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DATE: November 7, 2018  
TO: All Full-Time Employees  
FROM: Andrea Valerio Malone, Business Office  
SUBJECT: 2019 FLEXIBLE SPENDING PLAN OPEN ENROLLMENT

The enrollment period for the Section 125 Flexible Spending Plan for the 2019 calendar year runs now through Friday, December 7, 2018. This plan allows you to pay pre-tax for certain medical, dental, vision and dependent care expenses which are not covered by your current benefit plan. Refer to **Eligible Expenses** and **Over the Counter Expenses** to determine what qualifies. The **Employee Survey Form for Flexible Spending Plans** is a worksheet you may use to estimate your expenses.

Also included is information about the *mySourceCard*® debit MasterCard, which can be used like any other credit card for medical, dental, and vision expenses. This card gives you immediate access to the funds in your account and eliminates the need to turn in paper receipts for reimbursement. If you are a current 2018 participant with a card, you do not need to re-enroll, as cards are good for 38 months. If you are a current participant when your card expires, you will automatically be issued a new card. If you did NOT participate in 2018 and still have a valid card, you will not be able to use it and will need to re-apply for 2019.

To be reimbursed for dependent care expenses, and for expenses not paid with the *mySourceCard*®, you must use the **2019 Claim Supporting Statement**. This will be available on the District staff portal online, after January 1.

If you are interested in participating, complete the attached **2019 Payroll Deduction Authorization** form. Return this form, along with your debit card application, if applicable, to my attention at the Administration Building no later than December 7, 2018.

If you have additional questions, please contact me at 874-6040 or [avmalone@eriesd.org](mailto:avmalone@eriesd.org).

cc: Susan Zimmerman, Payroll Manager  
Cathy Carnes, Benefit Administrators, Inc.

Erie's Public Schools  
148 West 21<sup>st</sup> Street  
Erie, PA 16502-2834  
P: 814.874.6000  
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# Benefit Administrators, Inc.

1250 Tower Lane • Erie, PA 16505-2533  
Phone: (814) 454-0167 • Fax: (814) 459-2250

Date: October 31, 2018

To: All Flexible Spending Account Clients

From: Jennifer Blount-BAI flexible spending account dept.

RE: Flexible spending account reimbursement

## **Plan maximum contribution for medical/dental/vision is \$2,650.00**

Please remind your employees who elect to participate in the flexible spending account that in order to promptly receive their flexible spending account reimbursement, they need to follow these guidelines, starting January 1, 2019:

- **Please do not submit the cash register receipt for the prescription(s).** Please submit the prescription bag tag that contains all the information needed to process for reimbursement, instead of the cash register receipt. This information includes the patient's name, date filled, prescription name and your copay amount. If you prefer, you can submit a print out from the pharmacy with your prescriptions listed instead of submitting each individual bag tag for your prescriptions.
- **Please do not submit the receipt from the debit/credit card machine as it does not show the necessary information.** The statement must show the patient's name, date of service, what the service was and the amount of your copay. Please submit a copy of the provider's walk-out statement or a copy of the Explanation of Benefit statement. If you do not get one from your physician, please ask for one.
- Claims are processed by the date the service is performed, not the date they are billed or paid for. This standard is set by the IRS who governs the regulations for the flexible spending account.
- Please do not highlight anything on the statement or receipt, especially if you fax your request. The highlighting makes the item unreadable and dark. Please circle the item instead.
- Please look at your copies before you send them in. Many are sent to us that are too light or dark to read.
- Over-the-counter medicines and drugs need a written prescription or letter of medical necessity in order to be reimbursed from your flexible spending account. Vitamins fall into this category as well, even if purchased at a chiropractor's office.
- Cancelled check copies are not acceptable documentation.

If you have any questions concerning the above, please don't hesitate to call me at (814)454-0167 ext 6606.

**ERIE SCHOOL DISTRICT**

**FLEXIBLE SPENDING PLAN**

**QUESTIONS AND ANSWERS ABOUT THE FLEXIBLE SPENDING PLAN**

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

A Flexible Spending Account provides an account where you can set aside a portion of your salary to be reimbursed to you for certain medical, dental, and vision expenses (not paid for by any other benefit plan) and work-related dependent care expenses.

**How does it benefit me?**

The money you set aside in your account is deducted from your gross pay **BEFORE** the following taxes are calculated: Federal Income tax, Social Security, Medicare, State and Local tax.

