

General information

What is a BlueSaverSM Medical FSA?

A BlueSaver Medical FSA lets you set up a pre-tax account for eligible out-of-pocket medical expenses such as deductibles, copays, coinsurance, and some services that your health plan doesn't cover, for you and the eligible dependents you may claim on your income tax return.

What is a BlueSaver Dependent Care FSA?

A BlueSaver Dependent Care FSA lets you set aside pre-tax money for day care, nursery school, babysitting, or the care of a handicapped dependent or elderly parent who lives with you. In general, an eligible dependent is one whom you can claim as a dependent on your income tax return. The services must be necessary so that you can work or search for work. If you are married, your spouse must also work or attend school full-time (unless your spouse is disabled).

Why should I contribute to a BlueSaver FSA?

A BlueSaver FSA is an automatic way to budget for medical expenses or dependent care. By contributing to a BlueSaver FSA through payroll deductions, you reduce your taxable income. BlueSaver FSA contributions are not subject to federal income or FICA taxes. (In some cases, a BlueSaver FSA is not subject to state tax. Check with your tax adviser to find out about the laws in your state.)

Should I use a BlueSaver Medical FSA or take a deduction for medical expenses on my tax return?

The IRS allows only medical and/or dental expenses that exceed 7.5 percent of your adjusted gross income to be deducted from your annual income tax filing. The money set aside in a BlueSaver Medical FSA is completely free from federal taxes. Consult with your tax adviser to determine which scenario is better for your financial situation.

Note: You may not deduct any medical expenses reimbursed through your BlueSaver Medical FSA on your tax return.

If I use a BlueSaver Medical FSA, may I deduct the medical expenses not reimbursed through my BlueSaver Medical FSA on my tax return?

Yes, within the IRS limits. Consult with your tax adviser for details.

Should I use a BlueSaver Dependent Care FSA or claim a child care credit on my tax return?

Consult with your tax adviser to determine which scenario is better for your financial situation.

If I use a BlueSaver Dependent Care FSA, may I also receive the dependent care credit on my tax return for expenses not reimbursed through my BlueSaver FSA?

Yes. However, the amount you contribute to your Dependent Care FSA reduces the amount of your tax credit dollar for dollar. Consult with your tax adviser for details.

Determining contributions

How do I contribute to a BlueSaver FSA?

Contributions are made through payroll deductions.

How much can I contribute to a BlueSaver FSA?

Once you decide the amount you want to contribute, check your Plan document for the maximum contribution allowed by your plan.

Note: The maximum contribution to a Dependent Care FSA is typically \$5,000; however, there are limits as to the amount excluded from your gross income in any calendar year. Consult with your tax adviser for details.

How do I determine the amount I want to contribute annually to my BlueSaver FSAs?

Review your health and/or dependent care expenses incurred last year and consider any changes that might affect your expenses this year. For medical expenses, include expenses incurred by your spouse and any dependents that you claim on your tax return.

Tip: For optimal planning, use the Calculation Worksheet included in this kit to figure your annual expenses.

Tip: To calculate how much your employer will deduct from each paycheck, divide your annual contribution by the number of pay periods you have each year.

May I change the amount I contribute during the Plan year?

Only a change in your family or work status allows you to change your contribution.

Marriage, divorce, death of a spouse or child, birth or adoption of a child, change in residence, and termination of a spouse's job are examples of events that would allow you to make a change to your BlueSaver FSA contribution. Check your Plan document for more information on when you may change your election.

Tip: Always be conservative when determining your annual contribution.

What expenses are eligible for reimbursement from my BlueSaver Medical FSA?

In general, money you spend on deductibles, copayments, and coinsurance for covered medical, prescription drug, dental, and vision costs are eligible for reimbursement from your BlueSaver FSA. BlueSaver Medical FSA eligible expenses also include other services not generally covered as a part of your medical coverage, including but not limited to guide animals and laser eye surgery. For a list of many expenses that may be reimbursed, refer to IRS Publication 502, which is available online at www.irs.gov.

What expenses are not eligible for reimbursement from my BlueSaver Medical FSA?

