

Flexible Spending Account Participant Guide

What Is a Flexible Spending Account?

A Flexible Spending Account (FSA) is a benefit provided by Pinal County that allows you to pay certain health care expenses with pre-tax money. You will not pay any federal, Social Security, and, in most cases, state or local taxes on the funds you designate to the plan. You can save an estimated \$20 to \$40 on every \$100 you elect to defer. The amount of your savings will depend on your federal, state, and local tax brackets.

Who Is Eligible for the FSA?

All full time employees are eligible to participate in the FSA on their hire date. The plan begins January 1st. You can participate in the FSA plans even if you do not participate in any other Pinal County sponsored health insurance plan.

Changes in Your Elections

Once you have enrolled in an FSA, you may not make any changes to your election unless you have a change in family status, in which case you may only increase your FSA election.

- Marriage • Divorce • Birth or adoption
- Change in Spouse's employment status
- Death of a dependent (child or spouse)
- Unpaid FMLA or Non-FMLA leave
- Involuntary loss of spouse's medical or dental coverage

The change in election must be consistent with the change in status that has occurred, and must be submitted to your Human Resources Department within 30 days of the change in status.

Payment Method

Pay the eligible expenses out of your pocket and submit a completed claim form and receipt to Mountain States Administrative Services to receive reimbursement.

Health Care Reimbursement Account

Introduction

Almost everyone has a number of necessary and predictable expenses that are not covered by their insurance programs. The Health Care Reimbursement Account will help you pay for these predictable expenses.

Eligible Expenses

With this account, you can pay out-of-pocket health care expenses for yourself, your spouse and all of your dependents for health care services that are incurred during your plan year and while an active participant.

Your eligible health care expenses can be reimbursed regardless of whether you or your dependents are covered by a medical or dental plan sponsored by Pinal County.

For a complete list of eligible expenses, see IRS Publication 502 "Medical and Dental Expenses" at www.irs.gov/pub/irs-pdf/p502.pdf

Ineligible Expenses

Some expenses that you incur during the year may not be eligible for reimbursement under current IRS regulations.

- Health care expenses not yet rendered cannot be reimbursed. Health care services do not have to be paid, but must have been rendered during the plan year and while an active employee, to be eligible for reimbursement.
- Premiums for any insurance policies are not eligible for reimbursement through your FSA account.
- Expenses paid by an insurance company are not eligible for reimbursement; only the portion you have to pay out of your pocket for your health care and dental expenses are eligible for reimbursement.

For a complete list of ineligible expenses, see IRS Publication 502 "Medical and Dental Expenses" at www.irs.gov/pub/irs-pdf/p502.pdf

Examples of Eligible Expenses

- Immunizations/Vaccines • Acupuncture
- Birth Control Pills • Dental Treatment
- Coinsurance/Deductibles • Chiropractors
- Contact Lenses/Solution • Nursing Services
- Artificial Limbs/Teeth • Optometrists
- Laser Eye Surgery • Insulin
- Diagnostic Services • Physical Therapy
- Operations/Surgery • Crutches
- Alcoholism Treatment • Flu Shots
- Psychiatric Care • Laboratory Fees
- Psychologist/Psychoanalysis
- X-rays • Osteopath
- Eye Exams/Glasses • Aspirin
- Fluoridation Device
- Prescribed Massage Therapy
- Smoking Cessation (prescription)
- Nicotine Gum and Patches
- Christian Science Practitioners
- Prescribed & Over-the-Counter Medicines

Examples of Ineligible Expenses

- Funeral Expenses • Household Help
- Cosmetic Surgery • Diaper Services
- Breast Augmentation • Maternity Clothes
- Hair Transplants/Removal • Face-Lifts
- Teeth Whitening • Electrolysis
- Ear Piercing • Bottled Water
- Vitamins and Supplements
- Custodial Care in an Institution
- Charges by LPN for Healthy Newborn Care
- Toiletries, Toothpaste and Related Items
- Marriage/Family Counseling
- Meals (for away medical treatment)
- Non-Therapeutic Massage Therapy
- Non-Prescribed Controlled Substances

Advanced Reimbursement

You may submit claims for reimbursement that exceed your current account balance but are not in excess of your annual elections. The funds that you are reimbursed will be recovered as deductions continue to be deposited into your account throughout the plan year.

