

# FLEXIBLE SPENDING

This summary plan description, or SPD, outlines the major provisions of DMBA's Flexible Spending program as of January 1, 2021.

## KEY POINTS OF THE PLAN

- An average family could potentially save hundreds of dollars on taxes annually by using a flexible spending account (FSA) to pay for eligible healthcare and dependent-care expenses.
- Eligible expenses include medical and dental copayments, coinsurance, and deductibles. For a list of FSA-eligible items go to [www.dmba.com](http://www.dmba.com).
- Calculate your FSA withholding carefully and conservatively. Up to \$550 of money remaining in your FSA at the end of the year may be eligible to roll over into the next year; however, you may lose money not used in the plan year it was withheld.

## WHAT IS FLEXIBLE SPENDING?

Flexible spending is a provision of the Internal Revenue Code that allows participants the opportunity to pay for certain benefits—such as healthcare and dependent care—using tax-free money.

The IRS regulates the Flexible Spending program, but DMBA administers it.

## How to participate

- Estimate your eligible out-of-pocket healthcare and dependent-care expenses for the coming year—copayments, prescriptions, etc., up to \$2,750 for healthcare expenses and up to \$5,000 for dependent-care expenses.
- During open enrollment, choose how much money you will withhold from your paychecks annually for these purposes in two separate flexible spending accounts.
- Flexible Spending money is placed from your paycheck into your flexible spending account(s) before taxes are withheld.
- When you have eligible expenses, submit your claims and receive reimbursement for those expenses using money from your FSA.

Up to \$550 of your unused healthcare FSA money will automatically roll over to the next year. After end-of-year reconciliation of your account, unused rollover funds will be available to you on April 1. To view your available FSA balances, log into [www.dmba.com](http://www.dmba.com) and select *FSA Account Detail* from the *Flexible Spending* tile.

There is no rollover allowance for your dependent-care FSA.

## How it saves you money

For example, if you have \$2,820 in out-of-pocket medical expenses during the year, such as doctor visits, prescription copayments, dental work, new glasses, and an unexpected hospital stay, and \$2,500 of that \$2,820 is paid from an FSA, you can save \$625 on your taxes (in a 25% tax bracket).

## ELIGIBLE EXPENSES

### Healthcare expenses

To see a list of FSA-eligible expenses, log into [www.dmba.com](http://www.dmba.com), go to *My Health* and select *FSA Eligibility List* under *Flexible Spending*. Healthcare expenses that may be eligible include the following:

- Medical/dental copayments, coinsurance, deductibles, and amounts that exceed allowable amounts for healthcare services
- Over-the-counter medications
- Vision services, including prescription glasses, contact lenses, contact lens supplies, and corrective surgery

Examples of excluded services include the following:

- Cosmetic dentistry, such as teeth whitening
- Cosmetic procedures, such as liposuction or a “tummy tuck”
- Health club dues or gym memberships
- Future expenses and expenses that occurred in a year different from the FSA plan year

All plan exclusions are in addition to other items and/or services prohibited by federal law, such as medications purchased and brought in from certain other countries. DMBA will not make any exceptions to this policy on exclusions.

### Dependent-care expenses

To qualify for this account, both you and your spouse must be gainfully employed (unless

TYPE OF EXPENSE	OUT-OF-POCKET AMOUNT	TAXES SAVED
Physician	\$485	\$121.25
Inpatient Hospital	\$1,125	\$281.25
Pharmacy	\$350	\$87.50
Outpatient Hospital	\$345	\$86.25
Other	\$195	\$48.75
<b>Total</b>	<b>\$2,500</b>	<b>\$625*</b>

\* The amount you save in taxes will vary depending on the healthcare amount you set aside, your annual earnings, whether you pay Social Security taxes, the number of exemptions and deductions you claim on your tax return, your tax bracket, and your state and local tax regulations. Check with your tax adviser for information about how participation will affect your tax savings and Social Security benefit.

you are a single parent). If your spouse is a full-time student, actively looking for full-time employment, or disabled, you may also qualify if you meet strict IRS eligibility guidelines.

The dependent-care (daycare) account covers expenses if you claim the person being cared for as a dependent on your income tax return and the person is

- younger than 13, or
- physically or mentally incapable of self-care and regularly (not daily, but frequently, on a regular basis) spends at least eight hours a day in your household.

Individuals providing the dependent care (daycare) cannot be

- claimed as a dependent on your income tax return,
- claimed as a dependent on your spouse's income tax return,
- your child or stepchild younger than 19, or
- your spouse.

Examples of excluded services include babysitting services, unless such services allow both you and your spouse to be gainfully employed, if you are married.

