

# FSA Plan

Administered by Flex-Plan Services, Inc.

## City of Seattle

Plan Year starting 1/1/2013 and ending 12/31/2013

# General FSA Overview

An FSA plan is a pre-tax savings plan where you can set aside money from your paycheck to pay for qualified "health care" and dependent care expenses. The money is deducted before FICA and federal income taxes are calculated.

<b>Employee A</b>	
35,000	Gross Pay
<u>-7,093</u>	Taxes
27,907	
<u>-2,400</u>	Medical Costs
25,507	Net Pay
<b>\$2,126 Monthly Pay</b>	
Without FSA	

<b>Employee B</b>	
35,000	Gross Pay
<u>-2,400</u>	Medical Costs
32,600	
<u>6,549</u>	Taxes
26,051	Net Pay
<b>\$2,171 Monthly Pay</b>	
With FSA	

Employee B saves \$540/year in taxes

# Elections

An FSA election is considered irrevocable once the plan year has started. You cannot make any changes to your election unless you have a qualified change in status.

- Marriage/Divorce
- Birth/Death/Adoption
- Change in day care provider/cost

## **Important**

The change in election must be consistent with the change in status.

Unused funds left in your FSA after your claim filing deadlines are forfeited back to your employer.

# Components of FSA Plan

- Health Care FSA:
  - \$2,500 annual election maximum per employee
  - Reimburses all Section 213 (d) expenses
  - Covers you and any dependent that you can claim on your federal tax return
  - Pre-funded election

## Advantages

- It is a pre-loaded account. You have access to the entire annual election on day 1
- You do not need to be covered under any type of insurance to qualify

# Section 213 (d) Eligible Expenses

No explicit list of eligible set of expenses set by the IRS. Here is a common list of expenses that are approved. A more detailed list is available on our Web site at [www.flex-plan.com](http://www.flex-plan.com)

Acupuncture	Contacts & solutions	Immunizations	Physical therapy
Allergy medication	Contraceptives	Incontinence supplies	Pregnancy test
Antacids	Copayments	Individual counseling	Prenatal vitamins
Anti diarrheal	CPAP machine	Insect bite treatment	Prescription drugs
Antibiotic ointment	Crutches	Lab work	Prescription glasses
Antifungal foot cream	Deductibles	Lactose intolerance pills	Reading glasses
Anti-gas medication	Dental services	Laser eye surgery	Saline nasal spray
Anti-itch cream/gel	Diabetic supplies	Laxative	Smoking cessation
Antiseptic	Diaper rash ointment	Lice treatment products	Speech therapy
Asthma treatment	Drug addiction treatment	Medical testing devices	Sterilization procedures
Bandages	Ear wax removal kits	Medical records	Stool softener
Birthing classes or Lamaze	Eye drops	Motion sickness relief	Thermometer
Blood pressure monitor	Eye exams	Nasal strips	Throat lozenges
Braces (knee, ankle, wrist)	Fertility monitor	Naturopathic visits	Vaccinations
Burn cream	Fertility treatment	Optometrist services	Vision therapy
Chiropractic services	First aid supplies	Orthodontia	Walker
Coinsurance	Flu shots	Orthotics	Wart treatment
Cold / hot pack	Hearing aids & supplies	Oxygen and equipment	Wheelchair & repair
Cold sore treatment	Hemorrhoid medication	Pain relievers	X-rays
Cold/cough medication	Hormone therapy	Parasitic treatment	
Compression stockings	Hospital fees	Physical exams	

# Components of FSA Plan

- Dependent Care (Day Care) FSA
  - \$5,000 annual election maximum per *family unit*
  - Dependent Care expenses so that both you and your spouse can go to work, look for work or be a full-time student.
  - Dependent must be 12 or younger. Dependents 13 or older eligible if they physically or mentally cannot provide care for themselves
  - May exclude you from taking the 1040 child tax credit
  - Traditional bank account style...dollar in, dollar out.

## Advantages

- The provider does not need to be a licensed day care facility. They only need a business tax ID number or a social security number
- May result in more savings than the 1040 child tax credit

# Important Dates

## Plan Year

Your FSA plan year operates on a January – December plan year. After the end of the plan year, you have a claims run-out period to submit claims.

