a change in writing.
- After 30 days, the employee must wait until the next Open Enrollment for changes to be effective the following January 1.

Mid-year changes are made by submitting a Life Event request online through the Employee Center on **One.IU**.

Duty to Notify of Ineligibility

From time to time, changes in eligibility will occur. The employee is responsible for notifying the University within 30 days of any changes that affect the employee's Dependents' eligibility. A Dependent ceases to be a covered Dependent on the date that the individual no longer meets the University's eligibility criteria. Failure to provide timely notice will result in the employee being responsible for reimbursing the plan for the Employer contributions for the ineligible individual.

Healthcare Reimbursement Account

Summary

Medical, prescription, dental, and vision expenses that may be reimbursed from the employee's TSB Healthcare Reimbursement Account are those that are:

1. Allowed by the IRS;
2. Incurred by the employee or eligible Dependent of the employee;
3. Not covered by any type of insurance or government program;
4. Incurred during the Plan Year (or while participating, if participation begins or ends during the year) and submitted on or before February 28th following the Plan Year;
5. Expenses that the employee is responsible for paying;
6. Expenses the employee has not taken as itemized deductions against Federal Income Taxes; and
7. Limited to dental and vision expenses for those enrolled in the Health Savings Account (HSA) who have not yet met their HDHP deductible. (All other IRS-allowed expenses incurred after the deductible is met are eligible.)

Contribution Limits

Eligible employees may contribute up to \$2,600 annually to be reimbursed for IRS-qualified medical, prescription, dental and vision expenses. There is no minimum contribution.

Availability of Funds

The entire amount of the employee's Plan Year salary reduction commitment is available for reimbursement beginning January 1st. This means that claims can be reimbursed in advance of actual salary reductions.

Eligible Expenses

The IRS allows many medical, dental and vision expenses to be eligible for reimbursement. These services include health expenses applied to plan deductibles, co-insurance, co-payments, amounts over plan maximums, and other expenses that may not be covered under the employee's health plan. In order to be eligible, an expense must be incurred by the employee, the employee's spouse, or eligible Dependent. For the purpose of determining eligible TSB Health expenses, Dependent means an individual that the employee is entitled to claim as an exemption under Section 151(c) of the IRS Code.

For those employees enrolled in the HSA, the IRS allows only dental and vision expenses to be reimbursed before the HDHP deductible is met. Once the HDHP deductible is met, all IRS eligible medical, prescription, dental, and vision expenses incurred after that date are reimbursable.

Examples of eligible expenses are:

- Medical, dental, and vision deductibles and co-insurance¹
- Prescription eye glasses, frames, and contacts
- Dental care and orthodontia
- Transportation and parking required for medical services²
- Hearing aids and related expenses²
- Routine care and physical exams²
- Prescription drugs²
- Weight loss programs prescribed by a physician to treat diagnosed obesity (BMI=30 or greater)²
- Smoking cessation programs²
- Radial keratotomy and LASIK

- Certain over-the-counter items¹ (over-the-counter medicines can only be purchased with a physician's prescription)

- ¹ Only expenses associated with dental or vision care are eligible expenses when enrolled in an HSA and the HDHP deductible has not been met.
- ² These expenses are not eligible expenses when enrolled in an HSA and the HDHP deductible has not been met.

Ineligible Expenses

Examples of expenses that are not allowed are:

- Over-the-counter medicines purchased without a physician's prescription
- Any individual or group medical premium
- Expenses covered by an insurance or government program
- Expenses related to long-term care (personal and custodial care)
- Cosmetic procedures
- Retin-A (unless for a specific medical diagnosis)
- Rogaine, or any other medicine prescribed for cosmetic purposes or over-the-counter medicines (even when prescribed by a physician)
- Vitamins and other dietary supplements that do not require a physician prescription, unless prescribed to treat a specific medical diagnosis.

The above are only examples. The IRS modifies its definition of eligible expenses from time to time. Contact Nyhart or your tax advisor if you have questions about whether specific expenses are eligible.

TSB Healthcare Reimbursement Account and HSA Provisions

Employees can have a TSB Healthcare Reimbursement Account and an HSA, but cannot use the TSB account to pay expenses that apply toward the HDHP deductible. TSB funds can be used to pay for "limited" expenses: dental, vision, and post-deductible medical expenses (expenses after the HDHP plan deductible is met).