## ACCESSING YOUR FSA MONEY

### The healthcare FSA benefit card

When you enroll in Flexible Spending, you can choose to receive a healthcare FSA benefit card giving you fast and convenient access to the money in your healthcare account. When you use your FSA card, you won't have to complete any claim forms or wait to be reimbursed.

Use your FSA card like a credit card (select "credit" rather than "debit" for the transaction type). Present it at the pharmacy, doctor's office, or most other locations you incur eligible healthcare flexible spending expenses. The amount for eligible expenses is automatically deducted from your account. You cannot use it for dependent-care expenses.

To get up-to-date information about your FSA, go to [My.WEXHealthCard.com](https://www.mywexhealthcard.com). This tool can help you manage your account. Register the first time you access your account. You can check your current account balance, view all transactions and details, and see if a claim needs additional information for substantiation. See *Verifying eligible expenses*, which follows.

### Verifying eligible expenses

**When you use your healthcare FSA benefit card you should always save all your receipts so you can verify, or "substantiate," your eligible expenses.** You may be required to submit your receipts to verify eligible expenses.

Your receipt must show the patient's name, the provider or merchant name, the service received or item purchased, and the date and amount of the expense.

If you plan on using your FSA card to pay your coinsurance, wait for DMBA to process the claim first and then pay the balance to your healthcare provider. That way DMBA's discounts can be calculated and applied before you pay the remaining balance. This will protect you from overpaying for the care received.

Normally, you don't need to document routine expenses such as your office visit copayments or prescription medications because they'll automatically substantiate—the amount should perfectly match the date of service, itemized bill, and your *Explanation of Benefits* (EOB). Remember that finance charges are not eligible routine expenses.

When DMBA reconciles flexible spending accounts at the end of the year, we look for unclaimed coinsurance or copayment expenses and, if available, use them to offset unsubstantiated claims. If your spouse has a separate FSA or another health plan that is reimbursing coinsurance and copayment expenses, please let us know so the unsubstantiated claims are not automatically offset.

### Online claims

**In the absence of a healthcare FSA benefit card, you can conveniently and easily submit**

**all copayments, deductibles, and coinsurance balances from DMBA's medical/dental plans on our website.** Claim information from these sources is on record with DMBA.

To submit claims online log into [www.dmba.com](http://www.dmba.com), go to *My Health* and select *Submit Claims* under *Flexible Spending*.

Claim expenses ineligible for benefits from DMBA, such as eyewear, do not appear here. Also, information from plans other than Deseret Premier, Deseret Select, Deseret Value, Deseret Protect, Deseret Choice Hawaii, or MetLife is not submitted to DMBA and, therefore, does not appear here.

To submit FSA claims online, you must be enrolled in direct deposit. To enroll at [www.dmba.com](http://www.dmba.com), go to *My Health* and select *Account Detail* under *Flexible Spending*.

## Paper claims

Complete and sign a flexible spending account claim form, available in the *Forms Library* on [www.dmba.com](http://www.dmba.com). Submit it to DMBA for all other expenses, including medical expenses processed by HMOs (where your claim payments are made by someone other than DMBA), dependent-care expenses, and other eligible expenses not covered by your health plan.

Eligible expenses can only be claimed one time on a flexible spending account. If your spouse has a flexible spending account through another employer, the expenses can only be claimed on one account.

In addition to the signed claim form, include your EOB and other appropriate documentation, such as itemized bills. See [Healthcare claims documentation](#).

We cannot accept bank or credit card statements or canceled checks as proof of payment.

## Healthcare claims documentation

According to IRS rules, you must properly document your medical, dental, and vision expenses to receive reimbursement. Provide a completed *Flexible Spending Account Healthcare*

*Claim Form*, available in the *Forms Library* on [www.dmba.com](http://www.dmba.com), with supporting documentation.

Here are examples of acceptable documents:

- The EOB from DMBA or another health plan showing expenses for which you are responsible
- An itemized bill (including name, service date, procedure, etc.) from a medical or dental provider, for expenses not covered by your medical or dental plan
- Dated, detailed receipts including the name of the item(s), such as contact lens supplies and over-the-counter medications
- Payment receipts for orthodontic services
- A dated, detailed receipt from your pharmacy for prescription drug claims

EOBs show that your medical, dental, or vision benefit has considered the expense and what part of the bill is your responsibility. They also provide the patient's name, service date, and charges. You can also print this information from your account on our website at [www.dmba.com](http://www.dmba.com).

We cannot accept bank or credit card statements or cash register receipts as documentation.

## Dependent-care claims documentation

According to IRS rules, you must properly document your dependent-care expenses to receive reimbursement. Documents include itemized bills, receipts, or contracts. Provide a completed *Flexible Spending Account Dependent Care Claim Form*, available in the *Forms Library* on [www.dmba.com](http://www.dmba.com), with supporting documentation.

