



# An FSA is Your *Key* to Tax Savings!



**Sandia National Labs**

**Plan Year: 1/1/2010 – 12/31/2010**

Healthcare & Dependent Day Care  
Flexible Spending Accounts

- ✧ Non-Union Employees enrolled in the New Sandia Total Health and a Health Care FSA – Your HCFSA account will be administered by UnitedHealthcare (see UHC table if you have process questions)
- ✧ All other employees – Health Care FSA and all Day Care FSA accounts will be administered by PayFlex Systems

# What will be covered?



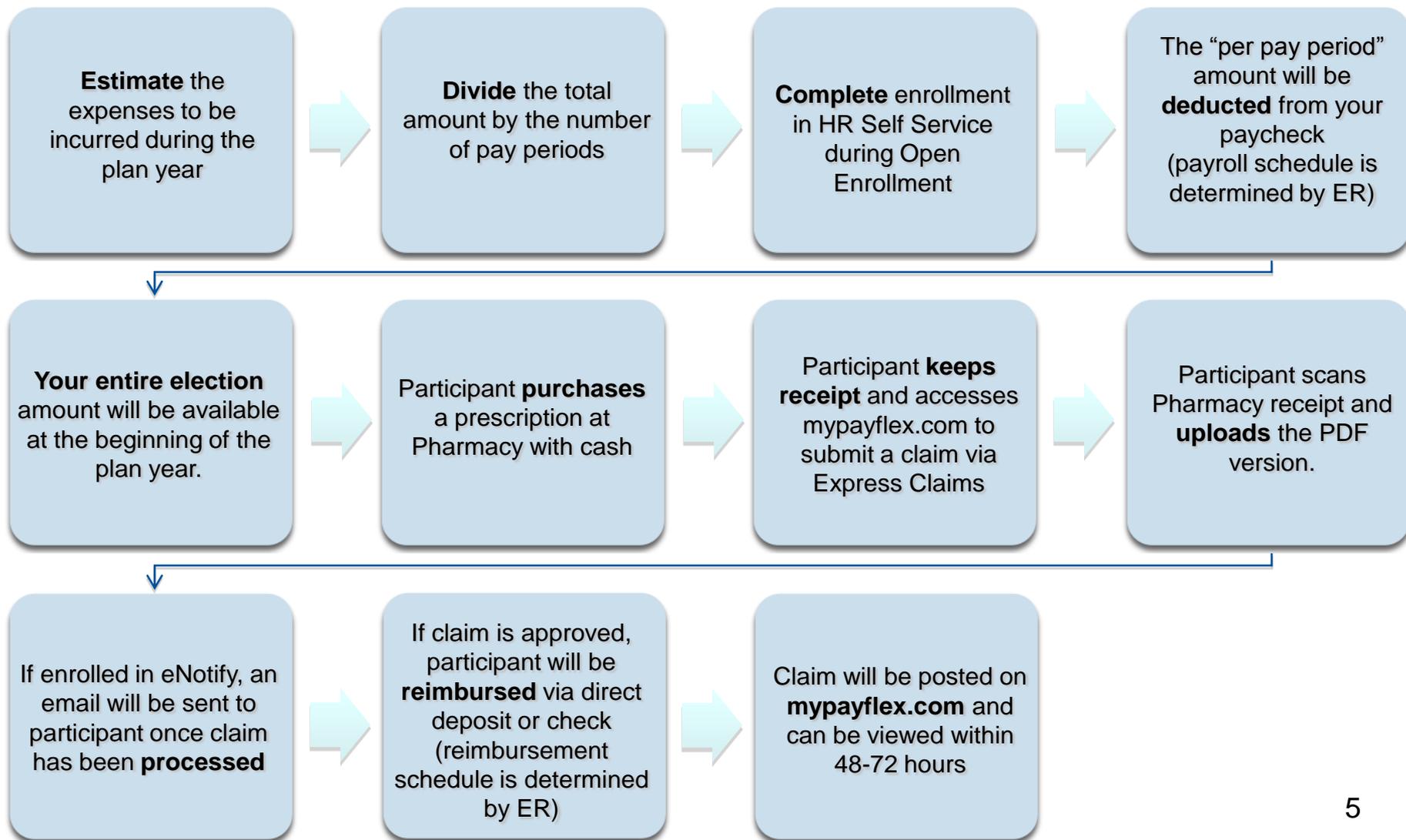
- ✧ Flexible Spending Account (FSA)
  - ✧ Healthcare
  - ✧ Dependent Day Care
  - ✧ Eligible / Ineligible expenses
- ✧ Reimbursement options
  - ✧ Submitting a claim online
  - ✧ Filing paper claims
  - ✧ The PayFlex Card
- ✧ Grace period (Healthcare FSA ONLY)
- ✧ Run out period
- ✧ Participant website
- ✧ Participants new to FSAs
- ✧ Contact information

