



# Employee FAQ:

## Flexible Spending Accounts

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### **What is an FSA?**

A healthcare flexible spending account (FSA) is an employer-sponsored benefit that allows you to set aside pre-tax dollars into an account to be used for eligible medical expenses.

### **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.

### **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. The IRS provides specific guidance regarding eligible expenses. (See IRS Publication 502).

### **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 benefits debit 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 forfeited, also called the use-it-or-lose-it rule.

### **How soon can I start spending my FSA funds?**

With a healthcare 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. Check the summary plan document your employer provided.

### **Can I still deduct healthcare 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. OTC medications are eligible with a doctor's prescription. You will need to submit a claim with the receipt for the OTC medicine along with the prescription from your doctor that includes the diagnosis and course of treatment to receive reimbursement.