

# FSA Guide

Health Care and Dependent Care

## What is a Flexible Spending Account (FSA)?

A flexible spending account is an employer-sponsored pre-tax benefit that allows you to set aside money into separate accounts to pay for qualified health and dependent care expenses.

## Why should I participate in an FSA?

An FSA can save you money, since your contributions are taken before taxes. The money you contribute to an FSA is exempt from most taxes, and can increase your take-home pay by an average of 30% of your annual contribution with tax savings.

If your tax rate is:	And you contribute:	You could save:
15%	\$1,500	\$340
15%	\$2,500	\$566
25%	\$1,500	\$490
25%	\$2,500	\$816
33%	\$1,500	\$610
33%	\$2,500	\$1,016

*\*For illustrative purposes only. Based on 7.65% FICA. Your tax situation may be different. Consult a tax advisor*

**QUESTIONS?**  
 VISIT [MyBENEFITSNM.COM](http://MyBENEFITSNM.COM) FOR  
 ADDITIONAL INFORMATION OR  
 CALL 1 (855) 618-1800

## What expenses are eligible for reimbursement?

Your healthcare FSA can be used for health care co-pays, deductibles, co-insurance, prescriptions, eyeglasses, dental care, and certain medical supplies. View our Eligible Expenses guide at [www.mybenefitsnm.com/FSA.htm](http://www.mybenefitsnm.com/FSA.htm) for more information.

Dependent care FSA reimburses you for eligible child expenses, including day care, before and after school care, preschool, and day camp. Visit our website at [www.mybenefitsnm.com](http://www.mybenefitsnm.com) for a more complete list.

## How do I contribute money to my FSA?

Sign up during Open Enrollment to contribute for all of 2020, or sign up during a qualifying event to contribute for the remainder of the year. Once you decide on an amount you want to contribute to your FSA, the amount you have selected will be deducted from each paycheck before taxes are calculated and the money put into your FSA.

## Who is covered under an FSA?

A healthcare FSA covers eligible expenses for you and all of your dependents, even if they are not covered under your primary health plan. This includes your spouse and children under 26, but it doesn't include domestic partners or their children.

Dependent care is for qualifying children 12 years old or younger who share the same residence as you or a qualifying dependent who is physically or mentally unable to care for themselves who shares the same residence with you and has income less than the Federal exemption amount.

## How do I get reimbursed using my FSA?

One debit card will be issued to you automatically after you enroll in the healthcare FSA. You can also request one additional card in a dependent's name by contacting Erisa Administrative Services, Inc., or by submitting a Debit Card Request Form. Benefits debit cards can be used at the register when paying for eligible expenses.

If you don't have your card, you can file a claim along with your receipt showing your name, the name of your provider, services provided, amount, and date. Once approved, your reimbursement will be deposited into your bank account or a check will be mailed to you.



## If I elected FSA last year, do I need to sign up again this year?

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Yes. Healthcare FSA and Dependent care elections need to be made every year, even if you want to elect the same amount.

## How soon can I start spending my FSA funds?

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A big perk to the healthcare FSA is that it is pre-funded, so you will be able to use your full annual pledge amount at the very beginning of the plan year regardless of the amount contributed to date.

The dependent care FSA can only be reimbursed up to what you have contributed so far for the year, so you will be able to start spending after your first pay period deduction. You can also only be paid for services that have already been provided; no reimbursements can be made for future expenses.

## What happens if I don't spend all my FSA funds by the end of the plan year?

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Be sure to only allocate dollars for predictable medical or dependent care expenses. Any unused funds at the end of the plan year can't be rolled over or refunded, also called the use-it-or-lose-it rule.

Your Health FSA does have a grace period that allows you to submit claims for services incurred through March 15<sup>th</sup> of the following year. There is no grace period for Dependent Care.

## How much can I contribute?

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Account	Minimum Contribution	Maximum Contribution
Health Care FSA	\$130	\$2,750 per individual
Dependent Care FSA	\$130	\$5,000 per household

## What happens to my FSA if my employment is terminated?

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Participation in your FSA is also terminated. This means that only expenses that were incurred prior to your termination date are eligible for reimbursement.

## What is the deadline for submitting claims?

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Your deadline to submit claims for both Health FSA and Dependent Care is March 31<sup>st</sup> of the year following your FSA enrollment. If your employment ends in the middle of the year, you have up to 15 days after your termination date to submit claims for services incurred while you were still employed.

## How do I determine the date my expenses were incurred?

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Expenses are incurred at the time the medical care was provided, not when you are invoiced or pay the bill. If you visit the doctor on December 28, 2019 and receive the bill on January 2, 2020 your expense was incurred on December 28 and would only be covered by a 2019 FSA.

## Are over-the-counter (OTC) medications eligible for reimbursement?

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Yes, OTC medications are potentially eligible with a doctor's prescription and/or Letter of Medical Necessity (LOMN). You will need to submit a claim with the receipt for the OTC medicine, along with the prescription from your doctor that includes the diagnosis and course of treatment, in order to receive reimbursement.

## What is a Letter of Medical Necessity?

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The IRS mandates that eligible expenses be primarily for the diagnosis, treatment, or prevention of disease or for treatment of conditions affecting any functional part of the body. For example, vitamins are not typically covered because they are used for general wellness, but your doctor may prescribe a vitamin to treat your medical condition. The vitamin would then be eligible if your doctor verified the necessity in treatment. You can find a copy of this form on our website at [www.mybenefitsnm.com](http://www.mybenefitsnm.com) or through your online portal at [BenefitsbyET.LH1ondemand.com](http://BenefitsbyET.LH1ondemand.com).