



# Frequently Asked Questions

## Flexible Spending Account

### Medical FSA basics

#### Q1: What is an FSA?

**A:** An FSA is a special account that allows you to set aside pretax dollars to pay for qualified medical expenses.

#### Q2: What is a qualified medical expense?

**A:** A qualified medical expense is a health care expense that is approved by the Internal Revenue Service. Some examples of qualified expenses are deductibles, coinsurance, copayments, and dental and vision services. Premiums for health and other insurance aren't eligible. Contact your benefit department for specifics of your plan.

#### Q3: How is HSA Bank involved with my FSA?

**A:** HSA Bank works with Blue Cross Blue Shield of Michigan to administer your FSA. However, HSA Bank is not involved in administering your health plan. Blue Cross will continue to process and pay your health care claims.

#### Q4: Who owns my FSA?

**A:** Your employer owns the FSA but the money is yours to use during the plan year.

#### Q5: Who is eligible for an FSA?

**A:** The only eligibility rule is being employed so pretax payroll contributions can be made.

#### Q6: Who can contribute to my FSA?

**A:** You and your employer, however, employers rarely contribute to employee FSAs.

#### Q7: Is there a limit on the amount I can contribute to my FSA?

**A:** The IRS maximum contribution limit for 2020 is \$2,750 this number generally increases by \$50 a year. However, your employer has the discretion to further limit the annual contribution amount.

#### Q8: Is there a deadline for reimbursement of qualified medical expenses?

**A:** Yes. The following options are available at your employer's discretion:

1. **Run-out period:** Your employer may choose to allow an extended period after the end of the plan year for employees to file claims for expenses.
2. **Carry over or grace period:** Your employer may choose to offer carry over or a grace period, but not both.
  - Carry over allows employees to take up to a maximum of \$550 of unused funds into the next plan year, however, amounts above \$550 will be forfeited. The carry-over maximum generally increases by \$50 each year.
  - A grace period gives employees two and a half months after the end of the plan year to use funds on new plan year expenses.
3. **Use it or lose it:** Money in your FSA not spent by the end of the plan year will be forfeited back to your employer.

### Q9: What happens to my FSA if I leave my job or retire?

**A:** If you leave your job or retire, any balance is forfeited to your employer.

### Q10: Can I use my FSA for my children's qualified expenses?

**A:** Yes. Your FSA can be used for qualified medical expenses of any family member who qualifies as a dependent on your tax return.

### Q11: Can I use my FSA for nonmedical expenses?

**A:** No. Funds can only be used for qualified medical expenses.

### Q12: How can I get reimbursed for qualified expenses?

**A:** You can submit claims through your Blue Cross member account at **bcbsm.com** or the Blue Cross mobile app. Once the proper forms and receipts have been submitted, you can elect to be reimbursed by direct deposit to your linked personal bank account or to receive a paper check at no charge.

### Q13: What do I submit to get FSA reimbursement for an orthodontic claim?

**A:** You need to submit a copy of the contract specifying start date, length of treatment and total cost.

### Q14: How often can I request reimbursements?

**A:** FSA reimbursements can be requested as often as a qualified expense is incurred during the plan year and before the end of the run-out period or grace period, if these options are applicable.

### Q15: How quickly will I get reimbursed?

**A:** FSA reimbursements are usually made within five to seven business days of receiving your completed reimbursement request form and necessary documentation.

## Dependent-care FSA

### Q1: What is a dependent-care FSA?

**A:** A dependent-care FSA is a special account that allows you to set aside pretax dollars to pay for qualified dependent-care expenses.

### Q2: What expenses can be paid with a dependent-care FSA?

**A:** A dependent-care FSA can be used to pay for dependent care that allows you and your spouse to work, look for work or attend school full time. Examples of qualified dependent care expenses include:

- Fees for licensed day care or adult care facilities
- Amounts paid for babysitters or nursery school
- Payment for before- and after-school care programs
- Payment to a relative for the purpose of child care
- Summer day camp

**Note:** Dependent-care expenses aren't reimbursable if the caregiver is a spouse, someone you can claim on your federal income taxes or a child under age 19.

### Q3: What expenses can't be paid with a dependent-care FSA?

**A:** Examples of expenses that don't qualify for payment with a dependent-care FSA include:

- A baby sitter hired for reasons other than to allow you or your spouse to work. For example, a baby sitter hired for dinner after work hours.
- Fees for activities such as music lessons, sports teams or field trips
- Overnight camp
- Tuition for private school or boarding school
- Child support payments

#### Q4: Who qualifies as a dependent?

- A: Your dependent-care FSA can be used to reimburse qualified expenses for:
- Dependents claimed on your federal income taxes
  - Dependents under age 13
  - Dependents of any age who are mentally or physically incapable of self care

#### Q5: Under what circumstances does a dependent-care FSA cover care for elderly relatives?

- A: Your dependent-care FSA can be used to cover elder care that allows you or your spouse to work, look for work or attend school full-time. The person receiving care must be mentally or physically incapable of self care, and you must be able to claim them as a dependent on your federal income taxes and pay for more than half of their living expenses.

#### Q6: How does reimbursement from a dependent-care FSA work?

- A: You can only be reimbursed for qualified dependent-care expenses that fall within your current account balance. As funds become available in the account, the accumulated balance can be used for qualified expenses. Funds can only be used for qualified dependent-care expenses in the year they were contributed.

#### Q7: Does a dependent-care FSA offer a grace period or carry-over option?

- A: Yes, if your employer offers these options as a part of your benefits.
- A grace period gives you two and a half months after the end of the plan year to use funds for the current plan year.
  - Carry over allows you to rollover a maximum of \$550. This maximum generally increases by \$50 each year.

If these options are available, you may use one, not both.

#### Q8: How much can I contribute to a dependent-care FSA?

- A: The IRS limits contributions as follows:
- You must have earned income for the year in which you contribute to the account.
  - A minimum contribution limit can be established by your employer.
  - The maximum contribution is \$5,000 per household.
  - If a married couple files income taxes separately, they each can contribute \$2,500 annually.

#### Q9: If I use a dependent-care FSA, can I still take a dependent care tax credit?

- A: If you take a child or dependent-care tax credit on your federal income tax, it can only be over and above your annual dependent-care FSA contribution amount (limited to \$3,000 for one dependent or \$6,000 for two or more dependents). See IRS Publication 503 – Child and Dependent Care Expenses for specific rules.

## Tools and resources

#### Q1: Can I access my FSA online?

- A: Yes. You can access your FSA information through your Blue Cross member account.
1. Log in to your member account at **bcbsm.com**. First-time visitors will need to register.
  2. Click *My Coverage*.
  3. Click *Spending Account* from the drop-down menu.
  4. Click on the *Go to your health spending account* link. This will take you to the HSA Bank member site.

## Q2: Is there a debit card?

**A:** Yes, FSA and dependent care FSA debit cards are available.

## Q3: What other resources are available?

**A:** You can access your account information from the Blue Cross mobile app following these steps:

1. Search BCBSM in Google Play™ or the App Store® to get our mobile app.
2. Log in. First-time visitors will need to register.
3. Tap *My Coverage*.
4. Tap *Spending Accounts*.

## Q4: Who do I contact if I have questions about my FSA?

**A:** Call HSA Bank Customer Contact Center at 1-877-848-0238 for questions specific to your FSA. If you have questions about your Blue Cross coverage, call the Customer Service number on the back of your Blue Cross ID Card.

The information in this document is intended as an educational tool only, not as legal advice. Consult your legal advisor if you have questions about federal laws pertaining to FSAs.

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