# What is an FSA?

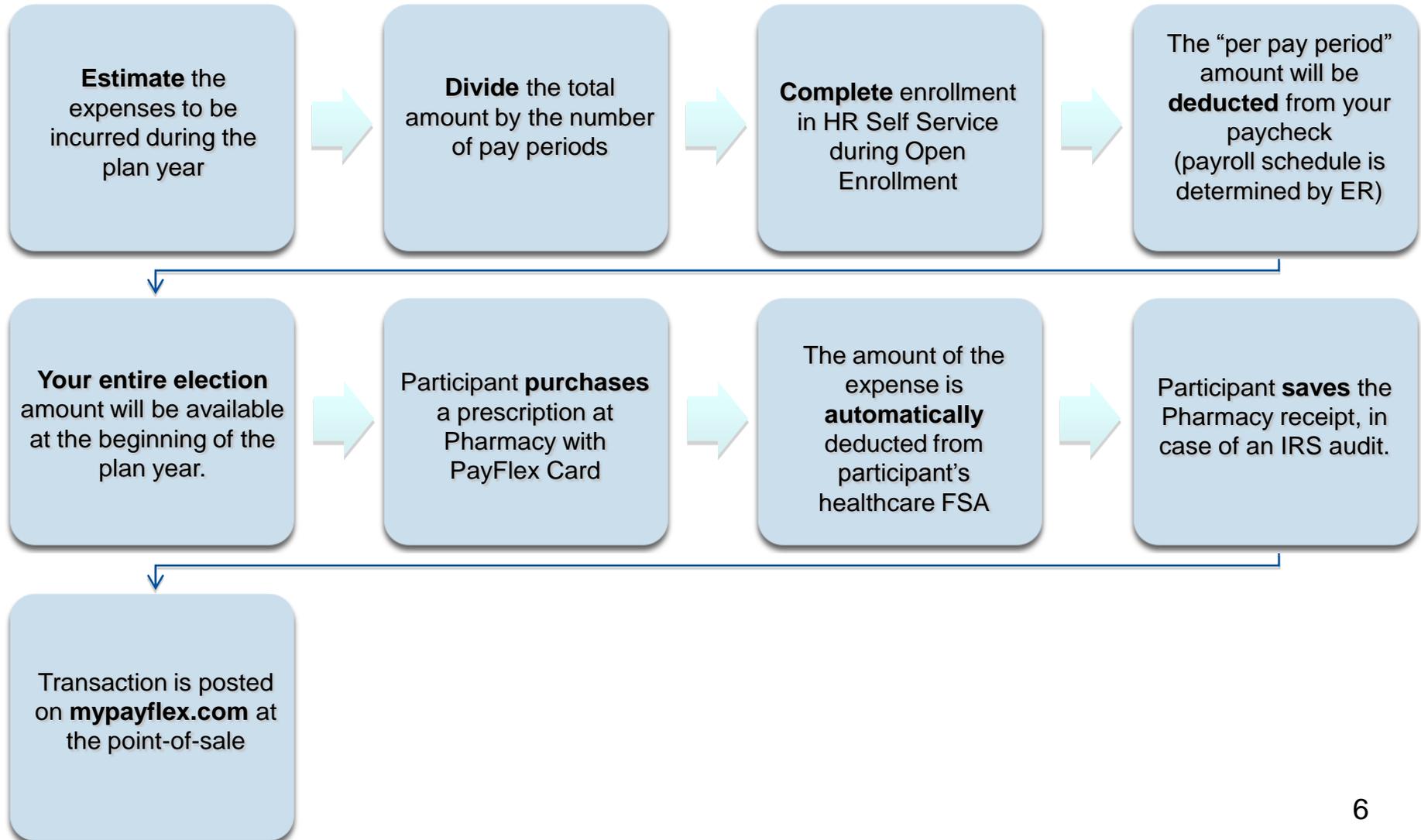


- ✧ An FSA is a Flexible Spending Account
- ✧ There are two types of FSAs:
  - ✧ Healthcare
  - ✧ Dependent Day Care
- ✧ Both accounts allow you to contribute pre-tax dollars for eligible expenses for you, your spouse and/or your dependents.
- ✧ You do not need to be covered by your employer's health plan to participate in an FSA.
- ✧ You don't pay Federal income or Social Security taxes on this money and, in most states, you don't pay state taxes either.
- ✧ Therefore, you end up saving approximately **\$0.30** on every dollar you spend on eligible healthcare and dependent day care expenses!

# How does a Healthcare FSA Work with Cash?



# How does a Healthcare FSA work with the PayFlex Card?



# Tax benefits of an FSA



Annual Tax Savings	FSA	Without an FSA
Estimated Family Taxable Income	\$50,000	\$50,000
Healthcare Election Amount	(\$1,500)	\$0
Dependent Day Care Election Amount	(3,000)	\$0
Taxable Income After Election Amount	\$45,500	\$50,000
Estimated Taxes (Federal & SS)	\$12,285	\$13,500
Post-Tax Income	\$33,215	\$36,500
After-Tax Dollars Spent	\$0	(\$4,500)
Post-Tax Income	\$33,215	\$32,000
<b>Savings</b>	<b>\$1,215</b>	<b>\$0</b>

## Benefits of an FSA

- ✧ Reduce your taxes
- ✧ Increase your take-home pay

