

# Flexible Spending Accounts

## Flexible Spending Accounts

**Whose medical expenses can I include in my Medical Expense FSA?** You can include medical expenses you paid for your spouse or dependent. A person generally qualifies as your dependent for purposes of the medical expense deduction if:

- 1) That person lived with you for the entire year as a member of your household or is related to you
- 2) That person was a U.S. citizen or resident, or a resident of Canada or Mexico for some part of the calendar year in which your tax year began, and
- 3) You provided over half of that person's total support for the calendar year. You can include the medical expenses of any person who is your dependent, even if you cannot claim an exemption for him or her on your return. Domestic Partners and their children are ineligible.

**NOTE:** The Patient Protection and Affordable Care Act (PPACA) Healthcare Reform approved by congress and signed into law by President Obama changes the way some Over-the-Counter (OTC) items qualify for Flexible Spending Account (FSA) reimbursement. Beginning Jan. 1, 2011, certain OTC drugs and medicines will no longer be eligible for reimbursement without a prescription from your attending provider. FBMC will continue to provide updates and post an updated OTC category list on this site as information becomes available. It's important to remember that you can still use your FSA funds for other eligible medical expenses and prescription purchases at pharmacies. Unaffected OTC items will still be reimburseable, as well as affected OTC items with a doctor's prescription or Letter of Medical Need. Please visit [www.myFBMC.com](http://www.myFBMC.com) for more information. If you have any questions regarding this new legislation, please contact FBMC Customer Care.

**Whose dependent care expense can I include in my Dependent Care FSA?** Your child and dependent care expenses must be for the care of a qualifying person.

A qualifying person is:

- 1) Your dependent child who is 12 years of age or younger when the care was provided and for whom you can claim an exemption,
- 2) Your spouse who was physically or mentally not able to care for himself or herself, or
- 3) Your dependent who was physically or mentally not able to care for himself or herself and for whom you can claim an exemption. See the Dependent Care FSA section of this guide for more details.

## Online Claims Submission Instructions

Follow these simple instructions to submit your completed claim form and supporting documentation online through [www.myFBMC.com](http://www.myFBMC.com). Instructions are also available online, or contact FBMC's Customer Care Center for assistance.

### Please note:

- Acceptable document formats are .jpg, .bmp or .gif.
- Individual file sizes cannot exceed 1 megabyte.
- Be sure to have your completed claim form and supporting documentation scanned before beginning the process. Refer to your scanner's instruction manual for information on saving your documents in the proper format and within the acceptable file size limit.

### How to Submit your claim:

1. To use FBMC's Online Claims Submission process, you must first log in to your account at [www.myFBMC.com](http://www.myFBMC.com).
2. Once you have logged in, click on the "Claims" tab at the top of the screen, then choose "Online Claims Submission" from the drop down menu.
3. From here, simply follow the online instructions:
  - Choose the account type for which you are submitting a claim.
  - Enter the dollar amount of the claim in the appropriate box.
  - Click "Next".
4. Follow the instructions on the next page:
  - Attach your completed and signed claim form.
  - Attach your supporting documentation (receipts, invoices, etc).
  - Click "Submit".
5. Be sure to write down the confirmation number for future reference. If you receive any errors or the confirmation page does not load, it is possible that the file sizes of your scanned documents exceeds 1 megabyte or they are not the appropriate document format. Double-check the file sizes and make adjustments if necessary by rescanning the oversized documents and making sure they are .jpg, .bmp or .gif files. Contact FBMC's Customer Care Center if you have any questions.

# Getting Answers

Getting answers to many of your FSA questions is now easier than ever. The FBMC Customer Care Center offers you a variety of resources to make inquiries on your benefits and Flexible Spending Accounts (FSAs), including information from the FBMC Web site, Interactive Voice Response system or Customer Care.

## FBMC Web Site

FBMC's Web site provides information regarding your benefits and comprehensive details on your FSAs.

