

# Flexible Spending Accounts

Flexible Spending Accounts (FSA) allow you to pay for eligible out-of-pocket health and dependent care expenses with before-tax dollars. You set aside pre-determined, pre-tax dollars through payroll deduction, and then use them to pay for eligible medical, dental and pharmacy expenses.

## Health Care

The Health Care FSA is used for health care expenses not covered by a medical plan, such as copayments, coinsurance, deductibles or certain vision, hearing or orthodontic care costs.

## Dependent Day Care

The Dependent Day Care FSA is used for non-medical day care expenses for children ages 12 and under, or disabled dependents that satisfy the definition of a "Qualifying Relative" under federal tax law. Dependent day care expenses are reimbursable as long as the provider is not your spouse, another dependent, or your child if age 19 or younger.

## How the Flexible Spending Accounts Work

- You estimate costs for all out-of-pocket medical and dependent day care expenses for the calendar year – January through December. Estimate carefully because any remaining funds are forfeited.
- You decide if you want to elect to participate in the Health Care Account, the Dependent Day Care Account or both.
- You decide how much to contribute. The maximum election is \$3,000 per calendar year for the Health Care account and \$5,000 per calendar year for the Dependent Day Care account.
- You submit a completed Enrollment Form to the Benefits Administration Office during the annual open enrollment (which occurs typically in November of each year) or within 30 days of a qualified life event.
- Payroll will deduct your annual election from 21 paychecks beginning each January.
- Your tax-free paycheck deductions will be credited to your account.
- You pay expenses and submit claims for reimbursement.

## Flexible Spending Account Rules

Flexible Spending Accounts are allowed by Section 125 of the Internal Revenue Code and certain restrictions apply.

- You cannot change your annual election amount once you've elected it. The amount of pretax dollars you choose remains in effect for the entire calendar year. You can adjust your election only if you have a change in family status, such as the addition or loss of a dependent, or a

change in marital status. **You must make any changes within 30 days of the change in family status.**

- The Health Care FSA and Dependent Day Care FSA are separate. Funds may not be transferred between the two, nor can health care expenses be reimbursed from a Dependent Day Care FSA, or dependent day care expenses from a Health Care FSA.
- If you don't use it, you lose it: the IRS requires that you forfeit any unused account balances remaining at the end of the year. You cannot carry funds over to the next year.
- Expenses reimbursed from Health and/or Dependent Day Care FSA cannot be claimed as deductions or credits on income tax returns.
- You cannot withdraw funds from your accounts. You may not be reimbursed without an eligible claim.
- If contributions to your account are stopped (i.e. retire) you can only be reimbursed for expenses incurred before the contributions were stopped.

## Health Care Expenses

The following health care expenses **may be eligible** for reimbursement:

- Unreimbursed medical, prescription drug, dental and vision expenses, including deductibles and copays;
- Acupuncture performed by a licensed practitioner;
- Payment to a treatment center for alcoholism or drug dependency;
- Oral contraceptives;
- Syringes, needles or other medical supplies;
- Orthodontia and non-cosmetic dental expenses;
- Psychotherapy by a licensed practitioner;
- Chiropractic services;
- Speech and physical therapy by a licensed practitioner;
- Hospice care;
- Crutches and wheelchairs;
- Nursing home care for treatment of illness or injury;
- Prosthetic and orthopedic devices;
- Vitamin expenses if accompanied by a doctor's letter of medical necessity.

The following health care expenses **are not eligible** for reimbursement:

- Expenses incurred before your date of participation in the Health Care Reserve Account;

- Any expenses incurred after you stop making contributions;
- Expenses reimbursed through any other policy, plan or program;
- Expenses claimed as a deduction or credit on your federal income tax return;
- Cosmetic surgery (unless medically necessary);
- Fees for marriage or family counseling that does not involve therapeutic treatment;
- Custodial care;
- Funeral and burial expenses;
- Weight-loss classes or programs, unless prescribed by a doctor for a specific health condition;
- Maternity clothes, diaper services, etc;
- Vitamins or food supplements taken for general health purposes;
- Cosmetics, toiletries, etc;
- Prescription drugs used for cosmetic purposes
- Health care insurance premiums, including long-term care insurance;
- COBRA premiums;
- Hair transplant or removal; (only if a medical condition)
- Expenses merely beneficial to health, such as vacations or fitness programs

## Dependent Day Care Expenses

The following dependent day care expenses **may be eligible** for reimbursement:

- Expenses for a day care center or preschool. The facility must be licensed under state or local law if it cares for seven or more children.
- Expenses for an unlicensed day care center that cares for six or fewer children.
- Expenses at an adult day care facility (but not expenses for overnight, nursing home facilities).
- The cost of day care and housekeeping services in your home for your child or other qualifying individual.
- The cost of meals, lunches and snacks, supplied by a day care provider (not the cost of meals while on field trips and outings or those meals included as part of the cost of such trips).

