

# STATE OF RHODE ISLAND

Flexible Spending Account (FSA) Plan

Plan Year starting 7/1/2015 and ending 6/30/2016



**Presented by Flex-Plan Services, Inc.**

Bellevue, WA

Est. 1990

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# General FSA Overview

An FSA plan is a pre-tax savings plan where you can set aside money from your paycheck to pay for qualified “health care” and day care expenses. The money is deducted before FICA and federal income taxes are calculated.

## Employee A

Without FSA

35,000	Gross Pay
<u>-7,093</u>	Taxes
27,907	
<u>-2,400</u>	Medical Costs
25,507	Net Pay

**\$2,126 Monthly Pay**

## Employee B

With FSA

35,000	Gross Pay
<u>-2,400</u>	Medical Costs
32,600	
<u>-6,549</u>	Taxes
26,051	Net Pay

**\$2,171 Monthly Pay**

**Employee B saves \$540/year in taxes**

# Elections

An FSA election is irrevocable once the plan year has started. You cannot make any changes to your election unless you have a qualified change in status.

- Marriage/Divorce
- Birth/Death/Adoption
- Change in day care provider/cost

## **Important**

The change in election must be consistent with the change in status.

Unused funds left in your FSA after your claim filing deadlines are forfeited back to your employer.

# Components of FSA Plan

- Health Care FSA:
  - \$2,550 annual election maximum per employee (\$130 annual minimum election required to participate in the plan)
  - Reimburses all Section 213 (d) expenses (see next page for examples)
  - Covers you and any dependent that you can claim on your federal tax return
  - Pre-funded election, you will have full access to your annual election on July 1st

## Advantages

- It is a pre-loaded account. You have access to the entire annual election on day 1.

# Section 213(d) Eligible Expenses

Here is a common list of expenses that are approved. A more detailed list is available on our Web site at [www.flex-plan.com](http://www.flex-plan.com).

- Acupuncture
- Allergy medication
- Antacids\*
- Anti-diarrheal\*
- Antibiotic ointment\*
- Antifungal foot cream\*
- Anti-gas medication\*
- Anti-itch cream/gel\*
- Antiseptic\*
- Asthma treatment\*
- Bandages
- Birthing classes or Lamaze
- Blood pressure monitor
- Braces (knee, ankle, wrist)
- Burn cream\*
- Chiropractic services
- Coinsurance
- Cold / hot pack
- Cold sore treatment\*
- Cold/cough medication\*
- Compression stockings
- Contacts & solutions
- Contraceptives
- Copayments
- CPAP machine
- Crutches
- Deductibles
- Dental services
- Diabetic supplies
- Diaper rash ointment\*
- Drug addiction treatment
- Ear wax removal kits
- Eye drops
- Eye exams
- Fertility monitor
- Fertility treatment
- First aid supplies
- Flu shots
- Hearing aids & supplies
- Hemorrhoid medication\*
- Hormone therapy
- Hospital fees
- Immunizations
- Incontinence supplies
- Individual counseling
- Insect bite treatment\*
- Lab work
- Lactose intolerance pills\*
- Laser eye surgery
- Laxative\*
- Lice treatment products\*
- Medical testing devices
- Medical records
- Motion sickness relief\*
- Nasal strips
- Naturopathic visits
- Optometrist services
- Orthodontia
- Orthotics
- Oxygen and equipment
- Pain relievers\*
- Parasitic treatment\*
- Physical exams
- Physical therapy
- Pregnancy test
- Prenatal vitamins
- Prescription drugs
- Prescription glasses
- Reading glasses
- Saline nasal spray
- Smoking cessation products\*
- Speech therapy
- Sterilization procedures
- Stool softener\*
- Thermometer
- Throat lozenges\*
- Vaccinations
- Vision therapy
- Walker
- Wart treatment\*
- Wheelchair & repair
- X-rays

Items marked with an asterisk (\*) are considered over-the-counter (OTC) medicines or drugs **and** require a prescription for reimbursement.

# Components of FSA Plan

- Day Care FSA
  - \$5,000 annual election maximum per *family unit*
  - Day Care expenses incurred so that both you and your spouse can go to work, look for work, or be a full-time student.
  - Dependent must be 12 or younger. Dependents 13 or older are eligible if they physically or mentally cannot provide care for themselves
  - May exclude you from taking the IRS 1040 child tax credit
  - Traditional bank account style...dollar in, dollar out.