This documentation must be on an invoice or receipt from your provider and must include the following information:

- Dependent's name
- Service date
- Name, address, and tax identification number (or Social Security number) of the organization or individual providing services\*
- Description of the services provided

\* If a provider will not give you the Social Security number (either because of privacy concerns or because they don't have one), you must state this on your claim form and also on IRS Form 2441 when you file your personal taxes.

## Reimbursement of expenses

You can be reimbursed for healthcare expenses as soon as you have incurred the expenses, regardless of how much money is in your account.

For example, if your annual FSA election is \$1,200, and if in January you have \$600 in dental expenses, you can be reimbursed \$600 once you submit your claim, even though you haven't deposited \$600 in your account yet.

By contrast, you can only be reimbursed from existing money in your account for dependent-care expenses. If your claim exceeds the existing funds in your account, you cannot be reimbursed for the claim until more funds are withheld from your paycheck and deposited into your dependent-care account.

To submit FSA claims online you must be enrolled in direct deposit. To enroll go to [www.dmba.com](http://www.dmba.com) and select *My Health* and then *Account Detail* under *Flexible Spending*. If you do not enroll in direct deposit you can submit your expenses by paper form from the *Forms Library*.

All expenses are subject to review by DMBA. As the plan administrator, DMBA must take reasonable measures to ensure flexible spending claims meet IRS guidelines.

## PLANNING YOUR ELECTION

Calculate your total annual withholding carefully and conservatively because except for the \$550 rollover allowance for your healthcare FSA, you forfeit (lose) all money in your flexible spending account not used for services received within the plan year. Any unspent money returns to your employer to cover its risk and administrative expenses.

If you've enrolled in DMBA's Flexible Spending program in the past, use the information on our website as a resource for your personal FSA history and activity to plan your election.

To see a summary of your year-to-date approved expenses, log into [www.dmba.com](http://www.dmba.com), go to *My Health*, and select *FSA Estimator* under *Flexible Spending*. This history may help you determine what expenses are likely to be approved going forward. This page also has estimation worksheets for healthcare expenses and dependent-care expenses to help you estimate the amount of FSA you need for the year.

To see your current and past annual elections and claims, go to *My Health* and select *Account Detail* under *Flexible Spending*. You can also review your DMBA copayments, coinsurance, and deductibles that could have been reimbursed.

## HOW TO PARTICIPATE

You're eligible to enroll in Flexible Spending if you're a full-time employee and you meet the eligibility requirements of your employer. **Enrollment doesn't carry over from year to year. If you want to participate, you must re-enroll every year.**

### Step 1: Enroll

Eligible employees can enroll in Flexible Spending during open enrollment for the following year. If you're a newly hired employee, you can enroll within 30 days of your eligibility date.

During open enrollment, visit our website and enroll online. Use the individual *Flexible Spending Worksheet* to carefully and conservatively estimate these amounts, especially for your first year of participation.

After you enroll and the plan year begins, you cannot stop or change the amount you elected for that year, unless you have a qualified change in family status. (See [Making Midyear Changes](#).)

### Step 2: Manage your account(s)

At the beginning of the plan year, the tax-free money begins to accrue in your FSA. By the end of the calendar year, your total election has been withheld from your paychecks and deposited into your account.

**It is your responsibility** to make sure your election is being withheld from your paycheck. If you notice that money is not being withheld for Flexible Spending, contact your human resources department or your payroll office immediately.

You can get up-to-date information about your flexible spending account at any time at [www.dmba.com](http://www.dmba.com) under *My Health* and also at [My.WEXHealthCard.com](http://My.WEXHealthCard.com).

### Step 3: File claims

When you have eligible healthcare expenses that weren't paid using your healthcare FSA benefit card, or any eligible dependent-care expenses, submit the appropriate completed Flexible Spending Account claim form along with supporting documentation to DMBA.

DMBA processes your claim and sends you an explanation of what has been reimbursed. DMBA will send your reimbursement to the financial institution you authorized for direct deposit or send you a check. If your claim is denied, we will send you a written explanation of the denial.

You must submit all FSA claims and necessary documentation to DMBA no later than March 15 for services received during the prior FSA plan year. Expenses and documentation received after March 15 will not be eligible for reimbursement.

Because you are paying for eligible expenses with tax-free money, you may not claim expenses reimbursed through your FSA as itemized deductions on your individual tax return.

IRS regulations do not allow you to claim the same eligible expenses on more than one flexible spending account that you or your spouse may have.

