



FSA

Flexible Spending Account Overview

- Medical Reimbursement Accounts
- Dependent Care Reimbursement Accounts



Business Solutions

What is a Flexible Spending Account?

A Flexible Spending Account is offered through your employer and is administered by CGI Business Solutions. With a Flexible Spending Account, you can set aside pre-tax dollars from your paycheck to pay for medical and dependent care expenses that are not covered by insurance. A Flexible Spending Account provides you with an important tax advantage, allowing you to lower your taxable income and put more money in your pocket.



Example 1: John's gross income is \$30,000. He is single and expects to spend \$2,500 in medical expenses in deductibles, dental work and eyeglasses this year. By setting aside \$2,500 in his Flexible Spending Account, he'll be putting an extra \$922 in his pocket that otherwise would have gone towards taxes. See below:

Example - John's gross income is \$30,000. He is single and expects to spend \$2,500 in medical expenses in deductibles, dental work and eyeglasses this year.	Without Flexible Spending Account	With Flexible Spending Account
Gross income of employee	\$30,000	\$30,000
Flexible Spending Account contributions	\$0	- \$2,500
Estimates taxes-Federal	- \$2,826	- \$2,309
Estimated taxes-FICA	- \$2,295	- \$1,890
After tax earnings	\$24,879	\$23,301
Out of pocket medical and dependent care expenses	- \$2,500	\$0
Remaining spendable income	\$22,379	\$23,301
Additional income for spending and saving		\$922



Example 2: Bob and Jane's combined gross income is \$60,000. They have 2 children and expect to spend \$2,500 on unreimbursed medical expenses (deductibles, dental, eye care, etc.) and \$5,000 on day care next year. By setting aside \$7,500 in their Flexible Spending Account they'll be putting an extra \$1,661 in their pockets that otherwise would have gone towards taxes. See below:

Example - Two income family with one child in day care with \$2,500 medical expenses and \$5,000 of day care expenses.	Without Flexible Spending Account	With Flexible Spending Account
Gross income of employee and spouse	\$60,000	\$60,000
Flexible Spending Account contributions	\$0	- \$7,500
Estimates taxes-Federal	- \$6,526	- \$5,439
Estimated taxes-FICA	- \$4,590	- \$4,016
After tax earnings	\$48,884	\$43,045
Out of pocket medical and dependent care expenses	- \$7,500	\$0
Remaining spendable income	\$41,384	\$43,045
Additional income for spending and saving		\$1,661

Important Considerations:

Be sure to check the enclosed “Eligible Medical Expenses” and “Eligible Dependent Care Expenses” to make sure your expenses qualify for reimbursement.

Use It Or Lose it Rule.

IRS regulations require that all money contributed to a Flexible Spending Account for medical and/or dependent care expenses must be used within the plan year. Money not used within the plan year will be forfeited. To avoid forfeiture of Flexible Spending Account dollars, consider your contributions carefully and select a conservative amount based on predictable expenses.

Election Changes.

You can only change the amount of your Flexible Spending Account Election during your employer’s open enrollment period unless you experience one of the following events: marriage, divorce, birth or adoption, death in your immediate family, or change in employment status of you or your spouse.

How does a FSA work?

Contributing to a Flexible Spending Account is easy. You choose whether to set aside money for medical expenses, dependent care expenses or both. If your Flexible Spending Account Plan allows for both medical and dependent care accounts, you will be notified of the annual limits that you can contribute. Generally, the employer limits how much you can contribute to a medical FSA, and Dependent Care FSA’s are set to a \$5,000 (\$2,500 per married filing separately) limit per plan year. Enclosed is a worksheet that will help you estimate your expenses. Each pay period the amount you choose to contribute will be deducted from your gross pay and deposited into your Flexible Spending Account. Throughout the year, as you incur expenses that are not covered by insurance, you can use the money in your Medical Flexible Spending Accounts to pay for them. As you incur dependent care expenses you can submit those for reimbursement.

