

Allows members to use pre tax dollars for medical care expenses.

# Health Flexible Spending Arrangement (FSA)

A Flexible Spending Account (also known as a flexible spending arrangement) is a special account you put money into that you use to pay for certain out-of-pocket health care costs. You don't pay taxes on this money. This means you'll save an amount equal to the taxes you would have paid on the money you set aside.

## HEALTH FLEXIBLE SPENDING ARRANGEMENT

- Reimburses qualified medical care expenses.
- Reduces taxable income for the employee and the employer.
- Employees select to have pre-tax contributions withheld from their paycheck.
- Plan design is at the discretion of the employer.
- \$2,700 limit on annual contributions for tax years beginning after December 31, 2018 (subject to inflationary increases).

## REQUIREMENTS

- Expenses must be incurred during the plan year.
- Employees have access to the entire contribution amount at the beginning of the plan year.
- Employees may only make a change in contribution amounts when there is a specific change in status as described in the Summary Plan Description (SPD).
- Any unused funds at the end of the plan year are forfeited, unless your employer has included a carryover provision (limited to \$500) or grace period in your plan. Please see your plan sponsor/HR Director to understand if your plan has a carryover or grace period.
- Participation ends when an employee terminates employment.
- Only expenses incurred prior to termination are eligible.
- Expenses must be submitted during the plan year or within the run-put period described in the SPD.
- When the employer must comply with COBRA, the employee may continue on a self-pay basis.

## QUALIFIED MEDICAL CARE EXPENSES

- Includes deductibles, coinsurance, prescription drugs, vision care, and dental care.
- Eligible expenses are also defined in section 213(d) of the Internal Revenue Code.

## REIMBURSEMENT

- PHP will automatically reimburse medical and pharmacy deductibles, co-payments and coinsurance.
- Dental claims, vision claims, denied claims and employees with secondary insurance must submit claims manually with an Explanation of Benefit, receipts or a provider statement.
- Employees may opt-out of the automatic reimbursement process at the time of enrollment.
- Employees may elect reimbursement in the form of a check or direct deposit at the time of enrollment.
- Required forms are on our website at [phpni.com](http://phpni.com).

### EMPLOYER SAVINGS EXAMPLE\*

Annual Salary Reduction:	(50 employees x \$2,000 per employee) <b>= \$100,000</b>
FICA Savings:	(\$100,000 x 7.65%) <b>= \$7,650</b>
Other Estimated Savings at 3% ums	(retirement plan contributions, unemployment taxes, insurance premi- based on compensation) <b>= \$3,000</b>
Total Benefit Savings to Employer:	<b>\$10,650</b>

*\*This example is for illustration purposes only. The employer's tax situation may be different.*

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## ADDITIONAL INFORMATION

- Complete details can be found in the Summary Plan Description that is provided by the employer.
- Information about an employee's FSA account is available on line at **phpni.com**.
- FSA account information is also available by calling Customer Service at 260-432-6690, ext. 11; 800-982-6257, ext 11; or 260-459-2600 for the hearing impaired.



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