



# The Limited Medical FSA

The “Limited” Medical Flex Spending Account (Limited Med-FSA) is the Flex account designed for employees who make or receive contributions to a Health Savings Account (HSA). HSA participants can usually only be covered by a qualified High Deductible Health Plan (HDHP). The Limited Med-FSA has been designed to be HSA-eligible by “limiting” it to cover only dental, vision and preventive care expenses. While your HSA will also cover those expenses, the Limited Med-FSA is perfect for people who want to increase both their tax savings and their personal savings by using the Limited Med-FSA while they invest in their HSA and watch their HSA balances grow.

**What expenses are eligible for the Limited Med-FSA?** Out-of-pocket expenses such as:

- **Vision Care** such as LASIK surgery, eye exams, eye glasses, contact lenses, contact lens solutions, prescription sunglasses, prescription safety glasses and over-the-counter reading glasses.
- **Dental Care** such as dental cleanings, fluoride treatments, extractions, x-rays, fillings, sealants, crowns, bridges, dentures and denture adhesives, dental implants and orthodontia.
- **Preventive Care** such as annual exams, tests and diagnostic procedures in conjunction with evaluation (no-existing diagnosis), well-baby care and immunizations for adults and children.

**May I be reimbursed for expenses incurred by my dependents?** Yes, the expenses of your spouse and eligible dependents may be reimbursed from your Limited Med-FSA regardless of whether or not they are covered under your health plan. Please note that the “limited” status applies to your Med-FSA account, not just to you. Thus, even if your dependents are not covered by an HSA-eligible high deductible health plan or making or receiving contributions to an HSA, only their dental, vision and preventive care expenses are eligible.

**What are eligible preventive care expenses?**

Examples of preventive care expenses include:

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| <ul style="list-style-type: none"> <li>• Blood Pressure Monitoring Device</li> <li>• Body Scan (such as an MRI)</li> <li>• Diagnostic services (tests without a confirmed diagnosis)</li> <li>• Flu Shots</li> <li>• Home Test Kits (blood pressure, cholesterol, etc.)</li> <li>• Immunizations and Vaccinations</li> <li>• Laboratory Fees (tests without a diagnosis)</li> </ul> | <ul style="list-style-type: none"> <li>• Medical ID Bracelets and Information Plans</li> <li>• Physical and Well-Child Exams</li> <li>• Prenatal Care, including exams and tests as long as there is no diagnosis other than pregnancy</li> <li>• Ultrasound (preventive care only, not for prenatal snapshots)</li> <li>• Weight Loss Programs (if recommended by a physician to prevent hypertension or diabetes)</li> </ul> |
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Preventive care will also include other expenses prescribed by your physician to prevent or delay the onset of medical conditions or to prevent the recurrence in an individual who had a condition but is currently symptom-free. This may include medications, nutrition classes, weight loss programs and other services or products prescribed by your physician as preventive-care. Preventive care does not include any service or product that treats an existing illness, injury or medical condition, diagnosed by a physician or otherwise.

This brochure is a brief introduction to the Limited Purpose Med-FSA and Health Savings Account benefits of your Flex Plan. The Summary Plan Description (SPD) provided by your Employer includes specific information regarding your plan, including the eligibility requirements, claims filing deadlines and other important information. This brochure does not provide legal or tax advice. We recommend that you consult your tax advisor regarding your personal tax situation.

# Health Savings Account – Frequently Asked Questions

## **What is a Health Savings Account?**

The Health Savings Account (HSA) is an individual account that you open with an HSA trustee/custodian to set aside funds on a pre-tax or tax-preferred basis that you can use to pay for your “eligible medical expenses.” One of the advantages of the HSA is that you can set aside money pre-tax each year to pay for your expenses but, if you don’t use those funds, any balances will roll over from year-to-year.

## **Does my Employer sponsor the HSA?**

No, your Employer’s role is limited to allowing you to contribute to your HSA on a pre-tax Salary-Reduction basis; the HSA trustee/custodian will establish and maintain your HSA. You will choose the HSA trustee/custodian but the Employer may choose to limit the number of HSA providers to whom it will forward pre-tax Salary Reductions, a list of who will be provided upon request. Any such list of HSA trustee/custodians shall be maintained for administrative simplification and is not an endorsement. The HSA is not subject to the Employee Retirement Income Security Act of 1974 (ERISA). The HSA is not an Employer-sponsored plan and your Employer has no authority or control over the funds deposited in your HSA.

## **Will I be taxed on the HSA Benefits that I receive?**

You may save both federal income taxes and FICA (Social Security) taxes by participating in your Employer’s Flex Plan. However, very different rules apply with respect to taxability of HSA Benefits than for other Benefits offered under this Plan. For more information regarding your HSA see the communications materials provided by your HSA trustee/custodian and IRS Publication 969 (“Health Savings Accounts and Other Tax-Favored Health Plans”). It is your responsibility to determine the tax treatment of any HSA Benefits you receive. Remember that the Employer and Plan Administrator does not provide legal or tax advice and they cannot guarantee any specific tax consequences.

## **Who can contribute to an HSA?**

Only Employees who are HSA-Eligible Individuals can participate in the HSA Benefits. An HSA-Eligible Individual is an individual who meets the eligibility requirements, who has elected qualifying High Deductible Health Plan (HDHP) coverage offered by the Employer and who has not elected any disqualifying non-High Deductible Health Plan coverage. The terms of the High Deductible Health Plan selected by your Employer will be described in materials that will be provided separately to you by the Employer.

## **Can I change my HSA Contribution?**

You may increase, decrease, or revoke your HSA contribution election any time during the plan year by submitting an election change form to the Plan Administrator (or to its designee). Your election change will be prospectively effective on the first day of the month following the month in which you properly submitted your election change. Your ability to make pre-tax contributions under this Plan to the HSA identified above ends on the date that you cease to meet the eligibility requirements.

## **Can I change my HSA election during the year?**

Your election to contribute to the HSA can be increased, decreased or revoked at any time on a prospective basis. Such election changes shall be effective no later than the first day of the next calendar month following the date that the election change was filed. No other benefit election changes can occur as a result of a change in HSA election except as otherwise described. For example, a Participant generally would not be able to terminate their regular (non-limited) Medical Flex Spending Account election in order to be eligible for the HSA.

## **Where can I get more information on the HSA?**

For details regarding your rights and responsibilities to the HSA (including information regarding the terms of eligibility, what constitutes a qualifying High Deductible Health Plan (HDHP), contributions to the HSA, and distributions from the HSA), please refer to your HSA trust or custodial agreement and other documentation associated provided to you by your HSA trustee/custodian. You may also want to review IRS Publication 969 (“Health Savings Accounts and Other Tax-Favored Health Plans”).

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