By entering **www.myFBMC.com** into your Internet browser, you will open FBMC's home page. Answers to many of your benefit questions can be obtained by using the navigational tabs located along the top portion of the home page. You'll be prompted to enter your Social Security number (SSN) and Personal Identification Number (PIN), last four digits of your SSN. After this login, you can access the following benefit information.

### Benefits

You may check your benefit status, read benefit descriptions, access our tax calculator and much more.

### Claims

Not only can you check the status of your claim, but you may also download forms, get more information about mailing and faxing your claim to FBMC or see transactions that need documentation.

### Accounts

View your account balance and contributions. You may also view monthly statements and review your transaction history.

### myFBMC Card® Visa® Card

You may download a card fact sheet or transmittal form, read the detailed instructions on proper use and open our drugstore listings to maximize card convenience.

### Profile

Change your e-mail address or your mailing address, complete your online registration or select a new PIN.

### Resources

Peruse our extensive resource library, including benefit materials, surveys, Over-the-Counter drug listings and benefit tips.

### Forms

Download applicable forms for claim submission and reimbursement.

## FBMC Interactive Benefits

FBMC's 24-hour automated phone system, Interactive Voice Response (IVR), can be reached by calling 1-800-865-FBMC (3262). This system allows you to access your benefits any time. By following the voice prompts, you can find out a great deal of information about your benefits.

- Current Account Balance(s)
- Claim Status
- Mailing Address Verification
- Obtain FSA Reimbursement Request Claim Forms
- Change Your PIN

### Personal Identification Number (PIN)

To access both the FBMC Web site and the Interactive Voice Response (IVR) system, all you need is your Social Security number (SSN). The last four digits of your SSN will be your first PIN, whether using the Web site or the IVR system. After your initial login, you will be asked to register and select your own confidential PIN to access both systems in the future. Your PIN cannot be the last four digits of your SSN, cannot be longer than eight digits and must be greater than zero.

#### Record PIN here.

Remember, this will be your PIN for both FBMC Web and IVR access.

If you forget your PIN, click the "Need Help?" link on the Web site for help or you may call Customer Care at 1-800-342-8017.

**NOTE:** Please be sure to keep this Reference Guide in a safe, convenient place, and refer to it for benefit information.



# Flexible Spending Accounts (FSAs)

## What is a Flexible Spending Account?

Fringe Benefits Management Company (FBMC) provides you with IRS tax-favored Flexible Spending Accounts (FSAs) to stretch your medical expense and dependent care dollars.

Flexible Spending Accounts feature:

- IRS-approved reimbursement of eligible expenses tax-free
- per-pay-period deposits from your pre-tax salary
- savings on income and Social Security taxes and
- the security of paying anticipated expenses with your FSA.

## Is an FSA right for me?

If you spend \$200 or more on recurring eligible medical expenses during your plan year or \$250 on eligible dependent care expenses, you may save money by paying for them with an FSA. A portion of your salary is deposited into your FSA each pay period.

- You decide the amount you want deposited.
- You are reimbursed for eligible expenses before income and Social Security taxes are deducted.
- You save income and Social Security taxes each time you receive wages.
- Determine your potential savings with a Tax Savings Analysis **by visiting the "Tax Calculators" link at [www.myFBMC.com](http://www.myFBMC.com).**

## What types of FSAs are available?

Your employer offers you a Medical Expense FSA as well as a Dependent Care FSA. If you incur both types of expenses during your plan year, you can establish both types of FSAs.

### Medical Expense FSAs

Medical expenses not covered by your insurance plan may be eligible for reimbursement using your Medical Expense FSA, including:

- birth control pills
- eyeglasses
- orthodontia and
- Over-the-Counter items.

### Dependent Care FSAs

Dependent care expenses, whether for a child or an elder, include any expense that allows you to work, such as:

- day care services
- in-home care
- nursery and preschool
- summer day camps.

Refer to the *Medical Expense FSA and Dependent Care FSA* sections of the online Open Enrollment Guide for specifics on each type of FSA.

