

# Flexible Spending Account (FSA)

## Frequently Asked Questions

### General Questions

#### **Q. How much can I set aside in the Flexible Benefit Plan for UCC Ministries (FSA)?**

A. The maximum that can be deferred to the FSA for the 2018 calendar year is \$2,650 for medical expenses and \$5,000 for dependent care.

#### **Q. Why is it important for an employee to carefully select the amount of deferral to the FSA?**

A. First, an accurate estimate of expenses assures maximum savings, so estimating too little does not take full advantage of the FSA. Second, the Federal "use it or lose it" rule requires that any amount over \$500 remaining in the medical reimbursement account after December 31 be forfeited. There is a 2.5-month grace period for dependent care expenses.

#### **Q. Do pre-tax deferrals that are deducted from salary and contributed to the FSA Plan affect the salary basis on which the employer calculates the amount contributed to the Annuity Plan?**

A. Pre-tax contributions to the FSA do not affect the salary basis that the employer uses to calculate the contribution made to the Annuity Plan; they do not lower the contributions payable to the member's Annuity Plan account. The salary basis reported to the Pension Boards is the amount before FSA contributions are deducted. When filing taxes, the pre-tax FSA contributions should not be included in the gross salary reported on the W-2, which reduces the federal income tax and the FICA tax that are due.

#### **Q. Is the cost of over-the-counter (OTC) medications covered by the FSA Plan?**

A. Under the Affordable Care Act (ACA), the cost of over-the-counter medicines cannot be reimbursed from the FSA Plan unless the medicine is prescribed. **Therefore, the Flexible Benefit Plan for UCC Ministries is not permitted to reimburse participants for expenses incurred for over-the-counter items purchased without a prescription.**

#### **Q. Can new employees join during the year?**

A. Yes. However, the new employee must enroll and make a salary election before the medical or dependent care expenses can be covered by the FSA.

#### **Q. What if an employee leaves employment after being reimbursed their full FSA amount but before a similar amount is withheld from salary?**

A. While this will cause a loss to the Plan there will be some employees who do not use all of their deferrals, thus helping balance the Plan.

**Q. Will the employer incur any administrative fees once the employees are enrolled in the FSA Plan?**

A. Employers will be billed a \$12 monthly administrative fee for FSA Plan employees who are not participants in the UCC Health Plan. There is no administrative fee for employees who participate in the UCC Health Plan.

**Q. May an administrative fee be withheld from the employee's pre-tax salary?**

A. No, only contributions to the employee's FSA can be deferred from pre-tax salary.

## **Claims Questions**

**Q. When is the deadline to submit claims for expenses incurred by December 31?**

A. The last day to submit claims is **March 31** of the following year.

**Q. How do I submit a claim for expenses incurred in 2017?**

A. You may submit a claim **no later than March 31, 2018**:

- by mailing, faxing, or emailing a paper claim form with receipts/itemized bills to

**Jennifer Miller**  
National Associates  
22720 Fairview Center Drive, Ste. 100  
Fairview Park, OH 44126  
Phone: **440.333.0222, ext. 6236**  
Fax: 440.333.0221  
Email: **jmiller@nationalassociates.biz**  
*or*

- online, at the **Superadmin** website.

**Q. How do I submit a claim for expenses occurred in 2018?**

A. You may use your Highmark debit card; submit claims by logging in to [www.highmarkbcbs.com](http://www.highmarkbcbs.com) and clicking on the Spending tab; or file a paper claim form. Visit [www.highmarkbcbs-fsa.com](http://www.highmarkbcbs-fsa.com) to learn more about the features of your FSA account.

**Q. What if my expense is greater than the amount in my FSA?**

A. It's always a good idea to check the balance first to see how much money is in your FSA. You can split the balance between two payment methods. Tell the person at checkout how much to apply to the FSA debit card, then provide another form of payment for the remaining amount.

**Q. What kind of documents do I need to upload as receipts?**

A. Not all receipts can be used. You can't use credit or debit card receipts, canceled checks or medical statements. Here is what the IRC allows:

- Copy of Explanation of Benefits (EOB) or Plan Activity Statement
- Copy of detailed receipts from the provider with the:
  - Date of service or purchase
  - Service type or product name
  - Amount charged to patient
  - Doctor or service provider name

Some products and services require a letter of medical necessity from a doctor, such as massage therapy, a diet or exercise program. (Members should always keep their original receipts.)

