

# STATE OF IOWA FLEXIBLE SPENDING ACCOUNTS

## SUMMARY PLAN DESCRIPTION

Administered By:

*State of Iowa*  
*Iowa Department of Administrative Services*

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## THE BASICS OF FLEXIBLE SPENDING ACCOUNTS

### *What are Flexible Spending Accounts?*

Flexible Spending Accounts (FSA's) are a way to pay out-of-pocket (unreimbursed) medical expenses (Health Care Flexible Spending Account (Health Care FSA)) and dependent care expenses (Dependent Care Flexible Spending Account (Dependent Care FSA)) on a BEFORE-TAX basis.

### *What Does "Before Tax" or "Pretax" Mean?*

FSA deductions from your paycheck are exempt from federal and state income tax and social security tax. These deductions reduce your **taxable** income reported on your W-2 and on your income tax returns.

### *Who is eligible to participate?*

Permanent employees of the State, the Fair Board, the Community-Based Correctional Districts, the Office of Professional Responsibility, the Iowa Braille and Sight Saving School, and the School for the Deaf who are regularly scheduled to work at least 1040 hours a year are eligible to participate in the flexible spending plans.

### *Why Should I Participate?*

The Health Care FSA can save you up to 25% - 40% in taxes on each dollar that you spend for your share of insurance deductibles, co-pays, and items not covered by insurance. Also, the Dependent Care FSA may save you more in taxes than the day-care tax credit (filed with your federal income tax return). See your personal tax advisor if you have questions.

### *Whose Expenses Qualify for these Plans?*

FSAs are authorized by the Internal Revenue Code. Medical expenses of a spouse, qualifying child or qualifying individual (see [www.asiflex.com](http://www.asiflex.com) for definitions) qualify for the tax savings under the Health Care FSA even if they are not covered under one of the health/dental plans offered by the State. (There are age and custody restrictions for the Dependent Care FSA.)

## TAX SAVINGS EXAMPLE

By electing to direct a portion of your salary through a FSA, you essentially bank your money in a TAX-FREE account. The money is used to pay for expenses that would otherwise be paid out of your take-home pay. **This example shows how an FSA could save an employee \$602 in taxes.**

	Without <i>FSA</i>	With <i>FSA</i>	Savings with <i>FSA</i>
Gross Income	\$45,000	\$45,000	
Expenses run through Health Care FSA = (\$2,000* annual election)	0	2,000	
Taxable Income	\$45,000	\$43,000	
Federal Tax**	3,563	3,238	325
State Income Tax**	1,848	1,723	125
FICA	3,442	3,290	152
Income After Taxes	\$36,147	\$34,749	
Expenses not run through FSA	2,000	0	
Your Spendable Income	\$34,147	\$34,749	<b>\$602</b>

**This person could reduce their taxes by \$602 by using the FSA!**

\* A qualified employee may elect up to \$2,600 per year; we used an election of \$2,000 for purposes of this example.

\*\* Based on married with two allowances.

## Table of Contents

The Basics of Flexible Spending Accounts	1
Tax Savings Example	1
Enrollment	2
How it Works	2
Annual Maximums	4
How to Make Changes	4
FMLA	6
What Happens if I go on Non-FMLA Leave	7
What Happens if I Terminate Employment	7
Qualifying Health Expenses	8
Non-Qualifying Health Expenses	8
Dependent Care Tax Credit	8
Qualifying Dependent Care Expenses	9
Non-Qualifying Dependent Care Expenses	9
Appeal Process	9
FAQ	10
Claim Form	12

## ENROLLMENT

The Plan Year is always January 1 through December 31. Open enrollment normally begins mid-October, but you should check with your personnel assistant to confirm the actual dates. Participants must enroll each Plan Year to be eligible to participate.

You may enroll during open enrollment each year for the upcoming Plan Year by enrolling online in IowaBenefits at <https://bfi.secure-enroll.com/go/bfi> or with assistance from your Human Resources Associate. You may also enroll during the Plan Year if you experience a qualifying change in family or employment status (see “How to Make Changes” below for additional information) and enrollment is consistent with, and on account of, that status change.

New employees must enroll within 30 days of their hire date. Participants may begin to incur eligible expenses on the effective date of participation. Participation in the Plan will be effective the 1<sup>st</sup> day of the month following enrollment. Deductions will begin from the first available paycheck issued after receipt of the form by ASI and in conjunction with when your participation becomes effective.

## HOW IT WORKS

### **1. Estimate your family’s annual out-of-pocket medical and dependent care expenses for the Service Period.**

The Service Period for Health Care FSA is the Plan Year for which you enroll. You can incur claims through December 31 of that Plan Year. For Dependent Care FSA, the Service Period is the Plan Year for which you enroll plus two and ½ months following the close of the Plan Year. You may incur claims through March 15<sup>th</sup> of the year following the Plan Year for which you enrolled.

You may include expenses for your spouse, qualifying child or qualifying individual. Visit [www.asiflex.com](http://www.asiflex.com) for further information. ***Include predictable expenses only.***

For the Dependent Care FSA, you may include only those child/dependent care expenses that you incur in order for you and your spouse to be gainfully employed. Only expenses incurred for care and well-being qualify for this tax relief (education-related sports camps, summer school and private school expenses, food and transportation do not qualify). **Child support payments are not allowable.** Day camp fees incurred in order for you to work are allowable but

overnight camps are not. Please refer to IRS Publication 503 for further details on qualifying expenses. You may link to this publication from ASI's website [www.asiflex.com](http://www.asiflex.com).