When enrolled in the HSA, Nyhart will administer the employee's TSB Healthcare Reimbursement Account as a limited account until the employee substantiates that the HDHP deductible has

been met, after which time the TSB funds can be used to reimburse the employee for medical and prescription expenses.

TSB Healthcare Reimbursement Account Annual Carryover Provision

There is a carryover provision at the end of the plan year that allows a carryover of up to \$500 of unused TSB Healthcare Reimbursement Account funds into a new account in the following plan year.

Carryover provisions are as follows:

- Expenses for a plan year can only be incurred from January 1 through December 31.
- If there are unused funds, up to \$500, remaining in the TSB account on December 31, it will be rolled over into a new account for the next plan year.
- Carryover funds will be available for use on January 1 of the following plan year and can be used for healthcare expenses incurred during that next plan year (regardless of whether the employee has re-enrolled in the TSB Healthcare account for the new plan year.)

When employees have more than \$500 remaining in their TSB account on December 31st:

- Employees will have until February 28th of the following plan year in which to submit final receipts for prior plan year services from the TSB Healthcare account.
- Any unused TSB funds in the account after February 28th, when all receipts and claims are required to have been turned in, that are in excess of the \$500 carryover amount will automatically be forfeit.
- Any claims or receipts submitted for the prior plan year will first be applied against any unused balance above the \$500 carryover amount.
- Usual usage restrictions apply when enrolled in both the HSA and TSB Healthcare Reimbursement accounts.

COBRA Continuation Coverage

If an employee terminates (including retirement) or loses eligibility during the year, participation in TSB

ends on the date of termination. Health expenses incurred prior to the end of participation can be submitted for reimbursement through February 28th of the following year.

Health expenses incurred after participation ends are not eligible for reimbursement unless the Participant elects to continue participation in TSB Healthcare Reimbursement Account under COBRA and continues to make contributions on an after-tax basis.

Leave Without Pay

During FMLA leave (or other approved leave of absence) or when laid off during the Plan Year, the employee may either continue or suspend participation in the plan.

If participation is suspended, the employee may either increase the per pay contribution upon return, so the total contribution will equal the annual election pledge, or the employee may reduce the annual election pledge and continue the original per pay contribution. If participation is suspended, the employee may not be reimbursed for expenses incurred during the leave or layoff. If participation is continued, the employee must make arrangements to continue contributions during the leave on an after-tax basis.

Failure to make contributions during the leave will result in coverage being suspended, and expenses during the suspended period may not be reimbursed.

TSB Comparison to Income Tax Credit

The expenses qualified under the TSB Healthcare Reimbursement Account are also qualified to be taken as itemized deductions against Federal Income Taxes. However, both methods cannot be used for the same expenses. Therefore, each employee must decide which method best meets their need.

Federal Itemization. The deduction is permitted only for those amounts of expense that exceed 7 1/2 percent of adjusted gross income. A 1040 Long form and Schedule A must be filed. The exclusion is only on Federal Income Tax (FICA, state and local income taxes must still be paid). The benefit is received only after filing tax report forms at the end of the year.

TSB Method. The plan permits exemption of the first dollar of expense up to \$2,600. This method reduces federal, FICA, state, and local income taxes. The tax benefits are received each pay check throughout the year. The employee must positively elect to participate in the TSB plan to obtain the preferential tax treatment for eligible expenses.

IU Benefit Card

TSB Healthcare Reimbursement Account participants have two options for reimbursement:

- Pay for services out-of-pocket and submit claims to Nyhart to receive reimbursement by electronic fund transfer, or
- Pay using the IU Benefit Card option.

How the Card Option Works. The IU Benefit Card is a debit-type Visa card, issued by Bankcorp Bank, a national financial services company, that allows participants to pay for purchases and services from either their TSB Healthcare Reimbursement Account, their Health Savings Account, or both. Participants use the card to pay at the time of service, keeping their receipts.

While most purchases do not require substantiation, when the IU Benefit Card is used, the Participant may receive a request (by means of e-mail or U.S. mail) from Nyhart to substantiate certain purchases with receipts. The Participant must submit their receipts with a copy of Nyhart's request. If purchases are not substantiated within 30 days, the card will be deactivated until receipts are submitted.