**How do I elect to participate?**

To participate, estimate your expected unreimbursed medical, dental, and child care expenses for the plan year, then complete and sign a Payroll Authorization Form. The specified amount will be deducted uniformly from each paycheck throughout the Plan Year.

**What type of expenses qualify as covered expenses for reimbursement?**

1. Medical expenses you have incurred and paid which are not reimbursed by any insurance plan. Treatment or prevention must be prescribed by a physician.
2. Dental expenses you have incurred and paid which are not covered or reimbursed by any dental program.
3. Vision care expenses incurred and paid which are not reimbursed by any insurance plan.

**How do I file a claim to be reimbursed for medical, dental, vision, and day care expenses?**

Complete a Claim Supporting Statement then send it with a copy of the *paid receipt* to Benefit Administrators, Inc. (BAI). The receipt should include the date(s) of service, list of service(s) rendered, the name of provider, and the patient's name.

**When am I reimbursed for eligible expenses?**

Each month, the Plan Administrator processes benefits for eligible expenses submitted in the previous month.

## Flexible Spending Plan Questions and Answers

**When do I get my money back if I don't have as many expenses as I originally estimated?**

You have an additional 2 ½ months after the end of the plan year to pay for non-covered or unreimbursed medical costs or dependent care expenses. If your expenses in any year do not equal your account balance after this extended deadline, any remaining balance is forfeited to the employer. You have 30 days after the end of the extended deadline to submit your receipts for reimbursement.

**Can I change my Reimbursement Account payroll deductions once I have started the plan?**

You may change your deductions annually. You can increase, decrease, or stop your deductions during the plan year *only* if you have a status change, i.e., birth, death, loss of job, marriage, divorce.

### TAX SAVINGS ILLUSTRATION

A husband and wife both work, and they have two children. Their combined, annual income is \$60,000.00. They use the Flexible Spending Plan to help pay the premium for dependent medical coverage and orthodontist bills for the children. With both of them working, they also utilize the plan to pay for necessary child care expenses. As the chart to the right shows, this couple increases their monthly take-home pay by \$178, or \$2,136 per year.

	<u>Without Flex Acct</u>	<u>With Flex Acct</u>
<b>Total Monthly Pay</b>	\$5,000	\$5,000
Less Insurance Premiums	0	(125)
Less Medical/Dental Expenses <sup>1</sup>	0	(200)
Less Child Care Expenses <sup>2 &amp; 3</sup>	0	(400)
<b>Total Pay Subject to Tax</b>	<u>\$5,000</u>	<u>\$4,275</u>
Less Federal Tax* - 3 depts <sup>1</sup>	(421)	(312)
Less Medicare & Soc Sec Tax <sup>1</sup>	(382)	(327)
Less State <sup>3</sup>	(153)	(143)
Less City Tax <sup>3</sup>	(59)	(55)
Less PA Unemployment Tax <sup>4</sup>	(3)	(3)
<b>Total Taxes</b>	<u>(\$1,019)</u>	<u>(\$841)</u>
<b>After Tax Income</b>	<u><b>\$3,981</b></u>	<u><b>\$3,434</b></u>
<b>After Tax Expenses:</b>		
Insurance Premiums	(125)	0
Medical/Dental Expenses	(200)	0
Child Care Expenses	(400)	0
<b>After Tax Expenses</b>	<u><b>(\$725)</b></u>	<u><b>\$0</b></u>
<b>Spendable Income</b>	<u><b>\$3,256</b></u>	<u><b>3,434</b></u>
<b>Annual Increase in Take-Home Pay</b> .....		<u><b>\$2,136</b></u>

<sup>1</sup>Medical/Dental Vision - not taxable for Federal, Medicare, Social Security, State and the City of Erie taxes.

<sup>2</sup>Child Care – not taxable for Federal, Medicare & Social Security taxes.

<sup>3</sup>Child Care – taxable for State, City & PA Unemployment taxes.

<sup>4</sup>PA Unemployment Taxes calculated on Gross Wage

\* 2014 tax rates have been used for this example.

## EMPLOYEE SURVEY FORM FOR FLEXIBLE SPENDING PLANS

A section of the Internal Revenue Code allows you to increase your bottom line, pay less taxes, and therefore, have more income. This can be done by redirecting your taxable income to a non-taxable status to help you pay for certain expenses, such as: medical and dental premiums, unreimbursed medical, dental, vision, and childcare expenses. For example, if you are in the 20% federal income tax bracket and pay medical insurance premiums or have other unreimbursed expenses of \$100 per month, Uncle Sam has given you a \$20 raise each month.