## 2. Enroll

Divide your estimate by the number of paychecks you expect to receive during the Plan Year. Complete an enrollment form.

Deductions will be withheld from 24 (full calendar year) paychecks rather than the normal 26 received during the year. Twice a year, employees receive three paychecks during a month. The third paycheck of a month does not withhold deductions for voluntary benefits, including the FSA.

## 3. Receive services.

An expense is incurred when the services are provided that create the expense, not when you are billed for or pay for the service. You must receive the medical or dependent care services before you file a claim for those services. The tax identification number or Social Security number of the child/dependent care provider must be listed on your federal income tax return. Please check with your dependent care provider (**before** enrolling in this category) to be sure that you are able to obtain their tax identification number or their Social Security number. Allowable expenses must be incurred during the portion of the Plan Year that you were a participant.

**Carryover v. Grace Period:** In the past, you could continue to incur claims for 2 ½ months (through March 15<sup>th</sup>) after the end of the plan year (this is referred to as a grace period). Claims were paid from the oldest year's funds first unless you requested otherwise. You will continue to have the grace period for the Dependent Care FSA but not for the Health Care FSA. You will forfeit all unused Dependent Care FSA funds after the claims period expires; such forfeited funds are retained by the State in accordance with federal regulations.

For the Health Care FSA, you are now allowed to carry over a maximum of \$500 of unused Health Care FSA funds to the following plan year (this is referred to as a carryover). If you have not incurred expenses and you have Health Care FSA funds left over at the end of the year, a maximum of \$500 will be carried over to the following year. Any Health Care FSA funds not claimed in excess of the \$500 will be forfeited. You have an additional 12 months to use the carryover funds in addition to any new amount for which you enroll.

## 4. File claims.

After you have received the services and know the amount of your responsibility for the bill, you may submit a claim for those expenses to ASI. There are four ways to file a claim:

- Online at [www.asiflex.com](http://www.asiflex.com) – complete the requested information, scan and upload your supporting documentation;
- Mobile App – download ASI's free mobile app for your Apple device from the AppStore or for your Android device from the Google play store. Then simply complete the information and take a picture of your supporting documentation with your device's camera;
- Fax – fax forms and supporting documentation to 1-877-879-9038; and
- Mail – send paper forms and supporting documentation to: ASI, PO Box 6044, Columbia, MO 65205-6044.

**Claims for both health care and dependent care expenses incurred for services provided during the Service Period must be filed by the following April 15th, or the next business day if April 15 falls on a weekend or holiday.** The Service Period for the Health Care FSA is the Plan Year (ending December 31<sup>st</sup>). The Service Period for the Dependent Care FSA is the Plan Year plus two and ½ months (March 15<sup>th</sup>) following the Plan Year. After that, your account will be closed. Any balance in the Dependent Care FSA will be forfeited. Any balance in excess of the \$500 carryover for the Health Care FSA will be forfeited and will be retained by the State in accordance with federal regulations. Any amount up to a maximum of \$500 will be carried over and available for you to spend on health care expenses you incur during the next plan year.

Copies of insurance explanations of benefits statements may be used instead of original physician bills if the date of service and charges are shown. Copies of receipts of payment that do not include all the above information are not acceptable. Copies of personal checks are not acceptable. Documentation or copies will not be returned. You will be

provided with a supply of claim forms with your enrollment confirmation. Extra claim forms are available through your personnel assistant, from DAS's web site, ASI's web site, or by contacting ASI.

**Orthodontic** expenses may be reimbursed as you make payments to your provider. In order to be reimbursed for these services, there are a few things to keep in mind:

- 1) The braces must have been placed (or the initial work provided) and must still be on the patient.
- 2) You must submit a copy of your treatment plan (sometimes called your contract) with your provider that lists the total amount for which you are responsible and the treatment period or a paid receipt from your provider indicating that the payment was for orthodontia.
- 3) You must submit proof of payment with your reimbursement request. The proof of payment can be a paid receipt from your provider, a credit card receipt or your credit card statement.

If you have questions or concerns about how reimbursement for orthodontia works, please call ASIFlex directly at (800) 659-3035.

#### **5. Receive reimbursements.**

ASI will review your claim and if approved, will reimburse you for the covered expenses. Payments are issued within one day of ASI's receipt of your claim. For dependent care, if your claim exceeds your available funds, the difference will be recorded and paid to you as funds become available from payroll. Payment under the Health Care FSA is not limited to the amount in your account at the time of your claim. Your bi-weekly contributions will continue for the remainder of the Plan Year.

**Payments** may be made by **direct deposit** into the bank account of your choice. By using direct deposit you will not need to wait for a check to arrive or get it deposited. A notice that a payment was made will be sent to you. This direct deposit notice is available by U.S. Mail or by **e-mail** over the Internet. If you prefer, a check can be mailed to you instead of payment by direct deposit.

### **ANNUAL MAXIMUMS**

You may elect to set aside up to \$2,600 worth of qualifying expenses each year (but not more than your earned income) for the Health Care FSA.

