

Flexible Spending Accounts

(Administered by Blue Cross and Blue Shield of Alabama)

We are all looking for ways to increase our spendable income and participating in PEEHIP's Flexible Spending Account program is one way that really works! You save money by not paying taxes on the contribution amount you elect. The PEEHIP Flexible Spending Accounts program is available to all **active** members of PEEHIP and is also a great way to offset the costs of your out-of-pocket copayments and deductibles. Retired members are not eligible to participate in any of the Flexible Spending Accounts. The PEEHIP Flexible Spending Accounts consist of the following three programs:

1. **Premium Conversion Plan** requires all active members to pay premiums for PEEHIP using pre-tax dollars. This plan is strictly a function of the payroll system in which the member no longer has to pay federal and state of Alabama income taxes on their health insurance premium.
2. **Dependent Care Flexible Spending Account** allows eligible active members the opportunity to pay dependent care expenses using pre-tax dollars.
3. **Health Care Flexible Spending Account** allows eligible employees to set aside tax-free money in an account to pay themselves back for eligible health care expenses incurred by them and their dependents.

The Open Enrollment deadline for the Flexible Spending Accounts is September 30, for an effective date of October 1. Members who are currently enrolled in a Flexible Spending Account through their employer are allowed to enroll in the PEEHIP spending accounts at the end of their employer's plan year. **To continue the Flex Plan, members currently enrolled in the PEEHIP Flexible Spending Accounts must re-enroll every year.** These programs do not automatically renew each year. New employees can enroll in the Flex plan within 30 days of their employment date.

To enroll in the Flexible Spending Accounts, members can easily enroll in the Flexible Spending Accounts by using the [Member Online Services](#) system at www.rsa-al.gov. Members can also complete the [FLEXIBLE SPENDING ACCOUNT ENROLLMENT APPLICATION](#) and return the form to the PEEHIP office prior to October 1. New employees can enroll in the Flex plan within 30 days of their employment date. More information is available at www.bcbsal.org/peehipl/preferredBlue/index.cfm.

Listed below are some of the eligible expenses that can be paid from your Flexible Benefits Account:

Health Care Flexible Spending Account

- ◆ Prescription drug co-pays
- ◆ Physician co-pays
- ◆ Vision care including Lasik and Prelex surgery
- ◆ Hearing care
- ◆ Deductibles
- ◆ Orthodontia
- ◆ Coinsurance
- ◆ **OTC medications are not eligible expenses unless you have a prescription.**

Dependent Care Flexible Spending Account

- ◆ Licensed nursery school and day care facilities for children
- ◆ Child care in or outside your home

- ◆ Day care for an elderly or disabled dependent

To determine how much per year you want to contribute to your Flexible Spending Account(s), you should assess what your expenses were the year before and determine if these expenses will occur again and then add in any new expenses including the increase in copayments and deductibles. Your annual contributions must be whole dollars. The maximum annual amount for the Dependent Care Account is \$5,000 if single or married filing a joint return or \$2,500 if married filing a separate return; and \$5,000 for the Health Care Account. The funds are deducted from your pay before taxes are withheld and deposited into your account.

If your medical and/or dental insurance is with any PEEHIP medical or optional plan, your out-of-pocket expenses for medical and/or dental services will automatically apply to your Flexible Spending Account. This saves you time and you get reimbursed quicker because you don't have to submit a claim form for reimbursement! If you have medical, dental or secondary coverage with another insurance plan, you will need to file a REQUEST FOR REIMBURSEMENT form with appropriate documentation and provide documentation of what the other carrier paid.

The out-of-pocket money is reimbursed to you from your account. You may even elect to have it deposited directly into your checking or savings account. Amounts unused and unspent in the Health Care Flexible Spending Account as of September 30 can be used to pay for out-of-pocket medical expenses incurred during the 2 ½ month grace period ending December 15. Expenses for both the Health Care Flexible Spending Account and Dependent Care Flexible Spending Account can be submitted to Blue Cross by January 15 following the end of the plan year. If you do not use the money in your account from the previous plan year by the end of the grace period, you will lose it.

If you terminate employment or retire before the end of the plan year, your Flexible Spending Accounts will terminate the first day of the following month.

When a member retires or terminates employment before the end of the plan year, the member must use or incur the money in his or her Flex account by the Flex termination date. For example, if a member retires June 1, and the Flex account terminates September 1, the member must incur the covered expenses by September 1. Claims must be filed within 105 days from the end of the plan year.