Examples of expenses not covered include, but are not limited to, the following:

- cosmetic surgery or products;
- health club dues;
- expenses paid by another health plan or insurance;
- insurance premiums;
- warranties;
- marriage or family counseling;
- dental whitening or bleaching;
- non-prescription drugs;
- illegal operations or treatments.

Are over-the-counter (OTC) medications eligible for reimbursement from my BlueSaver Medical FSA?

OTC medications with a doctor's prescription are eligible for reimbursement if they are used to treat a medical condition (e.g., pain relievers, antacids, antihistamines, decongestants, and cold medicines). Dietary supplements or vitamins (e.g., fiber supplements or calcium) may be eligible if prescribed by a doctor. Items used to maintain general health (e.g., Chapstick® or One-a-Day® vitamins) are not eligible.

Are my health insurance premiums eligible for reimbursement from my BlueSaver Medical FSA?

No. Premiums are not eligible for reimbursement.

Tip: Do not add the amount you spend on premiums into your annual contribution.

Are travel expenses eligible for reimbursement from my BlueSaver Medical FSA?

Transportation essential to medically necessary care is eligible. This includes:

- bus, train, plane, or ambulance;
- actual car expenses, such as gas and oil, but not general maintenance, repair, depreciation, or insurance;
- parking fees and tolls;
- parents' transportation when accompanying a child who is traveling to obtain medical care;
- transportation expenses of a nurse or other person qualified to give injections, medications, or other treatment needed by a patient who cannot travel alone;
- transportation expenses for regular visits to see a mentally ill dependent, if the doctor recommends these visits.

You must include receipts for the expenses and documentation of the corresponding medical treatment.

If my child is in college, are my child's medical expenses eligible for reimbursement from my BlueSaver Medical FSA?

Yes, if you claim your child as a dependent on your tax return.

What expenses are eligible for reimbursement from my BlueSaverSM Dependent Care FSA?

Eligible child care expenses include money spent on babysitting, day care, au pair, and nanny services for a dependent under 13 who lives with you more than half of the year. Fees for day camp are also eligible; however, overnight camp fees are not eligible for reimbursement. Eligible elder care expenses include money spent on day care centers and in-home care for certain dependents who live with you and are physically or mentally unable to care for themselves.

What expenses are not eligible for reimbursement from my BlueSaver Dependent Care FSA?

Expenses not covered include, but are not limited to the following:

- payments to your dependent or child under 19;
- tuition for kindergarten and grade school;
- overnight camp;
- expenses for a dependent over 13 who doesn't regularly spend eight hours per day in your home;

- food expenses (unless incidental to and cannot be separated from the cost of care, such as snacks);
- transportation;
- overnight camp.

Consult with your tax adviser for details as to your situation.

Is payment to a babysitter who comes to my home an eligible dependent care expense?

Yes, if the babysitter enables you and your spouse to work (unless your spouse is a student or disabled). You must be able to provide the babysitter's Social Security number with your reimbursement claim. You must also identify the babysitter on your tax return. For more information, refer to IRS Publication 926 at www.irs.gov and consult with your tax adviser.

Accessing funds

How do I access the funds set aside in my BlueSaver FSA?

There are three convenient ways to access BlueSaver Medical FSA funds: Health Account Visa® Debit Card, Automatic Claims Submission, and Paper Claims Submission. Check your Plan document to find out which of these options are available to you. Paper Claims Submission is used to access BlueSaver Dependent Care FSA funds.

How does the Health Account Visa® Debit Card work?

Use your Health Account Visa® Debit Card just like any other debit card to pay for eligible copay expenses (doctor's visits and prescription drugs). The money comes out of your BlueSaver FSA automatically—there is no need to pay up front, no claim form to submit, and no waiting for a reimbursement check. Your employer designates the providers and services eligible for use with your Health Account Visa® Debit Card. Keep your receipts from all transactions.

How does Automatic Claims Submission work?

With Automatic Claims Submission, your part of the qualified medical expense (e.g., deductible, coinsurance, inpatient hospital copay) is automatically deducted from your BlueSaver FSA once your claim is processed. There is no need to pay up front or submit a claim form.

If I use my Health Account Visa® Debit Card to pay for a copay and my employer also offers Automatic Claims Submissions, how do I avoid paying the copay twice?