## Claims Run-Out Period (2012)

The 2012 plan has a 90-day claims run-out deadline (3/31/2013). Any 2012 claim must be postmarked by 3/31/2013. Any account balance left afterwards is forfeited back to your employer. Claims for the 2012 plan year FSA should be submitted to BAC. [You can contact them at www.baclink.com.](http://www.baclink.com)

## Claims Run-Out Period (2013)

The 2013 plan has a 90-day claims run-out deadline (3/31/2014). Any 2013 claim must be submitted to FPS postmarked by 3/31/2014. Any account balance left afterwards is forfeited back to your employer.

# Claims

Claims for reimbursement are processed within 1-2 business days of receipt. Claims must be accompanied by documentation that shows the date, type and cost of service. You can submit claims through the following:

- Free mobile app (iTunes and Android Marketplace)
- Mail, PO Box 53250 Bellevue, WA 98015
- Email, [claims@flex-plan.com](mailto:claims@flex-plan.com)
- Toll-free fax, 866-535-9227
- Online, [www.flex-plan.com](http://www.flex-plan.com) (Participant portal)

The claims are paid out on Wednesdays via a hard copy check mailed to your residence or a direct deposit.

# Benny™ FSA Card

A Benny™ card is a MasterCard branded stored value card that allows employees to pay for eligible health care expenses directly from their health care FSA using a debit card.

*To request a Benny card, you must complete a Benny Card Request Form. This form will be available on InWeb and PAN.*

## **Important Note**

You must have an email address on file in order to be sent a Benny card.

# Benny™ FSA Card

- You will receive two (2) identical cards.
- Cards will only work at authorized merchants who provide FSA eligible services with valid MCC codes.
- You must retain all of your receipts for purchases. IRS regulations will require Flex-Plan Services to send you follow up requests for card purchases to verify that the expense was for an FSA eligible item. Certain exemptions apply.

# Grocery Stores & Pharmacies

Cards will work at retail merchants that have an IIAS system in place. IIAS is a merchant-based system that uses an item's bar code (SKU) to track its FSA eligibility on the merchant.

You can locate an eligible merchant at the following URL:

[www.sig-is.org](http://www.sig-is.org)

The card will pay for all RX expenses and all OTC items that do not require a Rx.

# Documentation

We recommend that you retain all of your receipts. The IRS guidelines require that Flex-Plan Services verify the eligibility of your purchases after-the-fact. Certain exemptions will apply:

- Purchases made at IIAS approved merchants.
- Purchases that match a copayment amount (or multiple of).
- Purchases that match (provider & amount) one that you have verified once in the past.

Currently, over 85% of all debit card transactions are automatically verified through one of the above methods.

# Documentation Requests

You will receive an emailed notice requesting you to verify your Benny card purchase. The notice is sent at the beginning of the month and gives you a 30-day grace period to verify the transaction.

If the 1<sup>st</sup> notice is ignored, you will receive a 2<sup>nd</sup> notice giving you another 30-day grace period.

If the 2<sup>nd</sup> notice is ignored, you will receive a final notice notifying you that your card has been suspended.

Each notice contains instructions on how to verify your transaction and where to send your documentation to.

# Suspended Cards

You may still access your FSA balance if your card is suspended by submitting a manual claim, but the available funds may be reduced by your delinquent card verifications.

You may do any of the following to unsuspend your card at any time:

- Submit a receipt for a non-Benny™ card transaction in lieu of the missing card receipt.
- Reimburse the plan by writing a check for the transaction amount.
- Submitting the original receipt.

# Resources & Online Tools

Customer service is available to answer any question you might have regarding your FSA benefits.

Monday – Friday; 7:00 am – 5:00 pm, Pacific Time

(800) 669-3539

[flexplan@flex-plan.com](mailto:flexplan@flex-plan.com)

## Online Tools

- Online tax savings calculator
- List of eligible expenses
- Online account access
- Links to regulatory updates & legislation changes

# Questions?

Our dedicated staff of customer service agents is available to assist you, Monday through Friday, between the hours of 7:00 am and 5:00 pm (PT).

You can reach our customer service at (425) 452-3500 or toll-free at (800) 669-FLEX (3539).