

Flexible Spending Account Enrollment Guide



Flexible Spending Accounts

What are Flexible Spending Accounts (FSA)?

FSAs are tax-advantaged accounts that allow you to use pre-tax dollars to pay for out-of-pocket qualified medical and dependent day care expenses. You choose how much money you want to contribute to your FSA accounts when you enroll and during Open Enrollment for each plan year. You can access these funds throughout the year.

You may choose to enroll in one or both of the following accounts:

- **Health Care FSA**, which can be used to pay for certain medical, mental health, dental, vision, and drug expenses for you, your spouse, and your dependents on a before-tax basis.
- **Child and Adult Day Care FSA**, which can be used to pay for day care and elder care expenses for eligible dependents on a before-tax basis when such care enables you (and your spouse, if you are married) to work. Eligible dependents include your children under age 13, your disabled spouse, or disabled IRS dependents of any age (including parents).

Flexible Spending Accounts offer tax savings and conveniences with all these advantages, there's no reason not to enroll!

Tax Advantages. Since FSA contributions are not taxed, you can reduce your taxable income by the amount you contribute to your FSA accounts. You can then use those pre-tax dollars to pay for healthcare and dependent care expenses that would have otherwise been paid with after-tax dollars.

The Grace Period. IRS regulations provide for a 2-1/2 month grace period for both accounts, which will allow you to file claims for expenses incurred through March 15 of the year following the end of the plan year. The grace period allows claims to be filed against any unused balance from the previous year and is intended to help employees avoid losing any money put into an FSA account that has not been spent by the end of the plan year.

Who is Eligible to Participate?

- Full-time and part-time employees are eligible
- Casual employees are not eligible

Effective Date

- You may claim expenses incurred as of the date you enroll, not your hire date

Participation is Not Automatic

- You must re-enroll and set your contributions each year during Open Enrollment

FSA Rules and Regulations

- FSA rules are determined by the IRS



- The IRS requires that all FSA purchases be verified as eligible expenses. **Always save your itemized receipts!**
- **You must use all of your FSA funds** by the end of the Grace Period or remaining funds will be forfeited, according to IRS regulations. Use the FSA calculator in this guide to estimate your expenses, so that you contribute the right amount.

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Using Your Online Account

ConnectYourCare (CYC), our FSA vendor, maintains an easy to use online participant portal that puts account information and FSA tools at your fingertips.

Online Account Features

- Get Account Balance
- View Payment Card Charges
- Enter a New Claim
- View Claims/Submit Receipts* for Purchases Requiring Substantiation
- View Claim Status
- Access Communication Center Messages
- View Reimbursement Schedule
- Use Consumer Tools
- Find Answers to Frequently Asked Questions

** Remember to save your itemized receipts; IRS rules require them as verification.*

Where to Begin

- Go to www.connectyourcare.com
- Select the log in link from the upper right hand corner.
- Sign in with your user name and password.
- If it is your first time visiting the site, choose New User Registration to select your user name and password.



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Child and Adult Day Care FSA

You may choose to enroll in a Child and Adult Day Care FSA, which is an alternative to the Dependent Care Tax Credit and covers dependent and elder care expenses while you are at work. If you work and have children under the age of 13, a disabled spouse, or dependent parents, you know how important it is to have reliable and affordable care for them while you are at work.

A Child and Adult Day Care FSA allows you to pay for these expenses and get a tax break at the same time. Expenses must be for dependents that are claimed as an exemption on your federal tax return. Typical expenses under this account include charges for day care, nursery school, and elder care (unless it is for medical care) for your legal dependents. See the list of Eligible Expenses included in this guide for more details.

Eligibility Requirements

To be reimbursed through your Child and Adult Day Care FSA for child and dependent care expenses, you must meet the following conditions:

- You must have incurred the expenses in order for you and your spouse, if married, to work or look for work, unless your spouse was either a full-time student or was physically or mentally incapable of self-care.
- You cannot have made the care payments to someone you can claim as your dependent on your federal tax return or to your child who is under age 19.
- Your filing status must be single, qualifying widow(er) with a dependent child, married filing jointly, or married filing separately.
- You and your spouse must maintain a home that you live in for more than half the year with the qualifying child or dependent.

