2023 Open Enrollment

HSA Bank
Flexible Spending Accounts

October 31, 2022
Types of FSAs

- Healthcare FSA
- Limited-Purpose FSA
- Dependent Care FSA
Flexible Spending Accounts (FSAs)

- A Flexible Spending Account, or FSA, is an account with tax perks you use to stretch benefit dollars for healthcare expenses.
- Decide what you want to contribute to your FSA for the year. Money is then deducted pre-tax from your paycheck in equal installments.
- Pay for qualified medical expenses for yourself, your spouse, and your dependents.
- Healthcare FSAs must be elected during your new hire eligibility period and reelected each year during annual open enrollment for the next year. You are not automatically re-enrolled each year.
- Healthcare FSAs can’t be used in conjunction with HSA.
- Use of your entire 2023 Election will be available to you on 1/1/2023.

Healthcare FSA

- Reimbursement for Medical, Dental, Vision
- Offered alongside any health plan
**The Benefits**

**Average tax savings per $100**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal income tax</td>
<td>25%</td>
<td>$25.00</td>
</tr>
<tr>
<td>State income tax</td>
<td>5%</td>
<td>$5.00</td>
</tr>
<tr>
<td>FICA</td>
<td>7.65%</td>
<td>$7.65</td>
</tr>
</tbody>
</table>

This example is for illustrative purposes only.

$37.65 in savings per paycheck
How it Works

Money goes into your FSA

Use your FSA dollars to pay for eligible healthcare expenses

There are no health plan deductible or out-of-pocket requirements to enroll in an FSA.”
Healthcare FSA: IRS-Qualified Medical Expenses

As specified by your plan, you can use your FSA to pay for a wide range of IRS-qualified medical expenses for yourself, your spouse, or tax dependents. Funds used to pay for IRS-qualified medical expenses are always tax-free.

- Doctor and hospital fees
- Medical equipment
- Dental care, braces, dentures
- Vision care, glasses, contacts
- Prescription medications
- Chiropractor fees
- Laboratory fees
- Ambulance services
- Therapy or counseling
- Nursing services

This list is not comprehensive. For more detailed information, please refer to IRS Publication 502 titled, “Medical and Dental Expenses”, which is available at www.irs.gov or by calling 1-800-TAXFORM. HSA Bank does not provide tax or legal advice. Please consult with a qualified tax or legal professional if advice is needed regarding your specific situation.
Limited Purpose FSAs: IRS-qualified medical expenses

With a Limited Purpose FSA (LP-FSA) funds are available for certain IRS-qualified medical expenses, as described in your employees’ plan document. Such expenses may include:

- Eye exams
- Prescription eyewear
- Prescription contact lenses
- Contact lens solution
- Vision correction surgery
- Cleanings
- Fillings
- Crowns
- Braces
- Dentures

hsabank.com/QME
When Substantiation is Not Required

HSA Bank’s Visa® Health Benefits Debit Card Charges

Pharmacies with Inventory Information Approval System (IIAS)
- 95%+ of pharmacies utilize IIAS, including all major drug store chains.
- Those without IIAS are typically smaller pharmacies.

Pre-approved copayment amount
- Outlined during plan design and set during implementation

Recurring charge
- Same amount and same merchant/provider previously substantiated via Recurring Reimbursement Request form

Claim Financial Data Received from Anthem
- HSA Bank receives a claim file daily from Anthem, if your debit card transaction amount and date matches a claim processed by Anthem.
Dependent Care Flexible Spending Accounts (DC-FSAs)

- An employer-sponsored account allowing employees to set aside pre-tax dollars for eligible dependent care expenses through a Section 125 (cafeteria) plan.
- Employees don’t pay federal or FICA taxes on money they put into the account; many state taxes are also exempt.
- Pre-tax funds are deducted from each paycheck and automatically deposited into the DC-FSA.
- Associated with a specific plan year (2023) and requires annual election and enrollment.

Did you know?
- Under IRS guidelines, employees can only be reimbursed for dependent care that has already taken place.
- Employees can only be reimbursed for the amount they have already contributed to their Dependent Care FSA.
- Unlike the Healthcare FSA, the full amount of the dependent care election is not available January 1st.
### Dependent Care FSA: IRS-Qualified Medical Expenses

If permitted by your plan, the following are examples of expenses that may be covered by a Dependent Care FSA:

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>After-School Care</strong></td>
<td>The cost of after-school care (i.e., following the end of the school day) is reimbursable. The primary purpose must be for care of the child and not for education.</td>
</tr>
<tr>
<td><strong>Adult Daycare</strong></td>
<td>The person must be a qualifying person for the employee; expenses cannot be attributable to medical care; and the qualifying person must regularly spend at least eight hours each day in the employee’s home.</td>
</tr>
<tr>
<td><strong>Au Pair</strong></td>
<td>Amounts paid to an au pair are reimbursable. This includes contract fees, background fees, and up-front fees as long as the agency requires them and the au pair has been hired. Note: pre-paid fees are pro-rated throughout the period.</td>
</tr>
</tbody>
</table>

Dependent Care limit is $5,000 if you are married and filing a joint return, or if you are a single parent. $2,500 per year, if you are married and filing separately.

For additional information, refer to Publication 503 on the IRS website at www.irs.gov.
2023 Flexible Spending Account (FSA)

**Grace Period** – USG provides a grace period of 2 ½ months after the end of the calendar year. This means you can continue to incur eligible healthcare expenses against your 2023 FSA election through March 15, 2024, giving you a little more time to use up your Healthcare FSA balance. All USG FSAs have a grace period.

**Runout Period** – Expenses incurred with a date of service during the plan year (2023) or the above-mentioned Grace Period) would need to be submitted by March 31, 2024 to be eligible for reimbursement.

**Election limits:**
Medical FSA / Limited Purpose FSA: $2,850.00 (2022 limits, 2023 not yet released by IRS)
Dependent Care: $2,500 if married filing separately or $5,000 if married filing jointly

**Minimum election amount:** $20.00
How to pay
What to expect – First time enrolling

- Welcome kit within 7–10 business days
- HSA Bank Health Benefits Debit Card will arrive shortly after
- Log in to your account online
Thank you