Using the Card for Services and Purchases. The card may be used at health-related businesses such as hospitals, physician and dental offices, and vision providers. The IU Benefit Card can only be used at businesses that have registered with credit

card vendors as a healthcare-related business, or that have implemented an IRS-approved inventory system for restricting IU Benefit Card use to eligible items.

Always select the credit option rather than debit when using the card as there is no PIN needed to use the card.

If the card is inadvertently used to purchase ineligible items, the Participant must repay their account. The Participant will be notified by Nyhart if ineligible expenses are detected from the receipts. Participants may also use the card to pay for eligible expenses for which they receive bills (e.g., physician visits and hospital services).

Just like a credit card, lost or stolen cards must be promptly reported and deactivated.

How to Obtain the Card. Each employee will receive two cards per family. Employees may obtain additional debit cards, for use by other family members, by paying an additional bank fee. Additional cards can be ordered using the form on the Nyhart Web page (iu.nyhart.com) or by calling Nyhart at 800-284-8412. When giving cards to family members, remember the employee is responsible for substantiating purchases on all cards, as requested by Nyhart.

The IU Benefit card is effective for three years and participants can continue to use the card for that period as long as they enroll in either the TSB or HSA each year. New cards are automatically reissued as they expire. The card does not apply to the TSB Dependent Care Reimbursement Account.

For those enrolled in both the HSA and the TSB Healthcare Reimbursement plans, the card can be used for BOTH accounts. In this situation, the card is set up as a "stacked card". That means that when the card is used at medical or pharmacy providers, the card will automatically draw from the HSA account funds. When the card is used at dental and vision providers, the card will automatically draw from the TSB funds first, then the HSA funds if the TSB funds have been exhausted.

When the employee has both the HSA & TSB accounts, the TSB Healthcare account funds can only be used for dental and vision expenses until the HDHP deductible has been met for the year. Proof of meeting the deductible must be provided to Nyhart.



Once the deductible is met for the year, the funds in the TSB can be then used for medical and prescription expenses, HOWEVER, the debit/Visa card will only pull medical and prescription expenses from the HSA account. To use the funds in the TSB for post-deductible medical and prescription expenses, you will need to pay for the expense out-of-pocket then submit a claim for reimbursement to Nyhart.

Dependent Care Reimbursement Account

Summary

An employee may elect to set aside pre-tax dollars in a reimbursement account to pay for IRS-qualified child or elder day/evening care. Allowable Dependent day/evening care expenses are those that are:

1. Allowed by the IRS;
2. Incurred* during the Plan Year;
3. Paid to a qualified individual;
4. Submitted on or before April 15 following the Plan Year;
5. Expenses that the employee is responsible for paying; and
6. Expenses the employee has not taken as itemized deductions against Federal income taxes.

* The IRS defines incurred as when the service is provided, not when the services are billed or paid. For example, prepayment of summer day care camp registration is not incurred until the child has been to camp.

Contribution Limits

An employee may contribute up to \$5,000 annually (\$2,500 for married employees who file separately). However, the maximum allowable expense cannot exceed the amount of earned income of the lesser-paid of the employee or spouse. There is no minimum contribution.

Availability of Funds

The amount of the employee's Plan Year salary reduction commitment is available for reimbursement beginning January 1. However, claims will be reimbursed after services are rendered.

Eligible Expenses

Generally, expenses are eligible for the following Dependents: children less than age 13; totally disabled Dependents; or Dependents otherwise eligible for Federal Income Tax purposes, if all of the following conditions are met:

1. The employee is unmarried, or if married, both the employee and spouse work or the spouse is a full-time student or is totally disabled; and
2. The Dependent care expense is incurred within the Plan Year to enable the employee and spouse to work; and
3. The expenses are paid to someone who is not also the employee's Dependent for federal income tax purposes and the caregiver reports the income for tax purposes; and
4. If divorced, the employee or spouse is the custodial parent; and
5. The services are not provided free of charge or for a period of time when the employee or spouse is providing the care, i.e., on vacation or leave; and
6. If provided by a day care facility, the facility meets all State and Local regulations; and
7. If for elder care, the elder Dependent lives in the employee's home at least 8 hours per day; and
8. The charges will not be claimed as a Federal Child Care Credit against Federal income taxes.

