

## Healthcare Spending Account FAQ

### What is a Flexible Spending Account Plan?

It's a benefit provided by your employer that lets you set aside a certain amount of your paycheck into an account before paying income taxes. Then, during the year, you can use funds in the account to pay for qualified expenses. This Plan provides tax savings throughout the year!

### What's the biggest benefit when I participate?

Your biggest benefit is saving on payroll withholding taxes and some social security taxes. That means you'll save \$25 to \$40 on every \$100 you budget to pay for qualified expenses!

### Are there other advantages besides saving money on taxes?

Absolutely! Your Healthcare Flexible Spending Account is like having a tax-free, interest-free loan. All of the money you will contribute for the year is available to you on day one of the plan year – even before any money has been set aside from your paycheck.

### What expenses qualify for payment?

Most qualified expenses are for goods or services you plan to buy anyway. A list of common items is below; you may also login to Custom Flex or call CDB for more information.

#### Qualified Healthcare Account Expenses *(if purchased during the plan year)*

Acupuncture	Laboratory tests
Alcoholism treatment	Laser eye surgery
Ambulance	Medical supplies
Artificial limbs/teeth	Obstetrical expenses
Braces	Orthodontia (braces)
Chiropractors	Orthopedic devices
Christian Science practitioner's fees	Over-the-counter drugs (see below)
Contact lenses & solutions	Oxygen
Copayments	Physician fees & copayments
Costs for physical or mental illness	Prescription Drug Medications
Crutches	Psychiatric care
Deductibles	Psychological services & care
Dental services	Rental of Medical Equipment
Dentures	Routine physicals & tests
Diabetic test strips	Smoking cessation drugs*
Diagnostic tests & labs	Smoking cessation programs
Dietary supplements prescribed by a doctor	Sunglasses*
Drug & Medical supplies (syringes, needles, etc.)	Surgical services & fees
Eyeglasses*	Weight loss programs or OTC drugs (if associated with a specific disease)*
Eye examinations	Wheelchair
Eye surgery (cataracts, LASIK, etc.)	Vitamins*
Hearing devices & batteries	X-rays
Hospital bills	
Insulin	

Only healthcare expenses not reimbursed by insurance can be claimed.

*\*if prescribed by a doctor or may require a doctor's letter of medical necessity*

**Ineligible expenses under the healthcare account:**

- Cosmetic surgery & procedures
- Dental bleaching
- Marriage or family counseling
- Premiums you or your spouse pay for insurance
- Weight loss for general health or appearance

**CHANGES FOR OVER-THE-COUNTER MEDICATIONS**

As a result of Health Reform legislation, **over-the-counter medications are only eligible with a doctor's prescription.**

Since a prescription is required for these expenses, the FSA Card cannot be used to buy them. However, they are still eligible if you pay up front and request reimbursement. See below for more information.

**Listed below are some of the items that will require a doctor's prescription to be eligible for reimbursement from the Healthcare FSA:**

- Asthma medications
- Cold, flu & allergy medications
- Cold relief syrup or tablets
- Cough drops or syrup
- Flu relief tablets or liquid
- Sinus medications
- Arthritis pain reliever
- Pain relievers, aspirin & non-aspirin
- Throat pain medications
- Acid reducers
- Antacid gum, liquid or tablets
- Anti-diarrhea medications
- Laxatives
- Pinworm treatment
- Upset stomach medications

**FILING CLAIMS FOR OVER-THE-COUNTER MEDICATIONS**

An FSA Claim Form, receipt and doctor's prescription is required for over-the-counter medicines reimbursed under the Healthcare FSA.

If a physician has prescribed an over-the-counter medicine for ongoing treatment (such as daily aspirin or a daily antihistamine), submitting a copy of the prescription with each claim will result in the fastest reimbursement.

If you provided a copy of the prescription already and do not wish to include it in future submissions, you may note this on the claim form. This additional step for CDB may slow the reimbursement as we will need to verify the original claim submission in order to process additional claims.

## How do I pay for qualified expenses?

CDB offers 3 easy ways to get reimbursed:

- FSA Card (if offered by your employer)
- Check mailed to your home
- Check directly deposited to your bank account (if offered by your employer)

### Using Your FSA Card

Over 80% of Healthcare FSA expenses are automatically approved so you won't need to submit claims or documentation for FSA Card use. However, always keep copies of your receipts and other supporting documentation. Below is a table to help guide you when using your FSA Debit Card.

