Anthem

Health Flexible Spending Account
Frequently Asked Questions

What is a health flexible spending account?
Its' also known as an FSA and it's part of your benefits package. This account lets you use pre-tax dollars to pay for eligible health care expenses for you, your spouse, and your eligible dependents.

Here's how an FSA works. Money is set aside from your paycheck before taxes are taken out. You can then use these funds to pay for eligible health care expenses throughout the plan year. You save money on expenses you're already paying for like doctor's office visits, prescription drugs and much more.

Why is it a good idea to have a health FSA?
Health FSAs benefit everyone – whether you're single, have a family or are soon-to-be retired. Setting aside pre-tax dollars means you pay fewer taxes and increase your take-home pay. You also save money on eligible expenses that you're paying for out of your pocket. How much you save depends on your tax bracket.

For Example, if you're in the 30 percent tax bracket, you can save $30 on every $100 spent on eligible health care expenses, like dental checkups, eyeglasses, and bandages. Find a full list of eligible health FSA expenses anthem.com.

What expenses are covered under a health FSA?
Only "eligible expenses" can be reimbursed under the FSA. These expenses are defined by IRS rules and your employer's plan. You can learn about your plan by reading the Summary Plan Description (SPD).

Eligible health FSA expenses are those that you pay for out of your pocket when you, your spouse, or eligible dependents get medical care. The IRS says that this includes "items and services that are meant to diagnose, cure, mitigate, treat or prevent illness or disease". Transportation for medical care is also included.

You can find a list of eligible expenses online at qme.anthem.com. Here are some examples:

- Your health plan deductible (the amount you pay before your plan starts paying a share of your costs)
- Your share of the cost for doctor's office visits and prescription drugs
- Your share of the cost for eligible dental care, including exams, X-rays, and cleanings
- Your share of the cost for eligible vision care, including exams, eyeglasses, contact lenses, and laser eye surgery

The list of eligible expenses is based on IRS rules. Here are some other IRS rules you should know about:

- **No double dipping** – Expenses reimbursed under your health FSA cannot be reimbursed under any other plan or program. Only your out-of-pocket health care expenses can be

reimbursed. Plus, expenses reimbursed under a health FSA may not be deducted when you file your tax return.

- **Timing is everything** – FSAs have a start date and an end date, and the time in between is called the plan year. Expenses must be incurred during the FSA plan year. As noted in IRS guidelines, "expenses are incurred when the employee (or the employee's spouse or dependents) is provided with the medical care that gives rise to the medical expenses, and not when the employee is formally billed, charged for, or pays for the medical care". This means the date of service must be within the current plan year and not when you pay for the service.

Are over-the-counter medicines eligible expenses?
Yes, over-the-counter (OTC) medicines and drugs are eligible for reimbursement under your health FSA. You can find a list of eligible expenses online at qme.anthem.com.

What expenses are not covered under a health FSA?
Expenses that are not approved are called "ineligible expenses". Ineligible health FSA expenses include:

- Cosmetic surgery and procedures, including teeth whitening
- Herbs, vitamins, and supplements used for general health
- Insurance premiums
- Family or marriage counseling
- Personal use items such as toothpaste, shaving cream, and makeup
- Prescription drugs imported from another country

Also, you can't use your FSA for:

- Services that take place before or after your coverage period
- Expenses that are reimbursed by another plan or program, including a health care plan

These are only a few examples of expenses that aren't covered by a health FSA. You can find a list of eligible expenses online at qme.anthem.com.

How do I use my FSA for orthodontic services?
These services aren't provided the same way as other types of health care. Most of the time, they're provided over a long period of time and may extend beyond the plan year. Orthodontic services tend to be hard to match up with actual costs. As a result, the reimbursement process is different. You have two ways to be reimbursed:

1. **Entire cost of treatment** – This method allows you to be reimbursed for the full amount of the orthodontia contract. You can do this only if you paid the full amount during the plan year. To get reimbursed, send in these items:
    - Completed reimbursement request form
    - Proof of payment for the entire contract, including start date and expected end date

- Proof of payment made during the applicable plan year in which you are requesting reimbursement

2. **Monthly approach** – This method allows you to be reimbursed for the first round of treatment (usually called banding fees) and then monthly reimbursement after that. To get reimbursed for banding fees, submit:
    - Completed reimbursement request form
    - Your treatment plan or itemized statement that includes the start date and the expected end date
    - Proof of the initial down payment

    After you submit the first reimbursement request, send in these items for monthly reimbursement:
    - Completed reimbursement request form
    - An itemized statement or monthly coupons from the orthodontist
    - Proof of the monthly payment

Is there a limit to how much I can contribute to my health FSA?
Yes. The current annual limit is $3,300, and you cannot contribute more than this amount. However, your plan may have an annual limit that is less. Please review your SPD to find out the annual limit for your plan.

Is there a limit to how much my employer can contribute to my health FSA?
The statutory $3,300 limit does not apply to certain non-elective employer contributions made to an employee's health FSA. It also does not apply to contributions made to other types of FSAs (such as dependent care FSA), health savings accounts (HSAs), or health reimbursement arrangements (HRAs).