For the Dependent Care FSA, you and your spouse (if any) together may elect **up to a maximum of \$5,000** per year, (**\$2,500** in the case of a married individual filing a separate tax return for the Plan Year) or the lesser of your (after subtracting all FSA deductions) or your spouse's earned income for the Plan Year. In the case of a spouse who is a full-time student at an educational institution or is physically or mentally incapable of caring for himself or herself, such spouse shall be deemed to have earned income of \$250 per month if you have one dependent and \$500 per month if you have two or more dependents.

### **HOW TO MAKE CHANGES**

**In most circumstances, your annual election cannot be changed.** You may make a change in your participation amount if you have a gain or loss of eligibility that is caused by a qualifying change in status. However, you might be able to make a change under the following circumstances:

1. You experience a change in status (defined below)
2. You are served with a judgment, decree or court order
3. You change your dependent care provider;
4. Your dependent care expenses change significantly; or
5. You go on a leave covered by the Family and Medical Leave Act (FMLA).

In order to request an election change, obtain a change of election form from your personnel assistant or DAS's web site and return the completed form within 30 days of the qualifying event to your personnel assistant.

Approved election changes are effective the first day of the month following the event and your submission of the request to change. Any increase in the election amount designated by a participant may include only those expenses, which the participant incurs on or after the effective date of the increase.

### **1. You experience a change in status**

Changes in status are defined as any one of the following four events:

- a. Your legal marital status changes** through marriage, divorce, death, legal separation or annulment.
  - b. Your number of dependents changes** by reason of birth, adoption (or placement for adoption), or death. For example, if your child no longer qualifies for daycare because the child turned 13, you have a loss of a dependent under the Dependent Care FSA, but not under the Health Care FSA.
  - c. You have a change in employment status** that affects eligibility under this Plan and the change is consistent with the change in your employment status. If you terminate or take an unpaid leave of absence, you must be gone at least 31 days for the termination or leave of absence to qualify as a change in status. If your spouse or any of your dependents have an employment status change that affects eligibility under a Plan maintained by your spouse's or any dependent's employer, then you may increase or add coverage under this Plan if coverage is lost under the other employer's Plan, or decrease or drop coverage if coverage is gained under the other employer's Plan.
- If participation terminates due to a separation of service and you return to state employment within 30 days in the same Plan Year, then your election will be reinstated as it was immediately prior to the separation of service. If you return to employment after 30 days in the same Plan Year, you may make a new election for the remainder of the Plan Year, provided you complete your new enrollment application within 30 days. If your contributions end for more than 30 days due to an unpaid status your participation/coverage will end. You will not be able to be reimbursed for Health Care FSA or Dependent Care FSA expenses incurred during the separation.
- d. One of your dependents satisfies or ceases to satisfy the requirements for coverage** under the Health Care FSA for unmarried dependents due to attainment of age, change in student status, or any similar circumstances.

**The change in status must result in a gain or loss of eligibility for coverage** under this Plan or a plan maintained by your spouse's employer or one of your dependent's employers and your election modification must correspond with that gain or loss of coverage.

For example, suppose you adopt a two-year-old child during the Plan Year. Since your number of dependents changed due to the adoption, you now have experienced a status change. Your child is eligible for coverage under the Health Care FSA and the Dependent Care FSA. You would be allowed to increase the amount you set aside in the Health Care FSA and the Dependent Care FSA, or enroll in either account if you were not already enrolled. However, you would not be able to decrease or drop either account because there was a gain of eligibility, not a loss of eligibility. A decrease does not correspond with the gain of eligibility.

### **2. You are served with a judgment, decree or court order**

A judgment, decree, or order ("order") resulting from a divorce, legal separation, annulment, or change in legal custody (including a qualified medical child support order) that requires health coverage for your child allows you to make an election change to your Health Care FSA. The change is allowed in order to provide coverage for the child if the order requires coverage under your Plan; or make an election change to cancel coverage for the child if the order requires your former spouse to provide coverage.

### **3. You change your dependent care provider**

If you change your dependent care provider, you may make an election change to reflect the cost of the new provider. Election decreases are allowed when your child is no longer receiving dependent care services or is only in an after-school care program due to entering school (this is considered a provider change).

#### **4. Your dependent care expenses change significantly due to a provider rate change**

Significant changes include both increases and decreases in expenditures. However, you may only make a change, if the provider is not your relative.

#### **5. You go on a leave covered by the Family and Medical Leave Act (FMLA)**

If you take an FMLA leave, you may revoke an existing election under the Health Care FSA or Dependent Care FSA. Upon returning from FMLA leave, you may choose to be reinstated in either account if such coverage was terminated during the FMLA. Such reinstatement will be on the same terms as prior to taking FMLA leave. You have no greater right to benefits for the remainder of the Plan Year than an employee who has been continuously working during the Plan Year.

A participant on unpaid leave under the Family and Medical Leave Act of 1993 (FMLA) leave may

- **Cancel an existing Health Care FSA or Dependent Care FSA Election** for the remainder of the Plan Year, or
- **Continue Coverage** under a Health Care FSA while on FMLA leave.

