Health Flexible Spending Account – Frequently Asked Questions

What is a health flexible spending account?
A health flexible spending account (FSA) is part of your benefits package. This plan lets you use pre-tax dollars to pay for eligible health care expenses for you, your spouse, and your eligible dependents.

Here’s how an FSA works. Money is set aside from your paycheck before taxes are taken out. You can then use your pre-tax FSA dollars to pay for eligible health care expenses throughout the plan year. You save money on expenses you’re already paying for, like doctors’ office visits, prescription drugs, and much more.

Why is it a good idea to have a health FSA?
Health FSAs benefit everyone – single individuals, families, and soon-to-be retirees. Setting aside pre-tax dollars means you pay fewer taxes and increase your take-home pay by your tax savings. You save money on eligible expenses that you are paying for out of your pocket. The amount you save depends on your tax bracket. For example, if you are in the 30 percent tax bracket, you can save $30 on every $100 spent on eligible health care expenses such as dental checkups, prescription eyeglasses, and bandages. A full list of eligible health FSA expenses is available online at go.depaul.edu/conexis.

What expenses are covered under a health FSA?
Only eligible expenses can be reimbursed under the FSA. These expenses are defined by IRS rules and your employer’s plan. You can learn about your employer’s plan by reading the Summary Plan Description (SPD).

Eligible health FSA expenses are those that you pay for out of your pocket for medical care that’s provided to you, your spouse, and eligible dependents. Generally, IRS rules state that medical care includes items and services that are meant to diagnose, cure, mitigate, treat, or prevent illness or disease. Transportation that is primarily for medical care is also included.

You can find a list of eligible expenses at go.depaul.edu/conexis. Here are some examples:

- Your health plan deductible (the amount you pay before your plan starts paying a share of your costs)
- Your share of the cost for doctor’s office visits and prescription drugs
- Your share of the cost for eligible dental care, including exams, X-rays, and cleanings
- Your share of the cost for eligible vision care, including exams, eyeglasses, contact lenses, and laser eye surgery

The list of eligible expenses is based on IRS rules. Here are some other IRS rules you should know about:

- **No double dipping** – Expenses reimbursed under your health FSA cannot be reimbursed under any other plan or program. Only your out-of-pocket health care expenses are eligible for reimbursement. Plus, expenses reimbursed under a health FSA may not be deducted when you file your tax return.

- **Timing is everything** – FSAs have a start date and an end date, and the time in between is called the plan year. Expenses must be incurred during the FSA plan year. As noted in IRS guidelines, "expenses are incurred when the employee (or the employee’s spouse or dependents) is provided with the medical care that gives rise to the medical expenses, and not when the employee is formally billed, charged for, or pays for the medical care." This means the date of service must be within the current plan year and not when you pay for the service.

Are over-the-counter medicines eligible expenses?
Yes, but they require a prescription to be an eligible FSA expense. IRS rules state that over-the-counter (OTC) medicines and drugs are not eligible for reimbursement under your health FSA unless prescribed by a doctor (or another person who can issue a prescription) in the state where you purchase the OTC medicines. These rules do not apply to insulin (including OTC insulin). Any claim you submit for reimbursement that has an OTC medicine expense must include a Request for Reimbursement Form and one of the following types of supporting documentation:
A written or electronic OTC prescription along with an itemized cash register receipt that includes the merchant name, name of the OTC medicine or drug, purchase date, and amount.

A printed pharmacy statement or receipt from a pharmacy that includes the patient’s name, the Rx number, the date the prescription was filled, and the amount.

Here are some of the many examples of OTC medicines and drugs now requiring a prescription:

- Allergy and sinus: Actifed, Benadryl, Claritin, Sudafed
- Antacids: Mylanta, Pepsid AC, Prilosec, TUMS
- Aspirin and pain relievers: Advil, Excedrin, Motrin, Tylenol
- Cold and flu: Nyquil, Theraflu, Tylenol Cold & Flu
- Diaper rash ointments: Balmex, Desitin
- First aid creams, sprays, and ointments: Bactine, Neosporin
- Sleep aids: Sominex, Tylenol PM, Unisom Sleep Tabs

What over-the-counter items are still eligible expenses?
The rules for OTC items haven’t changed. These items are still eligible for reimbursement through your health FSA, and you can use your benefit card to purchase these items. Here are some of the many examples of eligible OTC items:

- Bandages, Band-Aids, and gauze
- Batteries for hearing aids, blood glucose monitors, etc.
- Diabetic supplies and test kits
- First aid kits
- High blood pressure monitors
- Thermometers

Can I use my FSA funds to stock up on over-the-counter items?
No. You can only use your FSA for items that you can reasonably use during the plan year. If you “stockpile” OTC items, you won’t be reimbursed.

