HealthPartners®

Flexible spending account (FSA) or other reimbursement account

Frequently Asked Questions

Check out these frequently asked questions to learn more about Flexible Spending Accounts (FSAs) and other reimbursement accounts.

Employees can visit **healthpartners.com/myfsa** for help on how to use their account.

Q What is a flexible spending account (FSA) or reimbursement account?

A A healthcare FSA and other reimbursement accounts are a benefit you sponsor for your employees. They let your employees set aside money from their salary before taxes are taken out. This lowers the pay they're taxed on and the taxes they owe, which increase their take-home pay. Then, they can use the pre-tax money to pay for eligible expenses like:

- Health care
- Vision and dental care
- Dependent care
- Transportation and parking

The type of reimbursement account an employee has determines what expenses are eligible. For example, they might be able to use the account for out-of-pocket medical expenses with a healthcare FSA, or for child care needs with a dependent care account. Depending on their health plan and what spending accounts you offer, employees could have more than one account.

Q Who can offer an FSA or other reimbursement account?

A In most cases you can offer an account to your employees. Generally, self-employed individuals, partners and some subchapter S shareholders can't participate. You should check with your legal or tax advisor if you have any questions regarding your specific situation.

Q Who may contribute to an account?

A Employees contribute to their own account through pre-tax salary deduction. You can also contribute money to your employees' accounts.

Q How much money can be contributed to the account?

A Contribution amounts are limited by law and include any money the employee or you put in, collectively. The limits for 2020 are:

- Health care or limited-use FSA - $2,750
- Dependent care reimbursement account (DCRA) - $5,000 for a single person or married filing jointly, and $2,500 for married filing separately
- Transportation account - $270 per month
- Parking account - $270 per month

You have the option to set lower limits for the accounts you offer.

Q Can an account be offered with any HealthPartners plan?

A Yes, a reimbursement account can be offered with any medical or dental plan. However, according to IRS rules, if an employee contributes to an HSA, they can only sign up for a limited-use FSA; not a health care FSA. A limited-use FSA only reimburses expenses for vision and dental services.

You can choose to let employees sign up for reimbursement accounts even if they don't select your company's health plan.

Q Are there any regulations I need to know about?

A Yes. Health care FSAs are governed by Internal Revenue Code, Section 125 when offered through a cafeteria plan. If the health care FSA isn't offered through a cafeteria plan, it's subject to Internal Revenue Code Section 105. Usually they're subject to ERISA, COBRA and HIPAA laws. Section 129 of the Internal Revenue Code is for dependent care reimbursement accounts.

Q Can employees change their annual election amount?

A Employees may be able to change their elected amount during the plan year if they have a change in employment status or family status like marriage, divorce or birth of a child. Election changes must be made within 30 days of the event.

Q What happens to the money in the account if the employee doesn't use it all in one year?

A The IRS has a "use it or lose it" rule for reimbursement accounts. This means they'll lose any unused money that's still in their account at the end of the plan year. You can choose to let employees roll over unused money or allow a grace period where they can use their health care FSA money in the next year. You can't offer both.

The grace period allows employees up to two months and 15 days beyond the end of the plan year. This lets employees incur and submit reimbursement requests using the previous year's account balance. In the case of a calendar year plan, the grace period may extend to March 15 of the following year. Expenses from Jan. 1 to March 15 can be reimbursed from the previous year's account.

Q How does the grace period affect employees wanting to contribute to an HSA?

A An employee who's enrolled in a health care FSA with a grace period can contribute to an HSA if:

- There's no money left in the FSA at the end of the plan year, or
- They've reached the end of the grace period.

Q What happens to the account if an employee leaves their job?

A If the employee qualifies for COBRA on their health care FSA, they can still use it for eligible expenses. If they don't, all expenses need to take place before they leave their job.

Dependent care and transportation reimbursement accounts can't be continued through COBRA. However, the employee may be able to get back any money in the account for eligible expenses that happened before they left their job.

HealthPartners®

Limited-use FSA

If an employee contributes to a health savings account (HSA), they can still use an FSA. It's called a limited-use FSA, and can be used for dental and vision expenses.

Q What are eligible medical expenses?

A For an FSA that covers medical expenses, an eligible expense is an expense paid for health care needs. Prescriptions, copays, coinsurances and deductibles are all eligible expenses. A full list is available at **healthpartners.com/myfsa**. Here are some examples:

- Doctor visits
- Prescriptions
- Glasses, contacts or laser eye surgery/LASIK
- Medical equipment that you use at home

Health care FSA can also be used for over-the-counter (OTC) medicines in some cases. Employees need a prescription from their doctor or provider for eligible medicines, such as cold medicine and pain relievers. This is required by the IRS. For OTC non-medicine, such as bandages or contact solution, usually only a detailed receipt is needed.

Dental care and vision care that aren't covered by a health plan are also eligible. Generally, deductions that qualify as medical expenses on federal income taxes can be reimbursed through the FSA. Employees can log on to **healthpartners.com** to view a full list of common qualified expenses.

Q What are eligible dependent care expenses?

A Here are some examples of expenses employees can use a dependent care reimbursement account (DCRA) for:

- In-home child care
- Licensed day care and preschool
- Before or after school programs
- Elder care

There are some rules from the IRS about who can qualify as a dependent. They need to be one of the following:

- A dependent and under the age of 13.
- A spouse or dependent who can't physically or mentally care for themselves, who has also lived with you for more than half the year.

