



## Flexible Spending Accounts



### Health Care and Dependent Care Flexible Spending Accounts

Discovery Benefits, Inc.

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Option 1, 1

#### Plan Description

You have access to a Flexible Spending Account (FSA) which allows you to pay for certain health care and child care expenses with pre-tax dollars. FSA's may allow you to save money as contributions to the accounts are deducted from your wages before Federal, State and retirement deductions are calculated.

The FSA funds can be accessed in two ways. You can pay your providers out of pocket and submit for a reimbursement or you also have access to a Benefits Debit Card. This card can be presented to participating merchants and the transaction is completed at the point of sale. You should save debit card receipts in the event you need to substantiate the expenditure with Discovery Benefits, Inc. The amount of savings you may derive from participating in a Flexible Spending Account will depend on your income, your tax bracket and the amount of money that is withheld from your pay on a pre-tax basis.

**Note:** Health Care Reform extends medical FSA reimbursement to your adult children up to age 26. Only your "qualified" federal tax dependents are eligible for reimbursement of expenses under a FSA dependent care account. Your pre-tax contributions are deducted in equal amounts from

your pay either on a 9-month or 12-month basis. If you are on a Faculty Transitional appointment, deductions will occur on a 4-month or 5-month basis.

*Consult your tax advisor if you have questions about participation in the Flexible Spending Accounts.*

#### General IRS Guidelines

FSA's are governed by the IRS and certain rules apply in order for you to enjoy the potential tax savings.

- Elections must be made prior to the beginning of each plan year and/or your effective date. The FSA plan year is a calendar year and begins each January 1 and ends December 31. Eligible expenses must be incurred during this time frame to be eligible for reimbursement. The IRS definition of "incurred" refers to the date the service is provided regardless of when you are billed or when you pay for it. You are required to re-enroll in an FSA each Open Enrollment period to continue participation in the next plan year.
- If you do not use all of the money in your Health Care or Dependent Care Spending Account for eligible expenses incurred in the same plan year, you will lose any unused dollars at the end of the year.
- IRS guidelines do not allow you to transfer money from one spending account to another. They consider these separate accounts. Carefully consider how much money you need in each account and set aside only the money you need for incurred expenses during the calendar year.
- You are not permitted to make lump-sum contributions to your spending accounts. Your

contributions must be made through payroll deduction.

- There is a deduction limit for FSA's which restrict taxable income from being taken below minimum wage as a result of salary reduction.
- It is important to note that you cannot take the federal tax credit or tax deduction for dependent care or health care expenses reimbursed by your FSA.

*Please consult your tax advisor before determining if participation will benefit you or if taking the tax deduction or tax credit on your tax return is more effective.*



### Enrollment and Administrative Fees

#### New Hire/ Newly Eligible

**Initial Enrollment** — You must enroll within 30 days of your eligibility date. This initial enrollment is only applicable until the end of the current calendar year. Benefit elections are generally effective the first of the month following your hire/change date. Flexible Spending Account (FSA) contributions are deducted in the month of coverage.

If you are hired or become eligible after the first of the year, contributions will be deducted in

equal amounts from your remaining paychecks.

### Benefits Open Enrollment — New Calendar Year

FSA's do not automatically continue from year to year. You must re-enroll each benefits Open Enrollment period to have an account(s) for the next calendar year. During the annual benefits Open Enrollment period, you must decide whether to participate in a Flexible Spending Account for the following calendar year.

### Mid-Year Qualifying Events

Plan your contributions carefully for the entire calendar year, as mid-year changes are subject to restrictions. Election changes are allowed only in the event of a qualifying event as defined by the IRS, examples include:

- Marriage
- Divorce
- Common Law Marriage
- Birth or adoption of a child
- Death of an eligible dependent
- Certain changes in your employment status
- Change of dependent care giver (dependent care account)
- Child turns 13 (dependent care)

If you have a status change during the plan year, you may be allowed to make a change in your benefit election that is consistent with the reason for the change. Complete the requested election change in the CSU Online Benefits Enrollment System within 30 days of the qualifying event. If approved, it will be effective the first of the month following the qualifying event date. Changes due to birth or adoption are effective with the date of birth or placement date for adoptions.

### Administrative Fee—paid by CSU

Colorado State University will fund the monthly administrative on your behalf.