Dependent Care Reimbursement Account

Introduction

The Dependent Care FSA allows you to pay for day care expenses for your qualified dependent/child with pre-tax dollars.

Eligibility Requirements

Eligible dependents must be claimed as an exemption on your tax return. These dependents can include stepchildren, grandchildren, adopted children, or foster children. In a divorce situation, you must have custody of the child in order for the child to be considered an eligible dependent.

Eligible dependents are further defined as:

- Under age 13
- Physically or mentally unable to care for themselves, such as:
 - Disabled spouse
 - Disabled child
 - Elderly parents that live with you

For dependent care expenses to be eligible for reimbursement, you must be working during the time your eligible dependents are receiving care. If you are married, your spouse must be either:

- Working at the time services are rendered
- Full-time student for 5 months during the year
- Mentally or physically disabled and unable to provide care for himself or herself
- In the event of divorce, the non-custodial parent cannot make a claim unless they have custody 6 or more months per year

Contribution Limits

The annual maximum contribution may not exceed the lesser of the following:

- \$5,000 (\$2,500 if married filing separately)
- Lesser of you or your spouse's yearly wages
- The maximum is reduced by spouse's contribution to a Dependent Care FSA.

Advanced Reimbursement

You will only be reimbursed for up to your account balance at the time you submit your claim. If you submit a claim for reimbursement that exceeds your account balance, the claim will be tracked by Mountain States Administrative Services and you will be automatically reimbursed once the balance in your account meets or exceeds the amount of the claim.

Eligible Expenses

- Nursery school
- Private pre-school
- Day Camps • Au Pairs
- Before/after school care • Nannies
- Baby-sitters
- Sick child centers
- Licensed day care centers
- Day-care for an elderly dependent
- Day-care for a disabled dependent

Ineligible Expenses

- Registration fees
- Overnight camps
- Leave of absence or vacation
- Tuition expenses (including kindergarten)
- Baby-sitting for social events
- Food expenses (if separate from dependent care expenses)

- Care provided by children under 19 (or by anyone you claim as a dependent)
- Days your spouse does not work (although you may still have to pay the provider)

Examples of Eligible Expenses

Eligible dependent care expenses are those expenses you must pay for the care of an eligible dependent, so that you and your spouse can work.

The care may be provided either in your home or at a licensed center outside of your home. If the care is provided in your home, then the service cannot be provided by a child of yours under age 19, by your spouse, or by your dependents. If the care is provided outside of your home, the facility must be in compliance with all applicable state and local regulations.

For a complete list of eligible expenses, see IRS Publication 503 "Dependent Care Expenses."

Examples of Ineligible Expenses

Only those dependent care expenses that enable you and your spouse to work are eligible. Educational costs and weekend or evening-out baby-sitting do not qualify. Overnight camp expenses are also ineligible.

You cannot be reimbursed for any dependent care expenses if your spouse does not work, unless your spouse is a full-time student or is disabled.

Kindergarten expenses are ineligible as an expense if kindergarten is primarily educational, regardless if it is half or full day, private or public state mandated or voluntary.

Forfeiting Funds

All pre-tax FSA funds that are not used for eligible expenses incurred during the plan year will be forfeited. This is mandated under the IRS "use it or lose it" rule. To avoid forfeiture, you should plan carefully.

At the beginning of a plan year, you will have a 90-day grace period to submit all of your claims for expenses incurred during the prior year. For assistance in planning your Dependent Care FSA elections, use the calculators at:
<http://www.ebia.com/GoToCalculator.action>

Reimbursement Schedule

Claims are processed weekly. (Insert process for reimbursing participants)

Transferring Funds

IRS regulations do not allow money to be transferred between reimbursement accounts. You cannot transfer unused funds from Health Care Accounts to Dependent Care Accounts or vice versa.