**1. ESTIMATE YOUR UNREIMBURSED MEDICAL, DENTAL, AND VISION EXPENSES:**

<b>All Insurance Deductibles</b> .....	\$	
<b>All Co-Payments, co-insurance</b> .....	\$	
<b>Prescription Drugs Co-Payments</b> (Including birth control).....	\$	
<b>Dental Care</b> (Such as examinations, cleaning, x-rays, fillings, crowns, braces, etc.) .....	\$	
<b>Vision Care</b> (Eye exams, contacts, eyeglasses).....	\$	
<b>Other Eligible Expenses</b> (See list on other side of sheet.).....	\$	
<b>TOTAL OF MEDICAL, DENTAL, AND VISION EXPENSES</b> .....	\$	

**2. ESTIMATE YOUR DEPENDENT CARE EXPENSES ANNUALLY:**

If you are a single parent or if your spouse works, how much do you pay annually for Dependent Day Care for children 12 years or younger? .....

	\$	
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**3. TOTAL SECTION (1) AND SECTION (2)**..... \$  \*

\* This is the amount you may wish to deposit into the Reimbursement Account. Please be conservative when choosing an amount, as any unused dollars in your account at the end of the plan year must be forfeited.

**Remember, to receive reimbursement, you must submit copies of paid receipts with your Claim Supporting Statement. For the over-the-counter medications, please circle item name, amount paid, and date of purchase on the receipt. If the receipt does not include the place of purchase please include the name.**

## FLEXIBLE SPENDING PLAN ELIGIBLE EXPENSES

Abortions, legal  
Acupuncture  
Ambulance costs  
Artificial limbs  
Artificial teeth  
Birth control pills  
Braces  
Braille books and magazines  
Care for mentally handicapped child  
Child care expenses  
Chiropractors  
Co-insurance  
Co-payments  
Contact lenses  
Crutches  
Deductible  
Dental exams, cleaning and fees  
Dentures  
Diagnostic tests  
Drug & Alcoholism treatment  
Eyeglasses, including exams  
Hearing devices and batteries  
Home improvements necessitated by  
    medical condition  
Hospital bills  
Insulin  
In vitro Fertilization  
Laboratory fees  
Laetrile by prescription  
Lasik Eye Surgery  
Lead base paint removal from walls  
    to prevent lead poisoning  
Obstetrical expenses  
Operations if medically necessary  
Orthodontia  
Orthopedic shoes  
Oxygen  
Physician fees  
Prescribed medicine (including vitamins  
    and contraceptives)

Psychiatric care  
Psychologist's fees  
Routine physicals and other non-diagnostic  
    services or treatments  
"Seeing-Eye" dog and its upkeep  
Smoking Cessation Program, if prescribed to  
    treat a diagnosed medical condition  
Special communications equipment  
    for the deaf  
Special education for the blind  
Special plumbing for the handicapped  
Sterilization fees  
Sunglasses, prescription  
Surgical fees  
Telephone for the Deaf  
Television with audio display for the hearing  
    impaired  
Therapy treatment  
Transplant of organs  
Transportation for medical care  
Tuition at special school for handicapped  
Vaccinations  
Walkers  
Wheelchairs  
Wigs if prescribed  
X-rays

**FLEXIBLE SPENDING PLAN  
OVER THE COUNTER EXPENSES**

Over-the-counter items for a SPECIFIC medical condition:

Band-aids, gauze, medical tape  
Braces for wrists, ankles, knees, elbows, neck  
Bunion & Corn Cushions  
Contact Lens Solutions  
Home Diagnostics Kits/Tests (pregnancy tests, ovulation kits, blood pressure monitors)  
Hydrogen Peroxide  
Ice Packs for injuries  
Isopropyl Alcohol  
Incontinence supplies  
Non-prescription contraceptives  
Ophthalmic Preparations (Eye drops)  
Pre-Natal Vitamins  
Reading Glasses  
Sunburn relief/ sunscreens  
Surgical Stockings

**\*\* Effective 1/1/2011, a prescription or letter of medical necessity is required for all Over-The-Counter drugs and medicines. Diagnosis must be listed on the prescription or letter of medical necessity.**

\*Special Foods (cost difference of common product with medical certification)  
\*Vitamins & Supplements (to treat a specific diagnosis and those purchased at a chiropractor's office)

\* Must have a written prescription from physician in order to be reimbursed. Diagnosis must be listed on prescription.