You may not continue the Dependent Care FSA while on FMLA. However, you may reinstate coverage for the Dependent Care FSA when you return to work. You may continue coverage under the Health Care FSA while you are on FMLA by paying the contributions due during your leave. These contributions may be paid in any one of the following ways:

##### **a. Pre-pay**

Under the pre-pay option, you may pay, prior to commencement of the FMLA leave period, the amounts due for the FMLA leave period. Contributions under the pre-pay option may be made on a pre-tax salary reduction basis from any taxable compensation. Contributions under the pre-pay option may also be made on an after-tax basis. Coverage under this Plan Year will be terminated if you fail to make additional contribution payments while on FMLA leave as they may become required.

##### **b. Pay-as-you go**

Under the pay-as-you-go option, you may make contribution payments on the same schedule as payments would be made if you were not on leave or under any other payment schedule permitted by COBRA, or under any other system voluntarily agreed to between you and the State. Contributions under the pay-as-you-go option may be made on a pre-tax basis to the extent that the contributions are made from taxable compensation that is due to you during the leave period. If you do not receive enough compensation to pay your full contribution, you must remit payment to your employer for the missing contribution on a post-tax basis.

##### **c. Catch-up**

You may make arrangements prior to the commencement of the leave to catch up contributions after you return from the leave. Contributions under the catch-up option may be made on a pre-tax salary reduction basis when you return from FMLA leave from any available taxable compensation. Contributions under the catch-up option may also be made on an after-tax basis.

If no election to continue is made prior to the beginning of an unpaid leave and contributions end for more than 30 days, coverage will automatically be discontinued. If contributions continue due to continuing paid status, coverage will continue.

If your coverage under the Health Care FSA is terminated (due to nonpayment of contributions for more than 30 days) while on FMLA leave, you are not entitled to receive reimbursements for services incurred during the period when the coverage is terminated. However, you have the right to be reinstated when you return from leave. Election for reinstatement must be made within 30 days of returning to work. If you elect to be reinstated in the Health Care FSA upon return from leave for the remainder of the Plan Year, you may not retroactively elect Health Care FSA coverage for services incurred during the period when the coverage was terminated.

Your coverage for the remainder of the Plan Year is equal to your initial election for the 12-month period of coverage prorated for the period during your leave for which no premiums were paid, and reduced by prior reimbursements.

## WHAT HAPPENS IF I GO ON NON-FMLA LEAVE?

If you go on paid leave and the absence does not affect your ability to make contributions to the Health Care FSA through payroll, then you will not lose coverage while you are absent. If you go on unpaid leave, your options follow.

Type of separation	Coverage options while on leave	Options on return to work
Non-FMLA unpaid leave of absence less than 31 days	No coverage	Mandatory reinstatement
Non-FMLA unpaid leave of absence 31 days or more	No coverage	May make a new election

## WHAT HAPPENS IF I TERMINATE EMPLOYMENT?

**1. For Health Care FSA: If you terminate employment,** you may continue coverage under the Health Care FSA in the following way.

You or your spouse or dependent may elect to continue the coverage under the Health Care FSA even though the participant's election to receive benefits expired or was terminated under the following circumstances:

- 1) Your death;
- 2) Termination (other than for gross misconduct) or a change in employment status;
- 3) Your divorce or legal separation;
- 4) A dependent child ceases to be a dependent under the terms of this Plan.

However, continuation is only available if on the date of the above event, your remaining potential annual benefits under the Health Care FSA are greater than your remaining contributions (including the additional 2% described below).

When ASI is notified that one of the events has occurred, the right to choose **continuation coverage** will be provided to each eligible person(s) if, on the date of the qualifying event, your remaining benefits for the current Plan Year are greater than your remaining program contribution payments. The right to elect to continue ends 60 days from the date the notice of the right to continue coverage is provided by ASI. It is the responsibility of the person seeking continuation to inform ASI of the occurrence of an event under 3) or 4). It is the employer's responsibility to inform ASI of an event under 1) or 2).

**The remaining program contribution payments will be charged** to you, your spouse, or your dependent, as the case may be, for any period of continuation coverage equal to, but not more than 102% of the cost of providing coverage for the period to similarly situated participants, spouses or dependents and the coverage period will be no longer than the end of the current calendar year. Any program contribution payment amount in excess of 100% of the cost of providing coverage for the period to similarly situated participants, spouses or dependents, shall not be credited to the participant's account but shall be treated as an administrative charge.

If continuation is elected, coverage will be extended to the end of the current Plan Year but may terminate sooner if the premiums described above are not paid within 30 days of their due dates.

If you are rehired, your options follow:

Type of separation	Coverage options while on leave	Options on return to work
Termination & re-hire within 30 days	No coverage (possible COBRA option)	Mandatory reinstatement
Termination & re-hire after 30 days	No coverage (possible COBRA option)	May make a new election

## 2. For Dependent Care FSA:

If you **terminate employment**, you may continue to file claims for qualifying expenses incurred during the Plan Year until you have been reimbursed the balance in your account.

