Flexible Spending Accounts Frequently Asked Questions

2022 Plan Year

Contents

Section I: Introduction to Flexible Spending Accounts

1. What is a flexible spending account (FSA)?
An FSA is a tax-advantaged financial account that allows you to set aside a portion of earnings on a **pretax** basis to pay for qualified expenses incurred during the plan year. The IRS sets pretax contribution limits for FSAs and enforces rules related to plan administration, enrollment, and status changes.

2. What kinds of FSAs does the State offer?
The State offers three kinds of FSAs to eligible employees:

General purpose health care FSA covers a wide range of health-related expenses including, but not limited to:

- Copays
- Coinsurance
- Deductibles
- Prescriptions
- Dental expenses
- Vision expenses
- Orthodontia

Limited purpose health care FSA covers dental and vision expenses only, including, but not limited to:

- Dental expenses
- Vision expenses
- Orthodontia

For both general purpose and limited purpose health care FSAs, your FSA debit card is loaded with your full annual election amount at the start of the plan year and can be used to pay for eligible expenses. When the card is used, funds will be pulled directly from your health care FSA and are paid to the provider.

The dependent care FSA covers any day care or dependent care expenses that allow you (and your spouse) to work, look for work, or be a full-time student. This includes expenses like:

- Before- and after-school care
- Day care
- Preschool
- Day camps
- Elder care

The dependent care FSA requires that the dependent must live with you and be 12 years old or younger. Dependents age 13 or older may be eligible if they cannot physically or mentally care for themselves and require care while you're working.

Unlike the health care FSAs, the dependent care FSA is a pay-as-you-go plan—the entire annual election amount is NOT available on the first day of the plan year.

Please note: ASIFlex, the State's FSA administrator, will approve day care services in advance for the current month. For example, beginning July 1, you can submit a claim for day care services that will be incurred in the month of July.

3. Why are there two kinds of health care FSAs?

The general purpose health care FSA ("FSA" in Workterra) is the standard health care FSA available to any eligible State employee so long as they are not covered by an HSA-qualified high-deductible health plan (HDHP) like the State's Anchor Choice Plan with HSA. Generally, individuals that are not covered by an HDHP should enroll in the general purpose health care FSA. Individuals that are covered by an HDHP, or individuals whose spouse is covered by an HDHP, should enroll in the limited purpose health care FSA ("LFSA" in Workterra). Please note that while the Office of Employee Benefits can ensure that Anchor Choice Plan participants are not participating in a general purpose health care FSA, it cannot see whether an employee's *spouse* is covered by an HDHP. Accordingly, **it is the employee's responsibility to choose which health care FSA is appropriate for them**. Individuals may not maintain both a general purpose health care FSA and a limited purpose health care FSA at the same time.

4. What are the contribution limits for each FSA?

For the 2022 plan year, these are the maximum amounts that an employee can contribute to their FSAs:

- General purpose or limited purpose health care FSA: $2,850
- Dependent care FSA: $5,000, or $2,500 if married and filing separately *(Please note that it is the employee's responsibility to ensure that their dependent care FSA election is appropriate for their tax filing status.)*

FSA contribution limits shown in this FAQ are set by the IRS and may change. Verify current maximums by visiting **www.employeebenefits.ri.gov**.

Section II: Introducing ASIFlex, Our New FSA Administrator

1. Who is the State's partner for administering the FSA program?

The State has partnered with a new FSA vendor called ASIFlex. Beginning January 1, 2022, ASIFlex will administer all three types of FSAs: general purpose, limited purpose, and dependent care. You should notice no disruption to your FSA coverage. ASIFlex offers:

- Live help! You can speak with an experienced customer service representative every time you call.
- Extended servicing hours Monday through Saturday.
- Secure communications via email and text alerts, and reimbursements via direct deposit to your bank account.
- Multiple claim and reimbursement options, including mobile app, online, toll-free fax, mail, debit cards for health care FSAs, and exclusive FSA Store cardless pay service.
- Educational website at **www.ASIFlex.com**. Learn about eligible expenses and debit card information; estimate expenses and calculate tax savings; and watch videos and link to IRS publications.
- Secure employee portal through which you can view your account statement and balance, submit claims, read messages, shop FSA Store, manage your personal settings for email, text alerts, and direct deposit, and chat with an ASIFlex representative.

