



State of Florida Capital Expenditure Worksheet

For Healthcare FSA, Limited Purpose FSA,
Dependent Care FSA and the Benny® Prepaid Benefits Card



PARTICIPANT INFORMATION

Last Name	Primary Phone () -		
First Name	Secondary Phone () -		
People First ID	Date of Birth (mm/dd/yyyy) / /		
Street Address			
City		State	ZIP

If your claim includes expenses incurred by your spouse or eligible dependents, please provide the following information:

PATIENT NAME	RELATIONSHIP TO EMPLOYEE	DATE OF BIRTH
		/ /

LETTER OF MEDICAL NECESSITY FORM

I understand that I must **submit a Letter of Medical Necessity Form** that has been properly completed by the healthcare professional treating the above-named patient, **along with my reimbursement request**. (Information on how to obtain a Letter of Medical Necessity Form is on the other side of this document.) The Letter of Medical Necessity Form substantiates that I seek reimbursement of: _____

Which is medically-necessary for the treatment of: _____

PERSONAL USE WORKSHEET

		Example 1*	Example 2†
1. Enter the cost for the capital expenditure.	1.	<u>\$1,000</u>	<u>\$8,000</u>
2. Enter the value of the property immediately after the improvement.	2.	<u>\$120,000</u>	<u>\$124,400</u>
3. Enter the value of the property immediately before the improvement.	3.	<u>\$120,000</u>	<u>\$120,000</u>
4. Subtract Line 3 from Line 2 to determine the increase in property value due to the capital expenditure.	4.	<u>\$1,000</u>	<u>\$4,400</u>
5. If there is no increase in property value, you must determine patient usage. a) If the patient in the only user of the improvement, enter the amount from Line 1 here. This is the amount that is eligible for reimbursement.	5a.	<u>\$1,000</u>	
b) If the patient is not the sole user of the improvement, multiply Line 1 by the percentage of time during the plan year that only the patient uses the improvement. Your calculations must be included with your Flexible Spending Account Reimbursement Claim Form, or a separate document attached to it. This is the amount eligible for reimbursement.	5b.		
6. If there is an increase in property value, you must determine patient usage. a) If the patient in the sole user of the improvement, subtract Line 4 from Line 1 to calculate the amount that is eligible for reimbursement.	6a.		<u>\$3,600</u>
b) If the patient is not the sole user of the improvement, divide Line 6 a) by the number of people using the improvement. Your calculations must be shown on your Reimbursement Claim Form, or a separate document attached to it. This is the amount eligible for reimbursement.	6b.		<u>\$1,800</u>

* Railings and support bars are installed in the bathrooms of your home on the advice of your doctor. The total cost of the addition is \$1,000, and the value of your home has not been increased because of the addition. Only the patient uses the railings and support bars.

† An elevator is installed in your home on the advice of your doctor. The total cost of the addition is \$8,000, and an Independent Third-party Appraisal shows the value of your home has increased by \$4,400 because of the addition. The patient and one other person are using the elevator. Divide by two for your eligible reimbursement amount.

Note: If a medically-necessary capital expenditure is permanently attached to property, a properly completed Independent Third-party Appraisal, provided and prepared by a professionally qualified entity or individual to make such a determination, must also be submitted with the reimbursement request.

Capital Expenditure Worksheet

1. Why would I need to submit a Capital Expenditure Worksheet?

When you enrolled in the State of Florida's flexible spending account (FSA), you agreed to the following:

- I will only use the FSA to pay for IRS-qualified expenses and only for my IRS-eligible dependents
- I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s) before seeking reimbursement from the FSA
- I will not seek reimbursement through any additional source and
- I will collect and maintain sufficient documentation to validate the foregoing.

These instructions were developed to assist you in complying with your agreement by explaining when to use a Capital Expenditure Worksheet.

2. How do I seek reimbursement?

In order for incurred expenses to be reimbursed from your FSA, you must follow these instructions. Only the cost of medical care and services permitted under both IRS Code § 213 and your FSA plan are reimbursable. If these expenses include those services, procedures, medicines or items that can be provided for both a medical purpose and a cosmetic, personal, living and/or family purpose, as well as those involving some capital expenditures, additional substantiation must be submitted with your claim.