## QUALIFYING HEALTH EXPENSES

Only the portion of the expenses you owe after insurance payments are subtracted can be claimed. Qualifying expenses are those that are incurred by the taxpayer during the Plan Year for medical care as defined in Section 213(d) of the Internal Revenue Code, excluding all insurance premiums and long-term care expenses. Qualifying health care expenses include amounts incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Refer to IRS Publication 502 for additional information ([www.asiflex.com](http://www.asiflex.com)). **However, expenses qualify for the medical FSA based on when they are incurred, not when paid, and federal regulations do not allow any insurance premiums or long-term care expenses to be included under the FSA.**

Acupuncture services	Hearing aids including batteries
Alcoholism, drug or substance abuse	Insulin
Allergy Relief	LASIK eye surgery
Nursing services	Medical alert bracelet
Ambulance service	Midwife services
Artificial eye	Orthodontia (braces)
Artificial insemination	Over-the-counter reading glasses
Artificial limb/teeth	Oxygen
Bereavement & grief counseling	Prescription drugs
Chiropractor's fees	Glasses
Christian Science Practitioners fees	Prosthesis
Contact lenses and solutions	Psychotherapy & psychoanalysis counseling
Co-pays	Routine physical exams
Deductibles	Smoking cessation
Dental expenses	Transfer of medical records charges
Dentures (bonding & sealants for dentures)	Transportation expenses related to illness
Doctor's fees	Vision care expenses

## NON-QUALIFYING HEALTH EXPENSES

\*Cosmetic procedures; e.g. face-lifts, skin peeling, teeth whitening, veneers, hair replacement, removal of spider veins.  
Over-the-counter medications, unless prescribed in writing by a doctor  
Sunglasses, non-prescription  
Clip-on sunglasses  
Toiletries  
Expenses that are merely beneficial to your general health  
Herbs, vitamins, and nutritional supplements (if purchased solely for general good health purposes)  
Long-term care expenses

*\* These do **not** generally qualify. For a medically necessary cosmetic procedure, enclose a note with the claim stating the existing medical condition and why the treatment is required.*

## DEPENDENT CARE TAX CREDIT

The Dependent Care FSA is an alternative to taking a "Tax Credit" allowed with your tax filing each year. You may receive tax relief on your expenses, but you must choose whether to use the "Tax Credit" or the "FSA". The IRS will not allow you to receive tax relief twice on the same expenses.

"Tax Credit" is allowed for child/dependent care expenses of up to \$6,000 per year for two or more dependents (\$3,000 per year for one dependent). You can file for the "tax credit" on your annual tax return, at the end of the year. The credit

is an amount equal to your dependent care expenses multiplied by a percentage determined by your combined adjusted gross income. The percentage decreases from a high of 35% to a low of 20% as your income increases.

“Dependent Care FSA” allows tax relief of up to \$5,000 per year, \$2,500 if married filing separately, for any number of dependents (one, two, or more). You will experience “tax savings” throughout the year with every paycheck you receive. Employees who pay the lowest federal tax bracket of 15%, state taxes of approximately 6%, and Social Security taxes of 7.65% would save around 28% of expenses through the FSA. As their federal tax percentage rises, they would receive an even higher tax break by utilizing the FSA.

Generally those employees with a combined income over \$31,000 or who spend more than \$3,000 for care for one person would have a higher percentage of tax relief through the FSA. All other employees generally would receive a higher percentage of tax relief utilizing the Tax Credit. Please contact your tax advisor if you have any questions about what is best for you.

**You are required to file a Schedule 2** with your IRS Form 1040A or a **Form 2441** with your IRS Form 1040 to support the amount contributed for the Plan Year. Please note that this is for informational purposes. You will not pay taxes on the redirected amount. Payments made to you under this category are not taxable, but the amount redirected will appear on your W-2 form. This will inform the IRS that you have received tax relief on that expense through the Dependent Care Flexible Spending Account.

## **QUALIFYING DEPENDENT CARE EXPENSES**

Expenses claimed under the Dependent Care FSA must be necessary for you to be gainfully employed. Refer to IRS Publication 503 for additional information. You can access this publication from ASI's website at [www.asiflex.com](http://www.asiflex.com). Examples of expenses which would qualify are:

- Expenses paid to a dependent care center
- Expenses paid to a “babysitter”
- Expenses paid for care of a dependent under age 13
- Expenses paid for care of a dependent who is physically or mentally incapable of caring for herself or himself who lives with you at least 8 hours each day (visit [www.asiflex.com](http://www.asiflex.com) for specifics on qualified dependents)

## **NON-QUALIFYING DEPENDENT CARE EXPENSES**

Expenses claimed under the Dependent Care FSA which have been deemed to be unnecessary for you to be gainfully employed are listed below. Refer to IRS Publication 503 for additional information. You can access this publication from ASI's website at [www.asiflex.com](http://www.asiflex.com). Examples of expenses which would NOT qualify are:

- Care while you are not working (including maternity, FMLA, and workers’ compensation leave) or looking for work
- Care for a child for whom you have 50% or less physical custody
- Care for a child age 13 or older who is not disabled
- Overnight camps
- Instructional or sport-specific camps; e.g. ballet camp, soccer camp, summer school
- Expenses paid to your child under age 19 or to someone you or your spouse can receive a personal exemption for as a dependent.

## **APPEAL PROCESS**

If ASI denies your reimbursement for a claim, you may file an appeal with the Iowa Department of Administrative Services. Appeals must be in writing and must be filed within 30 days of ASI’s denial.

Appeals must be sent to:

Flexible Spending Plan Administrator  
Iowa Department of Administrative Services  
Hoover State Office Building  
1305 E Walnut, Level A  
Des Moines IA 50319

Your appeal must be accompanied by ASI's written denial and any evidence you wish to submit to substantiate your claim.