Ineligible Expenses

Examples of expenses that are not allowed are:

- Kindergarten;
- Expenses for services not yet received, even if the expense has been paid;
- Expenses that are not required for the employee to be at work (or for both the employee and spouse to be at work in the case of a married employee); and
- Expenses for care at a camp where the Dependent stays overnight.

Contact Nyhart or your tax advisor if you have questions about whether specific expenses are eligible.

TSB Comparison to Income Tax Credit

The expenses qualified under a TSB Dependent Care Reimbursement Account are also qualified to be taken as itemized deductions against Federal Income Taxes. However, both methods cannot be used for the same expenses. Therefore, each employee must decide which method best meets their need.

Federal Itemization. The tax credit permits exemption only on expenses up to \$3,000 for one Dependent, or \$6,000 for two or more Dependents. The exclusion is only on Federal Income Tax (FICA, state and local income taxes must still be paid). The benefit is received only after filing tax report forms at the end of the year.

TSB Method. Tax exemption is allowed for 100% of expenses up to \$5,000 (\$2,500 for married employees filing income taxes separately). This method reduces federal, FICA, state, and local income taxes. The tax benefits are received each pay check throughout the year. The employee must positively elect to participate in the TSB plan to obtain the preferential tax treatment for eligible expenses.

Required Information

Employees are required to report the name, address, and Social Security Number (or Federal Tax ID #) of the person or organization that provides the Dependent or child care services. Space for this information is provided on the Claim Form.

Qualifying Life Events

Provisions

Because the employee's health care premiums and TSB reimbursement accounts receive preferential tax treatment under this plan, IRS regulations state that the employee's IU-sponsored health plan selection and TSB account elections are in effect for the entire Plan Year and cannot be changed until the next Open Enrollment except under special circumstances defined by IRC Section 125 and HIPAA.

These special circumstances are called Qualifying Life Events by this plan. The changes in elections must be consistent with the Qualifying Life Event and made within 30 days as described in this section.

Qualifying Life Events include:

Change in legal marital status — including marriage, death of spouse, divorce, legal separation, or annulment;

Change in number of Dependents — as defined in IRC Section 152 with respect to the Healthcare Reimbursement Account Provision; or as defined in the Indiana University guidelines for health plan eligibility with respect to the Premiums Conversion Provision including birth, adoption, placement for adoption, or death;

Change in employment status — termination or commencement of employment by the employee or a Dependent;

Change in work schedule — including a reduction or increase in hours of employment by the employee, the employee's spouse, or a Dependent child (i.e., a switch between part-time and full-time that makes the individual eligible or ineligible for coverage), or commencement or return from an unpaid leave of absence;

Change in Dependent status — Dependent satisfying or ceasing to satisfy the requirements related to attainment of age or similar circumstances under the plan that qualifies or disqualifies an individual for Dependent coverage;

Change in the place of residence or work of the employee or Dependent, that affects eligibility for coverage;

Special enrollment in a health plan — pursuant to HIPAA;

Qualified court order — adding coverage for a child if the employee is required to provide health coverage for a child under a court order, or deleting coverage for a child if a court order requires the former spouse to provide coverage and that coverage actually is provided by the former spouse;

Change in Medicaid or Medicare status — cancellation of coverage for the employee, the employee's spouse, and/or Dependent child if the individual becomes covered under Medicaid or under any part of Medicare or CHIP, or adding coverage if the individual becomes ineligible for Medicare, Medicaid or CHIP;

Significant change in the scope of coverage or cost of coverage provided under this plan or the group health plan which covers the Participant's spouse or Dependent child, but only with respect to Premium Conversion;

Loss of coverage under the group health plan which covers the Participant's spouse or Dependent child;

Loss of COBRA continuation coverage under prior employment due to exhausted benefits;

Or relative to Dependent day/evening care services:

Change in the care fee charged by the Dependent care service provider, unless an increase from a relative;

Change in the need for Dependent care, including a change in the number of Dependents needing care.

Consistency Requirement

A change in election is considered consistent with a Qualifying Life Event only if:

1. The employee or Dependent gains or loses eligibility for coverage under this plan or health plan of the individual's Employer; and
2. The change in election under this plan corresponds with that gain or loss of coverage.