## Health Care and Dependent Care Account Features

There are two types of accounts that

## Eligible Health Care Expenses

- Acne medicine (covered with medical diagnosis prescribed by a medical practitioner)
- Acupuncture
- Alcoholism treatment
- Ambulance service
- Antifungals (including Monistat, Gyne-Lotrimin, and any other anticandidal product)
- Band aids
- Birth control pills
- Braille books and magazines
- Breast pump rental or purchase (with letter of medical necessity)
- Car controls for the disabled
- Chiropractic care
- Condoms
- Contact lenses and solutions
- Cosmetic surgery (medically necessary—due to birth defects, accidents)
- Crutches
- Dental fees
- Dental implants
- Dental plan deductibles or copayments
- Dermatologists
- Diagnostic tests
- Doctor's fees
- Durable medical equipment (with prescription, letter of medical necessity and treatment plan)
- Enemas
- Equipment for the disabled
- Health club membership (with letter of medical necessity and proof of new membership)
- Hearing aids and batteries
- Hearing exams
- Hearing treatment
- Hospital services (excluding phone and TV)
- Immunizations
- Injections
- Insulin
- In vitro fertilization
- Lab fees
- Laboratory and x-ray deductibles or copayments
- Medical nursing home services
- Massage therapy (with prescription and letter of medical necessity and treatment plan)
- Medical plan deductibles or copayments
- Midwife
- Mileage to and from medical services (documentation required)
- Muscle or joint pain ointments
- Nicotine gum or patches (for stop-smoking programs)
- Nursing services
- Ocular vasoconstrictor (such as Visine)
- Optometrist fees
- Ophthalmologist fees
- Organ transplants
- Orthodontic treatment
- Orthotics
- Oxygen
- Physical exams
- Pedialyte for dehydration
- Periodontal fees
- Physical therapy
- Pregnancy test—over the counter
- Prenatal care
- Prescription drug copayments
- Prescription drugs (dispensed by a pharmacist)
- Prescription eyeglasses (excluding sunglass clips)
- Psychiatric fees, Psychologist fees and Psychotherapy (with medical diagnosis)
- Radial Keratotomy, PRK, Lasik
- Reading glasses
- Saline solution
- Services for diagnosed severe learning disabilities
- Special schools for the disabled
- Sterilization
- Substance abuse treatment
- Sunburn ointment
- Sunscreen (covered with medical diagnosis prescribed by a medical practitioner)
- Surgery
- Telephone for the deaf or hearing impaired
- Therapy for mental/nervous disorders
- Transportation for medical care
- Vaccinations
- Vision plan deductibles or copayments
- Vitamins (covered with medical diagnosis prescribed by a medical practitioner)
- Wart remover treatments
- Weight loss program/drugs (must be prescribed by a doctor with a specific IRS-approved diagnosis)
- Wheelchairs
- X-ray fees

The following over the counter expenses require a written prescription from a medical practitioner.

- Antidiarrheals
- Antiemetics (for treating nausea and vomiting including motion sickness medications)
- Analgesics (all pain relievers)
- Anti-inflammatories (including ibuprofen)
- Antacids
- Antibacterials (including creams, ointments, sprays)
- Antihistamines (for allergies and colds)
- Calamine lotion and other bug bite medications
- Chapstick or lip balm (medicated)
- Cold remedies
- Cough suppressants and expectorants
- Decongestants
- Diaper rash ointments
- Laxatives
- Menstrual cycle products for pain and cramps relief
- Nasal Spray
- Sinus medications (including nasal sinus sprays)
- Sleeping aids
- Suppositories and creams

For the most current and complete approved list of eligible expenses, refer to [IRS Publication 502](#)

## Non-Eligible Health Care Expenses

- Alcohol, caffeine and tobacco
- Baldness treatments
- Cosmetic surgery, procedures, services and products (non-medically necessary)
- Childcare classes
- Dancing lessons
- Dandruff shampoos
- Diaper service
- Electrolysis
- Electronic toothbrushes
- Expenses for a vacation (even if recommended by a doctor)
- Fiber supplements
- Fingernail or cuticle maintenance products
- Fluoride toothpaste
- Funeral services
- Hair transplants
- Herbal remedies
- Holistic drugs
- Illegal drugs (as defined by Federal law including medications procured from out of the country)
- Insurance premiums
- Lamaze classes
- Maternity clothes
- Moisturizers
- Nutritional supplements
- Rogaine (or similar products)
- Shaving creams or lotions
- Soaps
- Special diet supplements
- Swimming lessons
- Teeth bleaching or whitening, including products
- Veneers

**For the most current and complete list of non-eligible expenses, refer to IRS Publication 502 at [www.irs.gov](http://www.irs.gov)**

are offered and you may choose to participate in one or both of these Flexible Spending Accounts.