Easy. You should use your Health Account Visa® Debit Card to pay the copay whenever possible. When both reimbursement options are available to members, the Automatic Claims Submission is never used for copays.

Note: If you don't use your Health Account Visa® Debit Card in the situation above, you will need to submit a paper claim for reimbursement.

How does the Paper Claims Submission work?

For medical expenses that are not submitted automatically or for which you have not used your Health Account Visa® Debit Card, you can submit a paper claim and an itemized receipt for reimbursement. The receipt should include the date of service, description of service, patient name, provider name, and charge for the service. If applicable, you should also send a copy of the Explanation of Benefits you received from your (or your spouse's) health, dental, vision, or prescription plan.

For dependent care expenses, submit a reimbursement request form and a copy of the receipt from your dependent care provider. The receipt should indicate the service dates, type of service, name of person cared for, and charges for the service.

Do I have to wait to submit a claim until there is enough money in my BlueSaver FSA to cover the expense?

No, with a BlueSaver Medical FSA, you can be reimbursed up to the amount you have pledged to contribute for the Plan year—even if your account balance at the time of the claim is less than the expense.

With a BlueSaver Dependent Care FSA, you may not be reimbursed for more than you have contributed to date. If your expense is more than what you have contributed, your reimbursement will equal the amount in your account. As you make more contributions, you may access more funds until you are reimbursed for the full amount of your claim.

May I use the money in my BlueSaver Medical FSA for my dependent care expenses, or vice versa?

No, you may not use one account to reimburse expenses covered by the other account. BlueSaver Medical and Dependent Care FSAs are completely separate and may not be intermixed.

If I am also enrolled in a BlueSaver HRA, which funds are used first?

Your employer determines which account is drawn from first for reimbursement. However, some expenses may be eligible for reimbursement from one type of account and not the other (e.g., eligible from a BlueSaver FSA and not from a BlueSaver HRA). In this case, the order in which funds are drawn is no longer relevant. Check with your employer for details on how funds are drawn when you are enrolled in both a BlueSaver HRA and BlueSaver FSA.

What happens if I don't spend the full amount I contributed to my BlueSaver FSA in a Plan year?

Federal law requires that unused or unclaimed funds are forfeited at the end of the Plan year. Funds may not be carried over to the next Plan year.

Note: Some employers may extend the deadline to incur claims for up to 2 months and 15 days after the end of the Plan year. In this case, if claims are not incurred within the plan's extended year, they are not eligible for reimbursement for the Plan year that just ended, and unused funds in your BlueSaver FSA for that year are forfeited. These claims may, however, be eligible for reimbursement from your account in the next Plan year.

Tip: Always be conservative when determining your annual contribution.

What happens to the forfeited money?

All forfeited money is returned to the Plan and is subject to IRS limitations on how it is used.

What happens if I leave the company and have a balance remaining in my BlueSaver FSA?

You may submit claims for expenses incurred only while you were employed by the company. Expenses incurred after your last day of employment are no longer eligible for reimbursement. Any funds remaining in your account will be forfeited. Exception: Medical expenses incurred after your last day are eligible for reimbursement if you are eligible to continue making after-tax contributions through COBRA. Check your Plan document for details.

Do I earn interest on the money in my BlueSaver FSA?

No, the BlueSaver FSA is a spending account, not a savings account. However, when you use a BlueSaver FSA to pay for eligible medical or dependent care expenses, your payroll contributions are saving money by reducing your taxable income.

How do I monitor my BlueSaver FSA?

Simply logon to ibxpress.com, and click on the BlueSaver Health Solutions tab to view your BlueSaver FSA contributions, balance, claims status, and transaction history. Or, call an Independence Blue Cross Customer Service representative at 1-800-ASK-BLUE.

The BlueSaverSM Flexible Spending Account Q&A is a summary of Independence Blue Cross' understanding of FSA rules and is not intended to be used as legal and/or tax advice. Please consult with your tax adviser or lawyer for your particular situation.



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Independence Blue Cross offers products directly, through its subsidiaries Keystone Health Plan East and QCC Insurance Company, and with Highmark Blue Shield—independent licensees of the Blue Cross and Blue Shield Association.

The Independence Blue Cross BlueSaverSM Flexible Spending Account is administered by AmeriHealth Administrators, Inc., an independent company.