**Debit Card Questions****Q. What should I do if I lose my Highmark FSA debit card?**

A. Contact Highmark BCBS Member Service at **1.866.763.9471** to report a lost card.

**Q. Are debit cards reissued each year?**

A. No. You should keep your FSA debit card after the year ends and use it next year. Even if you don't participate in the FSA next year, you can use the card in future years if you elect to participate in the FSA again.

**Q. Am I required to use the four-digit FSA Debit Card Pin I received in the mail?**

A. The PIN is available for added security and is only necessary if you select the debit option when using your card. The PIN is not needed if you select the credit option when making a qualifying purchase.

**Q. How can I order a replacement card, or an additional card for my family member?**

A. Log in at [www.highmarkbcbs.com](http://www.highmarkbcbs.com) and click **Spending**, and then **Debit Card**; or call 1.800.763.9471.

**Q. If I have 2017 FSA funds remaining in 2018, can I use my card to pay 2017 expenses?**

A. You cannot use your debit card for run-out claims. You must submit a paper claim or a claim online.

**Q. Why do I need to keep my debit card receipts?**

A. You may be asked to provide a receipt to confirm your purchase was eligible. (See also Internal Revenue Requirements section for question about debit card receipts.)

**Q. Will I receive a new debit card next year?**

A. Please keep your current FSA debit card as you can use it in future years if you elect an FSA again.

## **Internal Revenue Requirements**

**Q. Are there special governmental rules for the FSA?**

A. Yes. Because of the special tax treatment of the FSA, the Internal Revenue Service has a series of rules that must be followed. We have arranged with an FSA administrative firm to assist in meeting these requirements and keeping the FSA operating within those rules.

- To qualify for reimbursement, expenses cannot be eligible for coverage through the UCC Medical and Dental Benefits Plan or other insurance.
- Before the start of each year or before the employee's salary is earned, the employee must file a written direction electing the amount of salary to be deferred for medical and/or dependent care expenses.
- FSA funding must come from an employee's salary deduction; it cannot be funded by employer contributions.
- Once an employee has made the election, the amounts cannot be changed unless there is a major change in the member's life. These include marriage, divorce, birth or death of a child, or change in spouse's employment status. Proof of status change must be provided.
- Deferrals placed in the FSA for medical expenses cannot be used to reimburse dependent care expenses and vice versa.
- Salary deferred to the FSA may only be used for expenses incurred during the year. Federal law requires that unused amounts (over \$500 for medical, all for dependent care expenses) after December 31 be forfeited.

**Q. Why do I need to send documentation of my expenses?**

A. The Internal Revenue Code (IRC) requires that you use your FSA only for eligible expenses. You may need to provide documents to prove that your medical claim is an eligible expense before you are paid back from your FSA. You can upload these receipts to your member website when you submit a claim, or when you get a request for documents.

**Q. Why did I get a letter asking for debit card receipts?**

A. The IRC requires that all transactions be verified. Usually, when you use your debit card to pay a medical expense, verification occurs automatically. But sometimes there's not enough information available through the electronic transaction to prove that the expense is eligible under your plan. That's when you receive a letter requesting additional information about your health expense purchase. You just need to respond by attaching a proper receipt or document to the claim. And it's best to do it quickly, as you will receive a follow-up letter if you don't

respond. Your debit card may be deactivated until the information is received, as all FSA plans require that expenses are verified to make sure they comply with the IRC. (See also Debit Card Questions section.)

**Q. What if I need more information?**

A. Please contact Member Services toll-free at **1.800.642.6543** or by e-mail at **[info@pbucc.org](mailto:info@pbucc.org)**.

Download a copy of these Frequently Asked Questions [here](#).

Download the brochure, [Flexible Benefit Plan for UCC Ministries: Information for Employers](#).

Download the booklet, [Highlights of Your Flexible Benefit Plan for UCC Ministries](#).