FSA CARD ACTION	TYPE OF VENDOR OR SERVICE	HELPFUL HINTS
<p><b>No Substantiation Required</b></p> <p>The FSA Card will work without anything further from you! Please keep a copy of documentation just in case.</p>	<p><b>HealthCare Providers with Copays:</b></p> <ul style="list-style-type: none"> <li>• Hospitals</li> <li>• Pharmacy</li> <li>• Physician's Office</li> <li>• Vision Care Providers</li> <li>• Urgent Care</li> <li>• Outpatient Surgery Centers</li> </ul> <p>Prescriptions &amp; other qualified over-the-counter items can be purchased at participating retailers. See list inside for more information.</p> <p><b>Recurring Expenses:</b> by indicating expenses are recurring in exact equal amounts for the exact same provider on the FSA Claim Form, you will not need to continue to send in supporting documentation and claim forms.</p>	<p>Coinsurance is where the employee pays a percentage versus a flat copay. These may require you to submit supporting documentation. It's important that you keep all of your supporting documentation.</p> <p>You will receive a letter if supporting documentation is required by the IRS guidelines.</p> <p>Examples include Dependent Care and monthly visits to certain types of healthcare providers.</p>
<p><b>May require supporting documentation</b></p>	<p><b>The FSA Debit Card can only be used at Healthcare providers like Dentists, Doctors or Vision Care Providers.</b></p> <p>If you use the FSA Card, you will receive a letter if documentation is required for these common types of expenses:</p> <ul style="list-style-type: none"> <li>• Deductibles or Coinsurance</li> <li>• Spouse's insurance out-of-pocket expenses</li> <li>• Caregivers for Dependents (Dependent Care)</li> </ul>	<p><b>You will receive a letter if receipts are required.</b></p> <p>To avoid having your card suspended, please submit requested documentation no later than 30 days after the reminder letter is sent to your home.</p>

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**Cannot use the FSA Card**

Due to Health Reform, over-the-counter medications require a doctor's prescription and cannot be purchased with the FSA card but they are still eligible for reimbursement.

If an item is a qualified expense for this plan year, you can use another form of payment and submit your claim with supporting documentation.

Any non-qualified expense

Over-the-Counter medicines must have a doctor's prescription submitted with the claim for reimbursement.

Any non-participating provider, merchant or retailer not mentioned above

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### Do I need to file claim forms?

If you use the FSA Card or if CDB administers your Medical, Dental or Vision plan, you may not need to ever file a claim form. Some types of expenses paid for with the FSA Card may require further documentation, if so, we will send a letter to your home requesting it.

In some cases, the FSA Card cannot be used for qualified expenses such as Over-the-Counter (OTC) medications. OTC medications are only covered with a doctor's prescription; therefore, you must submit a claim form with the appropriate documentation.

### How does money get deposited into my account?

Each pay period, the tax-free money you've budgeted will be deposited into your Flexible Spending Account.

### How do I know how much money is available?

Your balance and other details are always available online by logging into Custom Flex.

### Must money be deposited in my account before I pay expenses or file a claim?

No, the entire annual amount you elect for the Healthcare Flexible Spending Account is available on the first day and throughout the plan year. However, only amounts you've contributed are available for Dependent Care, Parking/Transit and Adoption Expenses.

### I already have health insurance. Why should I participate in the Healthcare Flexible Spending Account (FSA)?

The Healthcare FSA is used to pay for expenses not covered by insurance. These include copays, over-the-counter medications, glasses, contacts, orthodontics, most dental expenses, and prescription drugs, just to name a few. Check out the FSA Savings Calculator to predict your potential tax savings.

### I don't use my employer's health insurance. Can I still save?

Yes! You can still set aside money (before taxes are taken out) to budget and pay for qualified expenses. Remember, a qualified expense paid from this plan cannot be eligible for reimbursement from another plan.

### If I set aside part of my pay, won't I make less money?

No. For every dollar you set aside to pay for qualified expenses, you save FICA, federal and state (where applicable) withholding taxes. Your net take-home pay will increase by the tax dollars you save. So that when you pay for qualified expenses, they are TAX FREE!

### Can I change my contributions during the year?

Yes, but only in certain circumstances permitted by the IRS. You can only change Healthcare and Dependent Care FSAs if you have a Qualified Event such as change in coverage, loss of coverage, change in employment for you or a spouse or a dependent, and death or birth of a dependent. The Parking and Transit plans allow you to change your election for any reason. Adoption Assistance elections may be changed when initiating or concluding an adoption attempt.

### What if I don't use all of the money in my account?

You must use the funds by the end of the plan year or you lose those funds. Contributions not used for the FSA benefit during the plan year are no longer available. You usually have a period of time to submit claims that were used during the prior plan year. See your Flexible Benefits Summary Plan Description for details. For Parking/Transit Plans, any unused contributions will roll forward to the next plan year. Therefore, be sure to carefully budget and calculate your qualified expenses.

### What happens to my account if I terminate employment?

You may request reimbursement for qualified expenses incurred prior to your termination. Check your Summary Plan Description for additional rights provided by your employer's plan.

### Are there any negatives that I should know about?

Because you may not pay social security tax on the amount of gross pay you set aside to pay for qualified expenses, your social security benefits at retirement may be slightly reduced. However, most tax advisors recommend taking advantage of current tax-savings opportunities like Flexible Spending Accounts.

### What is appropriate documentation for submitting a Healthcare FSA claim?

Please submit the insurance EOB or billing statement detailing the date of service, type of service, sequence or processing of insurance payments and that reflects the balance due. (Claims that are reimbursed by insurance are not eligible for FSA reimbursement.)