

# Health Flexible Spending Account



## *Guide for Members of the AlaskaCare Employee Health Plan*

### **Introduction**

The health plan is designed to cover most, but not all, of your health expenses. You can elect to contribute some of your salary, pre-tax, to a Health Flexible Spending Account (HFSA) to reimburse some of your unpaid health expenses. Since your contributions are not subject to federal taxes, you pay less in taxes each year.

### **Who May Participate**

Employees participating in the Select Benefits plan, who are eligible for group health coverage as described in Section 1.3(a), *Who Is Covered, Employees*, of the Select Benefits Insurance Information booklet, are eligible to participate in the Health Flexible Spending Account.

Part-time employees are eligible to participate only if they elect to participate in both medical coverage and basic life insurance as described in Section 15.1 of your booklet, *Basic Life and AD&D*.

### **How the Plan Works**

The Health Flexible Spending Account works similar to a personal checking account.

Coverage begins and ends as specified in Section 1.8, *When Coverage Begins*, and Section 1.9, *When Coverage Ends*.



You decide how much you want to contribute each month, up to a maximum of \$208 per month in the benefit year. Your contribution must be:

- In whole dollars
- At least \$20 per month (\$240 per year)
- No more than \$208 per month

Your contribution will be split and deducted from your paycheck twice per month for each month that you are in pay status. This contribution is deducted from your pay check pre-tax so federal income taxes are not withheld on the amount you contribute. If you are on leave without pay or don't have enough payroll in a given month, a contribution will not be taken that month. Your coverage will be suspended for that month.

Your contributions are deposited into your individual plan account. Claims for unpaid health care expenses are filed and you are reimbursed up to the amount of your annual contribution or the amount of the claim, whichever is less.

For example, if, prior to the benefit year beginning January 1, 2014, you elect to make monthly contributions of \$100, your annual election is \$1,200. By March, you have contributed \$300 to your account. In April, you incur a \$500 expense that is not covered by your health plan. If you are covered by the Health Flexible Spending Account for April, you will be reimbursed \$500 for that expense, even though you have not yet contributed sufficient money to cover the request. During the rest of the year, you can be reimbursed for additional expenses up to \$700 (\$1,200-\$500).

If you stop being a participant during a benefit year, you will be entitled to reimbursements from your Health Flexible Spending Account for qualifying health care expenses that were incurred during the benefit year but before you stopped being a participant, subject to COBRA continuation coverage. In addition, you will not be entitled to reimbursement of qualifying health care expenses for any dependent after the person is no longer a dependent.