If a child turns 13 this year, employees can only submit expenses that happened before the child turned 13.

Q What are eligible transportation and parking expenses?

A Some eligible expenses include:

- Bus and light rail fares
- Train and subway tickets
- Parking ramps, lots or meters

Q What reimbursement options does HealthPartners offer?

A It depends on the type of account. You can choose to offer your employees automatic submission, which means medical expenses are sent from the doctor to the employee's FSA without any paperwork needed from the employee. Or you can choose to include a debit card to use when employees need to pay. Employees can also manually submit expenses in the app, online, by mail or fax.

HealthPartners®

Q Automatic submission – how does it work?

A If an employee has medical expenses (and HealthPartners insurance), medical claims are sent to HealthPartners for processing. If the employee has to pay some of the costs, then it's automatically sent to their health care FSA. The money is deducted from their reimbursement account and they don't have to do anything else.

Employees can't use automatic submission if:

1. They have a limited-use, dependent care, transportation or parking reimbursement account
2. They have dual health plan coverage through their spouse
3. They have a dependent covered under their health plan who doesn't qualify as a tax dependent under the federal tax code

Employees can opt out of the automatic submission feature online or by calling Member Services.

Q App submission – how does it work?

A In less than two minutes, employees can submit expenses from their account in the **myHP** mobile app. Employees should submit expenses in the app or online if they don't have automatic submission for medical expenses, or have a limited-use, dependent care, transportation or parking reimbursement account. Start by downloading the **myHP** mobile app from the Apple App store or Google Play. They'll need to sign up for a *my*HealthPartners account if they haven't already.

Q Online submission – how does it work?

A Employees can submit expenses online in their account at **healthpartners.com**. They should submit expenses online or in the app if they don't have automatic submission for medical expenses, or have a limited-use, dependent care or transportation reimbursement account. Start by visiting **healthpartners.com**. They'll need to create a *my*HealthPartners account if they haven't already.

Q Mail or fax submission – how does it work?

A For eligible expenses, employees fill out a reimbursement expense claim form and mail or fax it to HealthPartners. Forms are online at **healthpartners.com/myfsa**.

Q How and when are reimbursement requests paid?

A The fastest way to get reimbursed is to sign up for direct deposit. Forms and directions are available on **healthpartners.com/myfsa**. Otherwise, employees can get a paper check.

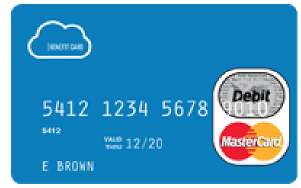
Reimbursements take up to two weeks to process. Requests are processed and paid on a weekly basis. When HealthPartners gets the reimbursement request, it can take five business days to pay, pend or deny the request.

Employees with dependent care, parking or transportation reimbursement accounts are reimbursed up to the amount in the account. If expenses are higher than what's available in the account, the difference will be reimbursed once there's a payroll deduction. If the employee continues to submit expenses, the amount pending will continue to increase. Claim submitted by 12 p.m. on Thursday are typically reimbursed the following week when funds are available in the account.

We're here to help. Call Member Services Monday through Friday from 7 a.m. to 7 p.m. CT at **952-883-7000** or **866-443-9352**.

HealthPartners®

Additional support for accounts with a debit card



You may choose to offer your employees a debit card. The prepaid card is a Mastercard® that gives employees an easy, automatic way to pay for eligible expenses. Watch the mail – cards will come in an envelope from HealthPartners.

Q How does the card work?

A Employees can use the card to pay when they get care, pick up a prescription or for other eligible expenses. The card works just like a Mastercard. If Mastercard is accepted, employees can just swipe the card or write the number on the bill (if they get a bill for care). The amount of the eligible purchases will be deducted automatically from their account and the pre-tax dollars will go to the provider or merchant for payment.

Transactions are validated based on the provider's system. If the card is used at a provider with an eligible code, the transaction will go through and be considered valid by the IRS. If a provider's system can't validate the expense, the card won't work and the employee will need to submit that expense either in the app, online, by mail or fax.

Employees don't need a PIN number and can't get cash with the card. If employees are purchasing other items that aren't eligible, they'll be asked for a different payment method for them.

Q What if an employee accidentally swipes the card for something that's not eligible?

A In rare cases when an expense is ineligible for reimbursement, an employee may need to pay back the reimbursement. They can send a check or money order to HealthPartners for the amount so it can be credited back to their account. The ineligible amount may be taken out of future claim reimbursements too.

Q Do employees need a new prepaid card each year?

A No. For a health care FSA, the card will be loaded with the new contribution amount at the start of each plan year. Employees with a dependent care, parking or transportation reimbursement account will have money loaded each pay period. The card will have an expiration date on it and a new card will be sent to employees about 30 days before the old card expires.

Q What if an employee loses their card or it's stolen?

A Call HealthPartners right away. HealthPartners can turn off the current card and issue a replacement. There is no fee for a lost or stolen cards. If we're notified that the card was lost or stolen within two business days, the employee won't be responsible for any charges made to the card. If we're not notified within two days, the employee might be responsible for a portion of the charges (if any were made).

Q What if an employee needs more than two debit cards?

A Employees can order additional cards for a small fee, which will be deducted directly from their account. Just call Member Services.

We're here to help. Call Member Services Monday through Friday from 7 a.m. to 7 p.m. CT at **952-883-7000** or **866-443-9352**.

HealthPartners®