# Healthcare FSA

## How much can I set aside?

*PayFlex*

Healthcare Minimum	<b>\$100</b>
Healthcare Maximum	<b>\$5,000</b>



- ❖ This account is used to pay for eligible healthcare expenses for you, your spouse and/or your dependents.

# Eligible Healthcare Expenses

(View a complete listing @ [www.mypayflex.com](http://www.mypayflex.com))

# PayFlex

- ❖ Medical & dental deductibles, co-pays and co-insurance
- ❖ Prescriptions
- ❖ OTC medicines & supplies
- ❖ Hospital expenses
- ❖ Selected durable medical
- ❖ Orthopedic devices
- ❖ Eye glasses, contact lenses
- ❖ Saline/cleaning solutions
- ❖ LASIK surgery
- ❖ Hearing aids and batteries
- ❖ Orthodontic care
- ❖ Chiropractic expenses/co-pays
- ❖ Insulin, syringes for insulin
- ❖ Bridges, dentures, crowns



# Eligible OTC Items

(View a complete listing @ [www.mypayflex.com](http://www.mypayflex.com))

**PayFlex**

## Certain over-the-counter medicines & supplies are eligible such as:

- ❖ Antacids
- ❖ Anti-fungal ointments
- ❖ Antiseptic ointments
- ❖ Cold & Allergy medicine
- ❖ Throat sprays
- ❖ Lozenges
- ❖ Nasal sprays
- ❖ Cough syrups
- ❖ Cough drops
- ❖ Eye drops
- ❖ Gas relief
- ❖ Hemorrhoid medications
- ❖ Laxatives
- ❖ Motion-sickness pills
- ❖ Pain relievers
- ❖ Arthritis pain
- ❖ Back / Head pain
- ❖ Sleep aids
- ❖ Stop smoking gums/patches
- ❖ Vapor rubs