Using Your Account

You should pay for your qualified child and adult day care expenses out of pocket by check, cash or personal credit card and keep your itemized receipt as documentation. To request reimbursement from your account simply log-on to your online account, print the claim submission form and submit your itemized receipt as documentation. Remember, receipts for these expenses must include the name of the dependent.

Child and Adult Day Care FSA Rules and Regulations

- **You must use all of your Child and Adult Day Care FSA funds by the end of the Grace Period**, or remaining funds will be forfeited, according to IRS regulations.

The FSA calculator in this guide helps you estimate your dependent care expenses, so that you contribute the right amount.

- According to the IRS, you may contribute up to \$5,000 per household, per year.
- You may only receive reimbursement from your Child and Adult Day Care FSA equal to the amount you have actually deposited.

A Child and Adult Day Care FSA allows you to pay for child care expenses with pre-tax money!



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Eligible Child and Adult Day Care Account Expenses

Child and Adult day Care FSA funds cover care costs for your eligible dependents while you are at work.

- Before school or after school care (other than tuition)
- Custodial care for dependent adults
- Licensed day care centers
- Nursery schools or pre-schools
- Placement fees for a dependent care provider, such as an au pair
- Care of an incapacitated adult who lives with you at least eight hours a day
- Child care at a day camp, nursery school, or by a private sitter
- Late pick-up fees
- Summer or holiday day camps

Ineligible Child and Adult Day Care Account Expenses

These items are never eligible for tax-free purchase with Dependent Care Account funds.

- Expenses for children 13 and older
- Educational expenses including kindergarten or private school tuition fees
- Amounts paid for food, clothing, sports lessons, field trips, and entertainment
- Overnight camp expenses
- Registration fees
- Transportation expenses
- Care for dependent while sick employee stays home
- Late payment fees
- Payment for services not yet provided (payment in advance)
- Medical care



Child and Adult Day Care FSAs reimburse for dependent care expenses incurred during working hours.

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Health Care FSA

You may choose to enroll in a Health Care FSA to pay for eligible medical, dental, vision care, prescription and eligible over-the-counter drug expenses for you, your spouse and your tax dependents.

You and your eligible dependents do not have to be covered under ORNL's medical or dental plans to participate in the Health Care FSA

Multiple uses. There are hundreds of eligible expenses for your Health Care FSA funds, including prescriptions, over-the-counter medications, doctor office copays, health insurance deductibles and coinsurance. Familiarize yourself with what expenses are eligible using the list of Eligible Expenses in this guide or visit your online account on the CYC website.

There are two ways to pay for healthcare:

- Use Your Healthcare Payment Card
- Pay Out of Pocket and Request Reimbursement

TIP: Set up direct deposit online to receive quicker reimbursements.

Using Your Healthcare Payment Card

We provide a convenient healthcare payment card to access account funds. You will receive this card in the mail. Below are four tips to make using your healthcare payment card simple and easy.

1. Pay for Qualified Expenses with Your Card

Pay for qualified products and services directly at approved merchants. The money comes right out of your healthcare account. Although your healthcare payment card is a prepaid card, always select "credit" and sign for your purchases. No personal identification number, or PIN, is required to use the card.

2. Get Your Balance

By frequently checking your account balance online, you will have a good idea of the amount of funds available in your account. When you swipe your healthcare payment card, the system makes sure that your coverage is active and that you have sufficient funds in your account for the full amount. If not, the transaction will be denied. You can swipe the card for the amount left in your account and pay the difference with another form of payment.

Health Care FSA Rules and Regulations

- According to the IRS, you may contribute from \$100 to \$2,500 per year.
- **You must use all of your Health Care FSA funds by the end of the Grace Period,** or remaining funds will be forfeited, according to IRS regulations.

The FSA calculator in this guide helps you estimate your health care expenses, so that you contribute the right amount.

