



Employee FAQ:

Flexible Spending Accounts

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.

How much can I contribute to my FSA?

Annual contributions may not exceed \$2,750 per year.

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 typically 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. **Please refer to your summary plan document for deadlines on submitting claims.**

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 **run out** 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.

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, vitamins are not typically covered because they are used for general wellness, but your doctor may prescribe a vitamin to treat your medical condition. The vitamin would then be eligible if your doctor verified the necessity in treatment.



Questions? Call 888-318-7472, option 2 or email fsa@hrsimplified.com.

Flexible Benefits Debit Card:

The convenient way to pay.

The benefits debit card lets you easily access all of your benefits.

Participants in tax-advantaged benefit accounts can pay for eligible products and services with their benefits debit card. Payments are automatically withdrawn from your benefit account, so there are no out-of-pocket costs and many purchases won't require receipt submission. One card can access all of your benefit accounts:

- ▶ Healthcare flexible spending account
- ▶ Dependent care account
- ▶ Health savings account
- ▶ Limited healthcare flexible spending account
- ▶ Health reimbursement arrangement
- ▶ Transit and parking accounts

Real-time access to your benefit account funds – real world convenience!

Your benefits debit card provides immediate access to your benefit funds to pay for qualified expenses without having to pay anything out-of-pocket. Most major pharmacy chains have a point-of-sale system in place that auto-substantiates eligible items at the register. Swipe your benefits debit card to subtract the eligible items from your total, then offer a second form of payment for any ineligible items that remain. Though the need for documentation is infrequent, you should save your receipts in the rare instance documentation is requested by your administrator.

Advantages of the Card

- ▶ No out-of-pocket expenses
- ▶ No waiting for reimbursement
- ▶ Convenient access to funds reduces end-of-year forfeitures
- ▶ Single card for multiple accounts



Debit Card Documentation

In some cases as described below we are required to request receipts for your card expenses.

Documentation **will not** be requested for the following card transactions:

- ▶ Medical Co-pay amounts that match the Co-pay amounts in your plan.
- ▶ Recurring Expense – card transactions after the submission where you notify us that this will recur. Future transactions must match the exact provider and dollar amount.
- ▶ IIAS – Merchants such as Target, Walgreens, Walmart and other retailers have complied with IRS debit card software requirements that verifies which expenses are eligible expenses. Non-eligible items will require payment through another form.

Documentation is needed for the following card transactions:

- ▶ Dental expenses
- ▶ Vision expenses
- ▶ Medical procedures where coinsurance and/or medical deductibles apply
- ▶ Medical Supplies
- ▶ Dependent Care Account Transactions

Acceptable documentation

- ▶ An itemized statement from the provider showing the date of service, service rendered, and amount charged
- ▶ Explanation of Benefits (provided by your medical, vision or dental insurance)

Unacceptable documentation

- ▶ Credit card receipt
- ▶ Bank or Credit Card statement
- ▶ Estimated Explanation of Benefits and/or Estimated Insurance on your statement
- ▶ Statement with a Balance Forward
- ▶ A payment receipt without date, type of service or amount on it

Transaction status

On the HR Simplified website, in your Wealthcare personal portal, you will see several claim statuses:

- ▶ Approved – No further documentation needed.
- ▶ Insufficient documentation- an itemized statement/ Explanation of Benefits is required
- ▶ Ineligible – Expenses from prior year or ineligible expense. To resolve this transaction status you must do one of the following:
 1. Provide the missing documentation
 2. Reimburse the plan for the expenses by submitting a check payable to your employer and mailing it to HR Simplified
 3. Manually submit other unreimbursed claims to offset the transaction amount in question

Where to submit your documentation:

Portal: Go to www.mypretax.com and log in to your account, click on "Upload Receipts."

Email: FSA@hrsimplified.com

Fax: 1-877-723-0146

Mailing address: HR Simplified, Inc., Attn: FSA,
5320 West 23rd Street, Suite 350, Minneapolis, MN 55416



Online & Mobile Access

Get account information from our easy-to-use online portal and mobile application. See your account balance in real time, file a claim for reimbursement by snapping a photo of the receipt, and check on a claim status. You may also submit documentation via the mobile application. Click on "Claims", take a picture of the document and upload.



Employee FAQ:

Flexible Spending Accounts Grace Period

What is a Grace Period for my FSA?

Per IRS regulations, your employer may offer a grace period feature of your healthcare or limited FSA account.

A grace period is where you are able to spend the remaining funds in your FSA account before a certain date determined by your employer. Please confirm your plan's grace period with your employer.

How long do I have to submit documentation after the grace period?

The run out period is determined by your employer. You are able to submit documentation for expenses incurred during the plan year and grace period during what is referred to as a "run out period." Confirm with your employer the run out period they are offering.

If I have funds left over after the grace period and run out period, can I carry over those funds?

No, after the run out period is complete, the remaining funds will be forfeited to your employer.

Does the grace period apply to a Dependent Care FSA?

Yes, your Dependent Care FSA account is eligible for the grace period. You will be able to incur dependent care expenses during this period. Your run out period will apply to this account too.

If I enroll in FSA for the next plan year, what plan year are my funds pulled from during the grace period?

Your transactions will be pulled from the previous plan year during the grace period. Once the grace period has ended, you will have to submit expenses before the end of the run out period.

Once the grace period has ended, all transactions will be pulled from your current plan year and the remaining funds from the previous plan year will be forfeited to your employer.

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