

# Flexible Spending Accounts

Administered by FlexConnect -  
Insurance Coordinators of Montana  
Phone: 1-866-640-FLEX (3539)  
Website: [www.insurancecoordinators.com](http://www.insurancecoordinators.com)  
Email: [flex@icmont.com](mailto:flex@icmont.com)

Account Types	Annual Amount	Qualifying Expense Examples
Medical	Minimum: \$120 Maximum: \$6,000/Employee	Doctor visits, copays and deductibles, dental exams and services, eye exams, contact lenses and solution, glasses, chiropractic care, prescription drugs and insulin, hearing aids and exams.
Dependent Care	Minimum: \$120 Maximum: \$5,000	Day care centers (must comply with state and local law), babysitters, preschools, and general-purpose day camps.

**ATTENTION!**  
All claims must be received by Flex Connect by September 30 to be eligible for reimbursement.

## AT-A-GLANCE

### Who is Eligible

Active employees eligible for MUS benefits are eligible for the Flexible Spending Account (FSA) Program (Optional Reimbursement Accounts).

After your initial enrollment (within 31 days of hire), there are limited opportunities to change your election during the plan year. Contributions can only be changed if you experience a family status change such as:

- marriage
- divorce
- birth/adoption of a baby
- death of spouse/dependent child, or
- a change in employment status

**Important!**  
The change must be consistent with the change in family status. For example, new dependents warrant increasing a medical FSA, not decreasing it. The change must be made within 63 days of the qualifying event.

### How FSAs Work

Flexible Spending Accounts (FSAs) work very much like tax-favored savings accounts. You can enroll in a Medical FSA to pay for family medical expenses not covered by insurance and a Dependent Care FSA to pay for day-care expenses.

Expenses must be incurred during the plan year. This may or may not be the same time that you are billed or pay for the services or products.

You decide how much money you want to deposit in the FSA for the benefit year. That amount is then divided by 12 to determine the monthly election amount.

Your selected amount is deducted from your paychecks in equal installments, first from any unused employer contribution, and then from gross pay (before taxes) and deposited into your FSA.

After you have incurred a qualifying expense, you will file a claim with FlexConnect, who will then reimburse you for the claimed amount. FlexConnect processes claims daily. An expense is considered incurred when the services are provided.

### Use It or Lose It!

Any money not used for qualified expenses incurred during the plan year is forfeited. This is known as the "use it or lose it" provision of Section 125 of the IRS code. Therefore, be conservative and accurate when estimating expenses for the plan year.

The Medical and Dependent Care FSAs are separate accounts. If you enroll in both, you may not use funds deposited in the Medical FSA for dependent care expenses, or vice versa.

Left over employer contributions can be deposited in a medical flex account.

### Getting Reimbursed

To be reimbursed for qualified expenses, submit a claim form and expense receipt(s) (ex: Explanation of Benefits or day care provider receipt) to FlexConnect either by fax, email or mail at the address listed on the claim form. FlexConnect will send reimbursement within 3 days of receiving your expense claim. Forms are available on the FlexConnect website.

Sign up for claims rollover with Delta Dental - any amount remaining after Delta Dental processes your dental claim, can automatically be transferred to ICMI to process through your medical FSA!

### Tax Issues

Since you receive pre-tax treatment on the money you place in an FSA, you cannot claim the items reimbursed to you through an FSA on your tax return. On your tax return, non-FSA medical expenses are only deductible if they exceed 7.5% of your adjusted gross income. For most families, a Medical FSA provides more tax benefit. Please consult your tax advisor for more information.

Because day care expenses are typically much greater than predictable out-of-pocket medical expenses, Dependent Care FSAs typically generate the greatest tax savings.

**Important!**  
You must re-enroll each year to participate in a Flexible Spending Account.  
Enrollment is **NOT** automatic!

## Dependent FSA or Child Care Credit?

Generally, families with an adjusted gross income of \$28,000 or more will save more money with the flexible spending plan. However, you should check with your tax advisor concerning your circumstances. Any amounts reimbursed through the plan cannot be claimed through Child Care Credit.