Can my spouse also contribute to an FSA?
Yes, if your spouse is eligible to make contributions to a health FSA. Each spouse may contribute up to the $3,300 maximum limit to their own health FSA. This applies even if both spouses participate in the same health FSA plan sponsored by the same employer.

How much money is available during the plan year?
The amount you put into your FSAS is called an "annual election". Your entire health FSA election is available on the first day of the plan year. If your FSA is active, your available funds decrease as your claims are paid. You can find your available funds by logging in to your account at anthem.com or the Sydney app.

How do I keep track of my account activity?
Your account information is available anytime day or night by logging in to anthem.com or Sydney Health app. You can find:

- Real-time account balance
- Claim status
- Reimbursement payment history

Where can I get a claim form or submit for reimbursement?
This form is available at anthem.com or the Sydney Health app.

- Log in at www.anthem.com
- Go to My Plan
- Then Spending Accounts
- Manage My Account
- Submit a Claim

What do I need to submit along with a reimbursement form or if I receive a letter requesting substantiation?
You should save all itemized receipts and other supporting documentation for every FSA expense. Try to keep all of your documentation filed in an envelope or box. What you'll need:

- **For office visits** – Your health plan's Explanation of Benefits (EOB) statement or an itemized receipt or bill from the provider. It should have the patient's name, a description of the service, the date of service, and your share of the charge.
- **For prescription drugs** – A pharmacy statement or printout with the patient's name, the Rx number, the drug name, the date the prescription was filled, and the amount.
- **For over-the-counter medicines** – A written or electronic OTC prescription along with an itemized receipt with the merchant name, the medicine name, purchase date, and amount; OR a printed pharmacy statement or receipt with the patient's name, the Rx number, the date the prescription was filled, and the amount.
- **For over-the-counter health care-related products** – An itemized receipt with the merchant name, item/product name, date, and amount.

In some cases, a Medical Determination Form filled out by a doctor is required. Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

What happens if I don't have the itemized receipt to substantiate a claim?
If you don't have a receipt for a purchase or expense, you can use an itemized receipt or EOB from another qualified expense in the same plan year to cover (offset) the amount as long as you haven't already claimed reimbursement for this qualified expense.

What happens if I have funds left in my health FSA at the end of the plan year?
It depends on the rules for your employer's FSA plan. Your employer decides the features included in your FSA plan, and the way your health FSA plan is set up determines if you can use funds left in your account after the plan year ends. The SPD indicates the FSA rule set for your plan. Check the SPD for details for your current offering which is currently Runout.

What is a run-out period?
It's a set number of days after the plan year ends that allows you to submit claims for eligible expenses incurred during the plan year. Your plan's time frame for the run-out period is 90 days.

What is the "use-it-or-lose-it" rule?
The IRS created this rule, which states that all money left in your FSA is forfeited after the plan year ends, or if applicable, after the run-out period.

The unused portion of your health FSA cannot be paid to you in cash or other benefits, and you can't transfer money between FSAs. To reduce your risk of losing money at the end of the plan year, carefully estimate your expenses when choosing your annual election amount.

Can I change my election amount?
Your election can't be changed during the plan year unless you have a change in status or other qualified event (defined by IRS rules). Your employer's plan must also allow the change. A qualified change in status event includes:

- A change in legal marital status (marriage, divorce, or death of your spouse)
- A change in the number of your dependents (birth or adoption of child, or death of a dependent)
- A change in employment status of you, your spouse, or dependent
- An event causing your dependent to satisfy or cease to satisfy an eligibility requirement for benefits
- A change in residence of you, your spouse, or dependent

Two things need to happen for an election change to be allowed. First, you must have a change in status or other qualified event. Second, your requested change must be consistent with the event. For example, if you have a baby, you could increase or decrease your FSA contribution. Please see your SPD for more about other qualified changes, consistency requirements, and exception that may apply.

Please note: All of this assumes that your employer's plan allows all changes permitted under the IRS rules. An employer may restrict mid-year election changes by the way the plan is set up. Please see your SPD for specific rules that apply to your plan. IF you have a change in status or other qualified event, contract your human resources or benefits representative for the forms you'll need to fill out.

What happens if I stop working for this employer?
If you stop working for your employer or you lose your FSA eligibility. Your plan participation and your pre-tax contributions will end automatically. Expenses for services you have after your termination date are not eligible for reimbursement.

You may be entitled to elect COBRA continuation coverage under the health FSA and receive reimbursement for qualified expenses incurred after your termination, but only if you continue to make the required FSA COBRA premium payment. However, you generally do not have the right to elect COBRA continuation coverage if the cost of COBRA continuation coverage for the remainder of the plan year equals or is more than the amount left in your FSA. Please see your SPD for specific rules that apply to your FSA plan.

Who do I contact if I have questions about my FSA?
If you have questions, send us an email through the Message Center at anthem.com or call us at the Member Services number on your ID card.