

**FLEXIBLE SPENDING ACCOUNT
QUESTIONS & ANSWERS
2019**



M.A. Services
PO Box 587
Pittsford, NY 14534
Phone: 800.836.8100
Email:
info@flexbene.com
www.flexbene.com

1. HOW DOES THE PATIENT PROTECTION AND AFFORDABLE CARE ACT AFFECT MY FLEX IN 2019?

The Health Care Reform was signed into law on March 23, 2010 and brings changes regarding the maximum contribution to the medical, dental and vision expenses annual election. For **ALL** Plans beginning January 1st, 2019, the maximum contribution amount is **\$2,700.00**. Also, effective 1/1/11 **ALL** over the counter (OTC) medications eligible for reimbursement **MUST** be accompanied by a doctor's prescription and a reimbursement claim form to receive reimbursement through an FSA, HRA or HSA. Insulin is the only exception.

2. What is a Flexible Benefits program?

Section 125 of the internal Revenue Code allows employees to pay specific health-related expenses as well as dependent care expenses with pretax dollars. This results in a reduction in your Federal, State, Social Security, and Medicare taxes.

3. How is a Flexible Benefits program funded?

You determine how much you, your spouse and your eligible dependents will spend annually on these expenses. That amount is deducted from your GROSS earnings through payroll deduction. The result is an increase in net take home pay because your payroll deductions become NON-TAXABLE INCOME.

4. How do I know if I should participate in the Flexible Benefits program?

First you should determine what your typical medical, dental, vision and qualifying dependent care out-of-pocket expenses may be for the upcoming year, for yourself, your spouse and your eligible dependents. You can do this with the aid of a Flex Confidential Survey Form, which is available from enrollment specialists, or your HR Department. The expenses might include any eligible out-of-pocket healthcare expenses you anticipate (such as routine medical examinations, co-pays, contact lenses prescription eye glasses, dental expenses) and dependent child care (daycare) or elder care expenses, the deductible of a Medical Plan or Dental Plan and your share of expenses under Major Medical. A list of qualifying expenses is included under the Forms section. The second point to consider is how much you can afford to redirect from your take-home pay. You should be sure you can meet all your fixed living expenses without the amount of your salary redirection, until you are able to collect reimbursement from your Flex Account.

5. Even though I claim reimbursement from the Flexible Benefits program for expenses that would otherwise be tax deductible, may I also claim these amounts as a deduction on my tax return?

NO! Once you have received reimbursement from the Program for any qualified expenses, you may not claim the same amounts as a deduction or credit on your income tax return. However, you may be able to deduct expenses that exceed the amount of reimbursement under the Flexible Benefits Program. Consult your tax advisor for your specific situation.

6. What is the maximum dollar amount I can contribute to the Flexible Benefits program?

The maximum dollar amount that each employee may contribute to the Flexible Benefits Program is determined by your employer and is indicated in your Summary Plan Description. Your Flexible Benefits Enrollment Form will indicate the per pay period dollars which will be contributed to each of the accounts (Medical, Dependent Care, Adoption Assistance, etc.). The total amount cannot be more than the annual maximum specified by the Plan, for each account.

7. May I switch amounts from one Flexible Benefits account to another?

Generally, NO! During the Plan year you may not change what was on your original enrollment form. You can, however, make changes when you fill out a new enrollment form each year. You can also file a new enrollment form in the event of a change in family status. See your Summary Plan Description for an explanation of the specific events which would allow for a change in family status.

8. Can I put the maximum amount into the Flexible Benefits program at the beginning of the year in one payment?

NO! Money will be credited to your account(s) on each payday in equal installments (If you should go out on an unpaid leave of absence or Family Medical Leave, please contact your Human Resource Department for your Company's specific guidelines). You should also know that once you decide on a salary reduction amount you cannot change or cancel it until the next Plan year, unless there has been a change in family status.

9. Can I ask that my contributions to the Flexible Benefits program be stopped if I really need the money? Can I take it out during the year for hardship?

NO! Contributions cannot be stopped during the calendar year. By allowing contributions to be stopped, we jeopardize the tax advantage of the Program. You may not take money out of the Program during the calendar year unless it is for reimbursement of an eligible expense.

10. Who are considered my eligible dependents for medical expense purposes?

Anyone you claim as a legal dependent on your federal income tax return is an eligible dependent for medical and dependent care expense purposes. For purposes of your medical flexible spending account, any dependent that chooses to be covered to age 26 on your plan may be covered AS LONG AS he/she does not have coverage through another employer. This is regardless of his/her marital status or living arrangements. Divorced and separated parents please refer to the IRS Code Section 152(e) - Dependent Child of Divorced or Separated Parents or Parents Who Live Apart.