Upon receipt of an appeal, the Plan Administrator shall provide a written determination within 30 days of receipt. This appeal process is not a contested case proceeding as defined by Iowa Code chapter 17A.

## FREQUENTLY ASKED QUESTIONS

### **Q. WHY SHOULD I PARTICIPATE IN THE HEALTH CARE FSA IF I ALREADY HAVE MEDICAL INSURANCE?**

A. The Health Care FSA offers tax relief on medical expenses NOT reimbursed by insurance, such as non-covered expenses for office visits, co-pays, eye exams, medicine, and the portion of hospital care not covered by insurance.

### **Q. HOW MUCH DOES IT COST?**

A. Currently, administrative costs of the Plan are paid by the State.

### **Q. WHEN CAN I MAKE CHANGES?**

Generally, you will not be able to change your election during the Plan Year. Under certain circumstances however, you may be able to change your annual election. A change of election during the Plan Year due to a "change in status" must correspond with the gain or loss of eligibility caused by the change in status. For example, increasing your Health Care FSA would be consistent with the birth of a child. However, the birth of a child would not be consistent with a reduction in the Health Care FSA amount. Refer to HOW TO MAKE CHANGES on page 4.

### **Q. WHAT IF I AM ALREADY IN FSA. DO I HAVE TO RE-ENROLL?**

A. Participation in the Dependent Care FSA terminates at the end of each Plan Year. You must re-enroll each year to continue your participation in the Dependent Care FSA. If you have no funds remaining in your Health Care FSA, then you must also enroll each year. If you have any funds remaining in your Health Care FSA, then those remaining funds (up to a maximum of \$500) will be carried over to the following year and you will be automatically enrolled in the Health Care FSA for those carryover funds. If you wish to have additional monies withheld from your pay for the Health Care FSA, then you must enroll for those amounts.

### **Q. WHAT IF I DO NOT USE ALL OF THE MONEY I SET ASIDE IN ONE OF THE FSAs?**

A. ASI can help you estimate your allowable expenses for the Plan Year. **Health Care FSA:** If you have funds remaining in your Health Care FSA after the claims filing deadline, you will forfeit any unclaimed portion in excess of \$500 and the forfeited amounts will be retained by the State of Iowa as required by federal regulations. Any balance up to \$500 will be carried over to the following year; so you will have an additional 12 months to incur expenses and claim that portion of the balance in addition to any additional amounts you elect for the new plan year. **Dependent Care FSA:** If you do have funds remaining in your dependent care account after the claims filing deadline, you will forfeit this unclaimed portion and the amount will be retained by the State of Iowa as required by federal regulations.

### **Q. WILL PARTICIPATION IMPACT MY SOCIAL SECURITY BENEFIT?**

A. Probably, because you are not paying social security tax on that portion of your income that has been contributed, your social security benefits may be slightly reduced. However, if you invest your tax savings, in many cases you would have more money available at retirement than the benefit you would have received from the amount not paid into social security. Please contact your tax advisor if you have any questions about what is best for you.

**Q. HOW QUICKLY WILL MY CLAIMS BE PAID?**

A. ASI will process your claim no later than the first banking day following the receipt of your claim. Dependent care claims will be paid on the day processed up to the balance in your dependent care account. Any excess dependent care claim balances not reimbursed will be paid as contributions are received from payroll. If there is a problem with your claim, ASI will notify you on the day the claim is processed either by U.S. Mail or by e-mail.

**Q. IF MY SPOUSE AND I BOTH WORK FOR THE STATE OF IOWA, CAN WE BOTH ENROLL?**

A. Yes, both of you may enroll in the Plans. However, in the Health Care FSA, you can claim your spouse's medical expenses through your account. Therefore, unless your family's expenses will exceed \$2,600, it might be best to have just one account. If both you and your spouse decide to enroll, each of you will have your own account and payroll deduction. Each of you will need to determine your own annual commitment up to the \$2,600 maximum. You cannot submit a claim that your spouse has already filed, so careful planning and claim monitoring is important.

Both spouses may also enroll in the Dependent Care FSA. You and your spouse together may elect up to a maximum of \$5,000 per year, (\$2,500 in the case of a married individual filing a separate tax return for the Plan Year) or the lesser of your (after subtracting all FSA deductions) or your spouse's earned income for the Plan Year.

**Q. IS DIRECT DEPOSIT AVAILABLE?**

A. Yes. You may have your claims payments sent directly to your checking or savings account. ASI will send a notice of each claims payment to you. ASI can send this notice via internet *e-mail*. E-mail and direct deposit provide you with the fastest, safest payment method and the fastest notification method available. There is space on the enrollment form to include your bank account information and e-mail address.

**Q. WHAT HAPPENS TO MY REMAINING HEALTH CARE FSA UNCLAIMED BALANCE IF I TERMINATE MY EMPLOYMENT OR RETIRE?**

A. If the remaining amount you are eligible to claim for the year is greater than the remaining amount of continuations (including the 2% COBRA fee), you will be offered COBRA continuation coverage through the end of the Plan Year. If your COBRA contributions would be greater than the amount you would be eligible to claim, then you will not be eligible for COBRA. Unless you select COBRA, your coverage will end when you leave State employment.