## How do I request reimbursement?

### For Medical Expense FSA:

Requesting reimbursement from your Medical Expense FSA is easy. Simply mail or fax a correctly completed FSA Reimbursement Request Form, which you may download at [www.myfbmc.com](http://www.myfbmc.com), along with the following:

- a receipt, invoice or bill from your health care provider listing the date you received the service, the cost of the service, the specific type of service and the person for whom the service was provided and
- an Explanation of Benefits (EOB)\* from your health insurance provider that shows the specific type of service you received, the date and cost of the service and any uninsured portion of the cost and
- a written statement from your health care provider indicating the service was medically necessary if those services could be deemed cosmetic in nature, accompanied by the receipt, invoice or bill for the service.

### For Dependent Care FSA:

Requesting reimbursement from your Dependent Care FSA is easy. Simply mail or fax a correctly completed FSA Reimbursement Request Form along with receipts showing the following:

- the name, age and grade of the dependent receiving the service
- the cost of the service
- the name and address of the provider and
- the beginning and ending dates of the service.

Be certain you obtain and submit the above information when requesting reimbursement from your Dependent Care FSA. This information is required with each request for reimbursement.

### FSA Savings Example\*

With an FSA		Without an FSA
\$31,000	Annual Gross Income	\$31,000
<u>- 5,000</u>	FSA Deposit for Recurring Expenses	<u>- 0</u>
\$26,000	Taxable Gross Income	\$31,000
<u>- 5,889</u>	Federal, Social Security Taxes	<u>-7,021</u>
\$20,111	Annual Net Income	\$23,979
<u>- 0</u>	Cost of Recurring Expenses	<u>-5,000</u>
\$20,111	Spendable Income	\$18,979

**By using an FSA to pay for anticipated recurring expenses, you convert the money you save in taxes to additional spendable income. That's a potential annual savings of**

# \$1,132!

\* Based upon a 22.65% tax rate (15% federal and 7.65% Social Security) calculated on a calendar year



# Flexible Spending Accounts (FSAs)

**NOTE:** If you elect to participate in the Dependent Care FSA, or if you file for the Dependent Care Tax Credit, you must attach IRS Form 2441, reflecting the information above, to your 1040 income tax return. Failure to do this may result in the IRS denying your pre-tax exclusion.

**Mail to:** Contract Administrator  
Fringe Benefits Management Company  
P.O. Box 1800  
Tallahassee, FL 32302-1800

**Fax Toll-Free to:** 1-888-800-5217

## Reimbursement Methods for Medical FSAs:

- Your check will be mailed to your home.
- You may have your reimbursement direct deposited into your bank account.
- You may also use your new myFBMC Card® Visa® Card a stored value card – to receive instant reimbursements with no out-of-pocket expense.

## Direct Deposit

Enroll in Direct Deposit to expedite the time of your reimbursement.

- FSA reimbursement funds are automatically deposited into your checking or savings account.
- There is no fee for this service.
- With Direct Deposit, you don't have to wait for postal service delivery of your reimbursement.
- You will receive notification by mail that your claim has been processed.

To apply, visit **www.myFBMC.com** or call the FBMC Customer Care Center at 1-800-342-8017. Please note that processing your Direct Deposit enrollment may take between four to six weeks.

## Where can I get information about FSAs?

If you have specific questions about FSAs, contact FBMC Customer Care.

- Visit **www.myFBMC.com**
- Call **1-800-342-8017** (Monday-Friday, 7 a.m. - 10 p.m. ET).

Please note that due to FBMC's Privacy Policy, we will not discuss your account information with others without your verbal or written authorization.

## Receiving Reimbursement

### NEW ONLINE CLAIMS SUBMISSION:

FBMC is pleased to announce online FSA claims submission through **www.myFBMC.com**. This process allows you the opportunity to submit, via the Web, a scanned image of your completed claim form along with scans of supporting documentation.

Submitting claims online gets reimbursement requests to FBMC faster than traditional mail, thus expediting the release of your reimbursement funds. Further details and instructions are available on the Web. Log in to your account for more information.

If you have questions regarding online claims submission, contact the FBMC Customer Care Center at 1-800-342-8017 (Monday - Friday 7 a.m. - 10 p.m. ET).