11. What dependent care expenses are eligible for reimbursement through the Flexible Benefits program?

Reimbursable dependent care expenses are generally defined as those that are eligible for a tax credit on your federal tax return. If you are married your spouse must be employed (unless disabled or attending school full-time), and the dependent care expense must be for the specific purpose of allowing both you and your spouse to work (attend full-time classes or care for him/herself in the case of disability). The amount of reimbursable expenses cannot exceed the lesser of either your earnings or those of your spouse. The overall maximum dependent care deduction is \$5,000 per year. If you are married and file a separate income tax return, the annual maximum is \$2,500. In the event of a disabled spouse or full-time student, the dependent care deduction is limited to \$200 per month for one (1) child or dependent and \$400 per month for more than one (1) child or dependent. Dependent care expenses can be for the care of any legal dependent under the age of 13 or any other dependent who is physically or mentally incapable of self-care. Eligible charges include those for baby-sitters, companions and day-care centers that meet local regulations. Additionally, housekeepers and summer day camps may be eligible for reimbursement under the dependent care provisions. Dependent care expenses paid to your legal dependent are not eligible for reimbursement. Also, payments made to your child under age 19, even if no longer a dependent, are not eligible for reimbursement.

12. If I use the Flexible Benefits program for dependent care expense, what impact will it have on the federal child care tax credit?

Effective January 1, 1989, your federal child care tax credit will be reduced dollar for dollar by the amount of salary redirected to the dependent care spending account. You cannot take a double deduction.

13. Will participation in flex reduce my social security benefits at retirement or if I become disabled?

YES, only if your taxable wages are less than the Social Security wage base (or are reduced below the base) for several years. The Social Security wage base is the amount of wages up to which Social Security taxes are withheld. Social Security benefits are based on an average of your wages and the number of years you work. The maximum benefit available will result only if your taxable wages have met or exceeded the wage base for most of the years you worked. Therefore, if your salary is reduced below the wage base, or your salary has been below it for most of your working career, your Social Security Supplement feature is available for you to insure against that potential loss. Please discuss this with your enrollment personnel, or the M.A. Services claim center.

14. How many claims can I file?

You can submit as many claims as you wish, if the dates of services do not exceed the current date and are within the current Plan year. Once you exceed your annual election you will receive a denial letter informing you which account is exhausted and are not required to submit any more claims for the plan year.

15. Will I have to keep track of my account(s)?

You can. However, each time you file a claim and receive a payment, the reimbursement check stub will detail the current deposits, reimbursements, and balance(s) of your account(s). You will also receive a cumulative account balance semi-annually, whether you have submitted claims, so that you will be aware of your accumulated account balance. In addition, during the last quarter, you will receive an additional statement to remind you of the existing balance(s) in your account(s). It is important that you "use your balance or lose it!" Only Health FSA account balances of \$500 or less can be rolled over if your company allows for the roll over provision.

The "Use it or Lose it" Principle.

Flex is established in accordance with Federal IRS regulations that determine how the Plan funds may be used. If you allocate money towards a certain benefit account during the Plan year and fail to use those funds for benefits eligible under that benefit account, you will lose the excess. Excess funds do not revert to M.A. Services. They go back to the Plan to offset administration costs and/or offset benefit costs in the future. What you don't spend from your allocation, however, will be lost to you personally. Therefore, you should be careful and conservative in your estimates!

16. When can I begin filing claims?

As soon as your Plan Year begins you may file claims for eligible expenses. The expense must be incurred during the Plan Year dates.

The Plan goes by the date of service NOT the date of payment.

17. Is there any reason I might be able to change the amount(s) withheld from my salary?

The answer is "yes", but only if you experience what is called a change in family status during the year. If you add a person to your family (birth, adoption, or marriage), if your family should decrease in size (death, legal separation or divorce), or if your spouse terminates employment, you may change the amounts by which your salary will be redirected. For specific information about this provision please call the M.A. Services claims center. You may be asked for proof of the change.

- Remember, unless you have a "change in family status," you will not be able to reduce or increase the amount designated on your enrollment form, nor will you be able to shift amounts from one account to another. Therefore, we encourage you to plan carefully before you enroll.
- For information regarding The Family Medical Leave Act or COBRA, please see your Summary Plan Description or contact your Human Resources representative.

