Flexible Spending Accounts Frequently Asked Questions
2021 Plan Year

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Section I: Introduction to Flexible Spending Accounts

1. What is a flexible spending account (FSA)?
An FSA is a tax-advantaged financial account that allows you to set aside a portion of earnings on a pretax basis to pay for qualified expenses incurred during the plan year. The IRS sets pretax contribution limits for FSAs and enforces rules related to plan administration, enrollment, and status changes.

2. What kinds of FSAs does the State offer?
The State offers three kinds of FSAs to eligible employees:

General purpose health care FSA covers a wide range of health-related expenses including, but not limited to:
- Copays
- Coinsurance
- Deductibles
- Prescriptions
- Dental expenses
- Vision expenses
- Orthodontia

Limited purpose health care FSA covers dental and vision expenses only, including, but not limited to:
- Dental expenses
- Vision expenses
- Orthodontia
For both general purpose and limited purpose health care FSAs, your FSA debit card is loaded with your full annual election amount at the start of the plan year or, if you enroll midyear, when your enrollment is effective, and can be used to pay for eligible expenses. When the card is used, funds will be pulled directly from your health care FSA and are paid to the provider.

**The dependent care FSA (DFSA)** covers any day care or dependent care expenses that allow you (and your spouse) to work, look for work, or be a full-time student. This includes expenses like:

- Before- and after-school care
- Day care
- Preschool
- Day camps
- Elder care

The dependent care FSA requires that the dependent must live with you and be 12 years old or younger, with certain exceptions. Dependents age 13 or older may be eligible if they cannot physically or mentally care for themselves and require care while you’re working. In addition, under the Consolidated Appropriations Act of 2021, dependents who aged out of DFSA eligibility during the pandemic can be covered until age 14 for unused funds. To be eligible, you must have enrolled in a DFSA for the 2020 plan year on/before January 31, 2020, and your child must have turned age 13 during 2020. If eligible, you may use the remaining balance for the 2020 plan year during the 2021 plan year for eligible expenses incurred during 2020 or 2021.

Unlike the health care FSAs, the dependent care FSA is a pay-as-you-go plan—the entire annual election amount is NOT available on the first day of the plan year. Debit cards for the dependent care FSA have the elected paycheck deduction amount loaded each pay day, and funds can be accessed up to the account balance.

*Please note: Navia, the State’s FSA administrator, will approve day care services up to one month in advance. For example, if it is currently the month of July, you can submit day care services that will be incurred in the month of August.*

3. **Why are there two kinds of health care FSAs?**

The general purpose health care FSA is the standard health care FSA available to any eligible State employee so long as they are not covered by an HSA-qualified high-deductible health plan (HDHP) like the State’s Anchor Choice Plan with HSA. Generally, individuals that are not covered by an HDHP should enroll in the general purpose health care FSA. Individuals that are covered by an HDHP, or individuals whose spouse is covered by an HDHP, should enroll in the limited purpose health care FSA. Please note that while the Office of Employee Benefits can ensure that Anchor Choice Plan participants are not participating in a general purpose health care FSA, it cannot see whether an employee’s 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 general purpose health care FSA and a limited purpose health care FSA at the same time.
4. **What are the contribution limits for each FSA?**

For the 2021 plan year, these are the maximum amounts that an employee can contribute to their FSAs:
- General purpose or limited purpose health care FSA: $2,750
- Dependent care FSA: $5,000, or $2,500 if married and filing separately *(Please note that it is the employee’s responsibility to ensure that their dependent care FSA election is appropriate for their tax filing status.)*

FSA contribution limits shown in this FAQ are set by the IRS and may change. Verify current maximums by visiting [www.employeefunds.ri.gov](http://www.employeefunds.ri.gov)

5. **Who is the State’s partner for administering the FSA program?**

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

6. **How do I contact Navia for customer service assistance?**

By phone at 800-669-3539, Monday–Friday, 8 a.m.–8 p.m. ET. By email at customerservice@naviabenefits.com. Additional contact information is available on [www.naviabenefits.com/contact](http://www.naviabenefits.com/contact).