An employee may make a mid-year change to annual TSB plan elections by requesting the change in writing. Changes are requested by submitting a Life Event change request online through the Employee Center on **One.IU**. The employee has 30 days from the event to request a change. After 30 days, the employee must wait until the next Open Enrollment for changes to be effective the following January 1.

Definitions

Cafeteria Benefits Plan - A tax program authorized under Section 125 of the Internal Revenue Code of 1986, as amended, under which an Employer may set up a program that allows employees to pay certain premiums (health plans and accident insurance premiums) and to be reimbursed for other health care expenses and Dependent care expenses with tax-exempt income.

Carryover Provision - After the end of a Plan year, the TSB Healthcare Reimbursement Account allows for a carryover of up to \$500 of unused TSB Healthcare funds into a new account in the following plan year.

Claim Deadline - For the Healthcare Reimbursement Account, eligible claims incurred during the Plan Year must be submitted by February 28th of the following year. For the Dependent Care Reimbursement Account, eligible claims incurred during the Plan Year must be submitted by April 15th of the following year;

Coverage Period - The Plan Year, except if a Participant's initial year of eligibility begins or ends during a Plan Year, Coverage Period means the period during the Plan Year in which coverage was effective.

Dependent -

Premium Conversion. With respect to pre-tax Premium Conversion provided under Part A of this plan, Dependent has the same meaning as in any accident or health insurance policy sponsored by the Employer and under which the Participant is covered.

Healthcare Reimbursement Account. With respect to Healthcare Reimbursement benefits provided under Part B of this plan, Dependent means an individual for whom the Participant is entitled to claim an exemption under IRC Section 151(c).

Dependent Care Reimbursement Account. With respect to Dependent Care Reimbursement benefits provided under Part C of this plan, Dependent means,

- a) a Dependent of the Participant who is under the age of 13 and with respect to whom the Participant is entitled to an exemption under Section 151(c) of the Internal Revenue Code (and with respect to whom the Participant is the custodial parent if the Participant is divorced); or
- b) a Dependent or spouse of the Participant who is physically or mentally incapable of caring for himself or herself.

Eligible Employee - A full-time appointed Academic or Staff employee (including Residents) of Indiana University.

Employer - Indiana University, and any successor which may adopt the plan.

Family Status Change - Term used previously to represent Qualifying Life Event. See *Qualifying Life Event*.

Health Savings Account - An account established pursuant to Internal Revenue Code Section 223 with a trustee or custodian contracted by Indiana University for use by its employees.

HIPAA - Health Insurance Portability and Accountability Act of 1996.

Open Enrollment - The annual period specified by Indiana University, generally occurring in the month of November, during which the employee may elect or change pre-tax benefits under this plan effective for the following Plan Year (calendar year) beginning January 1.

Participant - Any Employee who has elected to participate in any provision of the IU Tax Saver Benefit Plan.

Plan - The Indiana University Tax Saver Benefit (TSB) Plan, as amended from time to time.

Plan Administrator - The person(s) or entity designated by the plan as being responsible for the administration of the plan pursuant to plan provisions. The Plan Administrator is Indiana University. Indiana University contracts with The Nyhart Company to administer claim payment and customer service aspects of the Healthcare Reimbursement Account and the Dependent Care Reimbursement Account.

Plan Year - The one (1) year period beginning each January 1, that is, the calendar year.

Premium Conversion - Cash compensation to the employee is converted to non-cash, untaxed benefits in the amount of the employee's IU-sponsored health care plan premium and/or Personal Accident Insurance premium. Premium conversion is automatically invoked when an employee enrolls in an IU-sponsored health care plan or Personal Accident Insurance.

Qualifying Life Event - Any of the events that IRC Section 125, HIPAA and this plan recognize as an allowable circumstance for an employee to make a mid-year election change in an account under one of the provisions under this plan. This includes IRC-defined Qualifying Life Events, such as, marriage, divorce, birth of a child, and certain changes in employment status. The change must be reported in writing within 30 days of the event in order for it to be a Qualifying Life Event, under this plan.

Reimbursement Account - An account maintained by or under the direction of Indiana University to account for the contributions and reimbursement of IRS-qualified expenses attributable to each Participant in the Healthcare Reimbursement Account and/or the Dependent Care Reimbursement Account of the IU Tax Saver Benefit Plan. These accounts are for accounting purposes only and will reflect the balances available to the Participant for purchase of Qualified Benefits under this plan. Unused balances in these accounts are forfeited by the employee. Balances cannot be moved between accounts.

