

Flexible Spending Accounts (FSA)

To assist with medical expenses not fully covered by insurance, Homewood-Flossmoor High School provides an employee benefit program called Flexible Spending Accounts. This program, which is made possible by a special section of the Internal Revenue Code (Section 125), affords the opportunity to pay for out-of-pocket medical expenses (deductibles, co-insurance, vision and dental expenses, physical exams, etc.) and dependent care (day care) expenses with before-tax dollars. ***The result is that this plan provides a way to reduce your taxes and increase your take-home pay.***

What are Flexible Spending Accounts?

Flexible Spending Accounts help you pay for expenses that may not be covered, or may only be partially covered by your benefit plan(s) and to help pay for day care related expenses. Normally, you would pay for these expenses out of your take-home pay-after taxes have been deducted. Flexible Spending Accounts allow you to put money aside **tax-free** to help you pay for these types of out-of-pocket expenses. Dollars placed in Flexible Spending Accounts are exempt from State, Federal and Social Security taxes-which represent significant tax savings to you.

What Types of Expenses are Eligible for tax-free Reimbursement?

There are two types of Flexible Spending Accounts. *Please refer to the “Eligible Expenses” link in the Employee Benefits Portal for a comprehensive list of covered expenses.* The **Health Care Account** allows you to be reimbursed for expenses not covered or not fully covered by your health plan such as deductible, co-insurance, physical exams, prescription glasses and contact lenses, hearing aids, orthodontic services, etc. These expenses can be for you or for anyone you claim as a legal dependent. Please note that not all over-the-counter drugs may not be submitted for reimbursement; some items may require a physician’s letter to obtain reimbursement. (These items are clearly indicated on the eligible expenses list.)

The **Dependent Care Expense Account** allows you to be reimbursed for day care expenses that you incur to make it possible for you to work. Eligible day care expenses can be for a dependent child or even a disabled spouse.

How Does the Flexible Spending Account Plan Work?

Before the plan year begins, you decide how much to set aside or “budget” for certain anticipated expenses that will be incurred and paid for during the plan (calendar) year. You will not pay Federal, State or Social Security taxes on these dollars. The dollars that are placed in these accounts will be deducted from your paycheck equally each pay period during the plan year. These tax-free dollars can then be drawn upon to reimburse you for your out-of-pocket health care and dependent day care expenses.

Annual Maximums are established by the IRS

2023 annual maximum for Healthcare Flexible Spending - \$3,050.00

2023 annual maximum for Dependent Care - \$5,000 (or \$2,500 if married filing separately)

When and how will I be reimbursed?

You will have to submit a reimbursement request to Discovery / WEX for expenses not processed through BC/BS. *When BC/BS receives a claim for covered individuals for services, the amount not paid or covered by BC/BS will automatically generate a reimbursement for that individual from his/her flex account.*

For expenses paid using alternate payment methods, you will have to submit a reimbursement request to Discovery / WEX for expenses not covered by Blue Cross Blue Shield.

Important Information

We participate in the “carryover” option. This option allows up to \$610 of unused 2022 amounts remaining at the end of a plan year in a health FSA to be paid or reimbursed to plan participants for qualified medical expenses incurred during the 2023 plan year. The carryover of up to \$610 does not affect the maximum amount of salary reduction contributions that the participant is permitted to make.

Your participation in this program is voluntary. The IRS requires that all elections are binding for the plan year (unless you have a qualified change in status) and that any money left in your Dependent Care Account, or in excess of the maximum carryover in your Health Account, at the end of the plan year will be forfeited. Careful planning is important, so we encourage you to review the attached information with your family.

If you have any questions, contact the, Payroll & Benefits Coordinator, at extension 5511.