Understanding FSAs

If you are a HealthFlex primary participant who is actively working, consider the benefits of a flexible spending account (FSA). If you have a HealthFlex health reimbursement account (HRA) through the consumer-driven health plan (CDHP) or through your plan sponsor, your HRA will be coordinated with your medical FSA (if you elect an FSA), and your FSA dollars will be used first.

Why Consider an FSA? Pretax Dollars Save You Money!
An FSA allows you to use pretax dollars to pay for eligible health-related expenses and dependent care expenses. FSA dollars are deducted from your salary on a pretax basis—so they are exempt from federal income tax, state income tax (in most states) and Social Security tax.

FSA funds can be set aside into two separate accounts:

- **Dependent care account (DCA)** for eligible day care expenses for dependent children age 12 and under, and for dependent adults who are incapable of self-care.
- **Medical reimbursement account (MRA)** for eligible out-of-pocket health-related expenses not covered by insurance, such as co-payments, co-insurance, annual deductibles, dental expenses including braces, prescription eyeglasses and contact lenses. (A list of MRA-eligible medical expenses is on the Benefits Online Web page; see “Learn More” below.)

Make FSA Elections Online During Annual Election
Make your 2013 elections through the HealthFlex/WebMD website October 31–November 15, 2012. Go to www.gbophb.org and click on “Annual Election” or “HealthFlex/WebMD” to log in.

Important: Your 2012 FSA choices will not carry over to 2013. You must make an FSA election during the 2013 Annual Election period if you want to receive this money-saving benefit for eligible 2013 medical or dependent care expenses.

Learn More About FSAs—Ceridian
Contact a Ceridian benefits representative at 1-877-799-8820 with questions about FSAs, or consult with a tax adviser. For more details about FSA rules and eligible expenses, go to www.gbophb.org and click on “HealthFlex/WebMD.” After you log in, click on “HealthFlex Plan Benefits” to reach the Benefits Online Web page; then browse under the “Documents” list for “Flexible Spending Account Information.”

New Under Health Care Reform—$2,500 Max for MRA
Effective January 1, 2013 under the federal health care reform law, the new maximum you may set aside into an MRA for eligible health-related expenses is $2,500. You can elect to set aside between $300 and $2,500 into a 2013 MRA.

Helpful Reminders

- **DCA—$5,000 Max**
The maximum you may set aside into a DCA remains $5,000 (or $2,500 if you are married but filing taxes separately from your spouse).

- **Make FSA Elections Annually**

- **OTC Medications Not Eligible**
As of January 2012, over-the-counter (OTC) medications and supplies are no longer eligible for a flexible spending account—unless they are prescribed by your physician or another qualified practitioner.

- **HealthFlex Covers Many Preventive Care Services 100%**
You won’t need to pay a deductible, co-payment or co-insurance for many preventive services, including an annual well visit (checkup), age-appropriate immunizations, many preventive health services for women, and routine tests for adults and for children over age 2.

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For Medical FSAs—Debit Cards
Debit cards ("benefits cards") are provided for HealthFlex medical FSAs. In most cases, you can use the debit card to pay for expenses that are eligible for the medical FSA (and the HRA for CDHP and non-CDHP groups whose plan sponsors adopted an HRA)—without filing paper claims. Your debit card and more detailed instructions will arrive in December. If you already have a HealthFlex debit card, you won't receive a new one unless your card expires soon. (The dependent care FSA does not use a debit card.)

If you have a HealthFlex HRA and also elect a medical FSA: One debit card will be used for both FSA- and HRA-eligible expenses.

If your plan sponsor opted out of the debit card: A few annual conferences will discontinue using the debit card as of January 1, 2013. If you are in one of these affected annual conferences, you may elect the Auto-Claim option during the online Annual Election process—or you may choose to file claims for FSA and/or HRA reimbursement by mail, fax or online. Watch for communications from your plan sponsor and Ceridian about how to make FSA and/or HRA claims without the card.

Plan Ahead for FSA Expenses
If you're considering an FSA, carefully estimate 2013 out-of-pocket expenses for eligible medical and dependent care expenses before you make FSA elections. Consumer education tools available through the HealthFlex/WebMD website can help you estimate your out-of-pocket medical costs. If you are in the CDHP for 2013, also use the Coverage Advisor consumer education tool to model cost scenarios and estimate your out-of-pocket expenses under the CDHP.

• For help estimating out-of-pocket costs for prescription drugs, contact Express Scripts (formerly Medco): 1-800-841-2806.
• Keep in mind the Internal Revenue Service (IRS) “use it or lose it” rule: Pretax money in an FSA must be used by the applicable deadline (see box below), or you will lose any unspent funds.
• If you retire or stop working during 2013: The FSA will not cover expenses incurred after the date you retire or stop working. Please estimate your FSA expenses accordingly. You have only 90 days following the date of retirement, termination or certain leaves of absence to submit a claim for FSA reimbursement of expenses incurred before the date you stopped working.

“Use It or Lose It” Rule and Deadlines
You must use FSA money by specific deadlines—or you will lose it. According to IRS rules, any 2013 FSA money not spent by the deadline will be forfeited. So be conservative when you estimate FSA expenses.

Important Deadlines for Qualifying 2013 FSA Expenditures:
• Dependent care account (DCA)—covers eligible expenses from January 1, 2013 to December 31, 2013.
• Medical reimbursement account (MRA)—covers eligible expenses from January 1, 2013 to March 15, 2014.
• If you retire or stop working during 2013—covers eligible expenses only through the date you retire or stop working.

All 2013 FSA claims incurred before these applicable deadlines must be submitted by April 30, 2014 (or no more than 90 days after the date of retirement, termination or leave of absence).

FSA Maximums:
• Dependent care account: $5,000
• Medical reimbursement account: $2,500