**Flexible Spending Account (FSA)**

**FAQ’s**

**Get Your Answers Here!**

1. **What is a Flexible Spending Account?**

A Flexible Spending Account (FSA) is a benefit which offers you an opportunity to set aside money each month from your gross pay – *before taxes are deducted* – to pay for eligible out-of-pocket expenses. Doing so can result in lower taxable income and greater take-home pay for you! Greater take-home pay? Now that’s a great benefit!

1. **What are the benefits?**
2. Medical Expense Reimbursement. Medical Expense Reimbursement provides you with an opportunity to pay for eligible out-of-pocket medical expenses with pre-tax dollars. Examples include: deductibles, co-insurances and co-pays from your plan or a spouse’s, as well as other eligible medical expenses not covered by your (or a spouse’s) insurance plan.
3. Dependent Care Reimbursement. Dependent Care Reimbursement allows payment for eligible dependent care expenses with pre-tax dollars. Eligible expenses include day care, home, or nursery care expenses for dependent children under the age of 13, and expenses for a dependent disabled child at any age. Additionally, individuals who provide at least 51% of the support for a disable spouse or parent may participate.
4. **What kind of monetary savings are we talking about?**

On average you can save upwards of 30% on eligible expenses by paying for them with pre-tax dollars as opposed to after tax dollars.

1. **Who is eligible to participate?**

All full-time staff only.

1. **When am I eligible to enroll in the FSA Program?**

New employees are eligible to participate in Dependent Care Reimbursement) the first of the month following 60 days of service. Full-time staff are eligible to enroll in both Medical Expense and Dependent Care Reimbursement each year during open enrollment at the end of the calendar year.

1. **Once I am enrolled in the plan, am I enrolled for life?**

No. Premium, medical and dependent care costs can vary from year-to-year. Because of these variances, staff must re-enroll in the FSA Program at the end of each calendar year to participate in the upcoming year’s plan.

1. How do I participate?

In the case of open enrollment, to begin contributing to the Medical and/or Dependent Care FSA, you will want to determine or estimate what your expenses will be for the entire upcoming calendar year…which can be a little difficult to estimate. We suggest that you take several things into consideration to make this determination, including:

* Look at your bills from prior years to see if they may be indicative of what your expenses will be for the upcoming year.
* Consider purchases or procedures you are planning for the upcoming year. Would you like new glasses or contact lenses? Are there medical procedures you have been putting off that need to be planned? Do your children need orthodontia work?
* Consider how changes in the benefits plans (co-insurances, co-pays, deductibles, etc.) could change your out-of-pocket expenses for the upcoming year.
* Utilize Discovery Benefits’ FSA Calculator to help you crunch the numbers and determine the amount of money you should set aside from each paycheck.
* Consider what age your children are and if their dependent care costs may be going up or down in the coming year (changing classrooms, beginning an after-school program, etc.)

Once you have determined your estimated costs for your Healthcare and Dependent care expenses, you must elect to enroll in these accounts during Open Enrollment by using ADP’s Self Service tool.

1. **Can I pay for my spouse’s insurance premium through our FSA Program?**

No. Premiums for Medicare, COBRA or other insurance plans, fees for health clubs or gyms and cosmetic treatments are considered to be ineligible expenses.

1. Can I pay for my spouse’s or my children’s medical expenses through the Medical Expense Reimbursement part of the plan?

Yes. Any out-of-pocket medical expenses (other than insurance premium) that your family incurs, regardless of who the health insurance carrier is, can be run through the Medical Expense Reimbursement part of the FSA Program.

1. Can I use my FSA plan to purchase over-the-counter (OTC) medications?

As a result of Health Care Reform, the IRS requires a prescription for OTC medication to be eligible for reimbursement.

1. **When do deductions occur from my payroll?**

Deductions will come out 24 of the 26 scheduled biweekly paychecks. The exception is the 3rd paycheck of the month. These payrolls are considered to Benefits Holidays, resulting in no deductions for your Health and Welfare benefits.