2. How will this change affect my FSA?

ASIFlex offers many of the same benefits and features as Navia, but there are some differences.

- When you elect the FSA, or if you have a carryover balance, you will receive a new debit card from ASIFlex. This card replaces your current Navia debit card and should be used for all FSA transactions in 2022. Your Navia card should be used only through the end of the 2021 calendar year and will be permanently deactivated on January 1, 2022.
- If you have a balance left in your health care FSA with Navia after the claims run-out period ends on March 31, 2022, your entire remaining balance will carry over to an ASIFlex account after April 1, 2022. However, if you do not make a new health care FSA election for 2022 during the November 2021 open enrollment period, an administrative fee of $2.25 will be deducted each month from your carryover-only account.

- The telephone number and website for customer service will change beginning January 1, 2022. See question 4 below.
- You can use the ASIFlex Cardless Pay feature to make purchases from the FSA Store. Log in to your ASIFlex account, and follow the link to the FSA Store. After you have made your selections, choose the Cardless Pay option during checkout, and ASIFlex will pay the FSA Store directly from your account.

3. How do I use my FSA or file claims?
As in the past, you can pay for most eligible expenses with your FSA debit card. Be sure to use your new ASIFlex debit card for all transactions in 2022. The expenses that are eligible for reimbursement have not changed. For the most part, you should find using your ASIFlex FSA very similar to your current experience. For more information, see Section IV: Using Your Flexible Spending Account.

4. How do I register my account on ASIFlex's website?
After you enroll and receive a welcome letter from ASIFlex, go to **www.ASIFlex.com** and click on the Employee Login Tab. Click **Create an account**, and follow the online instructions. After you register, you can see your account statement and balance, submit claims, and sign up for email, text alerts, and direct deposit.

5. How do I contact ASIFlex for customer service assistance?
By phone at **800-659-3035**, Monday–Friday, 8 a.m.–8 p.m. ET, and 10 a.m.–2 p.m. ET on Saturday. By email at asi@asiflex.com. Additional contact information is available on **www.ASIFlex.com**. Once registered online, you can also chat with customer service.

Section III: Eligibility and Enrollment

1. What is the plan year?
The annual plan year runs from January 1 to December 31.

2. Who is eligible to enroll?
Any State employee that is in a non-seasonal position and is scheduled to work at least 20 hours per week.

3. When can I enroll?
Eligible employees can enroll within 31 days of employment start date, during open enrollment, or if they have a qualified status change during the plan year.

4. How do I enroll?
- You must enroll for your FSA(s) via Workterra, the State's online enrollment system. Visit **www.employeebenefits.ri.gov/enrollment** for detailed instructions.

- Enrollments for new hires are processed after employees receive their first paycheck. Your per-pay-period deduction may be adjusted due to the timing of payroll processing.
- All enrollees will receive a welcome letter and a separate debit card mailer (with two cards) from ASIFlex with their confirmation of enrollment.

5. What is a status change?
A status change is usually a life-changing event such as marriage or birth of a child, where you are allowed to adjust your benefits election within 31 days of the event date. If you experience a qualifying status change, you can change your FSA election via Workterra. Supporting documentation evidencing the occurrence of the status change is required and must be attached along with your new election. Upon approval of the status change, your election will be changed for the remainder of the plan year beginning with the next pay period. Please see **www.employeebenefits.ri.gov/enrollment/status-change.php** for more information.

6. Can I contribute to a health care FSA if I am covered under an HDHP through my spouse's employer?
You can, but you should consider electing a limited purpose health care FSA ("LFSA" in Workterra) instead, so your spouse can remain eligible for HSA contributions. If you elect the general purpose health care FSA, your spouse will lose his or her eligibility to contribute to an HSA, since your general purpose health care FSA automatically covers your spouse and is considered disqualifying health coverage for HSA purposes. Individuals who are covered by an HDHP, including participants in the HSA Plan, may not maintain general purpose health care FSAs, but they are eligible to contribute to limited purpose health care FSAs. Qualifying dental and vision expenses can be paid under limited purpose health care FSAs, but general medical expenses that can be paid under general purpose health care FSAs cannot be paid under limited purpose health care FSAs.