3. What is a capital expenditure?

A capital expenditure is any expense that has a useful life that extends beyond the end of the taxable year, such as an elevator, blood pressure cuff, etc. A capital expenditure may be reimbursed if its primary purpose is:

- to provide medical care for you as a participant, your spouse or tax dependent for an existing medical condition and
- properly substantiated as medically necessary by showing that it would not be medically necessary "but for" a medical condition.

This Capital Expenditure Worksheet, along with a properly-completed Letter of Medical Necessity Form, are required when you submit a request for reimbursement of a capital expenditure. To get a Letter of Medical Necessity Form log on to <https://peoplefirst.myflorida.com>. For help call 1-866-663-4735.

Note: If improper reimbursement of ineligible FSA expenses has been made, the corrective procedures approved by the IRS and permitted under your FSA plan will be followed.

4. When do I need to submit a Capital Expenditure Worksheet?

If you are requesting reimbursement for the cost of a capital expenditure, you must submit a properly completed Capital Expenditure Worksheet with your FSA Claim Reimbursement Form and Letter of Medical Necessity Form.

Though some capital expenditures may be deductible for federal income tax purposes, they still may not qualify as medical care under your FSA plan and IRS regulations unless their medical purpose is properly substantiated.

Proper substantiation includes submitting a properly completed:

- Letter of Medical Necessity Form
- Capital Expenditure Worksheet and
- Independent Third-party Appraisal, if the capital expenditure is permanently attached to property (see When do I need to submit an Independent Third-party Appraisal? for more information).

Examples of a capital expenditure include:

- 1) those not related to the permanent improvement or betterment of property (wheelchair, crutches)
- 2) those that involve the permanent improvement or betterment of property and (wheelchair ramp, elevator)
- 3) expenditures made for the operation or maintenance of a capital expenditure (repairing a wheelchair, elevator inspection).

The general rules for the reimbursement of a medically-necessary capital expenditure, and the amount of the expense that may be eligible for reimbursement, are subject to the following conditions.

- Only the cost increase over the cost of the item in its normal form is eligible for reimbursement if the expenditure is a special version of an otherwise personal item.
- Only the cost exceeding the increase in the property value is eligible for reimbursement if the expenditure is an item permanently attached to property.
- Only a pro-rated amount of the cost is eligible for reimbursement if the item is used by the patient as well as others, whether permanently attached to property or not.

Capital Expenditure Worksheet

5. **When do I need to submit an Independent Third-party Appraisal?**

If you are requesting reimbursement for a capital expenditure that is permanently attached to property, you must submit an Independent Third-party Appraisal along with your FSA Claim Reimbursement Form, Letter of Medical Necessity Form and Capital Expenditure Worksheet.

This appraisal must be prepared by a party or an entity professionally qualified to render such a determination on the increase in value (if any) to the property that the capital expenditure is attached. If the appraisal shows that attaching the capital expenditure to the property does not increase the value of the property, then the entire cost of the capital expenditure may be reimbursable. If the appraisal shows an increase to the property's value, then only the amount that exceeds the increased property value is eligible for reimbursement, subject to the Personal Use Worksheet calculation as described above. For example, if a permanent capital expenditure costs \$8,000 and the installation of the item increased the property's value by \$4,400, then only \$3,600 (\$8,000 - \$4,400) is eligible for reimbursement.

6. **Capital Expenditure Worksheet Instructions:**

Please **print** all information requested on the reverse of these instructions to ensure proper handling.

FSA participants can substantiate the extent to which an expense may be eligible for reimbursement by providing the requested information in the appropriate sections on the other side of this sheet with reimbursement requests. By following the steps on the reverse side of this sheet, you will be able to calculate the amount of eligible reimbursement for your capital expenditure.

If you have questions, please contact **People First Service Center** at <https://peoplefirst.myflorida.com> or by calling 1-866-663-4735.

Note: If a medically-necessary capital expenditure is permanently attached to property, a properly completed Independent Third-party Appraisal, provided and prepared by a professionally qualified entity or individual to make such a determination, must also be submitted with the reimbursement request.