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**Section II: Eligibility and Enrollment**

1. **What is the plan year?**

The annual plan year runs from January 1 to December 31.

2. **Who is eligible to enroll?**

Any State employee that is in a non-seasonal position and is scheduled to work at least 20 hours per week.

3. **When can I enroll?**

Eligible employees can enroll within 31 days of employment start date, during the annual open enrollment period, or if they have a qualified status change during the plan year.

4. **How do I enroll?**

- You must enroll for your FSA(s) via WORKTERRA, the state’s online enrollment system. Visit [www.employeefunds.ri.gov/enrollment](http://www.employeefunds.ri.gov/enrollment) for detailed instructions.
- Enrollments for new hires are processed after employees receive their first paycheck. Your per-pay-period deduction may be adjusted due to the timing of payroll processing.
- All enrollees will receive a welcome email and card mailer from Navia with their confirmation of enrollment.
5. I want to register my account on Navia’s website. What is the company code?
The company code is RHI.

6. What is a status change?
A status change is usually a life-changing event such as marriage or birth of a child, where you are allowed to adjust your benefits election within 31 days of the event date. If you experience a qualifying status change, you can change your FSA election via WORKTERRA. Supporting documentation evidencing the occurrence of the status change is required and must be attached along with your new election. Upon approval of the status change, your election will be changed for the remainder of the plan year beginning with the next pay period. Please see www.employeebenefits.ri.gov/enrollment/status-change.php for more information.

7. Can I change the amount I contribute to a dependent care FSA during the year?
If you elected to contribute to a dependent care FSA for the 2021 plan year during open enrollment, you will not be able to adjust your election amount during 2021 without a qualifying status change event. Likewise, if you waived the dependent care FSA for 2021 during open enrollment, you will not be allowed to enroll in the benefit without a qualifying status change event. Under IRS rules, enrolling a child in a daycare program or a childcare center re-opening do not qualify as status change events.

8. Can I contribute to a health care FSA if I am covered under an HDHP through my spouse's employer?
You can, but you should consider electing a limited purpose health care FSA instead so your spouse can remain eligible for HSA contributions. If you elect the general purpose health care FSA, your spouse will lose his or her eligibility to contribute to an HSA, since your general purpose health care FSA automatically covers your spouse and is considered disqualifying health coverage for HSA purposes. Individuals that are covered by an HDHP, including participants in the HSA Plan, may not maintain general purpose health care FSAs, but they are eligible to contribute to limited purpose health care FSAs. Qualifying dental and vision expenses can be paid under limited purpose health care FSAs, but general medical expenses that can be paid under general purpose health care FSAs cannot be paid under limited purpose health care FSAs.

Section III: Using Your Flexible Spending Account

1. Where can I find a list of eligible expenses?
A list of eligible expenses is available on the Navia website www.naviabenefits.com.

Please note: The CARES Act expanded the list of qualified expenses to include certain healthcare products and services, including over-the-counter (OTC) items such as cold medicines and feminine care products. Please visit www.naviabenefits.com/impact-of-the-cares-act-on-fsas-hsas-hras-and-related-services for detailed guidance.
2. Can my family members use my health care FSA funds?
Per IRS Publication 969, the following persons are eligible to use your health care FSA funds for qualified expenses regardless of whether they are covered under your medical plan:

1. You and your spouse
2. All dependents you claim on your tax return
3. Any person you could have claimed as a dependent on your return except that:
   A. The person filed a joint return,
   B. The person had gross income of $4,150 or more, or
   C. You, or your spouse if filing jointly, could be claimed as a dependent on someone else’s 2018 return
4. Your child under age 27 at the end of your tax year

3. How do I access my FSA funds to pay for claims?
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. 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 your online account 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. You can scan and upload a copy of the receipt to your online account or directly through the MyNavia mobile app. If you prefer to complete paper reimbursement request forms and mail or fax them to Navia, please visit www.employeebenefits.ri.gov for the claim form.

