What is a flexible spending account?

An FSA is a health care spending account that allows you to set aside money on a pretax basis to pay for qualified health and dependent care expenses. Your employer may offer you one or more of the following FSA options:

- A health care FSA is used to reimburse you for qualified medical expenses
- A dependent care FSA is used to reimburse you for qualified dependent care expenses such as child and elder care.
- A limited purpose FSA is used to reimburse you for qualified dental or vision services, or a combination of both.

Am I eligible to participate in a dependent care FSA?

You are eligible for this benefit if you have a dependent who requires care to enable you to work. In addition, you must meet one of the following eligibility criteria:

- You are unmarried.
- Your spouse works, is a full-time student, is actively seeking work or is disabled (incapable of self-care).
- You are divorced or legally separated and have custody of your child even though your former spouse may claim the child for income tax purposes. Your dependent care FSA can be used to pay for child care services provided during the period the child resides with you.

Where do I go for help?

Member Services is available to answer your questions 24 hours a day seven days a week. Contact a specialist by calling the number on the back of your Healthy Blue FSA™ reimbursement card.

1. What expenses are eligible for reimbursement?

   Health care FSA — The money in your health care FSA can be used for qualified medical expenses for you, your spouse and dependent children. Qualified medical expenses may include deductibles and copayments at doctors’ offices, pharmacies, medical labs, dentists and more. For a comprehensive list of Internal Revenue Service defined qualified medical expenses, visit irs.gov.*

   Dependent care FSA — The money in your dependent care FSA can be used to help pay for nursery school or day care for younger children, disabled older children, a spouse, an elderly parent or a disabled parent who lives with you full-time. Services must be provided while you and your spouse are working, engaged in a full-time search for employment or attending classes full-time. Each person must meet the definition of a qualifying child or dependent under the IRS Child and Dependent Care Credit guidelines.

   Limited purpose FSA — The money in your limited purpose FSA can be used for qualified vision and dental expenses. For a comprehensive list of IRS defined eligible expenses, visit irs.gov.*

2. What are the tax advantages of an FSA?

   You can contribute pretax earnings to your health care and dependent care FSA. The amount you deposit into any FSA will not have federal income and Social Security taxes deducted but could have state and local taxes withheld.

3. How is my account funded? How much can I contribute?

   You and your employer may contribute to your account. The maximum contribution amount set by the IRS is $2,500. You should contribute the amount you expect to pay for out-of-pocket qualified medical expenses during the plan period.

*Blue Cross Blue Shield of Michigan does not control this website or endorse its general content.
4. What happens if I don’t use all the money in my account by the end of the plan year?
Federal law specifies that any money remaining in your account at the end of the plan year will be forfeited. This is more commonly known as the use-it-or-lose-it rule. Your employer may use forfeitures to offset the administrative costs of operating the plan. Your employer may also allow a grace period that gives you extra time to incur expenses to use your remaining FSA balance after the close of the plan year.

5. What is the run out period?
The run out is a specified period of time after the end of the plan year, or following your termination in the plan, in which you may continue to submit claims incurred during your period of coverage. For example, if your plan has a 90-day run out period, you will have 90 days from your date of termination to submit expenses incurred prior to the termination date.

6. How do I access the funds in my account?
You can access the funds in your account by using your Healthy Blue FSA reimbursement card or by paying out-of-pocket for your services and filing a claim for reimbursement. You don’t need to file a claim when you use your reimbursement card. The merchant or provider is paid when you present your card at the point of service and the transaction amount is deducted from your account. Keep all of your itemized receipts and be prepared to provide them if you are requested to do so. If you are filing a claim, download the FSA Reimbursement Form from your online Personal Desktop under the Forms & Docs tab. Complete and submit the form along with receipts that document the type of service, amount charged and date of service. Once approved, you’ll be reimbursed according to your employer’s reimbursement schedule.

7. What is the Healthy Blue FSA reimbursement card?
Your Healthy Blue FSA reimbursement card is a special-purpose Visa card that provides instant access to the funds in your FSA. The card allows you to pay for eligible products and services at the point of sale without submitting a claim form and waiting for reimbursement.

8. Can I view my FSA online?
Yes. You can view all your account information online, including account balances and claims transactions through your Personal Desktop. Just follow these simple steps:
1) Go to bcbsm.com and log in as a member.
2) Select My Coverage.
3) Select Spending Accounts, then click Go to your Healthy Blue FSA.

9. Where do I obtain a blank reimbursement form?
Forms are available online at bcbsm.com on your Personal Desktop in the Forms & Docs tab.

10. What happens to my FSA if I leave my job?
Participation in the FSA ends if you terminate employment. This means only expenses incurred during your participation in the plan are eligible for reimbursement. Claims for expenses incurred prior to the plan termination date must be submitted within the “run out” period.

11. Can I transfer an account balance from one HRA to another?
No, the health care, dependent care and limited purpose FSAs are separate plans that may be offered by your employer under separate terms and conditions.

12. Who controls the funds in my health care or limited purpose FSA?
Although you can submit claims for whatever expenses you choose, you are required to provide substantiation of each expense to ensure that it is for a qualified medical expense.

13. How often can I submit reimbursement requests?
You can submit requests as often as you incur expenses.

14. Can I be reimbursed for my dependents’ medical expenses under my FSA?
Yes, as long as the dependent meets the IRS definition of a dependent and is included in your employer’s plan.

15. What happens if the amount I request for reimbursement is larger than my available account balance?
Reimbursement requests that exceed your account balance will be reimbursed up to the amount available in the account.

16. Can I change my election amount during the plan year?
Once you make an election for an FSA, you cannot change the amount unless there is an appropriate change in status. If you have a qualifying event or family status change, such as a marriage, divorce, birth or adoption, change of job or loss of a covered dependent, you can change your election amount.

17. Can I have both a health savings account and an FSA?
No. Federal regulations prohibit you from participating in both an HSA and a health care FSA. However, you can pair a limited purpose FSA or a dependent care FSA with an HSA.

18. What type of expenses can I pay for with my Healthy Blue FSA reimbursement card?
You can pay eligible expenses that may include copays, deductibles, prescription drugs and over-the-counter medications. The card provides you with the convenience of paying for health care expenses at the point-of-sale without paying out-of-pocket.

19. Is a prescription required to receive reimbursement for over-the-counter drugs?
Yes. IRS regulations allow reimbursement for certain over-the-counter drug expenses with a prescription.