The following dependent day care expenses **are not eligible** for reimbursement:

- Day care for a child age 13 or older.
- Overnight summer camp (cannot prorate for the day portion).
- Kindergarten or school tuition for a child age 5 and older.
- Expenses for any care provided to a qualifying dependent by another dependent or child under age 19.
- Housekeeping expenses not related to dependent day care.
- The expenses for which you claim a dependent day care tax credit on your federal income tax return.
- The registration fees paid for day care, summer camp, kindergarten, preschool, etc. The only exception is day camp or registration fees applied toward the first payable bill. These are eligible once the initial bill has been paid and the service has been provided.
- The cost of meals while on field trips and outings or those meals included as part of the cost of such trips.
- Expenses for a day care center, summer day camp or preschool while you have time off for the summer.

## Filing a Claim Form

### Will I need to submit a claim form for reimbursement?

- Yes.

### What information must I submit with my claim form?

- You must submit documentation such as invoices, explanation of benefits from your medical plan, cancelled checks (for dependent care only), receipts, etc. that show the following:
  - Patient's/Dependent's Name
  - Description of Service
  - Date Service Was Provided
  - Charges

If a copy of a cancelled check is submitted as documentation for dependent care, a copy of both sides of the check is necessary.

The amount of expenses you want reimbursed should be circled on the documentation.

### What's the deadline for submitting a claim form for reimbursement?

- All claims, for expenses incurred between January 1st and December 31st, must receive it by March 31st of the following year.

## 2011 Claims

### Where can I get information on the status of a claim?

- 800-244-6224

## Where do I send a claim form?

### Dependent Care Claims

Cigna HealthCare FSA Claims  
P.O. Box 182223  
Chattanooga, TN 37422-7233  
Phone: 1-800-244-6224  
Fax: 423-553-8953

### Health Care Claims

Cigna HealthCare Choice Fund  
P.O. Box 182223  
Chattanooga TN 37422-7233  
Phone: 1-800-244-6224  
Fax: 423-553-8953

## 2012 Claims

### Where can I get information on the status of a claim?

Phone: (800) 447-6689 Fax: (203) 877-9558

## Where do I send a claim form?

Stirling Benefits, Inc.,  
20 Armory Lane,  
Milford, CT 06460-3361

## Estimating your Health Care Expenses

*This is only a partial list of the expenses eligible for reimbursement under the Health Care Flexible Spending Account. For a more detailed list of eligible expenses, see Internal Revenue Service Publication #502.*

	Your Annual Cost
<b>Medical Expenses</b>	
Medical plan deductible, copayments or coinsurance	
Out-of-pocket expenses for psychiatric therapy and counseling	
Out-of-pocket expenses for treatment for alcohol or substance abuse	
Medical expenses not covered by the BOE's Plan	
<b>Prescription Drug Expenses</b>	
Retail pharmacy coinsurance or copayments	
Mail-order pharmacy copayments	
<b>Over-the-Counter Medicines and Products (unless prescribed by a doctor)</b>	
<b>To treat injuries or illnesses, including:</b>	
• Allergy medicines (including Claritin)	
• Antacids, anti-nausea and antidiarrheal medication	
• Antibiotic ointment for cuts and scrapes	
• First-aid supplies and bandages	
• Cold medicine, cough syrup, cough drops	
• Pain relievers (e.g., Tylenol <sup>®</sup> , Advil <sup>®</sup> , aspirin and Aleve)	
• Smoking cessation products	
<b>Dental Expenses</b>	
Dental plan coinsurance	
Dental expenses above the annual maximum (including orthodontia)	
Dental expenses not covered by the BOE's Plan	

<b>Vision Expenses</b>	
Glasses and Contact Lenses	
Laser eye surgery	
Vision expenses not covered by the BOE's benefits	
<b>Total:</b>	