What expenses are not covered under a health FSA?
Expenses that are not approved are called “ineligible expenses.” Ineligible health FSA expenses include:

- Cosmetic surgery and procedures, including teeth whitening
- Herbs, vitamins, and supplements used for general health
- OTC medicines that you don’t have a prescription for (except insulin)
- Insurance premiums
- Family or marriage counseling
- Personal use items such as toothpaste, shaving cream, and makeup
- Prescription drugs imported from another country

You can’t use your FSA for:

- Services that take place before or after your coverage period
- Expenses that are reimbursed by another plan or program, including a health care plan

These are only a few of the examples of expenses that aren’t covered by a health FSA. You can find a full list of eligible and ineligible expenses online at go.depaul.edu/conexis.

How do I use my FSA for orthodontic services?
These services aren’t provided the same way as other types of health care. Most of the time, orthodontic services are provided over a long period of time and may extend beyond the plan year, and services tend to be hard to match up with actual costs. As a result, the reimbursement process is different, and you have two ways to be reimbursed:
Entire cost of treatment – This method allows you to be reimbursed for the full amount of the orthodontia contract. You can do this only if you paid the full amount of services during the plan year. To get reimbursed, send in these items:

- Completed reimbursement request form
- Proof of payment for the entire contract, including start date and expected end date
- Proof of payment made during the applicable plan year in which you are requesting reimbursement

Monthly approach – This method allows you to be reimbursed for the first round of treatment (usually called banding fees) and then monthly reimbursement after that. To get reimbursed for banding fees, submit:

- A completed reimbursement request form
- Your treatment plan or itemized statement that includes the start date and the expected end date
- Proof of the initial down payment

After the first reimbursement request is submitted, send in these items for monthly reimbursement:

- Your completed reimbursement request form
- An itemized statement or monthly coupons from the orthodontist
- Proof of the monthly payment

Is there a limit to how much I can contribute to my health FSA?
Yes. As a result of the Patient Protection and Affordable Care Act of 2010 (PPACA), employee contributions have been capped for health FSA plans beginning on or after January 1, 2013. The annual limit is $2,500, and you cannot contribute more than this amount.

Is there a limit to how much my employer can contribute to my health FSA?
The statutory $2,500 limit does not apply to certain non-elective employer contributions (sometimes referred to as "flex credits") made to an employee's health FSA. It also does not apply to contributions made to other types of FSAs (such as dependent care FSA), health savings accounts (HSAs), or health reimbursement arrangements (HRAs). Employer salary reduction contributions to cafeteria plans that are used to pay for an employee's share of health coverage premiums (or the corresponding employee share under a self-insured employer-sponsored health plan) are also not affected.

Can my spouse also contribute to an FSA?
Yes, if your spouse is eligible to make contributions to a health FSA. Each spouse may contribute up to the $2,500 maximum limit to their own health FSA. This applies even if both spouses participate in the same health FSA plan sponsored by the same employer.

How much money is available during the plan year?
Your entire health FSA election is available on the first day of the plan year. If your FSA is active, your full annual election amount decreases as you submit your reimbursement requests. You can find out your available funds by logging in to your online account at go.depaul.edu/conexis.

How often are reimbursements made?
Your employer chooses the reimbursement schedule. You can find out how often reimbursements are made by reading the SPD.

Where can I get a reimbursement request form?
This form is available online at go.depaul.edu/conexis. Just log in to your account to find it.

What do I need to submit along with a reimbursement form?
You must save all itemized receipts and other supporting documentation for every FSA expense. Try to keep all of your documentation filed in an envelope or box. Appropriate documentation includes:
For office visits – Your health plan's Explanation of Benefits (EOB) statement or an itemized receipt or bill from the provider that includes the patient's name, a description of the service, the original date of service, and your portion of the charge.

For prescription drugs – A pharmacy statement or printout including the patient's name, the Rx number, the name of the drug, the date the prescription was filled, and the amount.