Section 125 Plan - A Cafeteria Benefits Plan program authorized under Section 125 of the Internal Revenue Code of 1986, as amended, for which an Employer may set up a program that allows employees to pay certain premiums (health plans and accident insurance premiums) and to be reimbursed for other health care expenses and Dependent care expenses with tax-exempt income.

University - Indiana University.



Indiana University 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.

Effective Date: April 14, 2003

Updated: October 23, 2017

As the Plan Sponsor of employee health care plans, Indiana University is required by law to maintain the privacy and security of your individually identifiable health information. We protect the privacy of that information in accordance with federal and state privacy laws, as well as the university's policy. We are required to give you notice of our legal duties and privacy practices, and to follow the terms of this notice currently in effect.

This notice applies to all employees covered under an IU-sponsored health plan, but particularly those enrolled in IU self-funded plans.

How The Plan May Use and Disclose Protected Health Information about Members

Protected Health Information (PHI) is health information that relates to an identified person's physical or mental health, provision of health care, or payment for provision of health care, whether past, present or future and regardless of the form or medium, that is received or created by the Plan in the course of providing benefits under these Plans.

The following categories describe different ways in which Indiana University uses and discloses health information. For each of the categories Indiana University has provided an explanation and an example of how the information is used. Not every use or disclosure in a category will be listed. However, all of the ways Indiana University is permitted to use and disclose information will fall within one of the categories

Treatment

Health information may be reviewed to provide authorization of coverage for certain medical services or shared with providers involved in a member's treatment. For example, the Plan may obtain medical information from or give medical information to a hospital that asks the Plan for authorization of services on the member's behalf, or in conjunction with medical case management, disease management, or therapy management programs.

Payment

Medical information may be used and disclosed to providers so that they may bill and receive payment for a member's treatment and services. For example, a member's provider may give a medical diagnosis and procedure description on a request for payment made to the Plan's claim administrator; and the claim administrator may request clinical notes to determine if the service is covered. Similarly, a physician may submit medical information to a Business Associate for purposes of administering wellness program financial incentives. Medical information may also be shared with other covered entities for business purposes, such as determining the Plan's share of payment when a member is covered under more than one health plan.

Explanations of Payments are also mailed to the address of record for the employee, the primary insured.

Health Care Operations

Health information may be used or disclosed when needed to

administer the Plan. For example, Plan administration may include activities such as quality management, administration of wellness programs and incentives, to evaluate health care provider performance, underwriting, detection and investigation of fraud, data and information system management; and coordination of health care operations between health plan Business Associates. Genetic information will not be used or disclosed for health plan underwriting purposes.

Medical information may also be used to inform members about a health-related service or program, or to notify members about potential benefits. For example, we may work with other agencies or health care providers to offer programs such as complex or chronic condition management.

Individuals Involved in Your Care or Payment of Care

Unless otherwise specified, the plan may communicate health information in connection with the treatment, payment, and health care operations to the employee and/or any enrolled individual who is responsible for either the payment or care of an individual covered under the plan. Also, when a member authorizes another party in writing to be involved in their care or payment of care, the Plan may share health information with that party. For example, when an employee signs an authorization allowing a close friend to make medical decisions on his or her behalf, the Plan may disclose medical information to that friend.

Legal Proceedings, Government Oversight, or Disputes

Health information may be used or disclosed to an entity with health oversight responsibilities authorized by law, including HHS oversight of HIPAA compliance. For example, we may share information for monitoring of government programs or compliance with civil rights laws. Health information may also be disclosed in response to a subpoena, court or administrative order, or other lawful request by someone involved in a dispute or legal proceeding.

Research

Health information may be used or shared for health research. Use of this information for research is subject to either a special approval process, or removal of information that may directly identify you.

Uses and Disclosures Requiring Your Written Authorization

In all situations, other than the categories described above, we will ask for your written authorization before using or disclosing personal information about you. The Plan will not share member information for marketing purposes, including subsidized treatment communications, or the sale of member information without written permission. Members can also opt-out of fundraising communications with each solicitation. If you have given us an authorization, you may revoke it at any time. This revocation does not apply to any uses or disclosures already made in reliance on the authorization.

