

## Flexible Spending Accounts

### 1. What is a Flex Plan?

It is an opportunity to reduce the amount of income tax you pay during the plan year by having a designated amount deducted from your gross pay each month before it has been taxed. These funds are set aside to be used specifically for out of pocket expenses for health care and/or daycare. PEEHIP offers two Flexible Spending Accounts to all active employees – The Health Care and the Dependant Care (daycare) Accounts.

### 2. How does Flex benefit me if I am using my money to reimburse myself for medical expenses and dependent care I pay for at the time of service?

The benefit comes each time the monthly deduction is payroll deducted from your paycheck. Since each deduction is taken from your gross pay before it is taxed, it decreases your taxable income and increases your take home pay. If you are in a 25% tax bracket, you end up saving approximately \$25.00 out of every \$100.00 you put into your Flex accounts.

### 3. How do I get my money back?

Reimbursement is **automatic** with PEEHIP Flex Health Care Spending Account. Each time you go to the doctor, dentist or pharmacy your provider will file a claim on your PEEHIP insurance and these claims will activate a roll-over statement to your PEEHIP Flex Spending Account. A check will then be cut from your Flex account within 5-7 days, or a direct deposit will be sent to the checking or savings account you have designated, to reimburse you the deductible or copay expense you just incurred.

### 4. Do I have to file claims and save receipts?

While it is always wise to save receipts for your annual tax records, you normally won't need to send them to your PEEHIP Flex account unless you are requesting reimbursement for an eligible health care expense that didn't go through your insurance, like glasses, contacts, hearing aids, and/or mileage to and from the doctor at 16.5 cents per mile. With these, you will need to file a REQUEST FOR REIMBURSEMENT form along with a good clear copy of your receipt showing the item name, amount of purchase, date and provider.

### 5. How long does it take to get reimbursed?

At first 7 to 10 days, then the reimbursement speeds up to 5 to 7 days from the date your provider files the claim on your PEEHIP Insurance.

### 6. How much money do I have to have in my Flex account before I start getting reimbursed?

The Health Care Flex Spending Account acts like an interest free loan. You could have a medical, dental, or pharmaceutical claim on October 1, before any deductions have been taken for the new enrollment year, and still get reimbursed for the full amount immediately so long as the amount doesn't exceed the annual amount you signed up for.

The Dependant Care Spending Account acts like a checking account. You must have enough money in your account to cover the amount you have requested on your REQUEST FOR REIMBURSEMENT form with attached receipt or invoice from your daycare provider. If not, then another pay cycle will have to roll around, then when a sufficient amount has been accumulated in your Dependant Care Account you will get a check or direct deposit for the amount you requested.

**7. How much can I contribute to a Flex account?**

The annual maximum for a Health Care Flex account is \$5000 and the annual minimum is \$120; the annual maximum for a Dependent Care Flex account is \$5000, or \$2500 if you and your spouse file income taxes separately, and the annual minimum is \$120.

Note: The maximum amount for the Health Care Flex account will decrease to \$2,500 effective October 1, 2013. If you are needing Lasik Eye surgery, braces or any other expensive out of pocket procedure, it would be wise to take advantage of the higher annual maximum amount currently allowed.

**8. What if my dependents are not all on my PEEHIP Insurance? Can I still get reimbursed for their co pays and deductibles?**

Yes, so long as you claim them as dependents on your income tax return. You will need to save receipts on these dependents because their claims won't go through your PEEHIP insurance automatically. Also, you must only send in the REQUEST FOR REIMBURSEMENT form with receipts for the out-of-pocket amount you ended up paying. For example, if your dependent is double covered, you would file for reimbursement the amount that was left after all insurance plans had been billed and paid their part.

**9. Is daycare just for babies?**

No, if you are employed, child care is reimbursable from the first day in the nursery through K 4 and then before and after school care as well as summer care for ages up to 13. This includes daycare facilities and in home care as well. If you have a disabled spouse or family member who stays in your home for at least 8 hours a day and you claim them on your income tax return as a dependent, you can also get reimbursed for their care while you work.

**10. Is there a deadline in which I have to incur eligible expenses and file for reimbursement?**

Yes. You can use your Health Care Flex account for **expenses incurred** between October 1 and December 15 (of the following year) – you actually get an extra 45 days after the end of the plan year to incur health care expenses. You can use your Dependent Care Flex account for **expenses incurred** between October 1 and September 30. You must **file your claims** by January 15 which is 105 days after the end of the plan year, for both flex accounts. You must incur your expenses and file for reimbursement by these deadlines so that you do not forfeit any unused money in your accounts.

**11. How can I keep up with the balance of my Flex Accounts?**

Go to [www.bcbsal.org](http://www.bcbsal.org) and login. From there you will find a link to manage your Flex accounts. Or if you prefer, you may call the Customer Service line at 800.213.7930.

**12. “Use it or Lose it” scares me.**

You should carefully consider the expenses you normally have during the year, such as doctor visits for each family member, prescription medications that are purchased on a regular basis for conditions such as high blood pressure, diabetic supplies, etc. These regular expenses will be the base line for you to start from. Then consider special dental work like crowns, partials, etc., and maybe even braces for you or your children. Don't forget to include enough to cover the glasses or contacts needed by you or other eligible family members. If you or someone in your family plans to have Lasik Eye surgery during the upcoming year, be sure to include these expenses in your calculations as well.

These out of pocket expenses are all reimbursable through the PEEHIP Flex plan, so if you are going to spend your money on these medical expenses anyway, why not get the tax break. Thoughtful planning will eliminate the scary “Lose it” part of “Use it or Lose it”.

### **13. Will PEEHIP offer the Flex Spending Debit Card?**

The PEEHIP Flex program does not offer a Flexible Spending Debit card. PEEHIP has chosen to keep the participation in their Flex Spending Plan as easy and worry free as possible. The debit card is convenient at the point of sale, but this convenience must not be confused with being easy. Using the debit card places a greater responsibility on the member to keep up with every receipt from the use of the card for a full year. When and if these receipts are requested as documentation that the purchases were allowable expenses by the IRS, they must be faxed back immediately with a copy of the BCBS Flex letter or the card and account will be frozen until the issue is resolved. If the item or items are determined not allowable, the money must be paid back into the account by the member.

With the automatic reimbursement, you don't have to save receipts unless you want to send in a Request for Reimbursement form for mileage to and from the doctor at 16.5 cents a mile, or for over-the-counter meds (up until January 1, 2011), or for other eligible health care expenses that didn't go through your PEEHIP insurance. You can use your personal credit card such as Visa or Discover for more expensive items like glasses or braces and you will usually be reimbursed within 5 to 7 days, most likely even before the charge card bill comes due. The automatic reimbursement method allows you to choose if you want a check in the mail or direct deposit to a checking or savings account.

### **14. When can I enroll in a Flex account?**

You can enroll in a PEEHIP Flex account during the annual Flex Open Enrollment period of July 1 through September 30, and the effective date will be October 1.

### **15. How do I enroll in a Flex account?**

The easiest, most efficient and preferred way to enroll is online through Member Online Services and then follow these 5 simple steps:

- Go to [www.rsa-al.gov](http://www.rsa-al.gov) and click Member Online Services.
- Enter your User ID and Password at the log in page.
- If you do not have a User ID and Password, click “Register Now” and follow the onscreen prompts to create your own User ID and Password.
- After successfully logging in, click the link “Enroll or Change PEEHIP Coverage's” from the PEEHIP menu found at the left of your screen.
- Click the Open Enrollment option, click Continue, select the Flex enrollment option, then follow the on-screen prompts until you receive your Confirmation page.