# Ineligible Healthcare Expenses

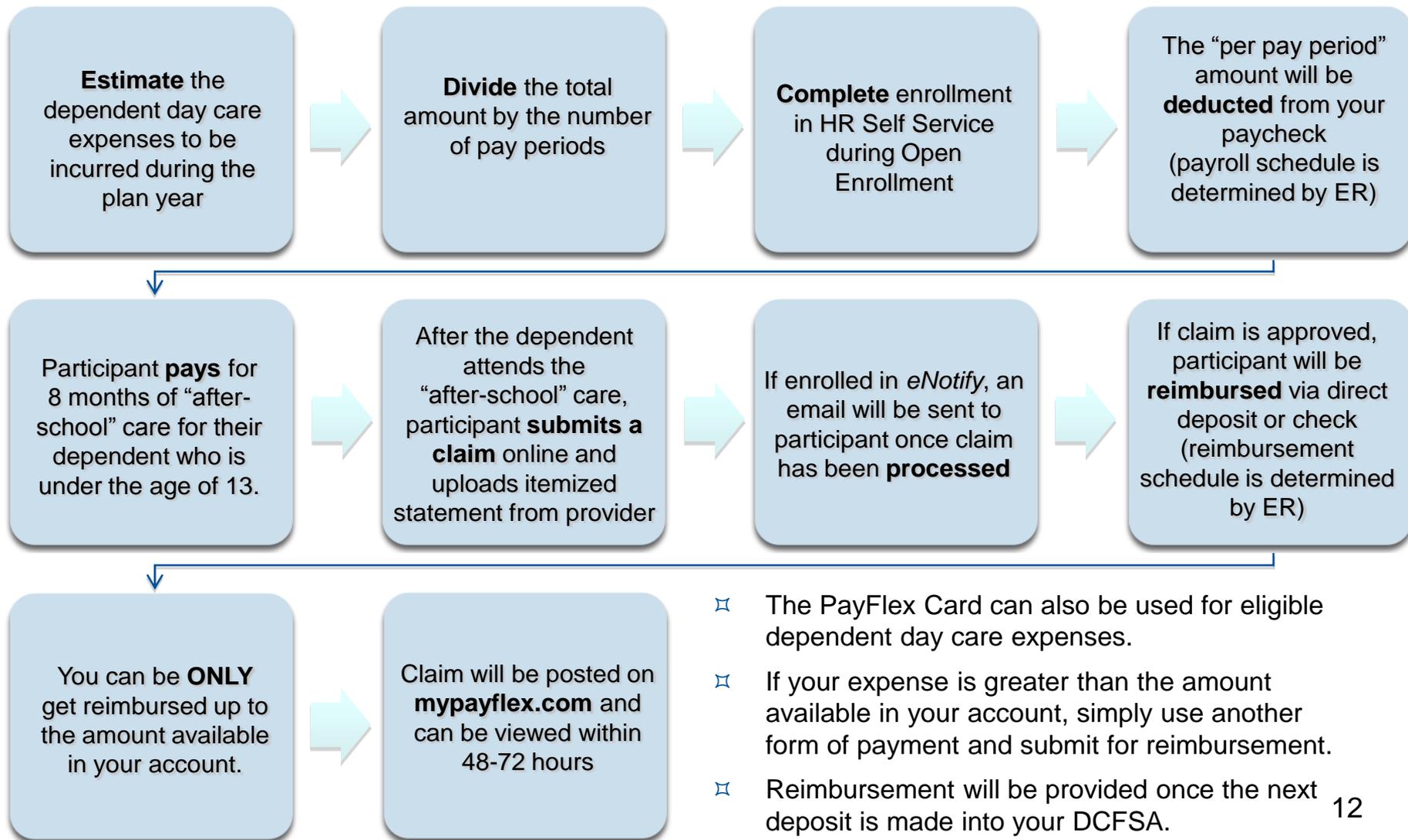


(View a complete listing @ [www.mypayflex.com](http://www.mypayflex.com))

- ❖ Anti-bacterial soaps
- ❖ Acne treatments
- ❖ Dandruff shampoo
- ❖ Dry skin creams/treatments
- ❖ Foot care products
- ❖ Hair loss treatments
- ❖ Electrolysis – hair removal
- ❖ Cosmetic surgery
- ❖ Teeth bleaching
- ❖ Mouthwash
- ❖ Suntan/Sunscreen lotion
- ❖ Dietary supplements
- ❖ Supplements
- ❖ Varicose veins treatment
- ❖ Tattoo removal
- ❖ Herbal supplements
- ❖ Child birth classes

*\*A letter of medical necessity allows some of these expenses to be eligible*

# How does a Dependent Day Care FSA work?



# Dependent Day Care FSA

## How much can I set aside?



Dependent Care Minimum	<b>\$100</b>
Dependent Care Maximum	<b>\$5,000</b>

- ✧ \$5,000 for single, head of household
- ✧ \$5,000 for married, filing joint return
- ✧ \$2,500 each for spouse filing separate returns OR each spouse is contributing to own FSA

# Eligible Dependent Care Expenses



(View a complete listing & [www.mypayflex.com](http://www.mypayflex.com))