Section IV: Using Your Flexible Spending Account

1. Where can I find a list of eligible expenses?
A list of eligible expenses is available on the ASIFlex website. Also see IRS Publications 502, "Medical and Dental Expenses," and IRS Publication 503, "Child and Dependent Care Expenses," on **www.ASIFlex.com**.

2. Can my family members use my health care FSA funds?
Per IRS Publication 969, the following persons are eligible to use your health care FSA funds for qualified expenses regardless of whether they are covered under your medical plan:

1. You and your spouse
2. All dependents you claim on your tax return
3. Any person you could have claimed as a dependent on your return except that:
    A. The person filed a joint return,
    B. The person had gross income of $4,150 or more, or

C. You or your spouse, if filing jointly, could be claimed as a dependent on someone else's 2018 return

4. Your child under age 27 at the end of your tax year

3. How do I access my FSA funds to pay for claims?
The primary way you will access your health care FSA funds is through the FSA debit card that is provided to health care FSA participants automatically when you enroll. Health care FSA debit cards are loaded with the full annual election amount on the first day of the plan year. Information about how to use the card can be found on **www.ASIFlex.com/debitcards**.

You can also access funds by submitting claims via your online account at **www.ASIFlex.com**, by using the ASIFlex mobile app, or by toll-free fax or mail. If you want to initiate a manual reimbursement request or you receive an email requesting that you substantiate a debit card swipe, you will need to provide ASIFlex a copy of the insurance plan Explanation of Benefits (EOB) or an itemized statement from the provider for verification. You can scan and upload a copy of the documentation to your online account or directly through the ASIFlex mobile app. If you prefer to complete paper reimbursement request forms and mail or fax them to ASIFlex, you can download a claim form from the Office of Employee Benefits website or directly from the ASIFlex website.

Reimbursements will be made to you within three business days following receipt of a complete claim, provided you have available funds in your account. Log in to your ASIFlex account to sign up for direct deposit (see question 4 below), as well as email and text alerts.

4. How does the ASIFlex direct deposit feature work?
When registering your account at **www.ASIFlex.com**, you should provide ASIFlex with your bank account information (ABA routing number and account number), and ASIFlex will direct deposit your reimbursement instead of sending you a check. Keep in mind that if you are using your FSA debit card, claim reimbursement is automatic, not manual, and so direct deposit will not play a role. However, you may be required to submit documentation to substantiate card transactions.

5. How long do I have to submit claims for the prior year?
At the end of each plan year, you have 90 days to submit debit card documentation or claims you incurred during the plan year for reimbursement, subject to federal guidance extending such a deadline. After the 90-day claims run-out period, carryover amounts are credited to accounts.

6. How does a carryover work?
For 2022, the State health care FSAs allow your entire unused balance to be carried over to the following plan year. Just like from 2020 to 2021, the health care FSA carryover from 2021 to 2022 will be unlimited and not subject to the traditional $550 limit. Carryover amounts will be credited to your ASIFlex account after March 31. The amount you carry over does not affect your ability to elect the maximum annual election allowed each plan year for the health care FSA. At the end of the 2022 plan year, you will be permitted to carry over up to $570 of unused contributions into the 2023 plan year.

Example: $750 in carryover funds from 2021 plan year + $2,850 maximum election for the 2022 plan year = $3,600 total available for the 2022 plan year.

The dependent care FSA does NOT have a carryover feature: Any unspent balance after the 90-day claims run-out period will be forfeited (see question 7 below).

