What is a health flexible spending account?
It’s also known as an FSA and it’s part of your benefits package. This plan lets you use pre-tax dollars to pay for eligible health care expenses for you, your spouse, and your eligible dependents.

Here’s how an FSA works. Money is set aside from your paycheck before taxes are taken out. You can then use these funds to pay for eligible health care expenses throughout the plan year. You save money on expenses you’re already paying for like doctors’ office visits, prescription drugs and much more.

Why is it a good idea to have a health FSA?
Health FSAs benefit everyone – whether you’re single, have a family, or soon-to-be retired. Setting aside pre-tax dollars means you pay fewer taxes and increase your take-home pay. You also save money on eligible expenses that you’re paying for out of your pocket, like dental checkups, eyeglasses, bandages and more. How much you save depends on your tax bracket. For example, if you’re in the 30 percent tax bracket, you can save $30 on every $100 spent on eligible health care expenses. Find a full list of eligible health FSA expenses at anthem.com.

What expenses are covered under a health FSA?
Only “eligible expenses” can be reimbursed under the FSA. These expenses are defined by IRS rules and your employer’s plan. You can learn about your plan by reading the Summary Plan Description (SPD).

Eligible health FSA expenses are those that you pay for out of your pocket when you, your spouse, or eligible dependents get medical care. The IRS says that this includes “items and services that are meant to diagnose, cure, mitigate, treat, or prevent illness or disease.” Transportation for medical care is also included.

You can find a list of eligible expenses online at anthem.com. Here are some examples:

- Your health plan deductible (the amount you pay before your plan starts paying a share of your costs)
- Your share of the cost for doctor’s office visits and prescription drugs
- Your share of the cost for eligible dental care, including exams, X-rays, and cleanings
- Your share of the cost for eligible vision care, including exams, eyeglasses, contact lenses, and laser eye surgery

The list of eligible expenses is based on IRS rules. Here are some other IRS rules you should know about:

- **No double dipping** – Expenses reimbursed under your health FSA cannot be reimbursed under any other plan or program. Only your out-of-pocket health care expenses can be reimbursed. Plus, expenses reimbursed under a health FSA may not be deducted when you file your tax return.

- **Timing is everything** – FSAs have a start date and an end date, and the time in between is called the plan year. Expenses must be incurred during the FSA plan year. As noted in IRS guidelines, "expenses are incurred when the employee (or the employee’s spouse or dependents) is provided with the medical care that gives rise to the medical expenses, and not when the employee is formally billed, charged for, or pays for the medical care.” This means the date of service must be within the current plan year and not when you pay for the service.

Is there a limit to how much I can contribute to my health FSA?
Yes. As a result of the Patient Protection and Affordable Care Act of 2010 (PPACA), health flexible spending account (FSA) employee contributions have been capped for plans beginning on or after January 1, 2013. The annual limit is $2,500, and you cannot contribute more than this amount.

Is there a limit to how much my employer can contribute to my health FSA?
The statutory $2,500 limit does not apply to certain non-elective employer contributions (sometimes referred to as "flex credits") made to an employee’s health FSA. It also does not apply to contributions made to other types of FSAs (i.e., dependent care FSA), health savings accounts (HSAs), or health reimbursement arrangements (HRAs). Employer salary reduction contributions to cafeteria plans that are used to pay for an employee's share of health coverage premiums (or the corresponding employee share under a self-insured employer-sponsored health plan) are also not affected.
Can my spouse also contribute to an FSA?
If each spouse is eligible to make contributions to a health FSA, each spouse may elect to contribute up to the $2,500 maximum limit to his or her health FSA. This applies even if both spouses participate in the same health FSA sponsored by the same employer.

Are over-the-counter medicines eligible expenses?
Yes, but they require a prescription to be an eligible FSA expense. IRS rules changed on January 1, 2011 because of health care reform. The new rules state that OTC medicines and drugs are no longer eligible for reimbursement under your health FSA unless prescribed by a doctor (or another person who can issue a prescription) in the state where you purchase the OTC medicines.

