

Medica Direct® Flexible Spending (FSA) Frequently Asked Questions for Employees

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General Information

1. What are Flexible Spending Accounts (FSAs)?

Flexible Spending Accounts are designed to help you pay for health care expenses not covered under the medical plans offered through your employer, as well as expenses for dependent care. These accounts allow you to set aside pre-tax dollars to reimburse the out-of-pocket medical, dental, vision, and dependent care expenses incurred by you and your dependents.

2. What are the FSA Account Options?

Health Care Flexible Spending Account (Health Care FSA) and Dependent Care Flexible Spending Account (Dependent Care FSA)

3. What happens to my account if I terminate employment?

Reimbursement can only be requested for eligible medical and dependent care expenses incurred before the date of your termination, unless you qualify and elect COBRA continuation coverage to continue your health care spending account. If you terminate employment during the year and do not elect COBRA, you have 90 days to submit claims to your Flexible Spending Account. These claims must be incurred while you were an active employee.

4. What if I have more in expenses than I have contributed into my Flexible Spending Account?

The annual amount you have elected for the Health Care Flexible Spending Account is available to you at any time throughout the plan year. The amount available for reimbursement from your Dependent Care Flexible Spending Account is limited to the balance in the account available at the time of claims submission, or your year-to-date payroll contribution.

If your expenses are more than your FSA elections, you will need to pay these out-of-pocket. You can only change your FSA elections with a qualifying event.

5. What if I do not have medical coverage through Medica? Can I still participate in the Health Care and Dependent Care Flexible Spending Accounts?

You can still participate in the Flexible Spending Accounts. The purpose of these programs is to cover expenses not covered by your medical and/or dental plans and to cover dependent care expenses. With careful planning, a Health Care FSA can be a cost-effective alternative to cover unreimbursed medical expenses.

If you enroll in the option, you will receive a Welcome Packet with specifics on how to file a claim, sign up for Direct Deposit, etc.

6. What happens if I still have money in my FSA account at the end of the year?

Make sure you review your estimated expenses carefully. You do not receive a refund of your contributions if you do not use all of your funds contributed to your FSA account. The IRS requires you to use all of the money in your spending account(s) to reimburse yourself for eligible expenses you incur during the plan year. Any money left unspent in your account(s) at the end of a plan year must be forfeited. Therefore, it is important that you estimate your FSA contributions carefully before you make your election. To enable you to use your account(s) for expenses you incur at the end of the plan year, you will have an additional run out period into the following plan year to submit claims incurred prior to the end of the initial plan year.

Plan Year	Incurred Period	Run Out Period
January 1 – December 31	January 1 – December 31	Generally March 31 st

7. What is the maximum amount I can contribute to each Flexible Spending Account?

These amounts are determined by your employer, but the IRS has a limit of \$5,000 per year for Dependent Care FSA elections. Check with your employer for details on dependent care accounts for families filing separate returns, etc.

8. If I am a FSA only member with no medical coverage with Medica, do I have to use my SSN on my claim form?

No, you can call Medica Customer Service at 952-945-8000 and ask for your alternate ID number which can be used on your claim form for processing.

9. How can I get a check reissued?

Call Medica Customer Service if you have a stale dated or a lost check and they will send you a lost check agreement to complete. Your employer will also need to sign verifying that the check has not been cashed. The employer will then fax or mail lost check agreement to Medica Direct for processing.

Health Care Flexible Spending Account

10. What is a Health Care Flexible Spending Account (Health Care FSA)?

A Health Care Flexible Spending Account (Health Care FSA) allows you to set aside pre-tax dollars for health care expenses not covered by your insurance. You may use your Health Care FSA to be reimbursed for health care expenses incurred by you and your dependents that are not reimbursed by a health care plan.

In general, health care expenses that can be reimbursed under this plan include amounts paid towards the diagnosis, cure, treatment or prevention of disease or for the purpose of affecting any structure or function of the body.

You designate an amount of money to be withheld from your paycheck and “pay yourself back” when you file a claim. This election is made once a year and cannot be changed without a qualifying event.

11. What are some expenses that are eligible for reimbursement under the Health Care FSA?

Some of the most commonly reimbursed expenses are: deductibles, copays and coinsurance amounts from the medical insurance plan, prescription drug copays, approved over-the-counter medications, dental expenses, orthodontic expenses for adolescents, vision expenses (including glasses, contacts, contact supplies & prescription sunglasses), laser eye surgery, hearing exams, hearing aids and batteries.

