

Employee FAQ: Health Care Flexible Spending accounts (FSAs)

What is an FSA?

A health care flexible spending account (FSA) is an employer-sponsored benefit that allows you to set aside pre-tax dollars to pay for eligible health care expenses incurred by you and your eligible dependents.

Why should I participate in an FSA?

Contributions to the FSA are deducted from your paycheck on a pre-tax basis, reducing your taxable income. You can increase your spendable income by an average of 30% of your annual contribution with the tax savings.

How do I contribute money to my FSA?

Your annual election will be divided by the number of pay periods in your plan year. This amount will be deducted from your paycheck before taxes are assessed.

How much can I contribute to my FSA?

Annual contributions may not exceed the limit set by the IRS. Refer to the website to see the current limit.

Who is eligible under an FSA?

An FSA covers eligible expenses for you and all of your dependents, even if they are not covered under your primary health plan.

What expenses are eligible for reimbursement?

Health plan co-pays, deductibles, co-insurance, eyeglasses, dental care, and certain medical supplies are covered. Review the full list of eligible expenses on the website.

How do I determine the date my expenses were incurred?

Expenses are incurred at the time the medical care was provided, not when you are invoiced or pay the bill.

How do I get the funds out of my FSA?

If you have a Smart-Choice Card, simply swipe it at the register. Otherwise, just file a claim including the receipt documenting the type, amount and date. Once approved, your reimbursement check will be mailed or deposited into your bank account.

What happens if I don't spend all of my FSA by the end of the plan year?

Be sure to only allocate dollars for predictable medical expenses. Any unused funds at the end of the plan year are typically forfeited, also called the use-it-or-lose-it rule; however your employer may allow you to carry over funds each year. Visit your benefits website for more details.

How soon can I start spending my FSA funds?

With a health care FSA, your entire annual election amount is available on the first day of the plan year even though you have not yet contributed that amount.

Can I change my election amount mid-year?

Elections can only be altered if you experience a change in status as defined by IRS regulations, such as marriage, divorce, birth, or death in your immediate family.

What happens to my FSA if my employment is terminated?

Participation in your FSA is also terminated. This means that only expenses that were incurred prior to your termination date are eligible for reimbursement.

What is the deadline for submitting claims?

You can submit claims for reimbursement at any time during the same plan year that you incur the expense. You may also have a grace period at the end of the plan year. Visit your benefits website for more details.

Can I still deduct health care expenses on my tax return?

Yes, but not the same expenses for which you have already been reimbursed from your FSA.

Are over-the-counter (OTC) medications eligible for reimbursement?

Yes, select over the counter medications are eligible for reimbursement. You can view eligible expenses online.

What is a Letter of Medical Necessity?

The IRS mandates that eligible expenses be primarily for the diagnosis, treatment or prevention of disease or for treatment of conditions affecting any functional part of the body. For example, chiropractic expenses are not typically covered because they are used for general wellness, but your doctor may prescribe chiropractic treatments to treat your medical condition. The chiropractor expenses would then be eligible if your doctor verified the necessity in treatment. You can find a Statement of Medical Necessity (SOMN)* form on the website to assist you in these situations.

**Once you are enrolled, you can find the SOMN under forms and documents on the website.*

What are my reimbursement options?

You now have more flexibility with your Health Care Flexible Spending Account to choose how you would like to be reimbursed from your plan balance. Select Preferences from the Account Detail page of your account to change your option.

Debit Card Option

You were sent a new Smart-Choice debit card and you can decide if you would like to use it for eligible expenses. If you use your card, we will attempt to approve your purchase without providing receipts with claim information from your health plans.

Pick and Pay Option

If you do not want to use your Smart-Choice card for expenses, you can view your claims from your health plans on the website and request to be reimbursed for expenses individually.

Auto-Pay Option

You will also have the option to sign up for "Auto-Pay" on the website to have your health plan claims automatically paid to you once received. Please note you must opt into "Auto-Pay" every year. To opt into "Auto-Pay," click on your current plan year under "Your Accounts" and select the "Preferences" tab.