- ✧ This account is used to pay for day care expenses of a child under age 13 OR for the care of a dependent or spouse who is physically or mentally incapable of taking care of themselves.
- ✧ You and your spouse, if married, must both work or be a full-time student in order to get reimbursed for eligible dependent day care expenses

## **Examples of Eligible Expenses:**

- ✧ Licensed day care provider
- ✧ In-home provider as long as the care provider is not your child under age 19, or someone you claim as a tax dependent
- ✧ Summer camps (not overnight)
- ✧ Tuition through preschool
- ✧ Before and after school care (up to age 13)

# Ineligible Dependent Care Expenses



(View a complete listing & [www.mypayflex.com](http://www.mypayflex.com))

- ✧ Tuition expenses for kindergarten and beyond
- ✧ Overnight camps
- ✧ Child care expenses for a child 13 or older (unless disabled)
- ✧ Child care expenses for night time babysitting
- ✧ Child care expenses while you are on an extended leave of absence
- ✧ Care provided by an older dependent or sibling

- ❖ Express Claims – online claim submission
- ❖ Paper Claims – sent to PayFlex via fax or mail
- ❖ PayFlex Card – point-of-sale approval

**Remember** – reimbursement will only be provided for services incurred – not for services to be provided in the future

# Express Claims Online Claim Submission



After logging into mypayflex.com, click on Express Claims



- ❏ Available at **www.mypayflex.com**
- ❏ **SIMPLY** enter expense type, date of expense and amount of expense.
- ❏ To add additional claims, click **Add Claim**.
- ❏ **UPLOAD** your itemized receipt or EOB.
- ❏ After uploading your documents, you must check the Signature Box.
- ❏ Enroll in *eNotify* to receive an email once your claims have been **PROCESSED**.
- ❏ You can view your claim history via the **Accounts** link.

**Express Claims**

— *Step 1: Claim Details* Add a line for each expense  
*Step 2: Confirmation* Confirm all Expense Details  
*Step 3: Documentation* How would you like to send in your receipts?  
*Step 4: Send Receipts*

Complete the form below and click Submit.

- Expense Type, Expense Begin Date and Amount are required for all claim items.
- Expense End Date and Dependent Name are only required for certain Expense Types.
- Click on the 'Add Claim' link to enter additional claim items

Please enter all of your EOBs and receipts as separate claim items on the form below as eligibility is determined on an item by item basis.

Expense Type	Expense Begin Date	Expense End Date	Dependent Name	Amount	Remove
<input type="text"/>					

[Add Claim](#)

**Use Express Claims, it's quick, easy and convenient!**

# Filing Paper Claims



- ✧ Complete a claim form and submit to PayFlex via mail or fax:

**Mail to:** PayFlex Systems USA, Inc.,  
Flex Dept. P.O. Box 3039  
Omaha, NE 68103-3039

**Fax to:** 402.231.4310

- ✧ Claim forms can be located @ [www.mypayflex.com](http://www.mypayflex.com) via the **Forms** link
- ✧ Include itemized statement or an Explanation of Benefits (EOB) statement showing your out-of-pocket expense
- ✧ File paper claims as often as you wish
- ✧ Claims can be direct deposited to a checking or savings account, which you can designate online
- ✧ For Dependent Day Care claims, make sure provider's signature is legible

# The PayFlex Card



- ✧ The PayFlex Card is a “Debit Card” that electronically accesses your FSA to pay for IRS-QUALIFIED expenses.

## Where is the PayFlex Card accepted?

- ✧ Healthcare-related merchants, such as physician and dentist offices, vision care providers and hospitals
- ✧ Non-healthcare related merchants, such as grocery stores, discount stores, wholesale clubs, web-based merchants (ie.drugstore.com) that use an IRS-approved inventory information approval system (IIAS)
- ✧ Drug stores and retail pharmacies who have implemented an IRS-approved IIAS
- ✧ Dependent Day Care provides accepting MasterCard®

## Advantages of the PayFlex Card

- ✧ Increase your personal cash flow
- ✧ Convenient and easy to use
- ✧ Expense is deducted from your FSA at the point-of-sale
- ✧ If an IIAS is in place, no supporting documentation will be required from PayFlex



Visit [www.mypayflex.com](http://www.mypayflex.com) for a listing of merchants accepting healthcare cards

