

FLEXIBLE SPENDING ACCOUNTS

Flexible spending accounts (FSA) are offered through the Stark COG and since your employer is part of the COG, this benefit will be available to you. Enrollment will have an effective date of January 1, 2021. This information is meant to explain the benefit to you so you can determine if you would like to participate for 2021. In the following pages, I will explain the benefits and incorporate the flyers from TASC (our FSA vendor) to help you understand the benefit.

If you choose to participate, you are only committed to the plan for one year. You must decide to participate or not each year at open enrollment time – typically the month of November.

There are two types of accounts:

Healthcare FSA

Dependent Care FSA

There is no cost to participate in this benefit. You determine how much money you want to contribute to the plan(s). The elected amount will be taken from your paycheck in 24 or 26 equal amounts through the year (depending on your pay schedule). All contributions will be deducted from your pay on a PRE-TAX basis. The more you contribute, the more you reduce your taxable income.

Previously this benefit had a use it or lose it clause – but the IRS has change that so you can carry over up to \$550 to the next plan year under the Healthcare FSA account. There is no carryover with the Dependent Care account.

Changes during the plan year are allowed only if you experience a change of status such as:

Marriage or divorce

Birth or adoption of a child

Change in employment status

Download the Mobile App

You can check your balances, request reimbursement, and other information. You can text message also to get account balance, request reimbursement, or receive automated reimbursement status alerts.

HEALTHCARE ACCOUNTS

The Healthcare FSA is used to cover medical expenses that are not covered by insurance. Max allowed per year per person is \$2,750. Our insurance is extensive, but there are still expenses not covered. Examples to use the money for are:

Information below is italic is new for this year.

- 1. The CARES Act of March 2020 expanded the benefits of FSAs by removing the prescription requirement for several OTC (over the counter) drugs and medicines, and by adding feminine hygiene products to the list of expenses eligible for reimbursement. This means you can now use your FSA (TASC) debit card to purchase these items or file for reimbursement. Some of the most common items that can now be purchased without a prescription include:*

- Cold, cough, and flu medicine*
- Tampons, pads, and liners*
- Pain relievers and anti-inflammatory medications*
- Allergy and sinus medicine*
- Digestive aids and laxatives*
- Baby rash ointments and creams*
- Baby electrolytes*
- Sleep aids*
- Skin treatments for conditions such as eczema and psoriasis*
- Acid controllers*
- Acne medications*

The expanded eligible expenses list is a permanent change and these newly added items are retroactively eligible beginning on January 1, 2020, meaning you can file for reimbursement for these items if you've purchased them since the beginning of 2020.

Prior to the passage of the act, these items were only eligible for reimbursement with a prescription. Now that the prescription is no longer required, you can make these purchases using the pre-tax funds you've set aside.

3. **Deductible** – you have a \$250 deductible/person or \$500 deductible/family to pay each year before the plan picks up anything. When you have an office visit, urgent care visit, hospital stay, etc., you receive a bill. You can use this TASC debit card to pay those bills.
4. You will be paying 20% for the price of your medications. You can set up this debit card as the card you want Caremark to charge when you order your mail order medications. You can also use the card at a pharmacy when you purchase medications.
5. **Eyeglasses** – If you have the COG's vision coverage, it does not cover the entire cost of your prescription lenses, frames, and eye exam, this can be used to cover what insurance does not. If you don't have any vision coverage, this is a great way to pay for those expenses as well.
6. **Dental expenses** are not totally covered by insurance. The coverage is 80% for basic and major services. This can also be used for braces for your family members (only covered at 60% and up to \$1,200 per person, per lifetime under COG's dental plan)
7. There are many over the counter items you purchase at a drugstore that are also covered:
 - a. Bandages
 - b. Contact solution
 - c. Heating pad
 - d. Nasal strips
 - e. Reading glasses
8. Some expenses for a disabled person are eligible expenses.
9. There are certain expenses that can be eligible with a Letter of Medical Necessity
10. There are also some expenses that are completely ineligible.
11. A complete list of eligible expenses can be found at www.irs.gov in IRS Publications 502 & 503. Please note that insurance premiums are not eligible expenses.

You will receive a TASC debit card. It is pre-loaded with the amount you have elected for the year. All of your elected amount is available for use on January 1.

As you incur expenses that are eligible under the plan – you have two options to access your FSA funds:

1. You can use the TASC card at point of service. You just swipe your card like any other credit card and the funds are taken right from the account.
2. You can request a reimbursement online, through your Mobile App, or Text Message.

If you choose not to use your card at the point of service, your reimbursement will be direct deposited into your MYCASH account or to your designated bank account. This reimbursement can be used for anything.

DEPENDENT CARE ACCOUNTS

You can use pre-tax dollars to care for your child, disabled spouse, elderly parent or other dependent who is physically or mentally incapable of self-care so you can work.

1. Dependent care expenses must be used for care of dependent so you or your spouse can work, look for work, or attend school full-time.
2. Max. benefit per year is \$5,000 per family
3. Child has to be under 13 to have their expenses qualify
4. Spouse who is disabled has to have lived with you for more than half a year
5. Any other disabled dependent that has lived with you for more than half a year and can be claimed as an exemption.

Dependent Care funds are not available upfront. You will not be able to file for reimbursement for Dependent Care funds until you have had the funds deducted through payroll. *For example*, if the first payroll of 2021 is Jan. 15 – you would not be able to get any funds reimbursed to you until after that date and you would only be able to get the amount that was deposited at that time.

Dependent Care DOES NOT cover medical costs – you would use the Healthcare FSA account for your dependent(s) medical expenses.

These funds need to be paid to someone who is a licensed day care provider or someone who claiming the income through the IRS.

The money you run through this account is not eligible to be claimed when you file your taxes. However, if you spend more than the amount you put in the account (up to a max. of \$5,000/year) the remainder of the money you spend not run through this account, CAN be claimed on your taxes.

There is no carryover of funds in the dependent care accounts. You have to make sure you can use all of the funds you put into the account in the calendar year. Remember, there are reasons (qualifying events) that you can stop your election into the account during the year or start an account during the year including change in job status, marriage or divorce, or birth of a child.

INFORMATION

The TASC website, tasconline.com will be able to guide you on using you card, how will be reimbursed if you do not use your card at the point of service, how to manage your account, and what MyCash is and how to manage those funds. It also will explain how to use the mobile app. If you are a first time participant you will need to set yourself up as a user.

If you still have questions regarding Flexible Spending Benefits after reading through this material, please feel free to contact me at 330-492-8136, ext. 1356 or kim.sanford@email.sparcc.org I will be glad to help you with the process.

Remember, with the Healthcare Flexible Spending Accounts, you can carryover up to \$550 at the end of the year. If you are considering this benefit and are not quite sure how much you think you would use, start out with the \$550 amount. Even if you don't use any of it, you cannot lose it; it will carry over into the next year.