NATIONAL BENEFIT SERVICES, LLC

Customer Care • Knowledge and Expertise • Organizational Excellence

Flexible Spending Account FAQs

1. Can I ever change the amount up or down that I elected for the Cafeteria Plan?"

In order to change your originally elected amount, you must experience a "Change Of Status". A change of status is a life event that occurs such as marriage or the birth of a child. Some other examples of a change of status are:

1. Divorce
2. Death
3. Legal separation
4. Annulment
5. Birth of child
6. New dependent
7. Dependent no longer dependent
8. Unpaid leave of absence
9. Return from unpaid leave of absence
10. Part-time to full-time or reverse
11. Spouse commencement of employment
12. Spouse part-time to full-time or reverse 13. Spouse termination of employment

**We need to be notified within 30 days of the change of status in order to change the election amount.*

2. "Does my NBS Debit Card work anywhere?"

Your National Benefit Services flexible benefit card works on the IIAS merchant network, which authorizes the card for only FSA-eligible expenses. The debit card will work at most providers of medical, prescription, dental and vision services. Some providers are not registered on the IIAS network. If this is the case, the debit card cannot be used. To be reimbursed for these expenses, you can submit a claim form via mail, fax, or email with an itemized receipt to NBS. You can also submit claims via our secure website at www.nbsbenefits.com. You will be

reimbursed by a check mailed to your home or if you are signed up for direct deposit, the payment will go to your bank account on file.
Over-the-counter items cannot generally be purchased with the debit card because they require a prescription to be FSA eligible. Some over-the-counter items, like contact lens solution, may go through on the card if purchased at a register that is coded to accept the debit card. Other over-the-counter items may be able to be purchased at the pharmacy counter.

3. "Do I still need to get an itemized receipt if I use the debit card?"
Yes. The IRS has established specific guidelines that require all FSA transactions, including those made with the NBS Debit Card, to be substantiated (verified that the purchase was on eligible medical expense). NBS may send a letter to your home asking that you send documentation for a purchase made with the debit card. If you are sent a letter you will need to send NBS an itemized receipt or explanation of benefits. We recommend always getting a receipt for purchases made with the debit card and saving the receipt.

****Please see the Flexible Spending Substantiation Requirements for further details***

4. "What Do My Receipts Need To Have In Order To Ensure That I Get Paid?"
The IRS has stated that in order to receive reimbursement through a Cafeteria Plan, the individual must provide the following:

a. Receipt that shows:
i. Date the service was provided
ii. Amount due after all insurance has paid
iii. Services Provided
iv. Name of person who received the service
v. Name of service provider (name of Doctor, Pharmacy, etc.)

5. "Can I pay for over the counter medications/vitamins through the Cafeteria Plan?"
Effective January 1, 2011 OTC are only eligible if you have a prescription or letter from an MD. The card won't work for these items you must pay for them out of pocket and then send in a claim form, the doctor's note, as well as the receipt and we will reimburse you. The debit card may only be used for prescriptions filled by your pharmacist.

6. "Can I pay for the cost of prescription sunglasses, including frames and lenses through the Cafeteria Plan?"
Yes. You will, of course, need a prescription from the Optometrist. Prescription sunglasses are a great way to use up any money you may have remaining in your account near the end of the year. You may also pay for the cost of regular prescription eye glasses including eye exam, frames/lenses.

7. "**What about laser surgery for my eyes. Is it covered? Radial Keratotomy? Is it covered as well?**" Yes. Both procedures are covered.

8. "I know that I can run my own expenses through the Cafeteria Plan, but what about my spouse's and kids' expenses? Can I run them through the plan as well?"

Spouses are qualifying dependents and you can run their expenses through your Cafeteria Plan. This includes same-sex spouses whose marriage is recognized in their state. An employee's child who is under age 27 as of the end of the taxable year, even if the child does not qualify as the employee's tax dependent, is a qualifying dependent.

Finally, anyone you can claim as a dependent on your tax return is considered a dependent for your Cafeteria Plan. There is no age limit. For example, if your mother-in-law lives with you and you claim her as a dependent on your taxes, then you can run her expenses through your cafeteria plan. If one of your dependents is no longer a dependent, then you can claim the expenses that he/she incurred while they were your dependent.

9. "Our company has a calendar-year cafeteria plan with a health FSA and a DCAP. One of our health FSA participants was hired in February. He enrolled in the health FSA at that time and has now asked whether he can be reimbursed for some dental services that took place in January. Can our health FSA reimburse these services when they were provided before the participant enrolled in our health FSA?"

No. Under IRS rules, a participant must be covered by a health FSA when an expense is incurred in order for the expense to be eligible for reimbursement. (Of course, all of the other requirements for reimbursement under the health FSA rules and the plan document must also be met.) Expenses that are incurred before the date of an employee's enrollment in the plan are not considered to be incurred when the employee is covered by the plan. IRS rules further provide that expenses are incurred when the medical care is provided that gives rise to the medical expenses, and not when the participant is formally billed or charged for, or pays for the medical care. The expenses your participant has asked about involve services that were provided in January, when he was not covered by the health FSA, so they are not eligible for reimbursement. Note also that the same rules apply to DCAPs. Thus, your company's DCAP could not reimburse a claim for dependent care services that were provided before the participant enrolled in the DCAP.