## Advantages

- The provider does not need to be a licensed day care facility. They only need a business tax ID number or a social security number.
- May result in more savings than the 1040 child tax credit. Discuss with your tax advisor.

# Important Dates

## Plan Year

Your FSA plan year operates on a July 1 – June 30 plan year.

## Claims Carry-Over Provision (2014 - 2015)

Up to \$500 of unused Health Care FSA dollars may be carried over to next year.

You could elect the \$2,550 maximum next year even if you carry over up to \$500 so you would have the annual election possibility of up to \$3,000 next year.

You do not have to re-enroll in the new plan year to have the unused Health Care FSA dollars carry over to next year.

# Claims

Claims for reimbursement are processed within 1-2 business days of receipt. Claims must be accompanied by documentation that shows the date, type and cost of service. You can submit claims through the following:

- Free mobile app (iTunes and Android Marketplace)
- Mail, PO Box 53250, Bellevue, WA 98015
- Email, [claims@flex-plan.com](mailto:claims@flex-plan.com)
- Toll-free fax, 866-535-9227
- Online, [www.flex-plan.com](http://www.flex-plan.com) (Participant portal)

FSA claims are reimbursed on a daily basis via a hard copy check mailed to your home or a direct deposit into your bank account.

# FSA Card

A Flexi-Card is a MasterCard branded stored-value card that allows employees to pay for eligible health care and day care expenses directly from your FSA using a debit card.

The health care FSA election is loaded to the card and you have full access up to your annual election on July 1<sup>st</sup>.

The day care FSA contributions are loaded to the card on your pay date and you can access the funds up to your account balance.



# FSA Card

- Cards will only work at authorized merchants who provide FSA eligible services with valid MCC codes.
- You must retain all of your receipts for purchases. IRS regulations will require Flex-Plan Services to send you follow up requests for some card purchases to verify that the expense was an FSA eligible item. Certain exemptions apply.



# Grocery Stores & Pharmacies

Cards will work at retail merchants that have an IIAS system in place. IIAS is a merchant-based system that uses an item's bar code (SKU) to track its FSA eligibility on the merchant.

You can locate an eligible merchant at the following URL:

[www.sig-is.org](http://www.sig-is.org)

*Please note that the Flexi-Card will not work for over-the-counter (OTC) expenses that now require a prescription in order to be reimbursed.*

# Documentation

We recommend that you retain all of your receipts. The IRS guidelines require that Flex-Plan Services verify the eligibility of your purchases after-the-fact. Certain exemptions will apply:

- Purchases made at IAS approved merchants.
- Purchases that match a copayment amount (or multiple of).
- Purchases that match (provider & amount) a previously verified expense in the past.

*Currently, over 85% of all debit card transactions are automatically verified through one of the above methods.*

# Documentation Requests

You will receive a monthly statement itemizing the prior month's debit card expenses that require verification. The statement is sent at the beginning of the month via email and gives you a 30-day grace period to verify the transaction.

If the expense is not verified within the 30-day period, it will appear on the following month's statement with a final 30-day deadline to supply verification.

If the expense is not verified by the final deadline, then the Flexi-Card is suspended on the 5<sup>th</sup> of the month.

Each notice contains instructions on how to verify your transaction and where to send your documentation.

# Suspended Cards

You may still access your FSA balance if your card is suspended by submitting a manual claim, but the available funds may be reduced by your delinquent card verifications.

You may do any of the following to unsuspend your card at any time:

- Submit a receipt for a non-card transaction in lieu of the missing card receipt.
- Reimburse the plan by writing a check for the transaction amount.
- Submit the original receipt demonstrating the charge was for a valid FSA expense.

# Resources & Online Tools

Customer service is available to answer any question you might have regarding your FSA benefits.

Monday – Friday; 10:00 am – 8:00 pm, Eastern Time

(800) 669-3539

Email: [flexplan@flex-plan.com](mailto:flexplan@flex-plan.com)

Online Tools at [www.flex-plan.com](http://www.flex-plan.com)

- Online tax savings calculator
- List of eligible expenses
- Online account access
- Links to regulatory updates & legislation changes

# Questions?

If you have questions regarding your FSA plan that were not addressed in this presentation, please contact Flex-Plan Services directly at 800-669-3539.

Their customer service staff are fully knowledgeable about the plan design and can assist you.



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