**Q. HOW CAN I GET ANSWERS TO OTHER QUESTIONS?**

A. Call ASI toll free at 1-800-659-3035. A representative is available from 7 a.m. to 7 p.m. Central Time, Monday through Friday and from 9 a.m. to 1 p.m. Central Time on Saturday. You may also e-mail ASI at [asi@asiflex.com](mailto:asi@asiflex.com).

**Q. HOW CAN I GET MY ACCOUNT BALANCE?**

A. You can access your account on-line by clicking on "Online Access/Account Detail" at [www.asiflex.com](http://www.asiflex.com). You can also access your account information through InfoLine 125 by calling 1-800-366-4827 from a touch-tone phone. InfoLine 125 is an automated system available 24 hours per day. You can call ASI toll free at 1-800-659-3035. A representative is available from 7 a.m. to 7 p.m. Central Time on Monday through Friday and from 9 a.m. to 1 p.m. Central Time on Saturday or via e-mail at [asi@asiflex.com](mailto:asi@asiflex.com).

**Q. IF I REDIRECT PART OF MY PAY, WON'T I MAKE LESS MONEY?**

A. Yes. Your paycheck will decrease, but your spendable income will increase by the amount of tax savings (See tax savings example on page two). Please contact your tax advisor if you have any questions about what is best for you.



## Flexible Spending Account (FSA) Claim Form

We do not accept claims sent by email due to privacy regulations.

**NOTE: If you submit your claim online at [www.asiflex.com](http://www.asiflex.com), this form is not needed.**

Your Name (Last, First, MI)	Social Security No. or EID or PIN	Your Employer Name <b>State of Iowa</b>	
Address		City	State
			Zip Code

### Dependent Care Flexible Spending Account Claims

Payment is allowed only for services that have already been provided and not for services to be provided in the future. You may submit for a full month after the month has ended or submit for the previous week's expenses. To substantiate your claim, submit an itemized statement from your provider or simply have your provider(s) sign below to certify\* the care was provided. If your provider signs below, no other supporting documentation is required.

Name of Dependent	Age	Dates Care Was Provided No Future Dates MM/DD/YY thru MM/DD/YY	① Name/Address of Care Provider or Care Facility ② Type of Dependent Care Service (Daycare, Day Camp, Preschool, After School Care, etc.)		Amount Requested
			①	②	
			①		\$
			②		
			①		\$
			②		
			①		\$
			②		
<b>Total</b>					<b>\$ 0.00</b>

**\* Day Care Provider or Care Facility Certification:**

I certify that I provided dependent care services as detailed above.

Print Name: \_\_\_\_\_

Original Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**\* Day Care Provider or Care Facility Certification:**

I certify that I provided dependent care services as detailed above.

Print Name: \_\_\_\_\_

Original Signature: \_\_\_\_\_

Date: \_\_\_\_\_

### Health Care Flexible Spending Account Claims

Follow the instruction page "How to File Claims" and submit correct documentation to assure rapid claim processing!

Date(s) of Service	Health Care Provider	Type of Expense (Office Visit, Crown, Eyeglasses, Rx, etc.)	Patient Name	Relationship to You	Amount Requested
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
<b>Total</b>					<b>\$ 0.00</b>

I certify that all expenses for which reimbursement or payment is claimed by submission of this form were incurred by me, an eligible spouse, or an eligible dependent during a period while I was covered under my employer's FSA Plan and that the expenses have not been reimbursed and reimbursement will not be sought from any other source. Any claimed Dependent Care expenses are work-related and were provided for my dependent under the age of 13 or for my dependent who is incapable of self care. I understand that I am fully responsible for the accuracy of all information relating to this claim, and that unless an expense for which reimbursement is claimed is a proper expense under the Plan, I may be liable for payment of all related taxes including federal, state, or local income tax on amounts paid from the Plan which relate to such expense. A claim will only be processed with a completed and signed claim form and correct documentation.

Employee Signature Date \_\_\_\_\_

<b>FAX TO: 1-877-879-9038</b> PAGE _____ OF _____ <b>NO COVER PAGE REQUIRED</b>	<b>MAIL TO: ASI</b> <b>PO BOX 6044</b> <b>COLUMBIA, MO 65205-6044</b>	<b>FILE ONLINE: WWW.ASIFLEX.COM</b> <b>NO CLAIM FORM NEEDED!</b> <b>REV 10/2013</b>
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## How to File Claims

IRS guidelines require specific documentation to substantiate each claim submission. The following chart provides an easy description of how to file claims and the type of documentation that is acceptable. Also included is a description of documentation that is not acceptable.

