



Center for Health

# Understanding FSAs

If you are a HealthFlex primary participant who is actively working, consider the benefits of a flexible spending account (FSA). If you have a HealthFlex health reimbursement account (HRA) through the consumer-driven health plan (CDHP) or through your plan sponsor, your HRA will be coordinated with your medical FSA (if you elect an FSA), and your FSA dollars will be used first. For more details on FSAs and HRAs, log into **HealthFlex/WebMD** at [www.gbophb.org](http://www.gbophb.org); select “**HealthFlex Plan Benefits**” in the right column, and browse “**Reimbursement Accounts**” in the **Reference Center**.

## Why Consider an FSA? Pretax Dollars Save You Money!

An FSA allows you to use *pretax* dollars to pay for eligible health-related expenses and dependent care expenses. FSA dollars are deducted from your salary on a pretax basis—so they are exempt from federal income tax, state income tax (in most states) and Social Security tax.

FSA funds can be set aside into two separate accounts:

- **Dependent care account (DCA)** for eligible day care expenses for dependent children age 12 and under, and for dependent adults who are incapable of self-care
- **Medical reimbursement account (MRA)** for eligible out-of-pocket health-related expenses *not covered by insurance*, such as co-payments, annual deductibles, dental expenses including braces, prescription eyeglasses and contact lenses.

## “Use It or Lose It” Rule and Deadlines

You must use FSA money by specific deadlines—or you will lose it. *According to IRS rules, any FSA money not spent by the deadline will be forfeited.* So be conservative when you estimate FSA expenses.

For 2014 MRA (Elections made Fall 2013)	For 2015 MRA—New Rules and Deadlines (Elections made Fall 2014)
<ul style="list-style-type: none"> <li>• <b>Grace period</b> after end of 2014 plan year: <b>January 1 – March 15, 2015.</b> Eligible health care expenses incurred through March 15, 2015 can be reimbursed from your 2014 MRA balance, if any.</li> <li>• <b>Amount eligible during grace period:</b> Your <b>entire MRA balance</b> can be carried over until March 15, 2015 (potentially up to \$2,500, based on balance in your account as of December 31, 2014).</li> <li>• <b>Deadline</b> to submit claims: <b>April 30, 2015</b></li> </ul>	<p><b>Beginning with the 2015 plan year, rules and deadlines for using your MRA balance will change.</b> Instead of the January 1 – March 15 grace period (described for 2014 MRA), HealthFlex will permit a participant to carry over <b>up to \$500</b> of his or her remaining balance to the subsequent plan year. This amount will be available for eligible expenses for the <i>entire plan year</i>. The amount eligible to be carried over is the amount remaining unused as of the end of the plan year (i.e., December 31) after medical expenses have been reimbursed at the end of the plan’s run-out period for the plan year (i.e. the following April 30)—up to a maximum \$500.</p> <p>The carryover of up to \$500 does not otherwise impact the maximum permitted election for the MRA—you can still elect to set aside up to \$2,500 <i>each year</i> for MRA.</p> <ul style="list-style-type: none"> <li>• <b>Carryover period</b> for 2015 MRA elections: <b>January 1 – December 31, 2016</b></li> <li>• <b>Amount eligible to carry over:</b> <b>maximum \$500</b> (or lesser amount, based on balance in your account as of December 31, 2015)</li> <li>• <b>Deadline</b> to submit 2015 MRA claims: <b>April 30, 2016</b></li> <li>• <b>Deadline</b> to submit 2015 MRA carryover: <b>April 30, 2017</b></li> </ul> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><b>Important:</b> Any unspent amount over \$500 remaining in your MRA as of December 31, 2015 will be forfeited. Under the new rules, you can carry over \$500 maximum—but you have longer (through December 2016) to spend the carry-over amount.</p> </div>

### Deadlines for Dependent Care Account (DCA)

- Dependent care account (DCA): Covers eligible expenses incurred **January 1–December 31** of the plan year (for example, January 1 to December 31, 2015 for the 2015 DCA).
- **Grace period** after end of plan year: **None**

(continued)



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**Pension and Health Benefits**

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# Understanding FSAs

## Make FSA Elections Online During Annual Election

Make your FSA elections each year during Annual Election (typically early November). Make your elections online through the HealthFlex/WebMD website (go to [www.gbophb.org](http://www.gbophb.org) and log into “HealthFlex/WebMD”).

