



# Introducing the **Flexible Spending Account** from



## What is a Flexible Spending Account?

A Flexible Spending Account (FSA) is an employee benefit program that allows you to set aside money, on a pre-tax basis, to help you offset the rising cost of medical and dependent care expenses. Enrolling in an FSA is like giving yourself a raise because you set money aside for eligible expenses before your employer deducts taxes from your paycheck. This means the amount of income your taxes are based on will be lower, and as a result, your tax liability will also be lower.

## There are two types of FSAs

- 1 The medical FSA is for eligible out-of-pocket medical, dental, and prescription expenses.
- 2 The dependent care FSA is used for child care and/or other dependent care expenses incurred while you (or you and your spouse, if you are married) work. Qualifying dependents are:
  - A child under age 13 in your custody whom you claim as a dependent on your tax return.
  - A spouse who is incapable of self-care.
  - A dependent that lives with you, such as a child over age 13, parent, sibling or in-law who is incapable of self-care and whom you claim as a dependent on your tax return.

## Here's how you save money...

### Without an FSA

\$100 Monthly budget for medical care expenses  
-\$22 Taxes on the \$100 taken from your paycheck  
\$ 78 Amount left for out-of-pocket medical care expenses

### With an FSA

\$100 Monthly FSA deposit for medical care expenses  
-\$0 No taxes (FSA contributions are not taxed)  
**\$100** Amount left for out-of-pocket medical care expenses

## How do I know how much to contribute to my FSA?

One of the most important rules surrounding FSAs is “use-it-or-lose-it.” Your plan allows a Grace Period of 2 1/2 months beyond the end of the plan year to incur eligible health care expenses until March 15, 2020 for the 2019 plan year. In other words, you have a total of 14 1/2 months to utilize your 12-month election. An FSA calculator is available on the HealthSCOPE Benefits website to help you estimate the amount to set aside.

## Contributions to your FSA

The maximum contribution for the Medical FSA for 2019 is \$2650 per employee. The 2019 maximum for the Dependent Care FSA is \$5000 per family, or \$2500 per employee if married filing separately.

## How does my contribution pay for claims?

Your annual election will be divided among the number of paychecks you get for the year, and that amount will be deducted from your check PRIOR to being taxed. **If you sign up for an FSA, then you will receive a Flex Benefit Card in a few weeks.** The Flex Benefit Card is an easy, automatic way to deduct your qualified purchase direct from your FSA account. If you do not use the benefit card at the time of your purchase, you can pay for the purchase out of pocket. Then, simply fill out a claim form and submit it along with the receipt. Once the claim is approved, the amount is deducted from your FSA and a reimbursement is made to you.

# The HealthSCOPE Benefits Flex Benefit Card

gives you **easy access**  
to the funds in your Medical  
**Flexible Spending Account**



## Using your Flex Benefit Card

In most ways, your card works just like any debit card. When you receive your Flex Benefit Card, please read the Cardholder Agreement and sign the back of your card to indicate that you understand and accept the terms of the agreement. Use the card to pay for eligible products and services. Be sure to keep all of your receipts, as you may be asked to provide them to verify the eligibility of your purchases. There are three limitations on your Flex Benefit Card that you need to know about:

- 1 The Flex Benefit Cards' use is limited to specific merchants based on the benefit account you selected and to expenses deemed eligible by your plan.
- 2 You cannot use it at an ATM terminal, or to obtain "cash back" when making a purchase.
- 3 You are not given a PIN number with this card. Should a merchant or provider ask you for a PIN number, just explain that this particular card does not have one. When given the option between debit and credit at the terminal, choose credit.

**TIP:** Your Flex Benefit Card is good for up to three years. So hang on to it! Even if you use up this year's funds, you will be able to use the card again next year if you re-enroll.

## Save your receipts!

For some expenses, additional information may be needed, including receipts, to verify eligibility of the expense and comply with IRS rules. That is why it is important for you to save all these receipts, and fax or mail them promptly when asked for them. If you do not comply, we will be forced to declare those expenses ineligible and you will have to reimburse your account. If you fail to do so, you could jeopardize the tax-exempt status of your account and lose access to your flex benefit card.

**TIP:** To protect your account's tax-exempt status and comply with IRS rules, you may sometimes have to provide your receipts.

## Eligible Expenses

You may be able to use your card to pay for products and services such as:

- Co-pays at pharmacies as well as the doctor's or dentist offices
- Prescription drugs, medical supplies, and some approved over-the-counter items
- Diabetic supplies
- Eye glasses, contact lenses, and contact solutions
- Orthodontic services

## Ineligible Expenses

There is a list of common ineligible items included in this packet and generally applies to anything that is not listed in your plan document(s). Please keep in mind that you are responsible for how the funds in your account are spent; these tax-exempt accounts are governed by the IRS and your plan documents. If you are ever in doubt about the eligibility of a particular product or service, contact HealthSCOPE Benefits.

Once in a while, a cardholder will accidentally use his or her card for a non-eligible item, and occasionally the transaction will go through. It may happen to you somewhere down the road. If it does, contact HealthSCOPE Benefits as soon as you become aware of the mistake. Your representative will tell you how to reimburse your account for the ineligible item.

**TIP:** If you go to a drug store for a number of items—some eligible, some not—ask the clerk to ring them up separately. Then use your Flex Debit Card to pay only for the eligible items.

## Overdrafts

In most cases, the transaction will simply be denied. You will have to pay for the product or service yourself and submit the receipt, along with a claim form. You will then be reimbursed for any eligible expenses with whatever is left in your account.