1. **Where do these deductions go?**

They are held in a separate FSA Account until expenses are incurred and paid via the Discovery Benefits FSA debit card or submitted via claim forms.

1. **The plan sounds like a great way for me to save money, what’s the catch?**

The government allows us with this wonderful opportunity to save money, but there is some risk involved. That risk is … if you don’t use the money you lose it. Stated in another way, if you overestimate what your upcoming year’s expenses will be and don’t incur those expenses by the end of the calendar year, any money remaining in the FSA account is automatically forfeited.

1. **Can I change my elections throughout the year?**

No. Once enrolled in the FSA Program, you are enrolled for the entire upcoming calendar year with no option of changing any elections, with the exception of a major life change (for example: marriage, death, birth, adoption, divorce, change of employment status for you or your spouse, etc.)

1. **I don’t want to lose any of my FSA money, how can I be sure this doesn’t happen?**

BE CONSERVATIVE. In many cases, staff have found that they were too conservative and ran out of money prior to year end. In the few instances where staff have overestimated what their costs would be, they were still able to retrieve this money by purchasing new eyeglasses, prescription sunglasses, re-filling their contact lens prescription early, or spending the money on some other type of medical expense prior to the end of the calendar year.

1. **Do I need to save my Dependent Care receipts?**

Yes. For dependent care expenses, the IRS require:

* + Dates of service
	+ Dollar amount incurred
	+ Day care provider name
	+ Day care provider Tax ID or Social Security Number
	+ Day care provider signature
1. **How does Dependent Care Reimbursement work?**

Day care expenses must be incurred (not just paid) in order to receive reimbursement. Fees cannot be reimbursed until the services are actually incurred. Hang on to your receipts and documentation.

1. **How often are claims reimbursed? What is the turnaround time on claims?**

Claims are processed daily.  Discovery Benefits has a two business day process time.  Once processed, direct deposits are available in 2-3 business days.  Live checks are received 5-6 business days.

1. **How do I set up direct deposit?**

Log on to the Discovery Benefits Consumer Portal to sign up for direct deposit. This will allow funds to be sent electronically to your checking or savings account.

1. **Once I sign up for direct deposit, will I receive notification when funds are direct deposited into my account?**

You will receive an Advice of Deposit.

1. **How will I learn of claim denials?**

If your claim has been denied, Discovery Benefits will send you a Claim Denial Notification.  This will be emailed if they have your address.  If no email address is on file, we’ll mail this to your home.

1. **What are some of the reasons that claims are denied?**

There are several reasons for a claim denial.

* Receipt doesn’t contain all of the follow: date, place, amount, type of service/product.
* Services have not been incurred (prepayments are not eligible).
* Date of service outside of plan year.
* Insurance covered expense.
* Receipt/bill has a balance forward.
* Scanned/faxed receipt is illegible.
* Ineligible expense.
* Dual purpose item.  Medical Necessity Form must be completed.
1. What do I need to consider if I am terminating my position?

If you leave employment during the plan year, your right to benefits under the FSA Program will be determined in the following manner:

* + - Dependent Care Reimbursement: You will be able to request reimbursement for qualifying dependent care expenses incurred up to your termination date from the balance remaining in your dependent care account at the time of your termination of employment. However, no further pre-tax salary contributions can be made after termination.
		- Medical Expense Reimbursement: You may continue to participate in Medical Expense Reimbursement program by electing COBRA participation through the end of the plan year. If you elect not to continue participation in the Medical Expense Reimbursement Program, your participation will cease upon termination and no further pre-tax contributions can be made to your account. You will then have 90 days to submit claims for expense incurred prior to your termination.
1. The plan year has ended, and I have incurred all of the necessary medical expenses to retrieve my funds, but I have not yet completed a claim form. Is it too late?

No. After the plan year ends, you have 90 days to submit and receive approval for any remaining funds *incurred* during that plan year. You forfeit any funds that remain in your account(s) after the 90-day grace period. If you don’t use it you lose it.