Optum Financial®

Common questions about FSAs



A flexible spending account (FSA) from Optum Financial offers you tax savings, as well as a simple way to pay for eligible medical, dental, vision and, in some cases, child and elder care expenses. Here are the answers for questions you may have about FSAs.

Q: What is an FSA?

A: An FSA is a tax-advantaged program offered by employers that allows their employees to pay for eligible out-of-pocket health care and dependent care expenses with pre-tax dollars. FSAs are exempt from federal taxes, Social Security (FICA) taxes and, in most cases, state income taxes. The most common types of flexible spending accounts are:

- **Health care flexible spending account (FSA):** an account that provides pretax reimbursement for eligible out-of-pocket medical expenses not covered by insurance
- **Limited purpose flexible spending account (LPFSA):** an account that provides pretax reimbursement of eligible out-of-pocket expenses related to preventive care and dental and vision expenses not covered by insurance
- **Dependent care flexible spending account (DCFSA):** an account that provides pretax reimbursement of dependent care expenses (e.g., day care) incurred by eligible tax dependents

Q: What are the general features and tax benefits of an FSA?

A: Your contributions are pretax or tax-deductible.[1]

- Tax-free withdrawals are made to pay for eligible out-of-pocket expenses related to health care and dependent care.
- FSA dollars can be used during the plan year, but generally they do not carry over from year to year.

Q: Why should I enroll in an FSA?

A: With an FSA, your out-of-pocket health or dependent care expenses are paid with tax-free dollars. You could save an average of 30%[2] on all of your eligible expenses.

Q: Whose expenses can I claim under my FSA?

A: You can use your FSA to pay for eligible expenses incurred by you, your spouse and any eligible children or relatives.

Q: What are eligible FSA medical expenses?

A: There are hundreds of eligible expenses, from bandages to flu shots. See optum.com/qualifiedexpenses for an interactive list.

Q: Can I change my FSA election midyear?

A: Certain events may allow employees to increase or decrease their election or begin or cease participation in a plan. Common qualifying events include marriage, divorce, birth, death or a change in the cost of dependent care.

The adjustment to the election must be consistent with the event. For example, an increase in the cost of day care would not allow you to decrease your election.

Please refer to your employer's plan document for further guidance on qualifying status change events applicable to your plan.

Q: Am I eligible to participate in a DCFSA?

A: You are eligible for this benefit if your employer offers the plan and you have a dependent (whose expenses are eligible) 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.
- 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 DCFSA can be used to pay for eligible child care services provided during the period the child resides with you.

Important notes:

- Expenses are treated as having been incurred at the time the medical care was provided, not when you are formally billed or charged, or when you pay for the medical expenses.
- You cannot receive reimbursement for future or projected expenses.
- All submitted expenses are reviewed for eligibility according to Internal Revenue Code Section 125 guidelines.

Q: What if I have recurring dependent care claims?

A: The easiest way to get reimbursed is to complete our eCertify process. You submit the first claim manually to establish and substantiate both the expense and the provider in our system. Recurring payments in the same amount at the same provider will then be automatically substantiated with no additional documentation required.

Q: If I don't use my FSA payment card for a medical expense, how can I reimburse myself?

A: You may file claims for reimbursement in 2 ways:

1. First, sign in to your account. Click on the Reimburse Myself button on your home page and walk through the steps to enter the details of the claim and submit supporting documentation.
2. You may also choose the Pay Provider button to send payment directly to your doctor's office or other provider.

Q: Where can I use my FSA payment card?

A: Your FSA payment card can be used at health care-related merchants, such as hospitals and vision, dental and doctor's offices. It can also be used at drugstores, pharmacies and grocery stores that have implemented the Inventory Information Approval System or certified 90% of their gross sales are FSA eligible.

As always, save itemized receipts, bills or statements any time the payment card is used. The payment card may also be used at day care providers that accept the payment card and have a valid merchant category code signifying they are a day care provider.

Your card may be eligible to add to your phone's digital wallet. Plan options may vary.

Q: Why may I be asked to provide documentation for an Optum Payment Card purchase? Wasn't my payment already approved?

A: We try to approve your card purchases automatically, using information provided by the merchant or matching health plan copayment information provided by your employer. At times, we may not be able to automatically approve the card purchase, and will request that you submit additional documentation.

Q: What types of documentation are acceptable for reimbursement or substantiation?

A: Documentation for FSA expenses required by the IRS includes a third-party receipt or Explanation of Benefits (EOB) containing the following information:

- Date(s) of service or purchase made
- Type(s) of service or name(s) of item(s) purchased
- Dollar amount(s) (after insurance, if applicable)
- Name of provider
- Name of patient

For example: An EOB from your insurance company or itemized statements from the provider is excellent documentation.
Visit our Claims Resource Center for more information.

Q: What happens to my FSA if I terminate employment?

A: Participation in the FSA ends if you terminate employment. This means, only expenses incurred prior to the date your participation in the plan ends are eligible for reimbursement. Claims for expenses incurred prior to the plan termination date must be submitted within the run-out period.

Q: How do I determine the date my expense(s) were incurred?

A: A service or expense must be incurred before it is eligible for reimbursement. An FSA expense is considered incurred when the service is performed, not when you pay for the service. In addition, the service must be performed during your participation in the plan. Services or expenses incurred before or after your plan participation dates do not qualify for reimbursement.

Q: What is the run-out period?

A: 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. This is not a period when you are able to continue to incur new expenses, rather it allows you time to gather and submit expenses before forfeitures are applied.

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. Plan options may vary, so please refer to your employer's plan document.

Q: What happens if I don't use all of the money in my account by the end of the plan year?

A: Any money remaining in your account at the end of the plan year will be forfeited, according to federal law. It's referred to as a use-it-or-lose-it. However, employers may allow a grace period or rollover of unused funds, so check your employer plan documents.

Ready to enroll?

Enrolling in an FSA is quick and easy because it's built into your employer's benefit options. Review your materials today so you don't miss your chance to sign up.

Scan the QR code, or go to **optum.com/FSAIntro**, to see how you can save.

1. Contributions are tax-deductible on your federal tax return. Some states do not recognize FSA contributions as a deduction. Consult a qualified tax adviser for advice.
2. Assuming 22% federal income tax and 7.65% FICA. Results and amount will vary depending on your particular circumstances.

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Flexible spending accounts (FSAs), dependent care assistance programs (DCAPs), health reimbursement arrangements (HRAs), Commuter and Parking Benefits, Tuition Assistance Plans, Adoption Assistance Plans, Surrogacy Assistance Plans, Wellness Benefits, and Lifestyle Accounts (collectively, "Employer-Sponsored Plans") are administered on behalf of your plan sponsor by Optum Financial, Inc. or ConnectYourCare, LLC, and are subject to eligibility and restrictions. Employer-Sponsored Plans are not individually owned and amounts available under the Employer-Sponsored Plan are not FDIC insured.

This communication is not intended as tax or legal advice. Consult a legal or tax professional for advice on eligibility, tax treatment, and restrictions. Please contact your plan administrator with questions about enrollment or plan restrictions.

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