Medical Reimbursement Account:

The Medical Reimbursement Account lets you pay for certain medical care expenses not covered by your insurance plan with pre-tax dollars. For example, cash that you now spend on deductibles, co-payments, or other out-of-pocket medical expenses can instead be placed in the Medical Reimbursement Account, pre-tax, to pay for these expenses. Some employers offer access to your funds through a debit card which allows for more simplified claims processing.

Dependent Care Account:

The Dependent Care Flexible Spending Account lets you use pre-tax dollars towards qualified dependent care expenses such as caring for children under the age of 13 or caring for elders. Dependent Care expenses can be reimbursed directly to your checking account.



QUALIFYING MEDICAL & DENTAL CARE EXPENSES

Under the Plan, you will be reimbursed only for medical and dental expenses.

They include, for example, expenses you have incurred for:

1. Co-pays and deductibles for medical and mental health services
2. Medicine or drugs treating a medical condition, birth control pills and vaccines.
3. Medical doctors, dentists, eye doctors, chiropractors, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists and psychoanalysts (medical care only).
4. Medical examination, X-ray and laboratory services, insulin treatment and whirlpool baths the doctor prescribed.
5. Nursing help. If you pay someone to do both nursing and housework, you can be reimbursed only for the cost of the nursing help.
6. Hospital care (including meals and lodging), clinic costs and lab fees.
7. Medical treatment at a center for substance abuse.
8. Medical aids such as hearing aids (and batteries), false teeth, eyeglasses, contact lenses, braces, orthopedic shoes, crutches, wheelchairs, guide dogs and the cost of maintaining them.
9. Ambulance service and other travel costs to get medical care. If you used your own car, you can claim what you spent for gas and oil to go to and from the place you received the care; or you can claim the allowable mileage. Add parking and tolls to the amount you claim under either method.

YOU CANNOT OBTAIN REIMBURSEMENT FOR:

1. The basic cost of Medicare insurance (Medicare A).
2. Life insurance or income protection policies.
3. All of your qualified tax dependents for health coverage purposes.
4. The hospital insurance benefits tax withheld from your pay as part of the Social Security tax or paid as part of Social Security self employment tax.
5. Nursing care for a healthy baby.
6. Illegal operations or drugs.
7. Travel your doctor told you to take for rest or change.
8. Cosmetic Surgery.
9. Long-term care expenses.

Qualifying medical expenses include only those expenses incurred for:

1. Yourself.
2. Your spouse.
3. All dependents you list on your federal tax return.

IRS Publication 502, Medical and Dental Expenses, has a checklist for most of the medical expenses that can be deducted and are therefore reimbursed under this plan. Some other medical expenses are also reimbursable. However, regardless of any statements in Publication 502 to the contrary, expenses under this plan are treated as being "incurred" when you are provided with the care that gives rise to expenses, not when you are formally billed or charged, or you pay for the medical care. Also, no reimbursement will be allowed for any privately held insurance policies or long-term care expenses.

SAMPLE OF ELIGIBLE OVER-THE-COUNTER ITEMS*

Prescription Required

- Acne medications & treatments
- Allergy & sinus, cold, flu & cough remedies (antihistamines, decongestants, cough syrups, cough drops, nasal sprays, medicated rubs, etc.)
- Antacids & acid controllers (tablets, liquids, capsules)
- Antibiotics & antiseptic sprays, creams & ointments
- Anti-diarrheals
- Anti-fungals
- Anti-gas & stomach remedies
- Anti-itch & insect bite remedies
- Anti-parasitics
- Baby-care (diaper rash ointments, teething gel, rehydration fluids, etc.)

- Contraceptives (condoms, gels, foams, suppositories, etc.)
- Digestive aids
- Eczema & psoriasis remedies
- Eye drops, ear drops, nasal sprays
- First aid kits
- Hemorrhoidal preparations
- Hydrogen peroxide, rubbing alcohol
- Laxatives
- Medicated bandaids & dressings
- Motion sickness remedies
- Nicotine medications (smoking cessation aids)
- Pain relievers (aspirin, ibuprofen, acetaminophen, etc.)
- Sleep aids & sedatives