4. How does the Navia direct deposit feature work?
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 sending 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.

5. How long do I have to submit claims for the prior year?
At the end of each plan year, you have 90 days to submit claims you incurred during the plan year for reimbursement. Effective January 25, your remaining 2020 FSA balances will be credited to your 2021 accounts (see question 6 below).

6. How does a carryover work?
The Consolidated Appropriations Act of 2021 added unlimited carryover for all FSAs. Any balances remaining in 2020 FSAs will be carried over to your 2021 FSAs. Navia Benefits Solutions, the State’s FSA administrator, will apply your remaining 2020 balance to your 2021 account on January 25, 2021.

Because federal law prohibits plans from having both a grace period and a carryover, the dependent care FSA grace period previously instituted for 2020 has been eliminated.
7. What about forfeiture?
Because the Consolidated Appropriations Act of 2021 added unlimited carryover for all FSAs, your remaining 2020 balance will be carried over to your 2021 FSA and will not be forfeited.

8. I did not enroll in a health care FSA for 2021, and my debit card is not letting me access my carryover from the 2020 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 carryover amount until after your remaining 2020 balance is credited to your 2021 FSA on January 25, 2021. After that, you will be able to access your carryover 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.

9. Is there a grace period for the dependent care FSA?
No. Under the Consolidated Appropriations Act of 2021, the previously instituted grace period has been eliminated. As of January 25, 2021, your 2020 dependent care FSA balance will carry over to your 2021 FSA.

However, this change does not affect the claims run-out period, which ends on March 31, 2021. You must file claims for expenses incurred in 2020 by that date.

10. How will a wage garnishment affect my FSA?
If a writ garnishment (i.e., attachment as a percentage of disposable wages) is placed on your account, all benefits deductions are transferred to post-tax. Any deductions that are pretax only are stopped until the garnishment is fulfilled. FSAs only exist as a pretax benefit. Therefore, because you are not making any contributions, the FSA is suspended until the garnishment is completed and contributions resume.

If a fixed-amount garnishment (e.g., $100/pay period) is placed on your account, pretax deductions remain so long as there is enough pay to support the FSA deduction. If there is not enough pay, then your FSA will be suspended until FSA contributions resume.

In both cases (writ garnishment and fixed-amount garnishment), when the FSA contributions resume, the FSA is reactivated and if the FSA is underspent, the annual election amount is automatically lowered by the amount of the missed contributions. If the FSA is overspent, the annual election amount may be adjusted, and the per-pay-period deduction amount is increased to make up for the missed contributions. Either way, you would be able to submit manual claims for reimbursement for eligible expenses incurred while the garnishment was in place.
11. **What happens to my FSA 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 work and payroll deductions resume. Expenses incurred during an unpaid leave of absence from the workplace are eligible for reimbursement. Upon your return to work, your payroll contributions will be adjusted to reflect your annual FSA election amount, unless your FSA is underspent and you initiate a qualifying event in WORKTERRA requesting that your annual election amount be decreased.

12. **Can I enroll in an FSA if I am on an unpaid leave of absence from the workplace?**
Employees on Leave Without Pay are not eligible to enroll.

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**Section IV: Flexible Spending Accounts and Retirement/Employment Termination**

1. **After I leave State service, will I be able to access funds I contributed to my FSA prior to my retirement or employment termination?**
Yes and no. As a rule, FSAs are only available for active employees, and your FSA will be deactivated when your employment terminates. This means that you will no longer have access to the funds you contributed prior to your employment termination. Therefore, you should be careful about the amount you elect to contribute for the year if you are thinking about retiring or otherwise leaving State service during the year.

If you do retire or otherwise leave State service, you may be able to continue your FSA participation under COBRA. This option will only be available to you if you have contributed more money to your FSA than you have spent out of it.

2. **I’m enrolling in State-sponsored pre-65 retiree health coverage. Can I enroll in an FSA for use in conjunction with my retiree coverage?**
No, FSAs are only available for active employees.