



Nye County Flexible Spending Account Overview 2016-2017 Plan Year

What is a Flexible Spending Account?

A Flexible Spending Account (FSA) is an employer sponsored benefit that enables employees to set aside pre-tax dollars to pay for eligible out of pocket health and dependent care expenses during the plan year. There are two types of FSAs: Healthcare (medical) and Dependent Care (childcare).

The Healthcare FSA is a pre-funded account that reimburses participants for out of pocket medical expenses for the costs of diagnosis, cure, mitigation, treatment, or prevention of disease affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness and not merely for general well-being. Participants have access to their full annual election amount at the beginning of the plan year regardless of the amount contributed to date. **The Nye County maximum annual election amount for Healthcare FSA is \$2,500.**

The Dependent Care FSA is a NON pre-funded account that reimburses you for out of pocket childcare expenses so you may be gainfully employed and your spouse gainfully employed, looking for work, self-employed or a full time student. Participants will only be reimbursed up to the amount that has been contributed to their account. **The maximum annual election amount for Dependent Care FSA is \$5,000 per household (\$2,500 if married, filing separately).**

Whose Medical/Dependent Care Expenses Can You Include?

Qualifying medical expenses can be incurred by yourself, your spouse and anyone claimed as a dependent on your federal income tax return, even if they are not covered by your medical coverage.

Qualifying dependent care expenses include expenses for your dependent children under age 13 and/or a person of any age whom you claim as a dependent on your federal income tax return and who is physically or mentally incapable of caring for themselves.

How Do I Enroll in a Flexible Spending Account?

Employees are required to enroll in the flexible spending accounts each year during your employer's open enrollment period. Employees will need to determine an annual election amount to set aside into their Healthcare/Dependent Care FSA. This annual election amount will be deducted evenly out of each pay check on a pre-tax basis. **The 2016-2017 plan year will begin July 1, 2016, and will end June 30, 2017.**

It's very important to make a knowledgeable decision regarding the amount you set aside for your FSA. You only want to set aside dollars you know that you will spend within your plan year. You are not allowed to make any changes after the plan year starts unless you have a change of status such as: Birth, death, adoption, marriage, divorce and loss or gain of coverage.

Money left in the account at the end of the claim submission period cannot be refunded to you. This is referred to as the use-it or lose-it rule.

What Are The Advantages of a Flexible Spending Account?

Under Section 125 of the Internal Revenue Code, amounts contributed to an FSA are not subject to federal tax, state income tax or social security tax. Employees who participate benefit by reducing their taxable income in order to increase their level of "take-home" pay. The average savings is approximately 25% – 30%.

Example:

Bob earns \$36,000 annually and has out of pocket costs for deductibles and co-pays on his medical & dental plans.

<u>Without</u> Healthcare FSA:		<u>With</u> Healthcare FSA:	
Gross(taxable) Pay	\$36,000	Gross(taxable) Pay	\$36,000
Taxes @ 24.5%	-\$8,820	Pre-Tax Health Care Deduction	-\$2,400
Net Take Home	\$27,180	Taxable Pay	\$33,600
Out of Pocket Health Care Costs	\$2,400	Taxes @ 23.8%	-\$7,997
Spendable Income After Health Care Costs	\$24,780	Spendable Income After Health Care Costs	\$25,603

Bob has increased his take home pay by \$823 per year (approximately \$69 per month) by participating in a healthcare flexible spending account.

How Do I Submit A Claim?

You can submit a claim at any time during the plan year and run out period for eligible expenses that are incurred during the plan year. Per IRS regulations, **"Expenses are treated as having been incurred when you are provided with the health care or dependent care that gives rise to the expense and not when you are formally billed, charged or pay for the expense."** Dates of service must be incurred between **7/1/2016 – 6/30/2017** to be an eligible expense (Orthodontic treatment is an exception).

Claim forms must be submitted with an Explanation of Benefits (EOB) or an itemized statement from the provider that includes the following information:

- Provider name
- Patient name
- Service(s) received or item(s) purchased
- Date of service (date services were performed, not the date payment was made)
- Amount of expense incurred after insurance payment

**** Credit card/payment receipts are not acceptable forms of documentation.**

Reimbursement claims submitted without acceptable supporting documentation will not be processed and will be returned to member.

Claim forms are available from your Human Resources Department and are posted on the CDS Group Health website at www.cdsgrouphealth.com. Claim forms can be found by clicking the Members/Providers link. Complete the claim form, attach an Explanation of Benefits (EOB) or Itemized statement and submit to CDS Group Health:

Fax: 775-352-7266

Mail: P.O. Box 50190 Sparks, NV 89435-0190

Participants will have until **9/30/2017** to submit FSA reimbursement claims for the 2016-2017 plan year.

Participants may also log in to our website to see available balances and FSA activity.

Healthcare Spending Account – Eligible Expenses Include: (check your Summary Plan Document for details and limitations.) Medical expenses are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Expenses that are merely beneficial to one's general health are not expenses for medical care. In some cases, you may be asked to provide a letter of medical necessity or a prescription from your attending physician to substantiate your claim(s).