For over-the-counter medicines – A written or electronic OTC prescription along with an itemized cash register receipt that includes the merchant name, name of the OTC medicine or drug, purchase date, and amount; OR a printed pharmacy statement or receipt that includes the patient's name, the Rx number, the date the prescription was filled, and the amount.

For over-the-counter health care-related products – An itemized cash register receipt with the merchant name, name of the item/product, date, and amount.

In some cases, a Medical Determination Form completed by a doctor is required. Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

What is the deadline to use this plan year's FSA funds?
It depends on the rules for your employer's FSA. With some FSAs, you can spend the money until the last day of the plan year. After that date, you forfeit any money left in the account. But some employers give more time to use the FSA funds after the plan year ends.

Run-out period – This is a set number of days after the plan year ends that allows you to submit claims for eligible expenses incurred during the plan year.

Example: Your plan year runs from January 1 to December 31, 2013, and you have a run-out period through March 31, 2014. You have a doctor's office visit on December 22, 2013 but do not receive a health plan EOB until January 4, 2014. Since the service was incurred in December 2013, you can use your health FSA funds that remain from the 2013 plan year toward the expense. Simply submit the EOB along with a completed reimbursement form by March 31, 2014 – the end of your plan's run-out period.

Grace period – This is also a set number of days after the plan year ends, and in most plans, it lasts two months and 15 days. During this time, you can use remaining FSA funds to reimburse eligible expenses incurred during the grace period.

Example: Your plan year runs from January 1 to December 31, 2013, and you have a grace period through March 15, 2014. You fill a prescription on January 16, 2014. You can use 2013 FSA funds because the cost is for an eligible expense purchased during the grace period. Get reimbursed by submitting the itemized pharmacy receipt along with your completed form before the deadline specified by your employer.

Even if you have a run-out period or grace period, it's important to plan carefully when you decide how much to put in your FSA. Don't think of the grace period as an extension of the plan year. It's more like a cushion in case your expenses fall a little short of what you expected.

Not all plans include a run-out period or grace period, and the length of time can vary. For more details about the deadlines for your employer's FSA and when you can file claims, check your SPD.

Can I change my election amount?
Your election can't be changed during the plan year unless you have a change in status or other qualified event – that's an event defined by IRS rules – and your employer's plan must allow the change as well. Qualified changes in status events include:

- A change in legal marital status (marriage, divorce, or death of your spouse)
- A change in the number of your dependents (birth or adoption of a child, or death of a dependent)
- A change in employment status of you, your spouse, or dependent
An event causing your dependent to satisfy or cease to satisfy an eligibility requirement for benefits
A change in residence of you, your spouse, or dependent

There are two parts to determining if a change in election will be allowed. First, you must experience a change in status or other qualified event. Second, your requested change must be consistent with the event. For example, if you have a baby, you could increase your FSA contribution. Please see your SPD for more information about other qualified changes, consistency requirements, and exceptions that may apply.

Please note: The information above assumes that your employer's plan allows all changes permitted under the IRS rules. An employer may restrict mid-year election changes by the way the plan is set up. Please see your SPD for specific rules that apply to your plan. If you have a change in status or other qualified event, contact your human resources or benefits representative to obtain the forms you will need to complete.

What is the "use-it-or-lose-it" rule?
The IRS created the "use-it-or-lose-it" rule. It requires that all money you put into your FSA must be used to reimburse qualified expenses incurred during that plan year. Funds that are left over after the plan year ends are forfeited. The unused portion of your health FSA cannot be paid to you in cash or other benefits, and you can't transfer money between FSAs. To reduce the risk of losing money at the end of your plan year, carefully estimate your expenses when choosing your annual election amount.

What happens if I stop working for working for this employer?
If you stop working for your employer or you lose your FSA eligibility, your plan participation and your pre-tax contributions will end automatically. Expenses for services you have after your termination date are not eligible for reimbursement.

Please note: You may be entitled to elect COBRA continuation coverage under the health FSA and receive reimbursement for qualified expenses incurred after your termination, but only if you continue to make the required FSA COBRA premium payment using your money after taxes have been taken out. However, you generally do not have the right to elect COBRA continuation coverage if the cost of COBRA continuation coverage for the remainder of the plan year equals or is more than the amount left in your FSA. Please see your SPD for specific rules that apply to your FSA plan.

How do I keep track of my account activity?
Your FSA information is available anytime day or night by logging it to your online account at go.depaul.edu/conexis. Log in and find:
- Real-time account balance
- Claims status
- Reimbursement payment history