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Smart, simple savings

Aetna Flexible Spending Account Overview

A smart way to save

What is a Flexible Spending Account for health care and dependent care?

A Flexible Spending Account (FSA) allows you to set aside money for eligible expenses on a pre-tax basis. There are two types of Flexible Spending Accounts available — a health care account and a dependent care account. A health care account reimburses you for eligible out-of-pocket medical, dental, prescription or vision expenses, such as deductibles, copays, coinsurance and certain over-the-counter (OTC) drugs and medications with a prescription. A dependent care account generally reimburses you for services such as day care, before and after school programs, nursery school or preschool, summer day camp and even adult care. Money in an FSA is exempt from federal, most state and payroll taxes. That means you contribute to an FSA with money that hasn't been taxed. For more information, please check IRS guidelines.

Getting started is easy!

To begin, estimate the amount that you will incur for eligible health care and/or dependent care expenses during the plan year. Then, review your expenses from the prior plan year to determine your annual pre-tax contribution. Your pre-tax contribution will be deducted from your paycheck and credited to your FSA. Please note that for plan years that begin on or after January 1, 2013, new legislation will take effect that caps your pre-tax contribution for your health care FSA at $2,500 each plan year.*

What you need to know about FSAs:

- In general, you may only set your pre-tax contribution in an FSA during open enrollment or when you first become eligible based on your employer's plan.
- Once you establish your plan year contribution, you may only change it if you experience a change in status. This would include a change in one of the following conditions:
  - Legal marital status (marriage, divorce, legal separation, annulment or death of a spouse)
  - Number of tax dependents (birth, adoption or death)
  - Employment status that affects eligibility
  - Dependent satisfying or ceasing to satisfy coverage requirements (reaching limiting age, gain/loss of student status, marriage)
- To apply for a change in your election, you must complete a change-in-election form through your employer's Human Resources/Benefits department within 30 days of the date of the change in status event.

Important notes:

Estimate your FSA contribution carefully. Unused funds will be forfeited, depending on plan design, either:

- After the last day of the plan year, or
- Up to two months and 15 days into the following plan year (if allowed by your employer)

*Please check with your employer on annual pre-tax contribution maximum.

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Keep connected anytime, anywhere

If offered by your employer, you can use your smartphone to access your FSA account virtually 24/7 with our mobile app, PayFlex Mobile™. You can view your benefit plan information, account balances, claims processed and transaction details at anytime. You'll also receive important account updates to let you know the status of your account and when action may be required. You can even submit a claim "on the go" with your phone's camera. It couldn't be easier!

General health care expense information:

- Eligible health care expenses must be for services received after the effective date of your FSA election and during the plan year to which it applies.
- Your health care FSA contribution may generally be used for eligible expenses of your spouse, or child up to the age of 27, if this feature is part of your plan.
- All expenses must be for services received during the plan year, not for services to be provided in the future. In addition, the expenses cannot have been reimbursed and must not be reimbursable by insurance or any other source.
- You cannot claim the same expenses that you deduct on your annual income-tax return.

General dependent care expense information

- You must be actively working, seeking employment or be a full-time student in order for you to be reimbursed for your dependent care expenses.
- Expenses must be for services received after the effective date of your election and during the plan year to which it applies.
- Your expense(s) must be for a qualifying individual, which may generally include a dependent younger than age 13; or spouse or dependent living with you who is physically or mentally incapable of self-care.
- Services must be provided by an eligible dependent care provider.
- Expenses must be for services received, not for services to be provided in the future.
- Expenses can only be reimbursed up to the amount available in your account.
- The maximum amount allowed is generally limited to $5,000 per household/family. This limit is reduced to $2,500 for married employees filing separate returns. However, the exclusion cannot be more than the smaller of the earned income of either the employee or employee's spouse. To learn more, please visit IRS Publication 503.

About PayFlex

PayFlex Systems USA, Inc., one of the nation's leading account-based third party administrators, has become part of the Aetna family and provides administrative services for Aetna's Consumer Financial Solutions products. PayFlex's robust account tools, accessible through Aetna Navigator®, make it easy for you to manage your tax-advantaged accounts. Key features include real-time account balances, customizable account alerts, a mobile application if offered by your employer and the ability to decide if, how and when to use your Flexible Spending Account.

