

Flexible Spending Account Overview

Flexible Spending Accounts (FSA) let you set aside money from your paycheck before federal, state or city income taxes and Social Security taxes are deducted. When the money is used for eligible expenses incurred by yourself or IRS-eligible dependents, reimbursement is tax-free, too. You pay no taxes on the money you contribute to and receive from either reimbursement account.

There are two types of flexible spending accounts you can elect: a Health Care Reimbursement Account (HCRA) for qualified medical, dental and vision expenses, and a Dependent Care Reimbursement Account (DCRA) for dependent day care expenses incurred while you and your spouse are working or attending school full time.

If you are currently enrolled in a HCRA or DCRA and wish to continue in 2020, you MUST re-enroll during Open Enrollment.

You can set up an HCRA or DCRA by completing the online enrollment. You designate how much you want to contribute into each account annually, and each pay period the amount you specified will be put into your personal account(s) to use in paying for health and/or dependent day care expenses not covered by insurance. The accounts are mutually exclusive. You cannot use HCRA funds for Dependent Care expenses, or vice-versa.

Special Rules for Health Care and Dependent Care Reimbursement Accounts

Because the reimbursement accounts provide significant tax savings, the IRS imposes the following rules:

- Your HCRA and DCRA accounts are completely separate. You may not transfer money from one account to another. In addition, you may not use your HCRA to pay for dependent care expenses, or vice versa.
- If you claim an expense for reimbursement through either account, you may not claim the same expense as a deduction or a credit on your income tax return.
- You can only use HCRA and DCRA monies on IRS-eligible dependents. To determine whether your family member qualifies as an IRS-eligible dependent, visit <https://www.irs.gov/help/ita/who-can-i-claim-as-a-dependent> to learn more.

Health Care Reimbursement Account (HCRA)

You may set aside any dollar amount from a minimum of \$64 to a maximum of \$2,700 per year in your HCRA. You may receive your full reimbursement amount for eligible health care expenses at any time during the year. You can use this money to pay for a variety of eligible expenses, such as:

- Deductibles and copays (including prescription costs)
- Expenses not covered by any health plan by which you may be covered
- Expenses in excess of medical or dental coverage limits, such as your share of orthodontia treatment cost
- Expenses for eye exams, contact lenses and eyeglasses
- Over-the-counter drugs when you receive a written prescription from your physician

In most instances, expenses must be incurred between January 1, 2020—December 31, 2020 to be eligible for reimbursement. Call BASIC at 1-800-444-1922 for a copy of all eligible expenses under the HCRA.

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For those who were hired on or prior to December 31, 2011 and participate, OU will provide a match to your annual HCRA contribution, as follows:

<u>Annual Employee Contribution</u>	<u>Annual OU Match in HCRA</u>
\$100 to \$124	\$100
\$125 to \$174	\$125
\$175 or more	\$175

The employer match does not count toward the \$2,700 annual maximum!

Rollover Rules for your HCRA: If you do not use all your 2019 HCRA funds, up to \$500 of your unused funds will automatically rollover into your 2020 account. Please note the following:

- You will have until March 31, 2020 to submit any requests for reimbursement for 2019 claims to BASIC.
- Any amount over \$500 will be forfeited.
- The rollover amount will be in addition to the 2020 annual contribution maximum.
- Rollover funds will become available for use in April 2020.
- You do not need to elect a HCRA in 2020 in order to use your 2019 rollover funds, however you do need to be an active Oakland University employee.
- Rollover does not apply to the Dependent Care Account.

Dependent Care Reimbursement Account (DCRA)

You may set aside any dollar amount from a minimum of \$64 to a maximum of \$5,000 per year in the DCRA. If you are married and your spouse participates in a similar account through his or her employer, you may set aside no more than \$5,000 combined per year.

This account is designed to help you pay for dependent care expenses so you, or you and your spouse, can work. You also can use the account to pay dependent expenses if your spouse attends school full-time or is mentally or physically handicapped and unable to care for your children. In order to be eligible for the DCRA, you and your spouse must work or your spouse must be a full-time student.