## Learn More About FSAs

Contact a WageWorks benefits representative at **1-877-924-3967** with questions about FSAs, or consult with a tax adviser. For more details about FSA rules and eligible expenses, go to [www.gbophb.org](http://www.gbophb.org) and click on “HealthFlex/WebMD.” After you log in, select “HealthFlex Plan Benefits,” then “Reimbursement Accounts” in the Reference Center.

## For Medical FSAs—Debit Cards

Debit cards (“WageWorks Visa® Healthcare Cards”) are provided for HealthFlex medical FSAs. In most cases, you can use the debit card to pay for eligible expenses for the medical FSA (and the HRA for CDHP and non-CDHP groups whose plan sponsors adopted HealthFlex HRAs)—without filing paper claims.

**If you have a HealthFlex HRA and also elect the medical FSA:** One debit card will be used for both FSA- and HRA-eligible expenses.

**If your plan sponsor opted out of the debit card for 2014:** A few annual conferences don’t use the debit card. If you are in one of these conferences, you may elect **Automatic Health Plan Claim Administration** during the online Annual Election process—or you may file claims for reimbursement by mail, fax or online. All participants will be able to choose to use a debit card beginning in 2015.

## Plan Ahead for FSA Expenses

If you’re considering an FSA, carefully estimate your out-of-pocket expenses for eligible medical and dependent care expenses before you make FSA elections. Consumer education tools available through the HealthFlex/WebMD website can help you estimate your out-of-pocket medical costs. If your plan sponsor offers the CDHP, you also can use the Coverage Advisor consumer education tool to model cost scenarios and estimate your out-of-pocket expenses.

- **Keep in mind the Internal Revenue Service (IRS) “use it or lose it” rule:** Pretax money in an FSA must be used by the applicable deadline, or you will lose any unspent funds.
- **If you retire or stop working during the year:** The FSA will only cover expenses incurred until the date you retire or stop working. Please estimate your FSA expenses accordingly. *You have only 90 days following the date of retirement, termination or certain leaves of absence to submit a claim for FSA reimbursement of expenses incurred before the date you stopped working.*

## Helpful Reminders

### Make FSA Elections Annually

FSA elections don’t automatically carry over from one year to the next. If you want an FSA, you must make the election during Annual Election.

### DCA—\$5,000 Annual Max

The maximum you may set aside each year into a DCA for eligible dependent care expenses is \$5,000 (or \$2,500 if you are married but filing taxes separately from your spouse).

### MRA—\$2,500 Annual Max

The maximum you may set aside each year into an MRA for eligible health-related expenses is \$2,500.

### OTC Medication Not FSA-Eligible

Over-the-counter (OTC) medications and supplies are not eligible for FSAs—except with a doctor’s prescription.

### Many Preventive Services Covered at 100%

An annual well visit (yearly checkup), age-appropriate immunizations, many preventive health services for women, and routine tests for adults and children older than age 2 are covered at 100% with no deductible or co-payment.

### Submitting Claims for Reimbursement (MRA and/or DCA)

All FSA claims incurred before applicable deadlines must be submitted by **April 30 of the following year** (i.e., April 30, 2015 for a 2014 FSA or April 30, 2016 for a 2015 FSA).

- If you retire, are terminated or stop working during the year: MRA or DCA covers eligible expenses **only through the date you retire or stop working**. *Claims must be made within 90 days following your last day of employment.*

Read the *HealthFlex Benefits Card: Frequently Asked Questions* for more details. To find this document, go to [www.gbophb.org](http://www.gbophb.org), select “HealthFlex/WebMD” under **Account Login**, and scroll down to **Information About Your HealthFlex Benefits—Learn More**.