### Health Care Flexible Spending Account

The Health Care Flexible Spending Account is designed to help you pay for health expenses that are not covered by your basic health plans, including any deductible amounts you have to pay and co-pays or co-insurance amounts required by your insurance plans. Reimbursable expenses may also include expenses that may not be covered by your basic plans, for example, prescription eyeglasses and many over-the-counter drugs available at your local store or pharmacy provided that you obtain a written prescription from a medical practitioner.

To estimate how much you should contribute to your Health Care Flexible Spending Account, make a list of eligible medical, dental,

vision, hearing and over-the-counter expenses that you expect to incur during the plan year that are not covered by any insurance plan. A list of eligible and non-eligible expenses as well as a worksheet to estimate expenses can be found in this section. Complete the worksheet to see if participation makes sense for you.

If you decide to enroll in a Health Care Flexible Spending Account, you may deposit up to \$2,650 into the account each year. If you and your spouse or domestic partner both work at CSU and are eligible for the CSU Benefits Plan (Cost Share) Plan, each employee may contribute up to \$2,650 per year.

**Note:** Expenses that are reimbursed through your Health Care Flexible Spending Account are **not** tax deductible at the end of the year.

**Complete this worksheet to estimate the amount of pre-tax money you wish to contribute to your Health Care Account. Remember, it is important to conservatively estimate what your expenses may be; amounts remaining at year end are forfeited due to IRS regulations.**

| Eligible Health Care Expense Worksheet  | Estimates |
|---|-----------|
| • Medical and dental plan deductibles   | \$ _____  |
| • Medical, dental, vision, and prescription drug co-payments  | \$ _____  |
| • Routine physicals and immunizations   | \$ _____  |
| • Vision exams, prescription eyeglasses, contact lenses & saline solution   | \$ _____  |
| • Hearing exams and hearing aids  | \$ _____  |
| • Orthodontics (may be reimbursed when services are incurred, or by payment date. If requesting payment date, proof of payment is required.)                                | \$ _____  |
| • Other Expenses not covered by your medical, dental or vision plans.   | \$ _____  |
| • Eligible over the counter (OTC) drugs which a doctor's prescription has been obtained (maximum individual claim submission is 90 day drug supply per dependent per claim) | \$ _____  |
| (\$2,650 maximum) <b>Total</b>  | \$ _____  |



## Dependent Care Flexible Spending Account

The Dependent Care Flexible Spending Account is similar to the Health Care Flexible Spending Account, except it allows you to pay for eligible dependent day care expenses with pre-tax dollars. To decide whether a Dependent Care Flexible Spending Account is right for you, determine if you will incur eligible expenses. If you are paid 12 months out of the year you may not elect to have dependent care deducted for nine (9) months only. Generally, child and elder care companion services are eligible expenses. For the expense to be eligible, all of the following must be true:

Your dependent(s) must be:

- Under age 13 (stops on 13th birthday) or mentally or physically unable to care for him/herself.
- Spending at least eight hours a day in your home.
- Eligible to be claimed as a dependent on the employee's federal income tax return. Special rules may apply in divorced or separated situations.
- Receiving care when you are at work and your spouse is at work, searching for work, in school full-time, or is mentally or physically disabled and unable to provide the care.
- Receiving care provided in your home or outside your home by a

licensed day or elder care center or by babysitters or companions; this includes relatives, but excludes your dependent children under age 19.

**Note:** The caregiver must claim the wages you pay him/her on his/her income tax return for the year and you must be able to provide the tax identification number or Social Security Number of the provider when submitting a claim. When you file your personal income tax return, this same information will need to be reported on Form 2441.

If you decide to participate in a Dependent Care Flexible Spending Account, you may contribute up to \$5,000 into the account each year. However, if you and your spouse both work, the IRS currently limits your maximum contribution to a Dependent Care Flexible Spending Account as follows:

- If you file separate personal income tax returns, the annual contribution amount is limited to \$2,500 for you and your spouse.
- If you file a joint income tax return and your spouse also contributes to a Dependent Care Flexible Spending Account, your combined limit is \$5,000.
- If your spouse is disabled or a full-time student, special limits apply. Limits are defined in IRS Publication 503.
- If you and or your spouse earn less than \$5,000 combined, the maximum is limited to your combined earnings.