Eligible dependent care can be provided in your home or in someone else's home, or in a care facility (except for a nursing home). When you submit a claim for expenses, you must show your caregiver's tax identification number (for individuals, this usually is their Social Security number). **The amount you may use from your DCRA is based on the amount in your account when you submit your claim.**

Generally, your dependents include:

- Children under age 13 who qualify as dependents on your federal income tax return.
- Any dependents unable to care for themselves. For example, an incapacitated older child or spouse or an elderly parent who regularly spends at least eight hours a day in your home and otherwise qualifies as a dependent under IRS rules.

Any leftover funds in your DCRA at year-end cannot be returned to you. This means you must plan carefully before deciding to contribute money to the DCRA. Use the worksheet in this workbook to help you plan properly.

You will have until March 31, 2020 to submit any requests for reimbursement for 2019 claims to BASIC.

If you contribute to a Dependent Care Reimbursement Account, you must file an IRS Form 2441 with your Federal Income Tax Return. Form 2441 is simply an informational form on which you report the amount you pay and who you paid for day care.

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Reimbursements

Reimbursement payments will be sent to you via direct deposit. You will also have the option of using a BASIC debit card to pay for FSA-eligible expenses. If you wish to change your existing bank account for direct deposit, you can download the direct deposit form from the BASIC [website](#) and submit it to BASIC.

How Much Should You Contribute?

Before you set up your HCRA and/or DCRA, you should estimate how much you will spend on eligible expenses during the January 1-December 31 plan year. Use the “Eligible Annual Expense Worksheet” to the right to help calculate your health-care and dependent-care expenses.

Estimate your reimbursement account expenses as accurately as possible and be conservative, because the Internal Revenue Service requires you to forfeit HCRA funds over \$500, and any DCRA funds you do not use by the end of the year.

Note, too, that the maximum you can contribute to a FLEX account for health-care expenses is \$2,700. The maximum you and your spouse can contribute to a dependent care account is \$5,000.

Using Your Flexible Spending Accounts

To receive payment for an eligible health or dependent care expense, simply fill out a Reimbursement Request Form and submit it with your itemized receipt. You may mail or fax your Reimbursement Request Form, or submit it electronically online. You can also submit for reimbursement through the BASIC mobile app, available for download on both Android and iPhone systems.

Reimbursements are processed promptly every day. You will be repaid for the full amount of your Health Care Reimbursement Account request, up to the total contributions you specified for the year.

You will be reimbursed for expenses up to the amount contributed to your Dependent Care Reimbursement Account at the time your request is submitted. If your reimbursement request is more than the amount available in your account, the remainder will be paid as additional funds are deposited.

Keeping Track of Your Accounts

You can check the status of your Flexible Spending Account(s) by signing in [online](#). If you have questions about your Oakland University Flex plan, contact the BASIC Health Flexible Benefits Department at 800-444-1922.

Eligible Annual Expense Worksheet

Health Care Reimbursement Account:

Medical Expenses	
· Deductibles	\$ _____
· Office Visits, Service Fees	\$ _____
· Copay	\$ _____
Dental Copay	\$ _____
Orthodontic Copay	\$ _____
Vision Expenses	\$ _____
Hearing Expenses	\$ _____
Total Estimated HCRA Expenses	\$ _____

Dependent Care Reimbursement Account:

Dependent Day Care Expenses	
· Child Day Care	\$ _____
· Adult Day Care	\$ _____
Total Estimated DCRA Expenses	\$ _____

To determine your Bi-Weekly per pay contribution, divide the total by 26.

To determine your Monthly per pay contribution, divide the total by 12.

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Using Your BASIC Flex Debit Card

Every employee who enrolls in the BASIC Flexible Spending Account will receive two BASIC Visa debit cards. You are not required to use the BASIC debit card, and may continue to use your own form of payment for qualified services and submit for reimbursement via online, mail, fax, or mobile application.

If you use your BASIC debit card, you do not have to submit for reimbursement. When paying with your BASIC debit card, funds will automatically be withdrawn from your HCRA and/or DCRA. BASIC may ask for additional information after you use your BASIC debit card. This process is called “verification.” You do NOT have to submit verification unless BASIC requests additional information. You will receive the request for verification via mail or email.

When verification is requested, you can submit the requested information one of the following ways:

- Through the online portal [website](#);
- Upload through the BASIC mobile application (“Benefits by BASIC”);
- BASIC’s Secure Claim [Upload](#);
- Fax to 800-391-6562;
- Mail to: BASIC 9246 Portage Industrial Dr. Portage, MI 49024.

