



Flexible Spending Accounts **Frequently Asked Questions (2017 Plan Year)**

1) What is a flexible spending account (FSA)?

An FSA is a tax-advantaged financial account that eligible state employees can set up through the state's cafeteria plan. An FSA allows an employee to set aside a portion of earnings on a pre-tax basis to pay for qualified expenses (medical dental, vision, and day care) incurred during the plan year. The IRS sets pre-tax contribution limits for FSAs, and enforces rules related to plan administration, enrollment, and status changes.

2) Who is the state's partner for administering the FSA program?

The state has partnered with Navia Benefit Solutions to assist it in administering the FSA program.

3) How do I contact Navia for customer service assistance?

By phone at 800-669-3539, Monday-Friday, 8am-8pm EST. By email at customerservice@naviabenefits.com. Additional contact information is available on www.naviabenefits.com/contact.

4) What is the plan year?

The 2017 plan year runs from January 1, 2017 to December 31, 2017.

5) What is an eligible employee?

An eligible employee is any state employee in a benefits-eligible position. Generally, a benefits-eligible position is a non-seasonal position that is scheduled to work at least 20 hours per week. Eligible employees may only participate in an FSA program so long as they are not on an unpaid leave of absence (worker's compensation leave and/or personal leave).

6) How do I enroll?

During open enrollment, eligible employees must enroll online at Navia's website (www.naviabenefits.com). For the 2017 plan year, if the employee was on the state's payroll as of the pay day dated November 4, 2016, they must enroll online. A valid email address is required for online enrollment.

If the employee was a new hire that was not on the state's payroll as of the pay day dated November 4, 2016, they must complete a paper enrollment form that can be obtained from the Office of Employee Benefits. In order to avoid confusion, the 2017 plan year paper enrollment form will not be available online until after the open enrollment period has ended.

State of Rhode Island employees must use the “Company Code” of “RHI” when enrolling in the FSA program.

Outside of open enrollment, new hires or employees experiencing a status change that wish to enroll in an FSA must complete a paper enrollment form that will be available on the Office of Employee Benefits website (www.employeebenefits.ri.gov) after the open enrollment period has ended. Enrollments for new hires are processed after the employee receives their first paycheck.

7) I am a new hire. How do I complete the “Date of Hire” and “Effective Date” fields?

As with all benefit election forms, new hires should provide these forms to their employing agency human resources office upon completion. The human resources office will then file a copy of the form in the employee’s personnel file and transmit the completed form to the Office of Employee Benefits. The “Date of Hire” and “Effective Date” fields should always be completed by the human resources office.

For HR informational purposes – “Date of Hire” and “Effective Date” should never be the same date, and the “Effective Date” should always be the date of the employee’s first paycheck.

8) What is a status change?

Under IRS rules, plan year elections under an employer’s cafeteria plan (including FSA elections) are generally irrevocable during a plan year unless the employee experiences a status change during the plan year. When an employee experiences a status change during the plan year, they have a 31-day window within which to revoke their existing election and make a new election for the remainder of the plan year.

IRS-recognized status changes include the following: marriage, divorce, death of a dependent, birth/adoption, loss of coverage, change from full-time to part-time employment or vice versa for you or your spouse, commencement or return from an unpaid leave of absence for you or your spouse, and employment begins or ends for you or your spouse.

With respect to an FSA election, upon the occurrence of a status change an employee can submit an FSA status change form indicating the revocation of an existing election and the issuance of a new election. Supporting documentation evidencing the occurrence of the status change is required and must be attached. Upon approval of the status change the employee’s election will be changed for the remainder of the plan year beginning with the next pay period.

9) What are the multiple kinds of FSAs that the state offers?

The state offers three kinds of FSAs to eligible employees: general purpose (“GP”) health care FSA, limited purpose (“LP”) health care FSA, and dependent day care (“DC”) FSA.

10) What are the contribution limits for each FSA?

For the 2017 plan year, below are the maximum amounts that an employee can contribute to their FSAs:

GP/LP FSA: \$2,600

DC FSA: \$5,000 for individuals and married couples filing jointly, or \$2,500 if married and filing separately

Please note that it is the employee's responsibility to ensure their DC FSA election is appropriate for their tax filing status.

11) Why are there two kinds of health care FSAs?

The GP FSA is the standard health care FSA available to any eligible state employee so long as they are not covered by a high deductible health plan ("HDHP") with a health savings account ("HSA") like the state's Choice Plus Plan with Health Savings Account (the "HSA Plan").

Individuals that are covered by an HDHP, including participants in the HSA Plan, may not maintain GP FSAs, but they are eligible to contribute to LP FSAs. Qualifying dental and vision expenses can be paid under LP FSAs, but general medical expenses that can be paid under GP FSAs cannot be paid under LP FSAs, except for preventive care.

Generally, individuals that are not covered by an HDHP should enroll in the GP FSA. Individuals that are covered by an HDHP, or individuals whose spouse is covered by an HDHP, should enroll in the LP FSA. Please note that while the state Office of Employee Benefits can ensure that HSA Plan participants are not participating in a GP FSA, it cannot see whether an employee spouse is covered by an HDHP. Accordingly, it is the employee's responsibility to choose which health care FSA is appropriate for them.