<b>If Covered By Insurance</b>	<p>It is recommended that you submit to your insurance carrier first and obtain the insurance explanation of benefits (EOB) as follows:</p> <ol style="list-style-type: none"> <li>1. Have the provider submit claim to insurance payer first.</li> <li>2. Insurance payer will send you an <b>Explanation of Benefits (EOB)</b> showing the amount you owe.</li> <li>3. Complete FSA claim form and include EOB to claim the amount you owe after insurance has paid.</li> </ol> <p>★ <i>Hint: You can register at your insurance carrier's website to view your account and obtain the EOB.</i></p>
<b>Prescriptions</b>	<p>Complete FSA claim form and include:</p> <ul style="list-style-type: none"> <li>• Pharmacy script or mail order statement showing patient name, name of drug/Rx item, date filled, dollar amount; <b>or</b>,</li> <li>• Itemized printout of prescription from pharmacy.</li> </ul> <p>★ <i>Hint: You may be able to register at your pharmacy website to view your account and obtain an itemized list of prescriptions.</i></p>
<b>Over-the-Counter Drugs/Medicines</b> <b>FSARx</b> <input checked="" type="checkbox"/>	<p>Complete FSA claim form and include:</p> <ol style="list-style-type: none"> <li>1. Cash register receipt showing merchant name, date, product description, dollar amount; <b>and</b>,</li> <li>2. Written prescription from the patient's attending physician.</li> </ol> <p>➔ <b>Note:</b> Examples are antacids &amp; digestive aids, allergy &amp; sinus, antibiotic products, anti-diarrheal &amp; laxatives, anti-gas products &amp; stomach remedies, anti-itch &amp; insect bite treatments, baby rash ointments, cold sore remedies, cold/cough/flu/pain relief products, motion sickness, respiratory treatments, sleep aids/sedatives, etc. Some alternative treatments may require a letter of medical necessity from the patient's attending physician.</p> <p>★ <i>Hint: Check your drugstore website as many have online FSA sections that are excellent sources of information!</i></p>
<b>Over-the-Counter Medical Items</b> <b>FSA</b> <input checked="" type="checkbox"/>	<p>Complete FSA claim form and include:</p> <ul style="list-style-type: none"> <li>• Cash register receipt showing merchant name, date, product description and the dollar amount paid.</li> </ul> <p>➔ <b>Note:</b> Physician prescription is not required for items that are not a drug or medicine. Examples are bandages, birth control, braces &amp; supports, catheters, contact lens supplies &amp; solutions, denture adhesives, diagnostic tests &amp; monitors, elastic bandages &amp; wraps, first aid supplies, insulin &amp; diabetic supplies, ostomy products, reading glasses, wheelchair, walkers, canes, etc.</p> <p>★ <i>Hint: Check your drugstore website as many have online FSA sections that are excellent sources of information!</i></p>
<b>If Not Covered By Insurance</b>	<p>Complete FSA claim form and include an itemized statement clearly showing:</p> <ol style="list-style-type: none"> <li>1. Provider name/address,</li> <li>2. Date service was provided (not the date you paid for the service),</li> <li>3. Patient name,</li> <li>4. Description of service (eye exam, x-ray, crown); <b>and</b>,</li> <li>5. Dollar amount you owe (regardless if paid).</li> </ol> <p>★ <i>Hint: Your health care provider may not automatically provide an itemized statement, so you may need to ask for it.</i></p>
<b>Orthodontia</b>	<p>Complete FSA claim form and include:</p> <ul style="list-style-type: none"> <li>• Payment coupon for monthly appointment; <b>or</b>,</li> <li>• Itemized statement and payment receipt if claiming one upfront payment (if allowed under your plan).</li> </ul> <p>★ <i>Hint: Some employer plans have specific payment requirements. Check your plan for this information.</i></p>
<b>Dependent Care (Work-related Child or Elder Daycare)</b>	<p>Complete FSA claim form and include:</p> <ul style="list-style-type: none"> <li>• Provider signature on the claim form; <b>OR</b>,</li> <li>• Itemized statement from provider showing: <ol style="list-style-type: none"> <li>1. Provider name/address,</li> <li>2. Date the child/elder care services was provided,</li> </ol> </li> </ul> <p>➔ <b>Note: Do not submit for services that have not yet been provided or future dates of service. Submit for a full month after the month has ended or submit for the previous week's expenses.</b></p> <ol style="list-style-type: none"> <li>3. Name of dependent for whom the care was provided,</li> <li>4. Type of service (daycare, day camp, preschool, after-school care, etc.); <b>and</b>,</li> <li>5. Dollar amount you owe.</li> </ol> <p>★ <i>Hint: Save time and paper by having your dependent care provider sign the claim form to certify the care was provided!</i></p>
	<p><b>IRS rules are strict. Examples of unacceptable claim documentation are:</b></p> <ul style="list-style-type: none"> <li>• Cancelled checks</li> <li>• Credit card receipts</li> <li>• Statements that are not itemized and say "balance forward" or "previous balance due" or "paid on account"</li> <li>• Statements for service that has not yet been provided, i.e., future dates of service</li> <li>• Pre-treatment estimates of services to be provided in the future</li> <li>• Statements that do not include the <b>date service was provided</b></li> <li>• Statements that do not include the <b>description of service</b></li> <li>• Statements that do not include the <b>provider name, patient name and dollar amount you owe</b></li> </ul> <p>★ <i>Hint: Just follow the guidelines above to ensure your claim is processed as quickly as possible.</i></p>

**KEEP YOUR ORIGINAL DOCUMENTATION FOR YOUR RECORDS, AND SUBMIT A LEGIBLE COPY WITH YOUR CLAIM!**

★ ★ ★ Go Green! ★ ★ ★

Save the environment from unnecessary paper and receive communications and payment faster!  
Here's how!

*Eliminate paper mail! Sign up to receive notice of payments and account information via email or text alerts today!*

*Don't wait for a check in the mail! Sign up to have payment sent directly to a bank account of your choice!*

*Eliminate manual claim filing! File your claim online at [www.asiflex.com](http://www.asiflex.com) for fastest service!*

*Have your dependent daycare provider sign the claim form! If you do this, no other paperwork or documentation is necessary!*