# Inventory Information Approval System (IIAS)



- ✧ Effective 7/1/2009, the PayFlex Card could be denied at a local drug store of pharmacy if an IIAS is not in place
- ✧ The merchant must have implemented an IIAS in order to the PayFlex Card to work
- ✧ **Most merchants have already implemented an IIAS**
  - ✧ **Costco, CVS, Kmart, Kroger, Safeway, Sam's Club, Target, Wal-Mart, and Walgreens** are just a few of the merchants continuing to accept the PayFlex Card (A complete listings is available at [mypayflex.com](http://mypayflex.com))
- ✧ If a participant uses their card at a merchant with an IIAS, PayFlex will not request their receipt
- ✧ If an IIAS is not in place AND you are purchasing an eligible expense, you can use another form of payment and complete a claim form for reimbursement

# PayFlex Card Reminders



- ✧ Cards are mailed to your home address in a plain-white envelope
- ✧ To activate the card, simply swipe the card at the point-of-sale
- ✧ Participants must select “credit” even though it is similar to a debit card
- ✧ Make sure to check the expiration date on your card – you will not receive a new card until your card expires
- ✧ Merchant must accept MasterCard®
- ✧ Non-healthcare related merchants must have an inventory information approval system (IIAS) in order for the card to work
- ✧ Keep your receipts and Explanation of Benefits (EOBs)

# Request for Documentation Letters



- ✧ You may receive a Request for Documentation letter during the plan year to verify that you used your card for an eligible expense
- ✧ Letters are sent four times during the plan year
- ✧ You must respond within 21 days of the date of the letter in order to keep your PayFlex Card active

## **You have 3 response options:**

- ✧ Fax or mail a legible itemized receipt or Explanation of Benefits for the expense(s) listed in the letter.
- ✧ Fax or mail a legible itemized receipt for another eligible expense in an amount = or > than the original expense
- ✧ Mail in a check for the amount of the original expense to repay the plan

**Remember:** If you use your card at a merchant with an IIAS, PayFlex will not request documentation at a later date.

# Acceptable Forms of Supporting Documentation



**Walgreens**  
The Pharmacy America Trusts • Since 1901™  
I'm JOSEPH. Thank you for allowing me to serve you today.

270 10 9289 09136 027  
RFN# 0913-6279-2897-0704-2420

BOX FAN 20"	1A	14.99	SALE
F NICODRM 14S	1A	54.99	
F MFG COUPON	1	5.00	-MFGC
SUBTOTAL		64.98	
A=8.25% SALES TAX		5.77	
TOTAL		70.75	
DEBIT CARD		70.75	
CASH BACK		.00	
WAG ADVERTISED SAVINGS:		5.00	
MFG COUPON SAVINGS:		5.00	
YOUR TOTAL SAVINGS:		10.00	

1625 W SUNSET BLVD LOS ANGELES, CA  
STORE (213)482-9283

F=ELIGIBLE FLEX SPEND ACCT ITEM (FSA)

THANK YOU  
FOR FASTER SERVICE, CALL IN YOUR  
PRESCRIPTION ORDER OR PLACE IT ON  
WWW.WALGREENS.COM 24 HOURS IN ADVANCE

APRIL 24, 2007 12:38 PM

\*\*\*\*\*  
YOUR OPINION COUNTS!  
\*\*\*\*\*

Explanation of Benefits (EOB). This is not a bill.  
12-12-01

**1** ANTHONY DOE  
100 BLUEBIRD LANE  
CHICAGO, IL 60601-7332

Customer Service: 1-800-123-4567

Visit your local plan website

**Claim Information**  
**2** Member Name: Anthony Doe  
**3** Group No.: 12345  
**4** Identification No.: ABC123454569  
 Claim No.: 202000000000X  
 Patient Name: **5** Anthony Doe

**6** Summary

Total Billed:	\$45.00
Total Benefits Approved:	\$16.20
Amount You May Owe Provider:	\$1.80

The following shows how this claim was adjusted.