Any claim you submit for reimbursement that has an OTC medicine expense incurred on or after January 1, 2011 must include a Request for Reimbursement Form and one of the following types of supporting documentation:

- A written or electronic OTC prescription along with an itemized cash register receipt that includes the merchant name, name of the OTC medicine or drug, purchase date, and amount
- A printed pharmacy statement or receipt from a pharmacy that includes the patient’s name, the Rx number, the date the prescription was filled, and the amount

Here are some of the many OTC medicines and drugs that now need a prescription:

- Allergy and sinus: Actifed, Benadryl, Claritin, Sudafed
- Antacids: Mylanta, Pepcid AC, Prilosec, TUMS
- Aspirin and pain relievers: Advil, Excedrin, Motrin, Tylenol
- Cold and flu: Nyquil, Theraflu, Tylenol Cold & Flu
- Diaper rash ointments: Balmex, Desitin
- First aid creams, sprays, and ointments: Bactine, Neosporin
- Sleep aids: Sominex, Tylenol PM, Unisom Sleep Tabs

Please note: Prescription medicines and insulin (including over-the-counter insulin) aren’t affected by this change. You can follow the same process when buying these items and submitting FSA claims.

What over-the-counter items are still eligible expenses?
The rules for over-the-counter items haven’t changed. These items are still eligible for reimbursement through your health FSA, and you can use your benefit card to buy them. Here are some of the many eligible over-the-counter items:

- Bandages, Band-aids, and gauze
- Batteries for hearing aids, blood glucose monitors, etc.
- Diabetic supplies and test kits
- First aid kits
- High blood pressure monitors
- Thermometers

Can I use my FSA funds to stock up on over-the-counter items?
No. You can only use your FSA for items that you can reasonably use during the plan year. If you “stockpile” OTC items, you won’t be reimbursed.

What expenses are not covered under a health FSA?
Expenses that are not approved are called “ineligible expenses.” Ineligible health FSA expenses include:

- Cosmetic surgery and procedures, including teeth whitening
- Herbs, vitamins, and supplements used for general health
- OTC medicines that you don’t have a prescription for (except insulin)
- Insurance premiums
- Family or marriage counseling
• Personal use items such as toothpaste, shaving cream, and makeup
• Prescription drugs imported from another country

Also, you can’t use your FSA for:
• Services that take place before or after your coverage period
• Expenses that are reimbursed by another plan or program, including a health care plan

These are only a few examples of expenses that aren’t covered by a health FSA. You can find a full list of eligible and ineligible expenses at anthem.com.

Have I used my FSA for orthodontic services?
These services aren’t provided the same way as other types of health care. Most of the time, they’re provided over a long period of time and may extend beyond the plan year. Orthodontic services tend to be hard to match up with actual costs. As a result, the reimbursement process is different. You have two ways to be reimbursed:

1. **Entire cost of treatment** – This method allows you to be reimbursed for the full amount of the orthodontia contract. You can do this only if you paid the full amount during the plan year. To get reimbursed, send in these items:
   • Completed reimbursement request form
   • Proof of payment for the entire contract, including start date and expected end date
   • Proof of payment made during the applicable plan year in which you are requesting reimbursement

2. **Monthly approach** – This method allows you to be reimbursed for the first round of treatment (usually called banding fees) and then monthly reimbursement after that. To get reimbursed for banding fees, submit:
   • Completed reimbursement request form
   • Your treatment plan or itemized statement that includes the start date and the expected end date
   • Proof of the initial down payment

After you submit the first reimbursement request, send in these items for monthly reimbursement:

   • Completed reimbursement request form
   • An itemized statement or monthly coupons from the orthodontist
   • Proof of the monthly payment

How much money can I put in my health FSA?
The amount you can put in your FSA is called an “annual election.” Your employer decides the maximum election amount for your FSA plan each plan year. Your enrollment materials or Summary Plan Description (SPD) can tell you what this amount is.

How much money is available during the plan year?
Your entire health FSA election is available on the first day of the plan year. As you submit your reimbursement requests, that amount goes down. You can find out your available funds by logging in to your account at anthem.com.

How often are reimbursements made?
Your employer chooses the reimbursement schedule. It’s in your Summary Plan Description (SPD).

Where can I get a reimbursement request form?
This form is available at anthem.com. Just log in to your account to find it.

What do I need to submit along with a reimbursement form?
You must save all itemized receipts and other supporting documentation for every FSA expense. Try to keep all of your documentation filed in an envelope or box. What you’ll need:
**Health Flexible Spending Account**

**Frequently Asked Questions**

- **For office visits** – Your health plan's Explanation of Benefits (EOB) statement or an itemized receipt or bill from the provider. It should have the patient's name, a description of the service, the date of service, and your share of the charge.

- **For prescription drugs** – A pharmacy statement or printout with the patient's name, the Rx number, the drug name, the date the prescription was filled, and the amount.

- **For over-the-counter medicines** – A written or electronic OTC prescription along with an itemized receipt with the merchant name, the medicine name, purchase date, and amount; OR a printed pharmacy statement or receipt with the patient’s name, the Rx number, the date the prescription was filled, and the amount.