7. What about forfeiture?
Any amount remaining in your 2021 health care FSA at the end of the 90-day claims run-out period after the end of the plan year will carry over to 2022, subject to federal guidance extending such a deadline. Just like from 2020 to 2021, the health care FSA carryover from 2021 to 2022 will be unlimited and not subject to the traditional $550 limit. At the end of the 2022 plan year, you will be permitted to carry over up to $570 of unused contributions into the 2023 plan year.

Any amount left in a dependent care FSA at the end of the 90-day claims run-out period after a plan year ends is forfeited.

8. I did not enroll in a health care FSA during open enrollment, and my debit card is not letting me access my carryover from the previous plan year. Why is this?
Your Navia FSA debit card was deactivated as of the end of the 2021 plan year. As referenced above, you will not be able to access your carryover amount using a debit card until after the claims run-out period has ended. After the claims run-out period ends, any carryover amount will be applied to a 2022 FSA with ASIFlex, and you will receive a set of two ASIFlex debit cards. You will be able to access your carryover amount and use your debit card or submit new claims to ASIFlex. You must make manual reimbursement claims to Navia for expenses you incurred during the claims run-out period, so please remember to keep all relevant EOBs and itemized statements. Please note that because you did not elect an FSA during open enrollment, you will see monthly $2.25 deductions from your carryover-only FSA at ASIFlex.

9. Are there any fees associated with a health care FSA?
If you elect a health care FSA during open enrollment, there are no fees associated with using your account. However, if you do not actively elect a health care FSA and have a carryover balance, ASIFlex will deduct an administrative fee of $2.25 per month from your account. To avoid this administrative fee, you can elect an FSA for 2022 and continue to use your carryover balance.

10. How will a wage garnishment affect my FSA?
If a writ garnishment (i.e., attachment as a percentage of disposable wages) is placed on your account, all benefits deductions are transferred to *post*-tax. Any deductions that are pretax only are stopped until the garnishment is fulfilled. FSAs only exist as a pretax benefit. Therefore, because you are not making any contributions, the FSA is suspended until the garnishment is completed and contributions resume.

If a <u>fixed-amount</u> garnishment (e.g., $100 per pay period) is placed on your account, pretax deductions remain, so long as there is enough pay to support the FSA deduction. If there is not enough pay, then your FSA will be suspended until FSA contributions resume.

In both cases (writ garnishment and fixed-amount garnishment), when the FSA contributions resume, the FSA is reactivated and if the FSA is *underspent*, the annual election amount is automatically lowered by the amount of the missed contributions. If the FSA is *overspent*, the annual election amount may be adjusted, and the per-pay-period deduction amount is increased to make up for the missed contributions. Either way, you would be able to submit manual claims for reimbursement for eligible expenses incurred while the garnishment was in place.

11. What happens to my FSA if I go on an unpaid leave of absence from the workplace?
When you go on an unpaid leave of absence, your FSA account(s), including your FSA debit card, will be suspended until you return to work and payroll deductions resume. Expenses incurred during an unpaid leave of absence from the workplace are eligible for reimbursement. Upon your return to work, your payroll contributions will be adjusted to reflect your annual FSA election amount, unless your FSA is underspent (more contributions than reimbursements) and you initiate a qualifying event in Workterra requesting that your annual election amount be decreased.

12. Can I enroll in an FSA if I am on an unpaid leave of absence from the workplace?
Employees on Leave Without Pay are not eligible to enroll.

Section V: Flexible Spending Accounts and Retirement or Employment Termination

1. After I leave State service, will I be able to access funds I contributed to my FSA prior to my retirement or employment termination?
Yes and no. As a rule, FSAs are only available for active employees, and your FSA will be deactivated when your employment terminates. This means that you will no longer have access to the funds to which you contributed prior to your employment termination. Therefore, you should be careful about the amount you elect to contribute for the year if you are thinking about retiring or otherwise leaving State service during the year.

If you do retire or otherwise leave State service, you may be able to continue your FSA participation under COBRA. This option will only be available to you if you have contributed more money to your FSA than you have withdrawn from it.

2. I'm enrolling in State-sponsored pre-65 retiree health coverage. Can I enroll in an FSA for use in conjunction with my retiree coverage?
No. FSAs are only available for active employees.