**Service Information**

7 Service Description	8 Service Date	9 Amount Billed	Not Covered	Covered
IMAGING RADIOLOGISTS LLC Medical Emerg X-Ray	11-14-01	45.00	27.00 (1)	18.00
<b>Totals</b>		<b>\$45.00</b>	<b>\$27.00</b>	<b>\$18.00</b>

**Coverage Information**

<b>Totals</b>	<b>\$45.00</b>	<b>\$27.00</b>	<b>\$18.00</b>
PARTICIPATING PROVIDER OPTION (PPO REDUCTION)			-\$27.00
<b>Deductions</b>			
Your 10% Coinsurance Amount		1.80	
<b>Total Deductions</b>			-\$1.80
<b>Total Benefits Approved</b>			<b>\$16.20</b>
<b>10 Amount You May Owe Provider</b>			<b>\$1.80</b>
Total covered benefits approved for this claim: \$16.20 to IMAGING RADIOLOGISTS LLC on 12-12-01.			

151,247 002573

# Grace Period (Healthcare FSA ONLY)



## How it works:

- ✧ The Grace Period allows you an additional 2 ½ months after the end of the plan year to incur eligible **healthcare** expenses.
- ✧ This means you have until **March 15** to spend your **healthcare** FSA dollars.
- ✧ **Healthcare** expenses incurred during the Grace Period will be paid out of “prior” plan year reducing the available balance first.
- ✧ After your prior plan year balance is exhausted, the remaining claims will be applied toward the current plan year.
- ✧ Participants can still use the PayFlex Card for **healthcare** expenses incurred during the Grace Period.

- ✧ The Run Out Period provides additional time to submit claims for reimbursement.
- ✧ This means you have until **April 15** to submit claims to PayFlex for expenses incurred during the plan year.
- ✧ Any amount left in your account after the end of the run out period, will be forfeited.

## Difference between Grace Period & Run Out Period

- ✧ Grace Period allows you to *incur* **eligible healthcare** expenses up until **March 15**
- ✧ Run Out Period allows you to *submit* **healthcare & day care** claims up until **April 15**

# Participant Website

www.mypayflex.com

# PayFlex



[Education Tools](#) | [Eligible Expense Items](#) | [FSA Calculators](#) | [Forms](#) | [FAQs](#) | [Contact Us](#)

## Flex Home

- > [Accounts](#)
- > [Debit Cards](#)
- > [Documents](#)
- > [Direct Deposit](#)
- > [Express Claims](#)
- > [Healthination Videos](#)

- > [My Info](#)
- > [Logout](#)



**Spending Account Buying Center**  
Purchase OTC items,  
prescriptions, vision & hearing  
products online

**Accounts-** access your account information, view transactions, and check the status of a claim

**Debit Cards-** view your debit card status and order additional debit cards

**Documents-** view your Express Claim coversheets, uploaded Express Claim documents, EOBs

**My Info-** access your username, password, security question & answer, email address, and option to set up for e-Notify to receive email confirmation of processed claims

**Direct Deposit-** enroll in direct deposit and remove or change your bank account information

**Express Claims-** submit your claims online and upload or fax your supporting documentation

**Education Tools-** enrollment materials, expense planning worksheets, FSA tutorial and savings calculator

**Eligible Expense Items-** listing of eligible/ineligible expenses

**FSA Calculator-** savings calculator to help you estimate your election amount

**Forms-** claim form, direct deposit form, letter of medical necessity, enrollment form, IRS Form 2441 (for dependent care), and IRS publications

**FAQs-** frequently asked questions on everything you need to know about your FSA

**Contact Us-** provides you with the PayFlex claims address, overnight address, toll-free number, and the PayFlex fax number for claims

- ✧ Do you pay for co-pays, deductibles, prescriptions, over-the-counter medicines, glasses, contacts, etc?
  - ✧ If your answer is **YES** – an FSA is your Key to Tax Savings!
- ✧ If in doubt, elect a small amount!
- ✧ Be conservative with your election amount.
- ✧ **Remember:** The PayFlex Card & [mypayflex.com](https://mypayflex.com) makes an FSA easy to use and always available!

# Contact Information



## Claims Address:

**PayFlex Systems USA, Inc.**

**P.O. Box 3039**

**Omaha, Nebraska 68103-3039**

## Customer Service Center:

**800.284.4885**

**Hours: 7 am – 7 pm CT**

## Integrated Voice Response System:

**800.284.4885**

**Available 24 x 7**

## Paper Claims Fax:

**(402) 231.4310**

## Express Claims Fax:

**(866) 932.2567**

## Participant Website:

**[www.mypayflex.com](http://www.mypayflex.com)**



**Questions???**