Flexible Spending Accounts (FSA)

The health FSA is not available to anyone who selects the HDHP/HSA option. Flexible spending accounts are a way to pay for certain health care and dependent day care expenses on a tax-free basis. There are two kinds of flexible spending accounts:

- A **medical spending account** can help you pay for medical, dental, vision and certain other health care expenses (but not premiums) that you and your dependents may incur. You can participate in a medical spending account regardless of whether you have St. Luke's benefits coverage.

- A **dependent care spending account** can help you pay for day care expenses for your children under age 13 and qualifying older dependents, including dependent parents.

If you elect a flexible spending account, you contribute to it – before taxes – in equal installments totaling 24 pay periods throughout the year. Your contributions must fall within these annual limits:

	Annual Minimum	**Annual Maximum**
Medical Spending Account	$130	$2,850*
Dependent Care Spending Account	$480	$5,000

You may be reimbursed from your flexible spending account only for eligible expenses that were incurred during the same period in which you enrolled in and made contributions to the accounts. **Keep in mind; you may not transfer money from one account to the other. In addition, you may not change the amount of your annual deduction or cancel the account unless you have a qualifying event that meets IRS guidelines for change.**

If Money is Left in Your Account at Year End

It's important to estimate your expenses carefully each year. IRS rules require that you forfeit any unused deposits in your flexible spending accounts at the end of the year. (However, you'll have until March 31 to file claims for expenses incurred through December 31 of the previous year.)

St. Luke's will carry over up to $500 of unused 2021 medical spending account balances. You must be a covered participant through the last day of 2021 to receive these unused funds in a 2022 medical spending account. Amounts in excess of $500 are forfeited. The carry over dollars will be in addition to the annual maximum allowed for 2022. The maximum carryover amount may increase in future years, if it does, St. Luke's will communicate the new maximum carryover amount to you.

If any amount remains unused, St. Luke's may contribute the forfeited funds to the Employee Crisis Fund to support employees in need. (Refer to Appendix Section C for additional information)

*Pending IRS 2022 limits.

How the Medical Spending Account Works

Eligible Expenses

You can use a medical spending account to pay for most health care expenses not covered by medical, dental or vision coverage. The following chart provides examples of eligible expenses, as well as expenses not eligible for reimbursement.

Eligible Expenses	Expenses Not Eligible for Reimbursement
▪ Medical, dental and vision plan deductibles and co-payments ▪ Expenses over reasonable and customary limits ▪ Medical equipment ▪ Hearing Aids ▪ Insulin	▪ Cosmetic Surgery ▪ Fitness club dues ▪ Premiums for a spouse's health plan ▪ Any amounts covered under any other plan provided by a family member

Getting Reimbursed

- If your eligible expense may be covered by medical, dental or vision coverage, you must first submit your expenses to that plan first for payment. Provide your Explanation of Benefits (EOB) to support the portion you are responsible for that qualifies for the Medical FSA.
- File claims with Tri-Star through your Tri-Star online account (access information is provided in a welcome letter, sent after the close of open enrollment) or by completing a claim form available through the St. Luke's intranet. Each claim must be accompanied by either the EOB or an itemized statement showing the services provided, date of service and charge for services.
- You have the option of using your FSA debit card to pay your provider for qualified services. You should not also file a claim for the amount paid with your card.
- For medical claims, you may be reimbursed up to the amount you've chosen to contribute for the whole plan year, less any reimbursements already received.

How the Dependent Care Spending Account Works

Eligible Expenses

You can use a dependent care account to pay for dependent day care expenses so that you (and your spouse, if you're married) can work.

Eligible Dependents	Guidelines
Your children under age 13	• Child must be dependent on you for at least 50% of his or her financial support. • Care may be provided inside or outside your home, but not by anyone considered your dependent for income tax purposes, such as one of your older children. • If care is provided by a facility that cares for more than six children, the facility must be licensed.
Your spouse or other dependent who is incapable of self-care	• He or she must be dependent upon you, physically or mentally, for at least 50% of his or her financial support. • Care may be provided either inside or outside your home. However, expenses incurred outside your home (such as a nursing home) are eligible only if the dependent regularly spends at least eight (8) hours a day in your household.

Getting Reimbursed:

- File claims with Tri-Star through your Tri-Star online account (access information is provided in a welcome letter, sent after the close of open enrollment) or by completing a claim form available on the St. Luke's intranet. Each claim must be accompanied by a care provider statement showing the services provided, date of services and charge for services.
- You can be reimbursed up to the amount that's in your account at the time you make the claim. For example, if you file a claim for $500 but have a current balance of only $300 in your account, you'll receive a reimbursement check for $300 and get the rest later (as more money flows from your pay into your account).

IRS Guidelines:

There are special IRS guidelines you need to keep in mind for the dependent care spending account:

- Your total contribution cannot be greater than your earned income or your spouse's, whichever is lower. This means if your spouse's salary is $2,000 and yours is $20,000, the most you can contribute is $2,000.
- You're not eligible for reimbursement if your spouse has no earned income unless your spouse is a full-time student or is disabled. In this case, you may contribute up to $250 a month for one dependent and up to $500 a month for two or more dependents.
- If both you and your spouse have dependent care spending accounts, your total combined reimbursement limit is $5,000. However, the most you can elect to be reimbursed by St. Luke's is the maximum amount set forth above. Likewise, if you and your spouse file separate income tax returns, your individual dependent care spending account limit is $2,500. If you are single and filing as the head of household, the most you can elect to be reimbursed by St. Luke's is the maximum amount set forth above, even though that maximum may be less than the maximum permitted by IRS guidelines.
- You must file IRS Form 2441 with your Federal Tax Return and provide the name, address and Social Security number or taxpayer identification number of the dependent care provider you use. Please consult your tax advisor for any tax related questions.
- You must have primary custody of the child and provide over 50% of their support.