To learn more, contact your HR representative or visit **www.aetna.com**.

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2015 HEALTH CARE FSA PROGRAM WITH PAYFLEX (AETNA)

Whether you are newly enrolling for 2015 or re-enrolling for 2015, you'll find the information here very helpful in understanding your FSA plan and the tools and resources available to more effectively manage your FSA account.

POST OPEN ENROLLMENT:

Whether you are re-enrolling or enrolling for the first time in FSA during the 2015 Open Enrollment period (November 10th –December 5th), you will receive a FSA election statement from PayFlex confirming your 2015 FSA elections. This election confirmation will provide helpful information for you - such as how to set up direct deposit, how to access your account information on a website, how to set up e-Notify, and a reminder to save all receipts. We encourage you to use all these helpful tools to manage your FSA account.

DEBIT CARDS:

If you are enrolling in the Health Care FSA for the first time, shortly after you receive the election confirmation statement (referenced above) and before the end of December, you will receive one debit card that can be used as credit or debit for eligible medical expenses. This blue debit card with the Aetna and PayFlex logos will come with information that describes how to activate the card, how to set up a PIN, etc. To use your card, simply swipe and select either "debit" or "credit." However, some merchants may ask you to select "debit." This means you will need to enter a Personal Identification Number (PIN), which you can set up once you get your card, to complete the transaction member website. The debit card will NOT be active until January 1, 2015 and will remain active while you are enrolled in the Health Care FSA up to 5 years. Participants that are re-enrolling for the 2015 Plan year will have their current FSA debit card re-loaded with their 2015 deferral amount effective January 1, 2015.
Below are a few FAQ's about debit cards:

How many debit cards will I receive after I've enrolled in the medical FSA plan?

All medical FSA participants will receive one debit card once enrolled and this card is good for up to 5 years of consecutive enrollment in the Health Care FSA. If necessary, you can go online and request additional debit cards. If you would like to request a debit card with a family member name other than your own, you will need to call for that specific request. The phone number is 1-800-416-7053.

What if I lose my FSA debit card?

Just like any other debit or credit card, you will need to report the lost/stolen card immediately and a new card will be issued.

Can I use my debit card for dependent care FSA expenses?

No, only eligible medical FSA expenses are authorized for debit card use.

MEMBER WEBSITE:

If you are newly enrolled, once you have received your enrollment confirmation, you can access the member website. This member website is listed on the back of your debit card (www.PayFlexDirect.com). If you are enrolled in an Aetna medical or dental plan, you will be able to link to this member website when signed into Aetna Navigator. For those that do NOT have Aetna medical or dental, go directly to www.PayFlexDirect.com.

On this website, you can:

- View real-time FSA account information
- Submit claims for reimbursement
- Order debit cards for spouse/dependents
- View listing of eligible expenses
- Read News You Can Use articles – legislative changes, account-specific updates and quick tips
- View and customize account alerts – web and email

MOBILE APPS:

If you have an iPhone®, BlackBerry® and Android™ smartphone, you can also install the PayFlex Mobile App. With this app, you can stay connected anytime, anywhere. Features include:

- Account Alerts – Receive notifications related to account status and actions needed to keep your account active.
- Account Activity - Access real-time FSA data including account balances, claims processed and transaction details.
- Claims Submission - Submit claims for reimbursement wherever and whenever and even substantiate a debit card transaction. Use phone camera to take a picture of your receipt and upload to file a claim
- Benefit Plan Details - Access relevant health plan information to make informed decisions at the time of service.

FILING CLAIMS WHEN USING YOUR DEBIT CARD:

Do I have to file a claim when using my debit card?

When you use your debit card for Aetna copays which include medical office visit (PCP or Specialist), urgent care and walk-in clinic copays, the claim will be automatically filed to your FSA account. This is because your FSA plan recognizes these "flat" or "set" dollar amounts. When you use it to pay for pharmacy scripts at pharmacies, your claim will be filed automatically for any location that is an IIAS certified merchant. Nearly all pharmacies are IIAS certified merchants but a few may not be.