## Employment or Benefits Eligibility Ends

Your Flexible Spending Account will terminate on the date in which your active service stops, you cease to be in a class of employees eligible for coverage, you fail to make the required contribution, the plan is terminated, or the end of the plan year.

Any money left in your accounts when you terminate or lose benefits eligibility can only be used to reimburse you for eligible expenses incurred prior to the date your eligibility ends. You have 90 days from this date to submit for reimbursement from your account.

Employees enrolled in the Health Care Account may also be eligible for COBRA. If you are enrolled in the Health Care Account at the time your coverage would end due to a COBRA qualifying event, you have the right to continue coverage if there is a positive health care account balance at the time of the qualifying event. COBRA continuation coverage is only available for the remainder of the plan year in which the qualifying event occurs.

## Non-Eligible Dependent Care Expenses

- Transportation to and from the dependent care location
- Amounts you pay for child and dependent care while you or your spouse are off work because of illness (including maternity leave), injury, vacation, or leave of absence
- Summer sleep-over camps
- Full or half day kindergarten programs
- Fees for extracurricular classes, e.g., gymnastics, swimming, dance
- Boarding schools
- Nursing homes

**For the most current and complete list of non-eligible expenses, refer to IRS Publication 503 at [www.irs.gov](http://www.irs.gov)**

Complete this worksheet to estimate the amount of pre-tax money you wish to contribute to your Dependent Care Account. *Remember, it is important to conservatively estimate what your expenses may be; amounts remaining at year end are forfeited due to IRS regulations.*



| Eligible Dependent Care Expense Worksheet  | Estimates |
|--|-----------|
| <ul style="list-style-type: none"> <li>Nursery Schools and day care centers for pre-schoolers</li> </ul>                             | \$ _____  |
| <ul style="list-style-type: none"> <li>Individual providing care for your dependent inside your home or outside your home</li> </ul> | \$ _____  |
| <ul style="list-style-type: none"> <li>“Latch-key” programs for elementary school students under age 13</li> </ul>                   | \$ _____  |
| <ul style="list-style-type: none"> <li>Centers providing day care (not residential care) for adults</li> </ul>                       | \$ _____  |
| (\$5,000 Maximum) <b>Total</b>   | \$ _____  |

## Reimbursement Process

### Reimbursement Methods:

#### Benefits Debit Card

You can use your Benefits Debit Card to pay for eligible items/ services at the point of sale with participating merchants. Present your card to the cashier and the amount is deducted directly from your FSA balance. Make sure to retain a copy of an itemized receipt or EOB for substantiation purposes.

#### Online Claim Submission

You can make an out of pocket purchase and file a claim on the Discovery Benefits Consumer Portal. Once a claim is filed on the Discovery Benefits Consumer Portal, print the confirmation page you receive and submit to Discovery Benefits along with a copy of your itemized receipt or EOB.

#### Claim Submission

You can make an out of pocket purchase and file a claim using the Reimbursement Request Form or submitting electronically online

through a secure portal. Complete this form and submit to Discovery Benefits along with a copy of your itemized receipt or EOB.

All documentation to be submitted to Discovery Benefits can be sent via mail, fax or email or uploaded via your mobile device or computer. See contact information below:

Discovery Benefits  
3216 13th Avenue South  
Fargo, ND 58103  
Fax: (866) 451-3245

Email:  
[customerservice@discoverybenefits.com](mailto:customerservice@discoverybenefits.com)

#### Itemized Receipts

When submitting a health care reimbursement claim or substantiation documentation on a card charge, attach a fully itemized receipt that includes the date of service, type of service, and provider’s name and/or a copy of the explanation of benefits (EOB) statement provided by the insurance company.

## Over the Counter (OTC) Drugs

Claims for over-the-counter drugs must include the itemized cash register receipt attached to the claim form and a copy of the written prescription obtained from a medical practitioner.

You may be reimbursed up to your total annual contribution amount, regardless of how much you have contributed to the account year to date.

## Dependent Care Reimbursement Process

You can submit a Recurring Dependent Care Reimbursement Form to Discovery Benefits to be set up for automatic reimbursements throughout the plan year. This is a great feature because you will not need to continually submit claims for reimbursement.

You can submit dependent care reimbursement claims as needed by completing a claim form or submitting the receipts electronically through Discovery Benefits secure portal. If you are unable to provide an itemized receipt with the claim, please have your Dependent Care provider sign Section 2b of the Reimbursement