## MAKING MIDYEAR CHANGES

You may stop participating or change elections after the plan year begins only if you have a qualified change in family status and you notify DMBA within 60 days of the change. The *Flexible Spending Enrollment Form* is available in the *Forms Library* on our website. Changes that may qualify include the following:

- Marriage, divorce, or legal separation
- Birth or adoption of a dependent
- Death of a dependent
- Your spouse beginning or ending employment
- You or your spouse going from full-time to part-time work, or vice versa
- Beginning or ending an unpaid leave of absence
- Beginning or ending disability benefits

The change in your annual election must be consistent with the change in your family status.

For example, the birth of a child is consistent with increasing your annual healthcare account election, not decreasing it.

The newly elected funds will only be available for reimbursing expenses incurred after the date of the qualifying event.

## ENDING EMPLOYMENT MIDYEAR

If you end employment during the plan year for any reason, your Flexible Spending contributions stop. You can submit claims for services received on or before the end of your last month of employment.

A second option if you end employment is to continue participating in Flexible Spending through the end of the year by enrolling in COBRA Flexible Spending continuation coverage, unless the account has a zero balance or there are other eligibility restrictions. With a COBRA plan, your Flexible Spending contributions are made with after-tax money.

If you transfer employment to another DMBA participating employer and you are eligible to participate in the benefit plans, your FSA funds transfer with you. Generally, you continue participating with your new employer until the end of the plan year.

If you become disabled or go on an unpaid leave of absence, please call DMBA.

If you are no longer employed with a participating employer and you do not elect COBRA or are ineligible to elect COBRA, you forfeit all your FSA money that is not used for services received on or

before the end of your last month of employment. You will have until March 15 of the following year to submit eligible services for reimbursement.

Claims for services you receive after the end of the month your employment ends are not eligible for reimbursement. If you are re-employed by the same employer or another participating employer before the end of the plan year, you may be eligible to enroll in a new flexible spending account.

## CLAIMS REVIEW AND APPEALS PROCEDURES

If your claim is denied and you feel the denial is in error, you have the right to file an appeal. Send a letter with supporting documentation that explains why you believe the claim should be approved. You must submit your appeals within 60 days from the date of your benefit decision notification. For more information about how to appeal a non-health claim, please refer to your *General Information SPD*.

## HOW FLEXIBLE SPENDING AFFECTS OTHER BENEFITS

If you file a claim for workers' compensation benefits, the benefits are based on your taxable income. Special rules apply to workers' compensation benefits; contact your employer regarding the specifics of the calculation of your benefit.

Other employee benefits—any benefits based on your income—are calculated on your gross income. Flexible Spending amounts are included in these calculations:

- Deseret Healthcare Disability Income Plan benefits
- Income increases
- Life plan benefits
- Master Retirement Plan benefits
- Deseret 401(k) Plan contributions

## HOW FLEXIBLE SPENDING AFFECTS SOCIAL SECURITY

Because you do not pay taxes on the money that goes into an FSA, a lower salary is reported and both you and your employer contribute less in FICA taxes toward your Social Security retirement benefits. This may slightly reduce your Social Security benefits after you retire. But most experts agree that the tax savings more than offset a minor reduction in future Social Security benefits.

## NOTIFICATION OF DISCRETIONARY AUTHORITY

DMBA is the plan administrator and, in its sole discretion, determines appropriate courses of action in light of the reason and purpose for which the plan is established and maintained. In particular, DMBA has full and sole discretionary authority to interpret and construe the terms of all plan documents, including, but not limited to: resolve and clarify inconsistencies, ambiguities, and/or omissions in all plan documents; make determinations for all questions of eligibility for and entitlement to benefits; determine the status and rights of employees and other persons under this plan; make all interpretive and factual determinations as to whether any individual is entitled to receive any benefits under the terms of this plan; determine the manner, time, and amount of payment of any benefits under this plan. Benefits will be paid under this plan only if the plan administrator decides in its sole discretion that the individual is entitled to them. All such interpretations and decisions by DMBA shall be final, binding, and conclusive on the Employers, the Employees and any other parties affected thereby.

Any interpretation, determination, or other action of the plan administrator shall be given deference in the event the determination is subject to judicial review. Any review by a court of a final decision or action of plan administrator shall be based only on such evidence presented to or considered by DMBA at the time it made the decision that

is the subject of the court's review. Accepting any benefits or making any claim for benefits under this plan constitutes agreement with and consent to any decisions that DMBA makes, in its sole discretion and, further, constitutes agreement to the limited and deferential scope of review described herein.

## **NOTIFICATION OF BENEFIT CHANGES**

DMBA reserves the right to amend or terminate the plan at any time.

### **Legal Notice**

*We have made every effort to accurately describe the benefits and ensure that information given to you is consistent with other benefit-related communications. However, if there is any discrepancy or conflict between information in this document and other plan materials, the terms outlined in the Legal Plan Document will govern.*