When using your debit card to pay for things that are not "set" or "flat" dollar amounts or because you have medical coverage with another company, you will need to provide a **detailed*** receipt for the purchases made when filing a claim. Examples of these charges are medical deductible and coinsurance not reimbursed by a medical plan as well as covered dental and vision expenses. This requirement is called "substantiation". Substantiation is the process of providing the detailed receipt/claim to support that the charges to the debit card to document that they are FSA eligible.

*** What kind of details do I need on my receipt?**
You can send us an Explanation of Benefits (EOB) as that is the most detailed type of receipt for FSA expense. It will show that these transactions were for eligible health care expenses. If the expense that you used your debit card for did not go through insurance or you paid the amount due up front before insurance processed your claim, then send the itemized receipt. Please do not highlight. It makes faxed and scanned copies hard to read. **Please do not send a copy of the debit card receipt as this does not have the necessary information required by IRS.**

EOB (if insurance paid a portion of the medical or dental expense) needs to include:

- ☐ Merchant or health care provider name
- ☐ Name of patient
- ☐ Date of service (not date of payment)
- ☐ Service or item received
- ☐ Amount paid by insurance carrier
- ☐ Amount you owe (patient responsibility)

Itemized receipt needs to include:

- ☐ Merchant or health care provider name
- ☐ Name of patient
- ☐ Date of service (not date of payment)
- ☐ Service or item received
- ☐ Amount of service or purchase
- ☐ Insurance payment (if insurance paid a portion) Note: Per IRS regulations, we cannot accept receipts that show estimated, pending or filed with insurance as FSA is only for eligible expenses NOT covered by insurance

Other considerations when using your debit card:

Many times, often at dental or vision providers, you make a payment based on estimated costs before any insurance is applied. For these situations, you can choose to not use your debit card and file the FSA claim once you have your final EOB. If you choose to use your debit card and the amount of that transaction is less than what your itemized EOB or finalized receipt shows, the substantiation will be accepted.

If there is an overpayment at a providers office as the amount charged to the debit card is more than the final amount after insurance was applied, the provider can credit your debit card the overpayment but you'll need to call your provider to request that overpayment. Many times, the provider keeps the overpayment (depending on the amount) as a credit to your account for future services/purchases. If the provider can't credit your debit card, the overpayment transaction to your FSA account can be used toward future incurred FSA claim submissions.

How do I file a claim or "substantiate"?

Substantiation can be easy! You can file a claim via the member website (www.PayFlexDirect.com), mobile app, fax or mail.

- The FAX number to file a claim is: 888-238-3539
- The mailing address to file a claim is

  PayFlex Systems USA, Inc.
  P.O. Box 4000
  Richmond, KY 40476-4000

- You can set up electronic notifications via email, text messaging and web alerts (standard text message charges apply based on each person's cellular plan details). These messages remind you to substantiate the debit card transactions by providing a copy of the receipt.
- Substantiation Message Alerts will be in red at the top of the Dashboard screen whenever you log into the member website.
- Using the smartphone app, if available, you can file your claim by taking a photo of the detail receipt and uploading the photo to file the claim.
- If you are a participant overseas your FAX number is the same : 888-238-3589

What happens if I don't send in the receipt or file a claim for a debit card transaction that requires substantiation?

Please note that your debit card will be "frozen" if you do not substantiate expenses within 56 days. You will receive a letter that is sent 28 days after debit card transaction to remind you to provide the documentation of that debit card expense. The second letter is mailed 28 days after the first statement. This will alert you that if documentation is not received for all transactions listed by the date on the statement, the card will be temporarily inactivated. Once all documentation is provided for the transactions requiring substantiation, your debit card will be re-activated.

What happens if I never submit substantiation?

The processed charges that require substantiation will be considered an overpayment and future FSA claim reimbursements may be reduced by that amount. If there are no future claims to offset the overpayment, the unsubstantiated charges will be considered taxable income for the plan year and will be included on your W2 form. Your debit card will remain suspended as long as you don't substantiate the charges. All claims for FSA reimbursement will need to be made via claim form.