Benefit Administrators, Inc.

Flex Debit Card / *mySourceCard*<sup>®</sup>



## Flexible Spending Plan

- 2019 Health FSA Contribution Limit: \$2,650.00
- Over-the-counter medicines and drugs require a written prescription or letter of medical necessity for reimbursement from your Flex Plan. (2011 rule)
- **Effective Jan 1, 2019 a Debit Card** is available to pay for FSA eligible expenses at the point of sale. Below are answers to some of the questions we have received.

### What is a Flexible Spending Account debit card?

A FSA debit card also referred to as “*mySourceCard*<sup>®</sup>”

The *mySourceCard*<sup>®</sup> debit card is a debit MasterCard which has full access to the funds in your Health Flexible Spending Account (FSA) and used to pay directly an eligible provider or merchant for IRS eligible expenses. You do not need to use your out-of-pocket funds to pay for the expense and then request a reimbursement.

### How does the *mySourceCard*<sup>®</sup> debit card work?

You will present the card to the qualified merchant or provider. They will then swipe the card to pay for the purchase or service. You can use the debit card to pay for office visit co-pays, deductibles, co-insurance, glasses, prescription co-pays, and non-cosmetic dental expenses. These expenses may be for you, your spouse or your dependent(s).

### When can I start to use the *mySourceCard*<sup>®</sup> debit card?

Before using your card, you must activate and sign your card. Just follow the instructions you receive with your card. You also must wait until your effective date in the Flexible Spending Account plan to use the card.



**How is this different than a credit card?**

The *mySourceCard*<sup>®</sup> debit card utilized funds from your Health Flexible Spending Account (FSA) and can be used only for qualified expenses. Even though this is a off-line debit card, it is treated as a credit card at the merchant or provider's terminal. There is no PIN number required to approve the transaction.

**Can I use my card when ordering my prescriptions through an online or mail order program?**

Yes, you can use your *mySourceCard*<sup>®</sup> debit card. You use it just like any other credit card. You simply provide your *mySourceCard*<sup>®</sup> information in the space provided for the credit card information.

**Can I use the *mySourceCard*<sup>®</sup> to pay for a service before it is provided?**

No. The IRS regulation states that the service must be provided *before* using any FSA funds.

**Can I use my card to pay for services that were provided prior to participating in the Flexible Spending Account plan year?**

No. The IRS regulations states that the *date of service* determines the eligibility of the expense, not the date billed to the participant or the date paid.

**Does the *mySourceCard*<sup>®</sup> work for my dependent care (daycare) expenses?**

No. It only works for health Flexible Spending Account eligible expenses.

**Do I need to submit paper receipts in addition to the card being swiped?**

No, you do not need to submit paper receipts if the card is swiped at a qualified merchant or provider's terminal. The only time you will have to submit paper receipts is in the event of a questionable expense. *It is very important to save your receipts, just in case a question should arise.*

**Is there any reason why the card would not be available to me?**

Yes, if you do not have enough funds in your FSA for your purchase, if the debit card system is not working, or any other unique circumstance. Your *mySourceCard*<sup>®</sup> will be deactivated if you become a terminated employee or you are negligent in responding to requests from Benefit Administrators, Inc. (BAI) to submit receipts or repay the plan for any ineligible reimbursements, your card will be deactivated. Also, if you choose not to participate in Flexible Spending Account the following year, the card will be deactivated.

**Can I get a second card for my spouse?**

Yes, you can request a second card for your spouse or dependent child by completing the application and forwarding the completed application to Benefit Administrators, Inc. (BAI) 1250 Tower Lane, Erie PA 16505 Attn: Flexible Spending Account

**What if my card is lost or stolen?**

You should contact Card Services immediately at (814) 454-0167 or 800-777-2524 to deactivate the card.

**Will I get a new card automatically each year?**

No. The *mySourceCard*<sup>®</sup> card is good for 38 months, as long as you are enrolled in the plan. Once you use all your funds for each year, save the card for the next plan year. At that time, the amount you have elected for that plan year will be available to you the first day of the plan year. If you are a current participant when your card expires, you will automatically be issued a new card.