- **For over-the-counter health care-related products** – An itemized receipt with the merchant name, item/product name, date, and amount.

In some cases, a Medical Determination Form filled out by a doctor is required. Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

**What is the deadline to use this plan year’s FSA funds?**

It depends on the rules for your employer’s FSA. With some FSAs, you can spend the money until the last day of the plan year. After that date, you forfeit any money left in the account. But some employers give more time to use the FSA funds after the plan year ends.

- **Run-out period** – The set number of days after the plan year ends that you can still file claims for eligible expenses incurred during the plan year.

  **Example:** Your plan year runs from January 1 to December 31, 2012, and you have a run-out period through March 31, 2013. You have a doctor’s office visit on December 22, 2012 but don’t get an EOB until January 4, 2013. Since your visit was in 2012, you can still use health FSA funds from the 2012 plan year toward the expense. Simply submit the EOB with a completed reimbursement form by March 31, 2013 – the end of your plan’s run-out period.

- **Grace period** – This is also a set number of days after the plan year ends. In most plans, it lasts two months and 15 days. During this time, you can use leftover FSA funds to reimburse eligible expenses incurred during the grace period.

  **Example:** Your plan year runs from January 1 to December 31, 2012, and you have a grace period through March 15, 2013. You fill a prescription on January 16, 2013. You can use 2012 FSA funds because the eligible expense was purchased during the grace period. In this case, you get reimbursed by submitting the itemized pharmacy receipt with your completed form before the deadline set by your employer.

Even if you have a run-out period or grace period, you should carefully plan how much to put in your FSA. Don’t think of the grace period as an extension of the plan year. It’s more like a cushion in case your expenses fall a little short of what you expected.

Not all plans include a run-out period or grace period, and the length of time can vary. For more details about the deadlines for your employer’s FSA and when you can file claims, check your Summary Plan Description.

**Can I change my election amount?**

Your election can’t be changed during the plan year unless you have a change in status or other qualified event (defined by IRS rules). Your employer's plan must also allow the change. A qualified change in status event includes:

- A change in legal marital status (marriage, divorce, or death of your spouse)
- A change in the number of your dependents (birth or adoption of a child, or death of a dependent)
- A change in employment status of you, your spouse, or dependent
- An event causing your dependent to satisfy or cease to satisfy an eligibility requirement for benefits
- A change in residence of you, your spouse, or dependent

Two things need to happen for an election change to be allowed. First, you must have a change in status or other qualified event. Second, your requested change must be consistent with the event. For example, if you have a baby, you could increase your FSA contribution. Please see your Summary Plan Description for more about other qualified changes, consistency requirements, and exceptions that may apply.
Please note: All of this assumes that your employer's plan allows all changes permitted under the IRS rules. An employer may restrict mid-year election changes by the way the plan is set up. Please see your Summary Plan Description for specific rules that apply to your plan. If you have a change in status or other qualified event, contact your human resources or benefits representative for the forms you’ll need to fill out.

What is the "use-it-or-lose-it" rule?
The IRS created the "use-it-or-lose-it" rule. It requires that all money you put into your FSA must be used to reimburse qualified expenses incurred during that plan year. Funds that are left over after the plan year ends are forfeited. The unused portion of your health FSA cannot be paid to you in cash or other benefits, and you can’t transfer money between FSAs. To reduce the risk of losing money at the end of your plan year, carefully estimate your expenses when choosing your annual election amount.

What happens if I stop working for this employer?
If you stop working for your employer or you lose your FSA eligibility, your plan participation and your pre-tax contributions will end automatically. Expenses for services you have after your termination date are not eligible for reimbursement.

Please note: You may be entitled to elect COBRA continuation coverage under the health FSA and receive reimbursement for qualified expenses incurred after your termination, but only if you continue to make the required FSA COBRA premium payment. However, you generally do not have the right to elect COBRA continuation coverage if the cost of COBRA continuation coverage for the remainder of the plan year equals or is more than the amount left in your FSA. Please see your Summary Plan Description for specific rules that apply to your FSA plan.

How do I keep track of my account activity?
Your account information is available anytime day or night by logging in to anthem.com.* You can find:

- Real-time account balance
- Claims status
- Reimbursement payment history

*If you are not enrolled in an Anthem health plan, you will need to log in to your Reimbursement Benefit Account at benefitadminolutions.com/anthem. When logging in for the first time, please have on hand your Anthem Reimbursement Benefit Account number or Social Security number and date of birth.