baystate
benefit services

Flexible Spending Account (Health FSA)

What is a Flexible Spending Account (FSA)?
An FSA is an employer-sponsored plan that allows deducting dollars from your paycheck and depositing them into a special account that's protected from taxes. FSA accounts are exempt from federal taxes, Social Security (FICA) taxes and, in most cases, state income taxes. The money in an FSA can be used for eligible health care expenses that are incurred during that plan year.

How much can be contributed?
In 2023 the annual contribution limit is $3,050 per person.

Who can put money in my FSA?
You and your employer; although employers rarely contribute to employees' FSAs.

How do I use the card for my FSA?

If you are enrolled in the Health FSA plan, your *Benny Card* can be used to pay for all qualified Health FSA expenses. Your *BennyCard* is programmed to know to debit your FSA benefits accordingly. You can also use your Benny Card at the Health FSA Store www.fsastore.com and **HealthShopper**, powered by Amazon, convenient consumer access to low-cost eligible items https://my-healthshopper.com

Where can I use the card?
The Health FSA *Benny Card* may be used to pay for qualified medical expenses at Hospitals, Pharmacies, Dental Offices, Physician's Offices, and certain retailers. If the *Benny Card* does not work, you can pay out of pocket and submit for reimbursement.

What does it mean to incur expenses?
The IRS considers expenses to be "incurred" at the time you receive medical care --not when you are formally billed or actually pay for services. Only eligible expenses you incur within the plan year, including any employer-allowed grace period, are eligible for reimbursement.

What happens if I have money remaining in my account at the end of the year?
You are now able to roll over remaining funds into your next plan year up to $610.00. This rollover means enrollment in an FSA is much less risky. This gives you more flexibility to spend your FSA money when you need it. You can use it for necessary out-of-pocket healthcare expenses, rather than feeling pressured to engage in last minute and potentially unnecessary spending at the end of the year or grace period.

How much time do I have to submit claims?
Claims and substantiation must be submitted within 90 days of the plan year ending.

What if my doctor or medical facility doesn't accept the Benny Card?
You'll need to pay with cash or check and submit a Reimbursement Form along with your receipts for reimbursement.

Important things to remember using your Benny Card:

Keep all your receipts! The IRS requires that you retain all receipts for Debit Card transactions. You may be required to send a receipt to your Administrator to substantiate a Debit Card transaction. If asked for, the receipt must be submitted within 30 days of your purchase. If your receipt is not submitted within this 30-day period your card will be de-activated and future purchases must be paid for and submitted for reimbursement via a paper claim.

Dependent Care Reimbursement Account (DCRA)

What is a Dependent Care Reimbursement Account (DCRA)?
A Dependent Care Reimbursement Account (DCRA) is a tax advantaged account offered to you through your employer. With a DCRA, you are able to make pre-tax contributions through payroll to pay for dependent care expenses.

How much can I contribute to a DCRA?
The maximum contribution the IRS allows is $5,000 annually per household. Unlike medical flexible spending accounts (FSA), your DCRA funds are only accessible as they are deposited with each payroll deduction.

Who is considered a Qualified Dependent?
The IRS considers the following people to be Qualified Dependents.

- Children under the age of 13
- A spouse who is physically or mentally unable to care for him/herself
- Any adult you can claim as a dependent on your tax return that is physically or mentally unable to care for him/herself

What are considered eligible expenses?
The following items are considered eligible expenses.

- Babysitter inside or outside household
- Before, after school, & extended day programs
- Custodial childcare or eldercare expenses
- Day camps
- Daycare centers
- Late pick-up fees
- Looking for work-expenses
- Nanny expenses
- Sick childcare center
- Preschool or Pre-kindergarten

What are considered ineligible expenses?
The IRS has deemed the following items as ineligible expenses.

- Field trip expenses
- Educational Expenses
- Tuition
- Expenses paid to child of participant
- Food, clothing, or entertainment costs
- Overnight camps
- Care while on leave of absence
- Care while on maternity or medical leave
- Payment for services not yet provided
- Childcare paid by noncustodial parent

What happens if I have money remaining in my account at the end of the year?
Unlike a medical FSA, you are unable to rollover unused funds from one year to another. All contributions must be used for eligible expenses incurred during the plan year of contribution and submitted within 90 days of the plan year's end. A 75 day grace period may be available to spend down unused funds after the plan year ends. Check with your employer for details on your plan.

How does it work?

1. **Determine the amount you would like to contribute for the year & complete an application.**
2. **Pay dependent care costs out-of-pocket just as you routinely would.**
3. **Submit for reimbursement through our Mobile App, our website's Member Portal, or by emailing a DCRA Reimbursement Form to claims@baystatebenefits.com.**

Important things to remember:

Keep all your receipts! The IRS requires that you retain all receipts for DCRA reimbursed transactions. Baystate offers an easy-to-use documentation library where you can upload and store receipts within the member portal. If you have the app, you can do this right from your phone.