- The IRS also requires that employers make the full annual FSA election available to employees when an eligible expense occurs, regardless of whether you have deposited enough to cover the full amount at that point in time.

For example, you may designate \$1,200 per year, equal to a monthly payroll deduction of \$100 a month. You are eligible for reimbursement up to the full \$1,200 in the first month, even though you have only deposited \$100 in your account.

Remember to save your itemized receipts: IRS rules require them as verification.

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3. Know What's Eligible

Familiarize yourself with what expenses are eligible using the list of Eligible Expenses in this guide or your online account on the CYC website. Examples of eligible expenses are doctors' visits, prescription drugs and many over-the-counter medications. If you use the card for ineligible expenses, you may be asked to write a personal check to refund the plan.

4. Save Your Itemized Receipts

Although your healthcare payment card eliminates the need to file paper claims, the IRS requires that your charges be verified. Always save your itemized receipts in case they are required to confirm a purchase or for tax purposes.

How to Pay at.....

- **The Doctor, Dentist, Eye Doctor, or Hospital.** When you pay for healthcare at the doctor, dentist, eye doctor, or hospital, be sure to always present your health insurance ID card first to ensure proper processing of your charges.
 - **Copays.** If you are asked to pay a copay, you may pay with your healthcare payment card, or you may pay out of pocket and request reimbursement from your account. Save your itemized receipt to submit as documentation.
 - **Additional Charges.** If you're asked to pay additional charges, do not pay your provider until the claim is processed by your health plan. Compare your health plan statement with the provider bill to verify the amount being charged by your provider is the same as the patient balance on the statement. Then, pay with your healthcare payment card, or pay out of pocket and request reimbursement from your account. You may send in your statement or itemized provider bill as documentation.
- **The Pharmacy**
 - **Prescriptions.** When purchasing prescriptions, be sure to always present your prescription drug ID card first to ensure proper processing of your charges. You may pay with your healthcare payment card, or you may pay out of pocket and request reimbursement from your account. Save your itemized receipts to submit as documentation.
 - **Over-the-Counter Items.** You may pay for eligible items with your healthcare payment card, or you may pay out of pocket and request reimbursement from your account. Save your itemized receipts to submit as documentation.
 - **Medco by Mail:** Use your healthcare payment card account number to pay for prescriptions you obtain by mail.

Use Your Card At Approved Merchants

Your card has been programmed to work only at approved healthcare merchant locations. You will not be able to use your healthcare payment card at locations that are not approved healthcare merchants.

The card should only be used to pay for eligible medical expenses, and you should always save your receipts.

Examples of approved merchants include doctor's offices, hospitals and some retailers.

For a list of approved retailers, visit www.connectyourcare.com/stores.

For qualified purchases at locations that are not approved healthcare merchants, you can pay with other means, then submit a request for reimbursement through your online account.



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Try Our Online Calculator
www.connectyourcare.com/eecalculators

FSA Calculator

While there's no such thing as free money, an FSA can help your money go a lot further. Use this worksheet to see how much you can save. Since IRS rules require that you forfeit unspent account funds at the end of the plan year, this worksheet can also help you estimate what you really expect to spend.

Step 1: Estimate Health Care FSA Expenses

A Health Care FSA can cover medical, dental, or vision expenses that you would otherwise pay out of pocket. Enter the annual amounts you spend on each expense to see how much you should contribute to your FSA.

Office visit copays	
Chiropractic services	
Psychiatric services	
Medical supplies and equipment	
Laboratory or x-ray charges	
Surgical or outpatient procedures	
Hospitalization expenses	
Prescription drugs	
Over-the-counter drugs	
Other medical expenses	
Dental deductible	
Dental preventative visits	
Orthodontia expenses	
Other dental expenses	
Vision exam	
Glasses, contact lenses, supplies	
Other vision expenses	
Other expenses	
Annual Health Care FSA Election	

Step 2: Estimate Child and Adult Day Care Expenses

A Child and Adult Day Care FSA can cover costs for the care of your dependents while you work. Enter the amounts you spend on each expense to see how much you should contribute to your Child and Adult Day Care FSA.