Mental health information, including psychological or psychiatric treatment records, and information relating to communicable diseases are subject to special protections under Indiana law. Release of such records or information requires written authorization or an appropriate court order.

Member Rights Regarding Protected Health Information

Right to Inspect and Copy

Members have the right to inspect and obtain a copy of the Protected Health Information maintained by the Plan including medical records and billing records

To inspect and copy PHI, members must submit in writing a request to the plan administrator. Requests to inspect and copy PHI may be denied under certain circumstances. If a member's request to inspect and copy has been denied written documentation stating the reason for the denial will be sent to the member.

Right to Amend

Members have the right to request an amendment to PHI if they feel the medical information is incorrect for as long as the information is maintained.

To request an amendment, members must submit requests, along with a reason that supports the request, in writing to the plan administrator.

The Plan may deny a member's request for an amendment if it is not in writing or does not include a reason to support the request. Additionally, the Plan may deny a member's request to amend information that:

- Is not part of the information in which the member would be permitted to inspect or copy;
- Is not part of the information maintained by the Plan
- Is accurate and complete

Right to an Accounting of Disclosures

Members have the right to an accounting of PHI disclosures during the six years prior to the date of a request.

To request an accounting of disclosures, members must submit requests in writing to the plan administrator. Requests may not include permitted PHI disclosures made to carry out treatment, payment or health care operations included in the six categories listed above. The member's written request must include a date or range of dates and may not include any dates before the April 14, 2003, compliance date.

Right to Request Restrictions

Members have the right to request restrictions on certain uses and disclosures of Protected Health Information to carry out treatment, payment or health care operations. Members also have the right to request a limit on the information the Plan discloses to someone who is involved in the payment of your care; for example: a family member covered under the plan.

The Plan is not required to agree to your request. To request restrictions, members must submit requests in writing to the Plan. Requests must include the following: (1) information the member wants to limit; (2) whether the member wants to limit our use, disclosure or both; and (3) to whom the member wants the limit to apply, for example, disclosures to a spouse.

Right to Request Confidential Communications

Members have the right to request that the Plan communicate with them about health information in a certain way or at a certain location. For example, asking that the Plan contact a member only at work.

To request confidential communications, members must submit requests in writing to the health plan administrator and must include where and how members wish to be contacted.

The Plan will accommodate all reasonable requests.

Right to Receive Breach Notification

If the Plan components or any of its Business Associates or the Business Associate's subcontractors experiences a breach of health information (as defined by HIPAA laws) that compromises the security or privacy of health information, members will be notified of the breach and any steps members should take to protect yourself from potential harm resulting from the breach.

Right to a Copy of This Notice

Members have the right to a copy of this Notice by e-mail. Members also have the right to request a paper copy of this notice. To obtain a copy, please contact the Privacy Administrator or visit <http://hr.iu.edu/benefits/privacynotice.pdf>.

Changes Made to This Notice

The Plan reserves the right to change this Notice. The Plan reserves the right to make the revised or changed notice effective for Protected Health Information the Plan already has about members as well as any information received in the future. The new notice will be available on our web site, upon request, or by mail.

Right to File a Complaint

If a member believes that their privacy rights have been violated, they may file a complaint to the Privacy Administrator with Indiana University's Health Care Plans, see contact information below.

Members may 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 <http://www.hhs.gov/ocr/privacy/hipaa/complaints/>.

Indiana University will not retaliate against any member for filing a complaint.

Contact Information

Members may contact the health plan with any requests, questions or complaints. We will respond to all inquiries within 30 days after receiving a written request. The Plan will accommodate all reasonable requests.

Privacy Administrator
Poplars E165
400 E. Seventh Street
Bloomington, Indiana 47405-3085
812-856-1234
askHR@iu.edu

Personal Representatives

Members may exercise their rights through a personal representative. This person will be required to produce evidence of his/her authority to act on a member's behalf before they will be given access to PHI or allowed to take any action for a member. Proof of this authority may be one of the following forms:

- A power of attorney notarized by a notary public;
- A court order of appointment of the person as the conservator or guardian of the individual; or
- An individual who is the parent of a minor child.



IU HUMAN RESOURCES

400 East 7th Street, Poplars E165, Bloomington, IN 47405
812-856-1234 | hr.iu.edu

Published March 2018