

YOUR HEALTH CARE REIMBURSEMENT ACCOUNT (HCRA)

The **HCRA** allows you to use **pre-tax** dollars to pay for eligible health care expenses for you and your **HCRA dependents** that:

- Are medically necessary,
- Are not reimbursed, or are only partially reimbursed, by Avaya Inc. or another employer's medical, dental or vision plans (including your **HCRA dependents'** plans), and
- Are considered an eligible expense by the IRS.

Who Is Covered Under the HCRA

For an expense to be eligible under the **HCRA**, it must be incurred by you and/or your **HCRA dependents**.

For more information, see "When an Expense Is Incurred", "Eligible Health Care Expenses" and "Ineligible Health Care Expenses."

Eligible Health Care Expenses

This section lists some of the most common expenses that may qualify for reimbursement under the **HCRA**. If you want to determine if a particular expense is covered, call the Claims Administrator (see "Important Contacts"). You may consult IRS publication 502 for detailed information about eligible health care expenses and Avaya Healthy Decisions at www.AvayaHealthyDecisions.com for a list of over-the-counter drugs that may be allowed or disallowed.

The IRS publication is available from your local IRS office, through the Internet at www.irs.ustreas.gov, or you may call 1-800-829-1040 to request a copy. Certain eligible expenses must be accompanied by a doctor's statement indicating the specific medical disorder, the specific treatment needed and how this treatment will alleviate the medical condition or an Explanation of Benefits statement showing claim processing of an eligible expense. If you need clarification, please call the **Avaya Health and Benefits Decision Center**.

Some examples of health care expenses that may be eligible for reimbursement under your **HCRA** include:

- Acupuncture services
- Ambulance Services

- Birth control pills prescribed by a doctor
- Braille books and magazines
- Chiropractors' services within the scope of their licenses
- Christian Science practitioner fees for medical care
- Cosmetic surgery or procedure if it is necessary to improve a deformity from a congenital abnormality, an accident or trauma, or a disfiguring disease
- Costs of computer storage of medical records
- Cost of guide dog or other animal for persons who are visually or hearing impaired
- Costs of a smoking cessation program prescribed by a doctor
- Costs of a weight loss program to treat a specified disease diagnosed by a physician (such as obesity, hypertension or heart disease)
- Crutches
- Detoxification or drug abuse centers
- Eye examinations, eyeglasses, and contact lenses, if medically necessary and not covered in full by a vision plan
- Fertility enhancement to overcome an inability to have children
- Hearing exams, hearing aids and batteries
- Laser eye surgery or radial keratotomy expenses to improve vision if it is done to treat defective vision
- Mileage rate for use of an automobile to obtain medical care (which may be a deductible medical expense under Code Section 213 if it is primarily for, and essential to, medical care) is \$0.20 per mile for 2007. Related parking fees and tolls may be deductible as separate items.
- Organ donation expenses
- Out-of-pocket costs for eligible medical, dental, vision and hearing expenses such as copayments and deductibles

- Over-the-counter items determined to be solely or primarily for a medical purpose and therefore reimbursable. Purchased to alleviate or treat a personal injury or sickness.
- Over-the-counter items that have a dual purpose - they may have a general health and well-being purpose as well as a medical purpose. These items can only be reimbursed with a provider note stating the medical condition that the item is recommended to treat or alleviate, and that the treatment is not cosmetic and not for the maintenance of general good health and well-being.
- Oxygen and oxygen equipment to relieve breathing problems cause by a medical condition
- Prescriptions (including prescription vitamins)
- Psychologists' services within the scope of their licenses
- Remedial reading/language training, in certain cases
- Some special schooling for the disabled
- Special automobile hand controls for the handicapped
- Special equipment for the disabled
- Sterilization surgery
- Transportation costs that are primarily for, and essential to, medical care
- Wheelchairs used mainly for the relief of sickness or disability, and not just to provide transportation to and from work
- X-ray fees for medical reasons

Ineligible Health Care Expenses

Not all health care expenses are eligible for reimbursement under the **HCRA**. Some examples of health care expenses that are *not* eligible for reimbursement under your **HCRA** include:

- Automobile insurance premiums, including premiums for medical coverage
- Child/elder care expenses (these are reimbursable only through the child/elder care account)

- Cosmetic surgery or procedure to improve appearance except those described under “Eligible Health Care Expenses”
- Costs for a nurse to care for a newborn
- Costs of controlled substances in violation of federal law
- Diapers or diaper service
- Fees for an exercise or health club membership, unless there is a special medical reason for the membership
- Funeral expenses
- Household help, even if recommended by a doctor
- Insurance premiums paid for any health coverage
- Life insurance and accidental loss insurance premiums
- Maternity clothes
- Over-the-counter items determined to be primarily for general health and well-being, which are not reimbursable under any circumstances.
- Personal use items, cannot include in medical expenses an item ordinarily used for personal, living or family purposes unless it is used to prevent a medical condition
- Social activities, such as dance classes, if recommended by a doctor to improve general health
- Weight reduction programs for general well-being

HCRA Auto-Reimbursement

HCRA Auto-Reimbursement will automatically reimburse you for eligible health care expenses under the **HCRA**. **HCRA** Auto-Reimbursement eliminates the need for you to manually prepare and submit many of your out-of-pocket health care costs. The **HCRA** Auto-Reimbursement service applies only to medical and dental claims administered by Aetna. Your Aetna medical (including prescription drugs) and dental claims (excluding claims under the Dental Maintenance Organization) that are submitted and processed for you or any of your covered dependents will be forwarded monthly to the **Avaya Health and Benefits Decision Center** for automatic processing and reimbursement

under **HCRA**. You should not submit a **HCRA** claim form for services/claims processed via **HCRA** Auto-Reimbursement.

Special Rules for the HCRA

The following special rules apply to the **HCRA**:

- You cannot claim expenses reimbursed through your **HCRA** as a deduction on your federal income tax return.
- If you and your **lawful spouse** both work for Avaya Inc., you can each set aside up to the full \$4,000 in separate health care accounts each year.
- Claims must be for at least \$25. However, your final claim for any Plan Year may be for less than \$25.

Filing a Claim

You must file a claim to request reimbursement for health care expenses. For more information, see "Claims."