## Will a Medical FSA Account Help You?

Medical FSAs may be used to reimburse out-of-pocket medical expenses (expenses not paid by insurance) which are allowed as medical deductions by the IRS on your federal tax return. The full amount you elect for the plan year is available at any time during the plan year, even though the full amount is not yet collected.

If you answer “yes” to any of the following questions, and you pay income taxes, a Medical FSA can save you money.

- Is anyone in your family planning on getting a hearing aid, contact lenses or glasses, or laser eye surgery?
- Do you expect to pay deductible, co-insurance, or copayments under your medical and prescription drug insurance plans?
- Is anyone in your family planning on noncosmetic orthodontia treatment during the next year?
- Are you or another family member due for a crown or bridge work which requires a 50 percent copay?

## Qualifying Health Care Expenses

For a list of qualifying health care expenses, refer to IRS Publication 502. Some examples include:

- Eye exams, contact lenses, glasses,
- Dental exams, cleanings, fillings, crowns, braces
- Chiropractic care
- Prescription drugs
- Hearing aids and exams
- Routine doctor visits
- Copays & deductibles

## Ineligible Health Care Expenses

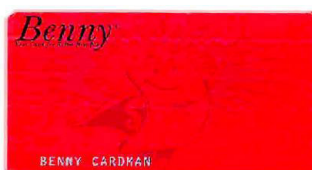
- Insurance premiums
- Warranties
- Service agreements
- Cosmetic procedures or products
- Health club dues
- Vitamins and herbs
- Over-the-counter medications

## Do You Qualify for a Dependent Care FSA?

The costs of child care and the care of dependent adults unable to care for themselves are very predictable. That predictability helps you determine how much money to put into a Dependent Care FSA. Under governing IRS statutes, the child care necessary for you and your spouse (if married) to work or attend school full time could be reimbursed from a Dependent Care FSA under the following circumstances:

- The amount to be reimbursed must not be greater than your or your spouse’s annual earnings, whichever is lower.
- A dependent child must be younger than 13 and dependent upon you for at least 50 percent of his/her financial support. Care may be provided either inside or outside your home, but may not be provided by anyone considered your dependent for income tax purposes, such as an older child.
- A dependent adult must be physically or mentally incapable of caring for himself or herself and must be dependent upon you for at least 50 percent of his or her financial support. Care may be provided either inside or outside your home. However, expenses outside your home are eligible only if the dependent regularly spends at least eight hours each day in your household.

Unlike the Medical FSA, Dependent FSA claims are reimbursed only after contributions have been deposited in the account.



## Qualifying Day Care Expenses

For a complete list of qualifying day care expenses, refer to IRS Publication 503. Some examples include:

- Day care centers (must comply with state and local laws)
- Baby-sitters
- Preschool (before Kindergarten)
- General-purpose day camps

## Ineligible Day Care Expenses

- Food or transportation
- Activity fees
- Education expenses (Kindergarten or higher)
- Overnight camps (including daytime portion)
- Private school tuition (Kindergarten or higher)

## Benny™ Debit Card

Participants in the Medical FSA may now choose to use a debit card to pay for services at the “point of sale”. FlexConnect provides the Benny™ Card to use with the medical flex account.

Keep your card!! It is reloaded at the beginning of the year with your new Medical FSA election amount.

When you use the debit card, the funds are automatically deducted from your Medical Optional Reimbursement Account. You are required to keep all itemized bills and/ or receipts. If the item cannot be automatically substantiated, FlexConnect may contact you for a copy of the receipt.

There is a \$10 set up fee for the card and **NO** monthly processing fee. In year one, the charge for use of the card will be \$10. Indicate your interest at the time of benefit enrollment or you may elect to get a card at any time during the year. The total annual charge for the card will be deducted from your flex account at the beginning of the plan year or at any other time you choose to get a card.

Log onto and view your account balance, claims, and deposit activity 24/7 on our website at: [www.insurancecoordinators.com](http://www.insurancecoordinators.com) for more information!

Fax, email or mail your claim forms to:  
FlexConnect  
Fax: 406-495-3669  
P.O. Box 2019, Helena, MT 59624