****A list of FSA Eligible/Ineligible items can be found on our website by clicking on the "Inquiry" then "Links" section once registered and logged in.**

Services by an M.D. or licensed practitioner when medically necessary, including:

- Anesthesiologist
- Dermatologist
- Obstetrician
- Optometrist
- Pediatrician
- Psychiatrist
- Surgeon
- Acupuncturist
- Chiropractor
- Midwife
- Ophthalmologist
- Osteopath
- Podiatrist
- Psychotherapist

Medical/Hospital Services and other fees such as:

- Diagnostic services
- Office co-pays/deductibles
- Over-the counter drugs, medicines, vitamins, supplements (***requires prescription**)
- X-Rays and radiological services
- Nursing services for specific medical ailments by an RN or LPN who is not related to employee
- Services of physical, speech or occupational therapy
- Laboratory fees
- Prescription drugs
- Vaccinations
- Orthotics
- Massage (***requires a letter of medical necessity**)

****NOTE:** Letters of medical necessity or prescriptions from a licensed physician are good for one year unless otherwise specified.

Dental, Vision & Hearing:

- Co-pays and deductibles
- Orthodontics
- Prescription glasses and contacts
- LASIK, Laser, RK or PRK Surgery
- Hearing aids and care (including batteries)

Healthcare Spending Account – Ineligible Expenses Include:

- Athletic or Health Club Membership
- Cosmetic procedures and/or surgeries
- Any illegal treatment
- Prepayment for services
- Dancing or ballet, even when recommended by physician
- Insurance Premiums
- Weight reduction programs for general well-being
- Teeth bleaching or whitening
- Marriage counseling
- Toiletries and sundry items (such as toothpaste, shaving cream, deodorant, shampoo, makeup, etc.)
- Warranties

Dependent Care Account – Eligible Expenses Include:

- Before and after school care
- Preschools
- Day care centers
- Day camps (including summer and holiday)
- Registration and application fees
- Au pair or nanny

Dependent Care Account – Ineligible Expenses:

- Kindergarten Tuition
- Overnight camps
- Prepayments
- Late payment fees
- Incidental expenses such as meals, activity charges, supply fees, equipment fees, uniforms (when charged separately from care.)

For further information regarding eligible dependent care expenses please visit:

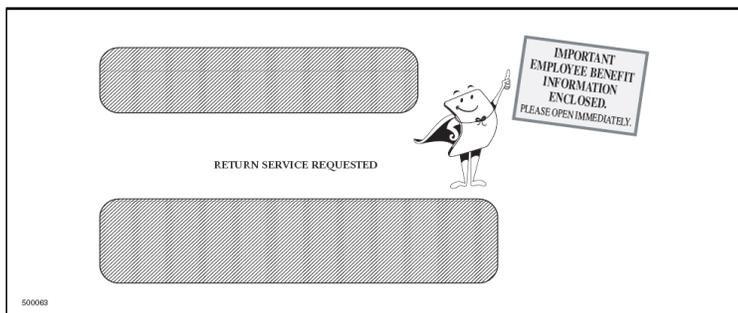
<http://www.irs.gov/pub/irs-pdf/p503.pdf>

What is the Benny Card?

Your Benny card is a prepaid MasterCard that is loaded with the value of your annual healthcare FSA election amount. The card is then used, instead of cash, to pay for qualified healthcare expenses. Dependent care amounts will only be loaded as they are contributed. Please note that not all dependent care providers accept the Benny card.

Simply swipe Benny[®] each time you incur a qualified expense at locations that accept MasterCard or debit cards and the amount of your purchase will be deducted from your FSA – automatically. You can also fill in your card number on bills you receive from providers to pay the amount you owe. The card is good for five (5) consecutive years before needing replacement - even if you don't elect to participate in each of those five (5) years. Remember, the card will not work at gas stations or restaurants—only at healthcare and some dependent care related providers.

If you enroll this year and are new to FSA/Benny, you will receive 2 Benny prepaid benefits cards at your home address for you and your family members to use. The cards will arrive in a special envelope that looks like this-- so please don't throw it out!



****If you currently have a Benny card please do not throw it away. Your card will automatically be loaded with your new annual election amount.**

IMPORTANT:

You will be asked to substantiate purchases charged on your Benny card for any amount. It is required by the IRS to verify that all expenses are eligible and funds are being used for eligible services within the plan year dates only. If any charges fall outside the plan year service dates or charges are ineligible, the amount that was charged will be required to be paid back to the plan or suspension of the Benny card will occur.

What is Considered Proper Documentation for Reimbursement for Benny Card Substantiation Requests?

Explanation of Benefits (EOB) or an itemized statement from the provider that includes the following information:

- Provider name
- Patient name
- Service(s) received or item(s) purchased
- Date of service (date services were performed, not the date payment was made)
- Amount of expense incurred after insurance payment

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