

## Health Care Flexible Spending Account FAQ for Employees

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### ***What health care expenses are eligible under the FSA?***

The IRS determines the type of expenses eligible for reimbursement through a FSA. Some examples of eligible and ineligible expenses are listed below. Note that eligible expenses include only those expenses incurred during a plan year. "Incurred" means when the service is performed, not when you were billed or when you paid for the service. For example, if you choose to make FSA contributions during calendar year 2006 but elect not to participate in 2007, services incurred in 2007 will not be eligible for reimbursement from your unused 2006 account balances.

Eligible health care expenses include, but are not limited to:

- Deductibles, copayments and coinsurance payments
- Eye exams, eyeglasses, contact lenses and contact lens supplies (i.e. saline solution)
- Lasik eye surgery
- Chiropractic treatment
- Acupuncture
- Prescribed medicines
- Doctor's fees, including routine physicals
- Hearing exams and hearing aids
- Laboratory fees
- Dental treatment, including orthodontia
- Psychiatric/Mental health treatment

Expenses that do not qualify for reimbursement include, but are not limited to:

- Expenses incurred prior to the coverage date or after the plan year ends
- Expenses for cosmetic treatments including, but not limited to: surgery, doctor's charges, dental charges and prescribed medicines
- Health club dues
- Health insurance premiums (including long term care insurance premiums)

The previous description does not include every eligible (or ineligible) expense. For more information, please refer to Internal Revenue Code Section 213(d) or consult your tax adviser.

### ***Can I use a Health Care FSA to pay for a spouse's and/or dependent's eligible out-of-pocket medical expenses?***

Yes. Dependents are generally defined as those individuals claimed on the participant's personal tax return.

### ***Are there any limits to how much I can contribute to my Health Care Account?***

The IRS does not currently set specific limits on the amount of health care expenses that can be reimbursed with a health care spending account. But, federal regulations require each employer offering health care plans to establish annual account maximums. Please refer to your Flexible Spending Account Summary Plan Description (SPD) to determine the maximum annual contribution set by your employer.

### ***How do I file claims for reimbursement?***

If you are covered by a group health, dental or vision plan, you should file claims for eligible expenses under that plan first, then file a claim for reimbursement from your FSA with the Explanation of Benefits (EOB) issued by your health plan. After you have paid for an eligible expense, submit a claim for reimbursement along with receipts or other required documentation to the address indicated on the claim form.

***I have a managed care plan. Do I have enough out-of-pocket expenses to make a health care flexible spending account worthwhile?***

Even though you may be enrolled in a managed medical and/or dental plan, there still may be expenses not covered by the medical or dental plan. Some examples of common out-of-pocket expenses include: copays/deductibles, eye exams, eyeglasses, contact lenses, saline solution, prescription copays, chiropractic treatment, orthodontia and dental work. A health care FSA can be a valuable way to fund these expenses on a tax-free basis.

***Can money in a Health Care FSA be used for Dependent Care expenses and vice versa?***

No. Under IRS regulations, transferring money between FSA accounts is not permitted. This means that a Health Care account cannot be used to pay for dependent care expenses, and a Dependent Care account cannot be used to pay for health care expenses.

***Can I change my election or stop contributing money to my flexible spending account at any time throughout the year?***

Federal regulations state that once you have enrolled and selected the contribution amount, you cannot change your decision until your next open enrollment unless you have a family status change.

Changes in family status include:

- your marriage or divorce
- birth or adoption of a child
- change in work schedule (e.g. part-time to full-time status or full-time to part-time status) of employee, spouse or dependent
- death of a spouse or covered dependent
- you or your spouse taking an unpaid leave of absence

So, for example, if a child was born, you might want to increase your health care expense reimbursement amount to allow for increased health care expenses related to the newborn. Changes may only be made with regard to future expenses, not retroactively.