Day care center	
Au pair or in home care	
Nursery school	
Before school care	
After school care	
Elder care	
Other dependent care expenses	
Annual Child & Adult Day Care FSA Election	

Step 3: Calculate Tax Savings

Enter your total election amount and multiply it by your tax rate to calculate your tax savings.

Annual Elections (Health Care + Child & Adult Day Care)	
X Tax Rate (from table below)	
= Annual Tax Savings (Annual Elections X Tax Rate)	

Tax Rate Table

Annual Household Income	Estimated Tax Rate*
less than \$30,000	25%
\$30,000 - \$39,999	29%
\$40,000 - \$69,999	31%
\$70,000 or greater	33%

*Tax rates are estimated based on a combination of social security, federal, and state income taxes using national averages and may not reflect your actual tax rate.

Eligible Health Care FSA Expenses

There are hundreds of eligible expenses for your FSA funds, including prescriptions, over-the-counter medications, doctor office copays, health insurance deductibles, and coinsurance. FSA funds may even be used for eligible expenses for your spouse or tax dependents.

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Automobile modifications for a physically handicapped person
- Birth control pills
- Blood pressure monitoring device
- Braille books & magazines (above the cost of regular printed material)
- Chiropractic care
- Christian Science practitioner
- Contact lenses & related materials
- Crutches
- Dental treatment
- Dentures
- Diagnostic services
- Drug addiction treatment
- Eye examination
- Eye glasses & related materials
- Fertility treatment
- Flu shot
- Guide dog or other animal aide
- Hearing aids
- Hospital services
- Immunization
- Insulin
- Laboratory fees
- Laser eye surgery
- Medical testing device
- Nursing services
- Obstetrical expenses
- Organ transplant
- Orthodontia (not for cosmetic reasons)
- Over-the-counter medications (see separate list for details)
- Oxygen
- Physical exam
- Physical therapy
- Prescription drugs
- Psychiatric care
- Smoking cessation program
- Surgery
- Transportation for medical care
- Weight loss program to treat obesity
- Wheelchair

Use your Health Care Flexible Spending Account for hundreds of qualified expenses.

Ineligible Health Care FSA Expenses

These items are never eligible for tax-free purchase with Health Care FSA funds.

- Cosmetic surgery
- COBRA premiums
- Exercise equipment
- Fitness programs
- Funeral expenses
- Hair transplants
- Household help
- Illegal operations and treatments
- Insurance premiums
- Long-term care premiums
- Maternity clothes
- Retiree medical insurance premiums
- Teeth whitening

Eligible Over-the-Counter Health Care FSA Expenses

Your Health Care FSA can also be used for some over-the-counter (OTC) items. The OTC items covered include many medical devices and other non-medicinal healthcare products. ***This list is subject to change. Please see www.connectyourcare.com/otc for updated information.***

Eligible without a Prescription – Insulin, testing, and other non-medicinal health items are available without a prescription, letter of medical necessity, or doctor’s directive. Examples include:

- Bandages
- Braces & supports
- Catheters
- Contact lens supplies & solutions
- Denture adhesives
- Diagnostic tests & monitors
- Family planning items
- First aid supplies
- Insulin & diabetic supplies
- Ostomy products
- Reading glasses
- Wheelchairs, walkers, canes

*A “prescription” means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual who is legally authorized to issue a prescription in that state.

Dual Purpose Items – Items that can be used for a medical purpose or for general health and well being are considered “dual purpose” and are eligible only with a prescription, doctor’s directive or letter of medical necessity. Examples include:

- Dietary and weight loss supplements
- Fiber supplements
- Orthopedic shoes and inserts
- Snoring cessation aids
- Vitamins and herbal supplements

Eligible with a Prescription* – OTC items that contain a drug or medication require a prescription in order to be reimbursed. Examples include:

- Acid controllers
- Allergy & sinus medicine
- Antibiotics
- Anti-diarrheals
- Anti-gas products
- Anti-itch & insect bite
- Anti-parasitic treatments
- Baby rash ointments/creams
- Cold sore remedies
- Cough, cold & flu treatments
- Digestive aids
- Feminine anti-fungal/anti-itch
- Hemorrhoidal preps
- Laxatives
- Motion sickness
- Pain relievers
- Respiratory treatments
- Sleep aids & sedatives
- Stomach remedies

Expenses that are NOT Eligible – OTC items merely beneficial to general health or for cosmetic reasons are not eligible. Examples include:

- Cosmetics
- Deodorant
- Exercise equipment
- Fitness programs
- Moisturizers and wrinkle creams
- Teeth whitening services & products
- Toothpaste & mouth wash

Frequently Asked Questions

How much may I contribute to my accounts?

FSA contribution limits are set by each employer, based on IRS limits. At ORNL you may contribute up to the maximum allowed by the IRS.

- For a Health Care FSA you may contribute up to \$2,500 per employee.
- For a Child and Adult Day Care FSA, you may contribute up to \$5,000 per household.

How can I find out my account balance and review transactions?

Account Balance and Claims Status information is available 24 hours a day, seven days a week:

- Visit www.connectyourcare.com to log into your online account. If it is your first time visiting the site, choose New User Registration to select your user name and password.
- Call the number on the back of your healthcare payment card for balance information.

How will I be able to access my funds?

You will receive a healthcare payment card to access your Health Care FSA funds. You can also pay for eligible expenses with any other form of payment and request reimbursement from your account. Child and Dependent Day Care Account funds may only be accessed by paying out of pocket and requesting reimbursement.

When can I request reimbursement from my FSA?

You will have access to the funds in your account on the first day of your plan effective date, which, for new employees, is the day you enroll.

How will I receive my reimbursements?

You are eligible to receive funds by check or direct deposit. For quicker reimbursements, sign up for direct deposit in your online account.

How do I set up direct deposit?

- Log into your account and select Direct Deposit from the Home page under My Account.
- Complete the short, secure form. Be sure to have your bank account and routing numbers on hand.
- Choose Direct Deposit as your preferred method of Claim Reimbursement and click the Confirm button.

What happens if I use my account for a non-eligible expense?

If you file a manual request for reimbursement, the request will be denied. If you used your healthcare payment card and the expense is deemed ineligible, you will be required to reimburse your account for that transaction.

How will I know if I need to submit a receipt?

You can review if your claim requires receipts online by logging into your account and visiting the Claim Center. You need to submit receipts if you see a notice. If a receipt is needed, you will also be notified by e-mail or letter within a week of your payment card swipe.

What if I don't submit my receipts?

You must provide the receipts within the time requested, or the transaction will be deemed ineligible, and you will be required to refund the amount of the transaction. If you fail to submit required receipts within 45 days, your payment card will be deactivated. If you fail to reimburse the account, the amount of the ineligible expenses may be added to your W-2 or withheld from your pay.

Is the healthcare payment card a debit card?

No, your healthcare payment card is a prepaid card. It is provided to give you quick access to the funds in your Health Care FSA. When paying for an eligible expense at a qualified merchant, swipe the card and select "credit." There is no personal identification number, or PIN, associated with your card.

Where can I use my healthcare payment card?

Your healthcare payment card can be used nationwide at qualified merchants. Examples of qualified merchants may include pharmacies, doctors' offices, vision centers, and hospitals. Visit www.connectyourcare.com/stores for a list of approved merchants. Your card should only be used to pay for medical expenses eligible under your plan, and you should always save your receipts.

Do I need to keep my receipts when I use my card?

YES! We may request documentation any time you use your payment card. Therefore, always hold on to your receipts in case further documentation is requested. Receipts must contain the following information:

- date of service
- name and address of service provider/merchant
- description of the service or expense provided
- amount charged
- Dependent Care Account receipts must also contain the name of the dependent.

Non-itemized cash register tapes, credit card receipts and cancelled checks alone do not provide proper substantiation.

Can I order a replacement or additional card for my spouse or dependent?

Yes. There is a \$5.00 fee for an additional or replacement card. Simply log on to your online account or contact Customer Service to request an additional card.