Individuals may not maintain both a GP FSA and an LP FSA at the same time.

For further details about what is an eligible expense under each type of health care FSA, please consult the Office of Employee Benefits website (www.employeebenefits.ri.gov) and Navia's website (www.naviabenefits.com).

12) Can I contribute to a health care FSA if I am covered under an HDHP through my spouse's employer?

Yes. However, you should consider electing an LP FSA so your spouse can remain eligible for HSA contributions. If you elect the GP FSA, your spouse will lose his or her eligibility to contribute to an HSA since your GP FSA automatically covers your spouse and is considered disqualifying health coverage for HSA purposes.

13) How does the dependent day care FSA work?

The DC FSA is for employees with eligible dependents. Eligible dependents are 12 and under or physically or mentally incapable of caring for themselves. For the DC FSA, a status change occurs if the dependent no longer meets the eligibility qualifications. The DC FSA is a "pay as you go" plan – the entire annual election amount is not available on the first day of the plan year. Eligible expenses under a DC FSA include preschool, day camps, day care, and before/after school care.

Debit cards for the DC FSA have the elected paycheck deduction amount loaded each pay day and funds can be accessed up to the account balance.

14) How do I access my FSA funds?

The primary way you will access your health care FSA funds is through the FSA debit card that is provided to you automatically when you enroll with a valid email address. Health care FSA debit cards are loaded with the full annual election amount on the first day of the plan year. You may also submit manual reimbursement claims via online account access at www.naviabenefits.com or by using the MyNavia mobile app. If you want to initiate a manual reimbursement request or you receive an email requesting that you substantiate a debit card swipe, you will need to provide Navia a copy of the relevant receipt for verification. Using online account access, you can scan and upload a copy of the receipt, and if you use the MyNavia mobile app, you can snap a photo of the receipt directly from your mobile device. If you prefer to complete paper reimbursement request forms and mail/fax them to Navia, please visit the Office of Employee Benefits website for the claim form.

15) How does the direct deposit feature work?

At enrollment, or at any time during your FSA participation, you may provide Navia with your bank account information (ABA routing number and account number) and Navia will direct deposit your manual reimbursement requests instead of send you a check. Keep in mind that if you are using your FSA debit card, claim reimbursement is automatic, not manual, and so direct deposit will not play a role. The direct deposit feature is only relevant for manual reimbursement requests.

16) How does a “carry-over” work?

The state health care FSA plans allow up to \$500 of unused dollars to be carried over to the following plan year. Carry-over amounts will be credited to your account three months after the end of a plan year once the claims run out period ends. The \$500 carry-over amount does not affect your ability to elect the maximum annual election allowed each plan year for the health care FSA. Example: \$500 in carry-over funds from 2016 short plan year + \$2,600 2017 plan year max = \$3,100 for the 2017 plan year.

The DC FSA does not have a carry-over feature.

17) What about forfeiture?

Any amount over \$500 remaining in a health care FSA at the end of the 90-day claims run out period after the end of a plan year is forfeited.

Any amount left in a DC FSA at the end of the 90-day claims run out period after a plan year ends is forfeited.

18) What is the 90-day claims run out period?

At the end of each plan year, you have 90 days to submit claims you incurred during the plan year for reimbursement. After the 90-day claims run out period, carry-over amounts are credited to accounts and forfeitures occur.

19) I did not enroll in a health care FSA and my debit card is not letting me access my \$500 carry-over from the previous plan year. Why is this?

If you did not enroll in a health care FSA for the current plan year your FSA debit card will be deactivated as of the end of the past plan year. As referenced above, you will not be able to access your carry-over amount until after the claims run out period has ended. After the claims run out period ends, you will be able to access your carry-over amount and use your debit card for new claims. You must make manual reimbursement claims for expenses you incurred during the claims run out period, so please remember to keep all relevant receipts.

20) Why would I need a prescription or a letter of medical necessity for a health care FSA expense?

Certain health care FSA eligible expenses require a prescription. If you do not anticipate needing the item/service beyond the length of the prescription, then you do not need to consider a letter of medical necessity. If the item/service is regularly-used and you do not want to continually get prescriptions from your doctor and file them with Navia, you should consider filing a letter of medical necessity from your doctor. With a letter of medical necessity your doctor can set an expiration date or simply indicate "indefinite."

21) What happens if I go on an unpaid leave of absence from the workplace?

When you go on an unpaid leave of absence, your FSA account(s), including your FSA debit card, will be suspended until you return to active status employment and payroll deductions resume. When you return to work, your bi-weekly pay check deductions remain the same (consistent with your original election) unless you complete a status change form within 31 days of your return to work.

22) May I seek reimbursement of an expense that I incurred while I was on an unpaid leave of absence from the workplace?

No. Expenses incurred during an unpaid leave of absence from the workplace are not eligible for reimbursement.

23) Can I enroll in an FSA if I am on an unpaid leave of absence from the workplace?

No. When you return to active status employment, you must complete an enrollment form during open enrollment or within 31 days of your return to work if outside open enrollment.