

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>
Total Monthly Pay	\$5,000	\$5,000
Less Insurance Premiums	0	(125)
Less Medical/Dental Expenses ¹	0	(200)
Less Child Care Expenses ^{2 & 3}	<u>0</u>	<u>(400)</u>
Total Pay Subject to Tax	<u>\$5,000</u>	<u>\$4,275</u>
Less Federal Tax* - 3 depts ¹	(421)	(312)
Less Medicare & Soc Sec Tax ¹	(382)	(327)
Less State ³	(153)	(143)
Less City Tax ³	(59)	(55)
Less PA Unemployment Tax ⁴	<u>(3)</u>	<u>(3)</u>
Total Taxes	<u>(\$1,019)</u>	<u>(\$841)</u>
After Tax Income	<u>\$3,981</u>	<u>\$3,434</u>
After Tax Expenses:		
Insurance Premiums	(125)	0
Medical/Dental Expenses	(200)	0
Child Care Expenses	<u>(400)</u>	<u>0</u>
After Tax Expenses	<u>(\$725)</u>	<u>\$0</u>
Spendable Income	<u>\$3,256</u>	<u>3,434</u>
Annual Increase in Take-Home Pay		<u>\$2,136</u>

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

²Child Care – not taxable for Federal, Medicare & Social Security taxes.

³Child Care – taxable for State, City & PA Unemployment taxes.

⁴PA Unemployment Taxes calculated on Gross Wage

* 2014 tax rates have been used for this example.

FLEXIBLE SPENDING PLAN ELIGIBLE EXPENSES

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
Lactrile 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
Menstrual care products (tampons and pads)
Non-prescription contraceptives
Over-the-Counter drugs and medicines
Ophthalmic Preparations (eye drops)
Pre-Natal Vitamins
Reading Glasses
Sunburn relief/ sunscreens
Surgical Stockings

**** Effective 3/27/2020, Over-the-Counter drugs and medicines no longer require a letter of medical necessity.**

Menstrual care products, (such as tampons and pads) are now an eligible expense.

*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.**

**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:

All Insurance Deductibles \$ _____

All Co-Payments, co-insurance \$ _____

Prescription Drugs Co-Payments
(Including birth control)..... \$ _____

Dental Care
(Such as examinations, cleaning, x-rays, fillings, crowns, braces, etc.)..... \$ _____

Vision Care
(Eye exams, contacts, eyeglasses)..... \$ _____

Other Eligible Expenses
(See list on other side of sheet.)..... \$ _____

TOTAL OF MEDICAL, DENTAL, AND VISION EXPENSES..... \$ _____

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? \$ _____

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.

Benefit Administrators, Inc. (BAI)
1250 Tower Lane Eric, PA 16505
PHONE (814) 454-0167 & FAX (814) 459-2250



Benefit Administrators, Inc.

A Division of HUB International

1250 Tower Lane

Erie, PA 16505

Ph: 814-454-0167 Fax: 814-459-2250

Date: November 1, 2021

To: All Flexible Spending Account Clients

From: Flexible Spending Department

RE: Flexible spending account reimbursement

Plan maximum contribution for medical/dental/vision is \$2,750.00

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, 2022:

- **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.
- Vitamins require a letter of medical necessity with the diagnosis listed, 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 (814)454-0167.



Flexible Spending Plan

- 2022 Health FSA Contribution Limit: \$2,750.00
- **Effective Jan 1, 2022 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*[®]”

The *mySourceCard*[®] 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*[®] 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*[®] 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*[®] debit card utilized funds from your Health Flexible Spending Account (FSA) and can be used only for qualified expenses. Even though this is an 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*[®] debit card. You use it just like any other credit card. You simply provide your *mySourceCard*[®] information in the space provided for the credit card information.

Can I use the *mySourceCard*[®] 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*[®] 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*[®] 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 or **email to hdh.hb.fsa@hubinternational.com**

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*[®] 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: _____
21 characters maximum including spaces

Address: _____ City: _____ State: _____ Zip: _____

Social Security Number: _____ Date of Birth: _____ Home Phone: _____

Email Address: _____

Name on Second 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
2022 Payroll Deduction Authorization**

NAME:	SSN:
ADDRESS:	

**EFFECTIVE PERIOD
JANUARY 1, 2022 THROUGH DECEMBER 31, 2022**

Type of Reimbursement	Deduction Per Pay Period	Total Deduction For Year
Medical/Dental/Vision Reimbursement (max \$2,750/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, 2022 or after March 15, 2023.
6. I understand that I have until April 14, 2023 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, 2022 through December 31, 2022.

8. I understand that I must submit copies of *paid receipts or other permitted substantiation* 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