

Flexible Spending Account (FSA) Initial Open Season 19 May - 20 Jun 03

The initial Open Season for the Flexible Spending Account (FSA) Program is here!

What are FSAs and what can they do for you?

A pretax benefit for federal civilian employees, FSAs may be used to pay for certain health care expenses that are not reimbursed elsewhere, such as dental care, co-payments, deductibles, non-covered services, services with dollar or visit maximums, and laser corrective vision. Employees who elect to enroll in this program will contribute before-tax monies from their salary each pay period.

When will the Flexible Spending Account (FSA) Program start?

The FSA Program will start with an Open Season beginning 19 May and ending 20 Jun 03. For Department of Defense (DoD) employees (which includes Air Force employees), the initial plan year will be linked to when the DoD payroll system is ready. According to the Defense Finance and Accounting Service (DFAS), the DoD payroll system will be ready sometime in September. The specific date is not known at this time.

Will DoD employees have their own Open Season?

No. DoD employees who want to begin participating in FSA this year must make their elections during the 19 May through 20 Jun 03 Open Season.

Since the DoD payroll system won't be ready until sometime in Sep 03, will the initial Plan Year for DoD employees be 1 Oct - 31 Dec, or 1 Sep - 31 Dec, or will it be retroactive to 1 Jul, for covered expenses?

For DoD employees, the initial Plan Year will be 1 Sep - 31 Dec 03. Expenses incurred prior to 1 Sep 03 are not eligible for reimbursement.

How will employees enroll during this initial Open Season?

Enrollment will be conducted directly with SHPS (the administrator of the FSA program) via the FSAFEDS Web site at www.fsafeds.com or a toll-free telephone call to a SHPS customer service representative at 1-877-372-3337. Employees who use the web site to enroll will receive a little pop-up message that reminds them their election begins 1 Sep, not 1 Jul. Employees will need to know their payroll office number. For DoD employees, the payroll office number is currently included on leave and earning statements in the Remarks section.

What will the Plan Year be after 2003 and when will Open Season be held?

Beginning in 2004, the Plan Year will be from 1 Jan through 31 Dec of each year and the Open Season will coincide with the FEHB Open Season. In fact, the FEHB Open Season brochures for the 10 Nov - 8 Dec 03 open season will have 4 pages devoted to the FSA. Deductions for elections made during this "normal" open season will begin with the first pay date in Jan.

Is there more than one type of FSA?

Yes, there are two types:

Health Care FSA (HCFSA). Covers certain medical and dental expenses for the employee and eligible family members not reimbursed by any other source and not claimed on the employee's income tax return. The maximum an employee may contribute per plan year is \$3,000; this is not being prorated for 2003. The minimum contribution is \$250.

Dependent Care FSA (DCFSA). Covers eligible dependent care expenses enabling the employee (and spouse, if married) to work or seek work, or enabling the spouse to attend school full-time. There is a \$5,000 maximum per plan year (\$2,500 if participant is married and filing a separate income tax return). The minimum contribution is \$250.

Is participation automatic?

No. If you wish to participate, you must make a "positive" election, each and every year. Elections are irrevocable once the plan year has begun, unless you experience a qualifying "change in status" event.

Who is eligible to enroll in the FSA program?

Employees eligible to enroll in the Federal Employees Health Benefits (FEHB) program are eligible to participate in the FSA program. This includes temporary employees who become eligible for FEHB after completing on year of continuous service. All employees with qualified dependents may elect to enroll in the Dependent Care FSA except temporary employees with no fixed work schedule whose tour of duty is six months or less.

Can an enrolled employee change his/her election outside of open season?

Yes, if they have a qualifying status change/life event. Examples include change in legal marital status via marriage, divorce, legal separation, annulment; change in number of dependents via birth or adoption of a child, youngest child aging up; or change in employment status that affects eligibility for benefits. Enrollment changes must on account of and consistent with the status change/life event. SHPS will make all qualifying status change/life event determinations for FSAs.

When will new hires and newly eligible employee be able to participate in FSAs?

New hires and newly eligible employees will be given a 60-day window to enroll in the FSA program.

Can an employee roll over money from one Plan Year to the next Plan Year?

If by the end of the Plan Year the money in an employee's account is not used, then the money will be forfeited. A statement about forfeiture of funds will be included on the Federal FSA web site. There is proposed legislation in Congress that would permit an annual rollover of \$500 for each established FSA account.

Is there a web site with information about the FSA program?

The web site for the Federal FSA program, www.fsafeds.com, is under construction but will be ready by 19 May. Not only will Federal employees be able to enroll in the FSA program via this web site, but they can obtain lots of information about the program as well. The web site will be

a secure web site once the employee clicks on the registration form. Once the web site is fully operational, the employee will be able to get claim forms, sign up for EFT reimbursement, check claim status, and account balance, along with a calculator to estimate the potential tax savings employees need to know before electing the FSA dollar amount. It will also have a general FAQs section.

May I obtain FSA program information or enroll by calling the Benefits and Entitlements Service Team (BEST)?

No. Employees must contact SHPS via the web site or toll-free phone number mentioned in this article to obtain information about the FSA program or to enroll. BEST will not be involved in the FSA program.