

Health Reimbursement Arrangement

In an effort to reduce the potential for added out-of-pocket health expenses to our full-time employees, Faith Bible Church has seen fit to establish a Health Reimbursement Arrangement (HRA). The Internal Revenue Service requires that certain conditions exist in order for a HRA to be considered non-taxable. The HRA of Faith Bible Church will be subject to the following conditions:

1. The HRA will be provided to all full-time (at least 30 hours per week) employees of Faith Bible Church.
2. The HRA will provide a yearly benefit.
 - a. The HRA is intended to provide flexibility for our full-time employees to obtain individual insurance, including, but not limited to, high-deductible policies to be combined with HSA accounts.
 - b. Each employee may use up to \$500 per month available for a total of \$6,000 per year.
 - c. The HRA will begin the first year of employment on January 1st and ending on the last day of employment at which time any unused funds will be absorbed back into the general fund.
 - d. Amounts remaining in the HRA on December 31st of each year will be carried forward and added to the HRA for the following year.
3. You will be reimbursed for deductible out-of-pocket medical expenses.
 - a. Only expenses that are not covered by a medical plan are eligible for reimbursement.
 - b. You may be reimbursed for Medical and Dental payments that would be includible on Schedule A of your Federal return if you were not reimbursed under this plan. (See attached list of what is and what is not deductible.)
 - c. You cannot be reimbursed without turning in receipts. If you fail to obtain a receipt from your doctor, dentist, or pharmacists, you will be unable to be reimbursed.
4. The HRA will be available for the full-time employee who retires directly from our employment.
 - a. If you retire from our service and do not pursue new employment, the amount remaining in your HRA at the time of retirement will be available to you for reimbursement until the funds are used up.
5. The HRA includes medical and dental expenses you paid for yourself, your spouse, and all dependents you claim on your return. You may also include any person you could have claimed as a dependent on your return if that person had not received \$3,000 or more of gross income or had not filed a joint return.

Examples of Medical and Dental Payment You May Be Reimbursed For

Insurance premiums for medical and dental care, including premiums for qualified long-term care contracts as defined in Publication 502.

Prescription medicines or insulin.

Nonprescription medicines (including pain relievers, antacids, cold medicines and allergy drugs).

Medical doctors, osteopathic doctors, dentists, eye doctors, podiatrists, chiropractors, physical therapists, occupational therapists, and acupuncturists (medical care only).

Medical examinations, X-ray and laboratory services, insulin treatment, and whirlpool baths your doctor ordered.

Nursing help (including your share of the employment taxes paid). If you paid someone to do both nursing and housework, you may be reimbursed for only the cost of the nursing help.

Hospital care (including meals and lodging), clinic costs, and lab fees.

Qualified long-term care services (see Publication 502).

The supplemental part of Medicare insurance (Medicare B).

Medical aids such as eyeglasses, contact lenses, hearing aids, braces, crutches, wheelchairs, and guide dogs, including the cost of maintaining them.

Surgery to improve vision including radial keratotomy or other laser eye surgery.

Lodging expenses (but not meals) while away from home to receive medical care in a hospital or a medical care facility related to a hospital. **No** more than \$70 a night for each eligible person.

Ambulance service and other travel costs to get medical care. If you used your own car, you may claim what you spent for gas and oil to go to and from the place you received the care; or you may claim 20 cents a mile for 2007. Add parking and tolls to the amount you claim under either method.

Examples of Medical and Dental Payments You May Not Be Reimbursed For

The basic cost of Medicare insurance (Medicare A). If you were 65 or older but not entitled to social security benefits, you may be reimbursed for premiums you voluntarily paid for Medicare A coverage.

Cosmetic surgery unless it was necessary to improve a deformity related to a congenital abnormality, and injury from an accident or trauma, or a disfiguring disease.

Life insurance or income protection policies.

The Medicare tax on your wages or the Medicare tax paid as part of the self-employment tax or household employment taxes.

Nursing care for a healthy baby.

Illegal operations or drugs.

Nonprescription vitamins and supplements.

Travel your doctor told you to take for rest or a change.

Funeral, burial, or cremation costs.