Your employer has a list of eligible over-the-counter expenses that you may want to refer to prior to making your FSA elections.

For a complete list of eligible expenses, please refer to IRS publication 502 <http://www.irs.gov/pub/irs-pdf/p502.pdf>

12. What are some expenses that are not eligible for reimbursement under the Health Care FSA?

Cosmetic procedures of any kind, and supplies (even if prescribed by a doctor), orthodontics for adults (without a letter of medical necessity) and insurance premiums.

For a complete list of eligible and ineligible expenses, please refer to IRS publication 502 <http://www.irs.gov/pub/irs-pdf/p502.pdf>

Should you have specific questions, please ask your HR department. They can work with Medica Direct to provide you an answer.

13. What if I am also enrolled in a Health Savings Account?

If you are enrolled in a Health Savings Account (HSA), your FSA claims are limited to vision and dental expenses under the Medica Direct plan.

If you have a Health Savings Account, but are no longer making contributions, your FSA claims are not limited by the HSA.

14. How do I file a claim?

To file a claim, you may complete an FSA Claim Form and attach your health care and or dependent care receipts that include the date of service, total charge, name of the provider, quantity (e.g. drugs) and a description of the item/service. Forms are available at www.medica.com under Quick Links (Medica Direct sign-on). Login and visit the FAQ/Forms sections. Additionally, forms will be included in the enrollment materials that are mailed to your home address following enrollment.

You can always submit claims manually using the FSA claim form. The FSA administrator will check for duplicate claims to ensure that claims rolled over automatically from the health plan are paid once.

If you have elected auto-crossover from the health plan, your claims will automatically flow to your FSA.

15. How often can I submit reimbursement requests?

Claim requests can be submitted at anytime. Reimbursement requests need to be submitted at least 5 business days prior to the check processing dates. Remember that your FSA claims may not process weekly. Check with your employer for your check processing schedule and frequency.

16. How are orthodontic expenses eligible for reimbursement under the Health Care Flexible Spending Account?

Orthodontic claims can be reimbursed as they are incurred, or in full if you pay for the entire amount of treatment when services begin. With your first request, you will need to submit a copy of the Truth in Lending Statement or your contract itemizing the treatment period, down payment, and, if applicable, monthly payment. For monthly payments you will submit a copy of your monthly payment coupon or itemized bill each time you request reimbursement for ongoing treatment.

17. Can health care providers be paid directly from the Health Care Flexible Spending Account?

No. Reimbursement can only be made to the employee. Employees are responsible for remitting payment to their health care providers.

18. What happens if I need to change my Health Care FSA election mid-year?

IRS regulations do not allow you to stop, start, or change your contributions at anytime during the plan year UNLESS you experience a qualified change in family status. Examples include marriage, divorce, birth, adoption, or a change in your or your spouse's employment status. Please keep in mind that the election change must be consistent with the event.

Dependent Care Flexible Spending Account

19. What is a Dependent Care Flexible Spending Account (Dependent Care FSA)?

Dependent Care FSAs allow you to set aside pre-tax dollars for work related daycare expenses for eligible children or adults. You designate an amount of money to be withheld from your paycheck and “pay yourself back” when you file a claim. To qualify, your dependents must be:

- under the age of 13, or
- a child, spouse, or other dependent who is not capable mentally or physically to care for themselves; that person must spend at least 8 hours a day in your home.

20. Can daycare providers be paid directly from the Dependent Care Flexible Spending Account?

No. Reimbursement can only be made to the employee. Employees are responsible for remitting payment to their dependent care providers.

21. How do I submit a claim?

Claim forms are available at www.medica.com under Quick Links (Medica Direct sign-on). Please complete the form and don't forget to sign it before you send it via US mail or by fax to Medica Direct.

You can submit claims at any time during the year, and there is no limit to the number of claims you can submit. Please check your FSA plan document for claim filing deadlines.

22. What if I currently take the dependent care credit on my annual income tax return?

Depending on your personal tax situation, it may be more beneficial to participate in the Dependent Care FSA rather than taking the current income tax credit. However, please check with your tax advisor to determine which option is best for you.

Once you make your annual elections, you cannot change them without a qualifying event.

23. What happens if I need to change my Dependent Care FSA election mid-year?

IRS regulations do not allow you to stop, start, or change your contributions at anytime during the plan year UNLESS you experience a qualified change in family status. Examples include marriage, divorce, birth, adoption, or a change in your or your spouse's employment status. Please keep in mind that the election change must be consistent with the event.