

## Flexible Spending Account (FSA)

### What is a Flex Plan?

- ◆ Set aside a portion of your pre-tax income into a Flex Spending Account or a Dependent Care Account.
- ◆ These accounts can be used towards medical expenses or dependent care throughout the year.
- ◆ Money is taken out pre-tax so you end up taking more money home!

Your Paycheck Without a Flex Plan		Your Paycheck With a Flex Plan	
Salary	\$2000	Salary	\$2000
FICA/federal/state taxes	- 500	Insurance Premiums	- 100
		Health & Daycare expenses	- 300
Adjusted earnings	\$1500	Adjusted earnings	\$1600
Insurance Premiums	- 100	FICA/federal/state taxes	- 400
Health & Daycare expenses	- 300		
<b>Net pay without Flex Plan</b>	<b>\$1,100</b>	<b>Net pay with Flex Plan</b>	<b>\$1,200</b>
		<b>Net tax savings with a Flex Plan</b>	<b>\$100</b>

### How does a Flex Plan Work?

- ◆ Elect the amount you wish to allocate.
- ◆ Tally up your qualified expenses for the upcoming year for yourself, your spouse, and your children.
- ◆ After money is put into your account you will be reimbursed for qualified expenses by using your Flex debit card or by filing a claim with an attached copy of the receipt.
- ◆ Annual election can only be changed for a qualifying life event.

### Medical Expenses Covered

- ◆ Transportation expenses to visit doctor
- ◆ Eye glasses and contact lenses
- ◆ Dental expenses, including cleaning
- ◆ Podiatrists
- ◆ Prescription drugs
- ◆ Medical devices prescribed by a physician
- ◆ Co-payments required by your medical plan
- ◆ Home care expenses for you and your dependents
- ◆ Medical Testing and laboratory expenses
- ◆ Nutritionists when prescribed by a physician
- ◆ Physical therapy
- ◆ Acupuncture
- ◆ Hearing aid and batteries
- ◆ Psychiatric and psychological services
- ◆ Medical or surgical procedures not covered by insurance

### Advantages of the Debit Card

- ◆ "Cashless transactions"
  - ◆ Instead of paying for eligible expenses and waiting to be reimbursed, the debit card pays the expense directly from your Medical or Dependent Care Account.
- ◆ Some debit card transactions may require receipt verification.

### Dependent Care

- ◆ You can be reimbursed for up to \$5,000 (\$2,500 for a married employee filing separate tax returns) of dependent care expenses each plan year.
- ◆ Qualified dependents include:
  - ◆ Children age 12 and under
  - ◆ Disabled spouse
  - ◆ Dependents who are physically or mentally incapable of self-care and regularly spend at least 8 hours each day in the taxpayer's household.

## FLEX Debit Card FAQ



**1. What is a Flex Debit Card?** A Flex Card is a stored value card that reflects the balance of your medical and/or dependent care reimbursement account or flexible spending account. When the Flex Card is swiped, the funds are immediately and directly withdrawn from your account.

**2. How do I benefit from using a Flex Card?** Using a Flex Card eliminates the time spent waiting on reimbursement checks. This allows you to bypass the inconvenience of restricted cash flow arising from the “lag time” between the expense and the reimbursement. However, you may be asked to document your expense after using the card.

**3. When will I receive my Flex Card?** You will receive your Flex Card about four weeks after all enrollment information has been forwarded to EBS. Your Flex Card can only be used on expenses incurred on or after the new plan year using your flex dollars set aside for the new plan year.

**4. Can I swipe my Flex Card to use up remaining Flex dollars from last plan year?** No, the Flex Card is only good for new Plan Year dollars. To use up your dollars for the last plan year you must submit claims through your online consumer portal or a manual paper claim.

**5. Will I still need to keep my receipts?** Yes. According to IRS regulations, each Flex Card transaction needs to be verified for eligibility in the same way that paper claims are. As a result, once a transaction is made using the Flex Card for your flexible spending account, EBS may need supporting documentation to approve the claim and will send out a “request for more information” to obtain that documentation if needed.

**6. Will I be asked to document all the expenses I use my card for?** Not necessarily. Due to recent legislative changes by the IRS, not all Flex Card transactions will require documentation.

**7. What is a “request for more information” and what do I do with it?** A “request for more information” is a notice that supporting documentation is needed for verification of transactions that have occurred. When you receive this, gather all supporting documentation for each transaction listed and submit it with a copy of the request. DO NOT use a traditional (paper) claim form for a Flex Card

transaction. Using a paper claim form for a Flex Card transaction may result in the expense being tagged as a duplicate (ineligible) claim.

**8. What if I have lost my receipt?** Simply call your provider and ask them to fax the receipt to EBS using the 888 number on the back of your Flex Debit Card.