18. What constitutes a qualified change in status?

As a rule, a desired election change will need to be found consistent with a Change in Status event if the even affects coverage eligibility. Qualifying Events for a Medical FSA change are as follows:

To Increase Medical FSA election: Marriage, Birth/Adoption of a child, child who gains dependent status

To Decrease Medical FSA election: Divorce, Child no longer qualifies as a dependent, death of a dependent

To Increase/Decrease Medical FSA election: If you spouse or dependent starts/ends a job, increases/decreases work hours, gains/losses eligibility from their employer sponsored health insurance for health flexible spending coverage

Flexible Benefits Processing Questions

19. What do I need to submit to get my money back?

The IRS substantiation rules for medical claims reimbursements are very specific. It is based on medical validity, dates of services incurred (not the payment date!) and proof that the claim was not elsewhere reimbursed. You need to submit ALL the documentation to support this.

20. What is the necessary documentation?

Doctors, Specialists, and Hospital Visits need the following:

- Patient's Name (who received services?)
- Doctor's Name (who performed services?)
- Date of Service (date the service was performed)
- Service Rendered (what did the doctor do?)
- Insurance Reimbursement (what portion is insurance reimbursing?) This can be found on an Explanation of Benefits from your Insurance Provider if it is not on your doctor's bill. If you decided not to submit for insurance reimbursement, you must send a letter indicating and certifying to that fact.

Prescriptions:

- Name of Patient (person drug is for)
- Name of Doctor (who prescribed the drug)
- Date Filled (date the pharmacy filled the script)
- Name of Drug (e.g.: Allegra, Vioxx, Concerta)
- Insurance Reimbursement (usually says "Insurance Pays \$**. ** - You Pay \$**.**))

***ALL MEDICALLY NEEDED OVER-THE-COUNTER MEDICATIONS CANNOT BE REIMBURSED WITH OUT A DOCTOR PRESCRIPTION. VITAMINS, SUPPLEMENTS AND HERBAL MEDICINES ARE NOT REIMBURSABLE UNLESS APPROVED FOR A PARTICULAR MEDICAL CONDITION THROUGH A LETTER OF MEDICAL NECESSITY. ***

21. How do I get my information to M.A. Services for processing?

Once you have obtained the documentation for your services rendered, attach them to a Reimbursement Voucher. Be sure to complete all sections of the Voucher and sign and date it. You may then mail the completed Voucher and documentation to us at:

M.A. Services
PO Box 587
Pittsford, NY 14534

You can also fax the information to us at 585.248.2488. Be sure to get a confirmation for the fax from the machine you are using to verify submission in case we were unable to receive it. You may submit your claim online at www.flexbene.com. You have 30 days to submit the proper documentation for claims submitted online. You can also email your claim to info@flexbene.com.

22. What are some things that are not reimbursable?

The following are not reimbursable:

- Cosmetic procedures, such as teeth bleaching/whitening or plastic surgery.
- Services that your insurance company has pended their final payment decisions. (We will gladly pay you the final un-reimbursed residual claim amounts.)
- Herbal medicines, Vitamins and supplements
- Medicines and drugs WITHOUT a prescription, other than insulin

Other items which may help you improve your overall health, such as gym equipment, swimming at the YMCA, and other adaptive equipment are only reimbursable with a letter of medical necessity from your doctor!!!! This is not the same as a letter of recommendation.

23. How much have I accumulated in my account(s)?

You may call at any time between the hours of 9:00 AM and 4:30 PM or email info@flexbene.com to request the current accumulated balance in your account(s). At other times we may be unable to access your account information.

24. How do I receive a reimbursement from my dependent care account?

Once we receive your claim, we will process a payment for the receipts that you submit for your Dependent Care Expenses. You are only allowed to receive reimbursement up to the current balance in your Dependent Care account. We must have a Dependent Care Registration Statement on file for the current year for each provider. Also, please make sure that the dates of service are on your receipt. Day care services cannot be reimbursed in advance.

25. If I submit a large bill for unreimbursed medical expenses when and how will I receive my reimbursement?

When you submit your bill, you will receive your full reimbursement up to the maximum deduction for the Plan year for the category of Unreimbursed Medical Expenses, only. The full payment will only be made if your receipts indicate dates of service which have already occurred.

26. If I had medical expenses in the previous year, can I claim these expenses this plan year if I receive a bill during the current plan year?

NO! The date of service must be incurred during your current Plan Year. The service must also be a valid medical service backed by a legitimate diagnosis and provided by a licensed practitioner. You may be asked for a prescription or a doctor's written order.

27. Where can I find out if an expense is reimbursable under the unreimbursed health expense category?

You would have to refer to your Flexible Benefits material for a [list of eligible expenses](#), or review www.flexbene.com, or you may call the M. A. Services office any working day between 9:00 AM and 4:30 PM to speak with a Flex representative. Please refer to the question above to read additional information regarding reimbursable expenses.