- Wart removal remedies, corn patches

No Prescription Required

- Braces & supports
- Contact lens solution
- Diabetic testing supplies & equipment
- Durable medical equipment (power chairs, walkers, wheelchairs, CPAP equipment & supplies, etc.)
- Home diagnostic (pregnancy tests, ovulation kits, thermometers, blood pressure monitors, etc.)
- Non-medicated bandaids, rolled bandages, dressings
- Reading glasses

NON-ELIGIBLE ITEMS*

- Aromatherapy
- Baby bottles & cups
- Baby oil
- Baby wipes
- Breast enhancement system
- Cosmetics
- Cotton swabs
- Dental floss
- Deodorants & anti-perspirants

- Dietary supplements
- Feminine care items
- Fiber supplements
- Fragrances
- Hair re-growth preparations
- Herbs & herbal supplements
- Hygiene products & similar items
- Low-carb & low-fat foods
- Lip Balm

- Medicated shampoos & soaps
- Petroleum jelly
- Shampoo and conditioner
- Spa salts
- Sun tanning products
- Teeth whitening treatments or products
- Toothbrushes or Toothpaste
- Vitamins & supplements without prescription
- Weight loss drugs for general well-being

*All items are examples

Important Information Regarding Over-the-Counter (OTC) Medications

Since January 1, 2011, OTC medications require a doctor's prescription to be eligible for FSA reimbursement.

As a result, OTC medications cannot be purchased using the mySourceCard unless dispensed by a pharmacy, the same as a standard prescription. If a manual claim is submitted for purchase of an OTC medication, a prescription receipt must be included with the claim in order to receive reimbursement.

Non-medicated OTC products (gauze pads, diabetes test strips, saline solution, etc.) are not affected by this change in the law.

Planning Expense Worksheet

This worksheet will help you determine the amount of money to contribute to your Medical FSA.

You may want to review last year's medical expense receipts.

Using these receipts and the worksheet, you can estimate the amount of dollars you wish to contribute.

Medical Expenses (These could include ...)	Amount Spent Last Year	Anticipated Amount This Year
Doctor visit co-pays	\$ _____	\$ _____
Deductibles	\$ _____	\$ _____
Dental Expenses (crowns, dentures)	\$ _____	\$ _____
Hearing Aids/Batteries	\$ _____	\$ _____
Nicotine Gum/Patches	\$ _____	\$ _____
Over the counter medicine (cold medicine, sleeping aids)	\$ _____	\$ _____
Prescription co-pays	\$ _____	\$ _____
Vision Care (eye exams, glasses, contact lenses, laser surgery)	\$ _____	\$ _____

TOTAL OUT-OF-POCKET EXPENSES: \$ _____

ROUND EXPENSES TO A WHOLE NUMBER: \$ _____

DIVIDE AMOUNT BY # OF PAY PERIODS: \$ _____

Filing for Reimbursement:

As you incur expenses not covered by insurance you will need to pay at the time of service then submit the enclosed claim form along with receipts and/or bills through mail, fax, or e-mail as follows:

CGI Business Solutions Claims Processing Department
 171 Londonderry Turnpike, Hooksett, NH 03106
 Fax: 603-232-9363
 E-mail: claims@cgibusinesssolutions.com
 Phone: 888-383-0088

To file a claim for reimbursement using your Benefits Card:

- Use your benefits card at eligible vendors including most pharmacies, doctors' offices and hospitals
- Swipe the card as you would a credit or debit card and sign for your purchase.
- Your Flexible Spending Account balance will be automatically adjusted.
- Submit receipts if asked to substantiate your claim, otherwise your claim will be processed automatically.

Be sure to check the enclosed "eligible medical expenses" and "eligible dependent care expenses" to make sure your expenses qualify for reimbursement. Most claims are processed and reimbursement checks sent out within one week. To access your account balance online go to www.cgibusinesssolutions.com and click on "My FSA/HRA".



Corporate Office:
171 Londonderry Turnpike
Hooksett, NH 03106
866.841.4600
www.cgibusinesssolutions.com

• Satellite Offices:
• Rutland, Vermont: 866.223.1140
• Scarborough, Maine: 207.730.7222
• Beverly, Massachusetts: 978.969.2269