Any unverified claim amounts which remain at the end of the year will be deducted from your paycheck.

You will need to fill out a BASIC Verification Form, located [online](#) in the Forms section. BASIC may request any of the following during the verification process:

- Explanation of Benefits (EOB)
- Itemized Statement
- Prescriptions
- Detailed vision bills from your vision provider
- Letter of medical necessity
- Over-the-Counter prescriptions or letter of medical necessity
- Receipt from day care provider



Debit Card Frequently Asked Questions

Q: What happens if I forget to submit verification?

A: If BASIC does not receive documentation within 60 days of purchase as requested, your BASIC debit card will be deactivated. If your card is deactivated, you can have it reactivated by submitting the requested documentation or refund the amount charged. You can still submit for reimbursement while your card is deactivated. BASIC recommends you monitor your transaction status online to ensure your BASIC debit card is never deactivated.

Q: What happens if I purchase an ineligible item?

A: You will receive a letter from BASIC requesting a refund. You can mail a check, payable to Oakland University, to BASIC at 9246 Portage Industrial Dr. Portage, MI 49024. Once this is received, your account will be credited and the check will be forwarded to Oakland University.

Q: What if I do not have my BASIC debit card and I need to purchase a qualified product or service?

A: Pay your bill with your cash, debit/credit card, or check. Keep your itemized receipt, and submit a request for reimbursement.

Q: Why won't my card work at the pharmacy or retailer?

A: The pharmacy or retailer might not be compliant, you may have outstanding debit card purchases that need to be verified, or you may be trying to purchase an item that is not eligible under IRS regulations.

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Submitting 2019 Claims During the Runout Period

For health care claims or dependent care claims that occurred in 2019, you have 90 days to submit for reimbursement following the end of the plan year on 12/31/19. These claims should be sent to BASIC for processing, and your 2019 funds will be used for payment.

During the runout period, if a provider bills you for dates of service that occurred prior to 1/1/20, you must submit for reimbursement directly with BASIC rather than pay with your BASIC debit card. During the runout period, you CANNOT use your BASIC debit card to pay for claims with dates of service incurred during 2019.

To receive payment for an eligible health or dependent care expense, simply fill out a Reimbursement Request Form and submit it with your itemized receipt. You may mail or fax your Reimbursement Request Form to BASIC, or submit it electronically online.

Reimbursements are processed promptly every week. You will be repaid for the full amount of your Health Care Reimbursement Account request, up to the total contributions you specified for the year.

You will be reimbursed for expenses up to the amount contributed to your Dependent Care Reimbursement Account at the time your request is submitted. If your reimbursement request is more than the amount available in your account, the remainder will be paid as additional funds are deposited.

You can check the status of your Flexible Spending Account(s) [online](#). You can review claims, submit expenses, and make payments via the online employee portal.

If you have questions about the runout period under the Oakland University Flex plan, contact the BASIC Health Flexible Benefits Department at 800-444-1922.

As a reminder:

- Claims with a service date or purchase date beginning January 1, 2019 through December 31, 2019 should be sent to BASIC during the runout period.
 - You have until March 31, 2020 to submit Dependent Care claims.
 - You have until March 31, 2020 to submit Health Care claims.
- Claims with a service date or purchase date beginning January 1, 2020 through December 31, 2020 should be sent to BASIC and can be processed normally. You can also use your BASIC debit card to pay for services incurred in 2020.

If Your Employment Ends Prior to the End of the Plan Year

If you leave the University before the end of the year, you have a run-out period in which to submit claims incurred prior to your termination date. For Health care reimbursement requests, claims can be submitted up to 90 days following termination date, for services incurred from the 1st day of coverage to the last day worked.

Also, if there is a positive balance in your Dependent Care account then Dependent Care reimbursement requests can be submitted through the March 31 runout period deadline, for services incurred from the 1st day of coverage through the last date of prior plan year.

Your BASIC debit card is deactivated when BASIC receives notice of your termination. To receive payment for an eligible health or dependent care expense, simply fill out a Reimbursement Request Form and submit it with your itemized receipt. You may mail or fax your Reimbursement Request Form to BASIC, or submit it electronically online.