**9. What if I don't send in my receipts?** EBS will send two notices via email or mail requesting receipt verification. If your receipts are not received twenty days after the second notice, your card will be deactivated until EBS receives your receipts.

**10. Where can the Flex Card be used?** The Flex Card can be used at any properly coded provider location (including pharmacy and daycare) that accepts the provider logo on your Flex Card (Visa).

**11. What if the provider location doesn't accept my card?** If you are unable to use the Flex Card, simply request a reimbursement through the online consumer portal or submit a manual claim form.

**12. Can I have additional Flex Cards?** You will be provided two debit cards at no cost. Additional debit cards can be ordered on your consumer portal for a \$5 fee that will be deducted from your flex spending account. Each order includes two debit cards.

**13. What if my Flex Card is lost or stolen?** To report a lost or stolen Flex Card, simply report it on your consumer portal or contact your EBS representative at (800)373-1327. Your missing card will be immediately deactivated and new cards will be ordered for you.

**14. What happens if I use my Flex Card for an ineligible expense?** If the transaction is ineligible or lacks sufficient documentation, you will be notified via "request for more information". You have up to 60 days from the initial notification to provide the supporting documentation or to repay the Flex plan by making a check or money order (payable to your employer) for the amount of the ineligible transaction. At the end of that period (60 days from the initial notification), if the expense has not been approved or repaid, either a payroll deduction for that amount will be taken by your employer, or your Flex Card will be deactivated. You will be notified of any payroll deductions by your employer.

If your plan year ends or your employment has been terminated prior to the resolution of outstanding ineligible charges, remember that you are still responsible to reimburse the plan for the ineligible charges. Intentional fraudulent use of the Flex Card can lead to the deactivation of your card and/or legal action.

**15. How do I check my current balances?** Log onto your consumer portal.

## Eligible Expenses for Flexible Spending Accounts

### ELIGIBLE MEDICAL EXPENSES

Money set aside in this account may be used to pay for medical expenses not paid for by insurance such as deductibles, co-payments and coinsurance amounts. Employees may also use the money to pay expenses not paid by insurance such as vision and dental services. The money may not be used to pay health insurance premiums, cosmetic surgery, cosmetic items or items that improve "general health".

- Transportation expenses to visit the doctor
- Eye glasses and contact lenses
- Dental expenses, including cleaning
- Podiatrists
- Prescription Drugs
- Medical devices prescribed by a physician
- Co-payments required by your medical plan
- Home care expenses for you and your dependents
- Medical testing and laboratory expenses
- Nutritionist when prescribed by a physician
- Physical therapy
- Acupuncture
- Hearing aids and batteries
- Psychiatric and psychological services

### ELIGIBLE OVER-THE-COUNTER ITEMS

- Band aids
- Birth control
- Braces & supports
- Catheters
- Contact lens supplies & solutions
- Denture Adhesives
- Diagnostic tests and monitors
- Elastic bandages & wraps
- First aid supplies
- Insulin & Diabetic supplies
- Ostomy Products
- Reading glasses
- Wheelchairs, walkers, canes
- Thermometers
- Breast pump

### DEPENDENT CARE

- IRS Regulation limits the amount you can contribute to the dependent care account to \$5,000 for a single parent with children, \$5,000 for a married parent filing jointly, and \$2,500 for a married parent filing separately.
- Eligible dependent care must be for the purpose of allowing the employee, or the employee's spouse, to be gainfully employed or to attend school full-time
- Dependent Care expenses must be incurred before being reimbursed
- Qualified dependents are:
  - Children age 12 and under
  - Disabled spouses or,
- Dependents who are physically or mentally incapable of self-care and regularly spend at least 8 hours each day in the taxpayer's household

#### ELIGIBLE DEPENDENT CARE EXPENSES

- Daycare
- Nanny
- Preschool
- Before and After School Care
- Summer Day Camp
- Care for mentally or physically handicapped dependent(s) of any age

#### INELIGIBLE EXPENSES

- Payment to your spouse
- Payment to your child who is under 19 at the close of the tax year
- Overnight camps
- Sports camps
- Private schools
- Kindergarten

### WHEN EXPENSES MUST BE INCURRED

- After the adoption of the plan, the effective date and employee enrollment
- During a participants "period of coverage"
  - Usually the plan year - 12 months, except for short plan years
  - Includes COBRA coverage period
- Medical expenses are "incurred" when the medical care is provided that give rise to the expense
  - Not when the employee is formally billed, charged for, or pays for the medical care
- Participants cannot reimburse expenses incurred after health FSA participation ends
  - For participants with COBRA, health FSA participation ends when COBRA periods ends