### OR RECEIVE REIMBURSEMENT BY MAIL:

Your reimbursement will be processed within 15-20 business days from the time FBMC receives your properly completed and signed FSA Reimbursement Request Form. Download the Reimbursement Request Form online at **www.myfbmc.com**. To avoid delays, follow the instructions for submitting your reimbursement requests included in the FSA materials packet you will receive following enrollment.



# Flexible Spending Accounts (FSAs)

## FSA Guidelines:

1. The IRS does not allow you to pay your medical or other insurance premiums through either type of FSA.
2. You cannot transfer money between FSAs or pay a dependent care expense from your Medical Expense FSA or vice versa.
3. You have a three month and 15 day run-out period (until April 15) at the end of the plan year for reimbursement of eligible Medical Expense FSA expenses incurred during your period of coverage and any applicable grace period within the Plan Year.
4. You may not receive insurance benefits or any other compensation for expenses which are reimbursed through your FSAs.
5. You cannot deduct reimbursed expenses for income tax purposes.
6. You may not be reimbursed for a service which you have not yet received.
7. Be conservative when estimating your medical and/or dependent care expenses for the 2011 Plan Year. IRS regulations state that any unused funds which remain in your FSA after the run-out period ends and all reimbursable requests have been submitted and processed cannot be returned to you nor carried forward to the next plan year. Use the FSA Calculation Worksheet on Page 58 to determine your annual contribution estimate.
8. When enrolling in either or both FSAs, written notice of agreement with the following will be required.
  - I will only use my FSA to pay for IRS-qualified expenses eligible under my employer's plan, and only for me and my IRS-eligible dependents
  - I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s) before seeking reimbursement from my FSA
  - I will not seek reimbursement through any additional source and
  - I will collect and maintain sufficient documentation to validate the foregoing.
  - I agree to a salary deduction for the amount of any outstanding myFBMC Card® transactions (as permitted by law) if I do not send in documentation for an unverified myFBMC Card® expense. See Page 62 for details on the card.

## What documentation of expenses do I need to keep?

The IRS requires FSA customers to maintain complete documentation, including keeping copies of receipts for reimbursed expenses, for a minimum of one year.

## How do I get the forms I need?

To obtain forms after enrolling in either a Medical Expense or Dependent Care FSA, such as an FSA Reimbursement Request Form, Letter of Medical Need or Direct Deposit Form, visit FBMC's Web site, [www.myFBMC.com](http://www.myFBMC.com) or call the FBMC Customer Care Center at 1-800-342-8017.

## Will contributions affect my income taxes?

Salary reductions made under a cafeteria plan, including contributions to one or both FSAs, will lower your taxable income and taxes. These reductions are one of the money-saving aspects of an FSA. Depending on the state, additional state income tax savings or credits may also be available. Your salary reductions will reduce earned income for purposes of the federal Earned Income Tax Credit (EITC).

To help you choose between the available taxable and tax-free benefits, or a combination of both, consult your tax advisor and/or the IRS for additional information.

## FSA Grace Period

IRS Revenue Notice permits a "grace period" of two months and 15 days following the end of your 2011 Plan Year (December 31, 2011) for a Medical Expense FSA. This grace period ends on March 15, 2012. **During the grace period, you may incur expenses and submit claims for these expenses.** Funds will be automatically deducted from any remaining dollars in your 2011 Medical Expense FSA.

You should not confuse the grace period with the plan's "run-out period." The run-out period extends until April 15, 2012. This is a period for filing claims incurred anytime during the 2011 Plan Year, as well as claims incurred during the grace period mentioned above.

Your Dependent Care FSA also has a "run-out period" that extends until March 31, 2012. However, the "grace period" mentioned above does not apply to this account. You may not submit reimbursement requests for expenses that occur after December 31, 2011 against the 2011 Plan Year.

Claims will be processed in the order in which they are received by FBMC, and your accounts will be debited accordingly. This is true for both paper claims and myFBMC Card® transactions. If you have funds remaining in an account for the prior plan year, these funds will be used first until exhausted. Then, subsequent claims will be debited from your new plan year account balance.