**Can I still submit paper receipts for reimbursement for expenses that are paid for with my out-of-pocket funds, even if I have the debit card?**

Yes. Just complete a claims supporting statement, attached copies of the receipts and mail to Benefit Administrators, Inc (BAI). You can also fax the completed claims supporting statement and receipts to BAI at 814-459-2250. Reimbursements are processed on a schedule chosen by your employer.

## mySourceCard® Enrollment Agreement

As a participant in one or more of your Employer Plans or as an account holder under the FSA program, you will receive a mySourceCard® MasterCard® Debit Card issued by Benefit Bank, and agree to use it according to this Agreement and the Cardholder Agreement that will be provided to you with the Card.

You understand that the Card is restricted to certain merchant categories and is not accepted at all MasterCard® acceptance locations. You understand that you may not obtain a cash advance with the Card at any merchant, bank or ATM. You understand that the Card is to be used *exclusively* for Qualified Expenses as defined by the plan(s) in which you participate. If the Card is issued pursuant to Employer Plans and you use the Card for an expense that is not a Qualified Expense, you are indebted to your employer and must repay the full amount of the non-qualified expense.

You agree to save all invoices and receipts related to any expense paid with the Card; upon request you must submit these documents for review by the Plan Service Provider. Failure to submit the receipt(s) will cause the expense to be treated as a non-qualified expense and you will be required to remit payment to your employer. Payment may be in the form of an offsetting claim, a personal check, electronic draft from your personal checking or savings account, a post-tax deduction from your paycheck, or other options established by your employer.

Please Note: Additional terms and conditions would apply if you use the Card to access your funds in your FSA under the FSA program. In such event, these additional terms and conditions would be set forth in an FSA Addendum to your FSA custodial account agreement.

**For proper Cardholder Identification, please complete the following information.  
Your Card will not be issued until this form is received by your Plan Service Provider.**

Name on Card: (Please Print) \_\_\_\_\_  
21 characters maximum including spaces

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Date of Birth: \_\_\_\_\_ Home Phone: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Name on 2<sup>nd</sup> Card: (Please Print) \_\_\_\_\_  
21 characters maximum including spaces

Mother's Maiden Name (Security purposes only): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*ALL FIELDS ARE REQUIRED*

### For Official Use Only

Plan Service Provider Initials:

Receive Date:

Process Date:

**ERIE CITY SCHOOL DISTRICT  
2019 Payroll Deduction Authorization**

<b>NAME:</b>	<b>SSN:</b>
<b>ADDRESS:</b>	

**EFFECTIVE PERIOD  
JANUARY 1, 2019 THROUGH DECEMBER 31, 2019**

Type of Reimbursement	Deduction Per Pay Period	Total Deduction For Year
Medical/Dental/Vision Reimbursement (max \$2,650/yr)		
Dependent Care Reimbursement (family max \$5,000/yr)		

**PLEASE READ THE FOLLOWING THEN SIGN AND DATE BELOW:**

**I Understand The Following And Agree To The Terms:**

1. Federal regulations state that I must remain a participant for the entire 12-month period unless I terminate my employment.
2. To participate, I must complete a new Payroll Authorization form for each new Plan Year.
3. The amounts I have elected to have deducted for medical/dental/vision expenses and/or dependent care expenses are allocated to separate accounts. If there are any monies remaining in either account at year-end, the monies are not transferable to meet expenses in the other account.
4. I cannot increase or decrease these deductions during the Plan Year unless I experience a qualifying change in status permitted under the terms of the plan.
5. I understand that I cannot submit claims with a date of service prior to January 1, 2019 or after March 15, 2020.
6. I understand that I have until April 14, 2020 after the extended deadline of the Plan Year to submit claims to Benefit Administrators, Inc. for reimbursement. Any monies remaining in this account after that date and after all eligible expenses have been reimbursed from my account will be forfeited.
7. I hereby authorize the company to reduce my compensation in the amounts stated above for the period of January 1, 2019 through December 31, 2019.

- |   |
|---|
| 8. I understand that I must submit copies of <i>paid receipts or other permitted substantiation</i> to Benefit Administrators, Inc. for any and all covered services in order to receive reimbursement from the Plan. |
|---|

I certify, with my signature below, that I have examined this form and understand the above-stated information. I further certify that to the best of my knowledge and belief, the information I have supplied is true, correct and complete.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date