If I don't substantiate charges and I enroll in the FSA plan the next year will my card be re-activated for the new Plan year?

No. Although your balance for the new year will loaded on your debit card, you'll need to substantiate outstanding debit card charges before your debit card will be re-activated.

When I'm getting my script at the pharmacy, can I use my debit card for a candy bar, shampoo and a magazine too?

No. Your debit card will process only the price of the script when you swipe it and the amount due for the non-FSA eligible items will show as due so you'll have to pay for that amount separately. Your receipt from the pharmacy should detail the eligible FSA expenses on amount charged to your debit card.

I'm an OCONUS employee so I live overseas but I have elected the medical FSA. Will the debit card work in the country I live in?

That depends. FSA debit cards are limited to specific merchant category codes for health care only. Other countries do not use IIAS restricted coding and therefore cards should not work at overseas pharmacies. We have found that medical services on the card only work in some countries. If it does work for you in your country, you will need to substantiate the claim as it is not automatically filed with your FSA.

Keep the phone app in mind for an easy and quick way to file a claim by sending a photo of the detailed receipt/EOB.

Also, you can set up payment options on your FSA account as Pay Them or Pay Me. If you choose Pay Them (provider payment) overseas, a check can be mailed to the overseas provider. However, it will not be converted to foreign currency. It will be in US dollars. Therefore, the best approach is the Pay Me option.

GREAT NEWS!!!! UPDATE FOR THOSE ENROLLED IN HEALTH CARE FSA IN 2014:

Your employer chose to allow for up to $500 rollover from 2014 Health Care FSA to add to your 2015 election amount. As long as you continue to be an active eligible employee on the last day of the plan year, you'll be able to carry over up to $500 in unused funds to the next plan year. Below are some FAQs on this new rollover provision:

Can my Health Care FSA funds continue to carry over from year to year?
Unused funds in your Health Care FSA can be carried over from year to year, up to a maximum of $500, if you are still in the plan on the last day of the plan year.

What happens to my carryover amount if I didn't enroll in a Health Care FSA for the upcoming plan year?
If you did not enroll in a Health Care FSA you can still carry over up to $500 in unused funds to the next plan year, as long as you're an active eligible employee on 12/31/2014. This means you can use your carryover dollars to pay for your eligible expenses in the next plan year. This includes using your PayFlex debit card.

What if I have more than $500 in unused funds at the end of the plan year?
If you have more than $500 in unused funds in your Health Care FSA at the end of the plan year, you have until the end of your plan's run out period 2/15/15 to submit claims for eligible expenses incurred between 1/1/14 and 12/31/14. These claims would reduce the amount of your unused funds and still let you carry over up to $500 into the next plan year.

For example, if you have $750 in unused funds on 12/31/14 and you submit $250 in claims by the end of your run out period, you'll carry over the remaining $500 into the next plan year. If you don't have any claims to submit, you will lose $250 and carry over the remaining $500.

Does the amount I carry over change the amount I can contribute to a Health Care FSA?
The amount you carry over does not change the amount you can contribute to a Health Care FSA. If you carry over funds to the next plan year, you can still contribute up to $2,500 to your Health Care FSA.

Does the carryover apply to Dependent Care FSAs?
No, the carryover doesn't apply to a Dependent Care FSA. Any funds left in your account after the end of your run out period will be forfeited. Your run out period ends on 2/15/2015.

What should I do next?
You should review your current balance and your planned expenses for the remainder of the year. Then, take into consideration that up to $500 of your unused balance can be carried over to the next plan year. If you didn't have a Health Care FSA before, think about enrolling in the future to take advantage of valuable tax savings and the new carryover feature.

What if I have more questions?

There is additional info on the member website (www.PayFlexDirect.com) that may help. You can also call us at 1-800-416-7053 which is the number on the back of your debit card. Customer Service Representatives are available Monday through Friday, 7 am – 7 pm, CST and on Saturday from 9 am – 2 pm, CST.

Overseas participants can contact us at: 1-800-416-7053. You can also email questions 24/7/365 through Aetna Navigator. You can register for Aetna Navigator by going to www.aetna.com.