

Fidelity Health®

Health Care Flexible Spending Account (HCFSA)



What is a Health Care FSA?

A Health Care Flexible Spending Account allows you to set aside pre-tax dollars that you can use to pay for qualified medical expenses.

Using a Health Care FSA is a great way to stretch your benefit dollars because the amount of your paycheck that goes into the FSA does not count as taxable income, so you will have immediate tax savings and increased take-home pay.

With a Health Care FSA, you elect an annual contribution amount that is deducted from your paycheck each pay period, in equal installments throughout the year, until you reach the amount you have specified. The maximum amount you may elect is set by your employer and cannot exceed the IRS limit for the year.

Your annual contribution amount is available to you on day one on the plan; you do not need to wait to accrue the funds. Plus, the convenience of the debit card allows you to easily pay for eligible services and products not covered by your health plan.

Qualified Medical Expenses

Use your Health Care FSA to pay for qualified medical expenses, as allowed by the IRS. Some examples include:

- Out-of-pocket expenses like co-pays, coinsurance, or deductibles for medical, prescription, dental, or vision plans
- Health conditions that require the purchase of prescription medications on an ongoing basis
- Purchasing glasses, contact lenses, or laser eye surgery
- Orthodontia care such as braces, or dental expenses not covered by your insurance



For a complete list of qualified medical expenses, see [IRS Publication 502](#)

Planning Ahead



Decide how much you want to contribute.

Before you enroll in the Health Care FSA, you will need to decide how much you want to contribute to your account. You can use your funds to pay for qualified medical expenses for yourself, your spouse, or your dependents, even if they are covered under another health plan. Spend time estimating your qualified medical expenses for the year.



Health Care FSAs elections are made per plan year

Typically, you will forfeit any funds left in an HCFSA at the end of the plan year. Your plan has a run-out period that gives you extra time to submit claims for expenses you incurred. See the plan details to confirm the time frame

- **Note:** If you have a balance in your Health Care FSA at the end of the plan year and you enroll in an HSA in the new plan year, your enrollment in the Health Care FSA may impact your eligibility to make contributions to your HSA. See the plan details for more information.



Make sure your expenses qualify for Health Care FSA spending.

It is important to ensure that the funds being used from the HCFSA are for qualified medical expenses. You should consider saving receipts and tracking payments and reimbursements. Receipts should include the date of expense, type of expense, cost of expense, and merchant or provider name and information. Refer to [IRS Publications 502](#), or your summary plan description, for a complete list of allowable expenses.

Easy Access

You can submit HCFSA claims as often as qualified expenses are incurred and any payment or reimbursement request must be submitted before the end of the run-out period.



Debit Card

You will receive a debit card to make it easy to pay for eligible services and products not covered by your health plan. When you use the debit card, payments are automatically withdrawn from your account.

Most expenses can be validated through the card transaction, but you may be required to provide a copy of the receipt for certain transactions, in accordance with IRS rules. When necessary, receipts can be easily uploaded to [NetBenefits](#).



Reimburse Yourself

You can submit a claim by logging in to [NetBenefits](#) and selecting "Flexible Spending and Reimbursement Accounts". From there, you can select "Reimburse yourself".

You can request a check disbursement or link a bank account for faster transfers. Reimbursements can only be processed for expenses that have already been incurred.



Frequently Asked Questions

How do I participate in an FSA?

To participate, you must enroll during your employer's annual enrollment or as the result of a qualifying life event. Contact your benefits administrator for more information.

How do I change my Health Care FSA deduction amount?

Employers only allow changes to your election (that would in turn update your paycheck amount) during annual enrollment or a qualifying life event, such as the addition or loss of a dependent. Contact your benefits administrator for more information.

Can I enroll in both an HSA and an FSA?

If you enroll in both an HSA and an FSA, you cannot make contributions to the HSA for that coverage period if the FSA is a full purpose Health Care FSA that pays or reimburses for all qualified medical expenses. However, you will be able to make contributions to an HSA and an FSA if you are covered under a Limited Purpose FSA because this kind of FSA restricts reimbursements to certain qualified medical expenses such as vision, dental, or preventive care benefits.

When are my funds available?

The full benefit amount that you elect is available at the beginning of the coverage period, regardless of how much has been contributed at that point. Once you submit a claim, a review occurs within two business days, and reimbursement can take as little as three business days through direct deposit once the claim is approved. Visit [NetBenefits](#) for more information and instructions on linking your bank account.

What do I do if I requested HCFSAs in error or a provider refunds me for an expense that I paid for with my HCFSAs?

A refund can be submitted via check along with the claim number to the standard address listed on claim notifications. You can also contact our call center to have the corresponding claim denied so you can repay the claim on [NetBenefits](#). If the provider refunds your debit card, then account will be repaid, but you may need to contact the call center if the claim is unresolved. At that point, we can have the refund applied to that claim.



Frequently Asked Questions

How much will I really save in taxes by contributing to an HCFSAs?

No payroll or income taxes are withheld from contributions to an FSA.

The amount you may save depends upon:

- The amount you put into your HCFSAs
- The tax percentage you would normally pay on that money (tax bracket)

Let's say you want \$2,000 taken out of your paycheck this year to put into your HCFSAs. The money you direct to your HCFSAs is taken out of your check before taxes are taken out. That reduces your taxable income by \$2,000.

Let's say you normally pay 30% in federal, Social Security, and state taxes on your income. In this example, you would have a tax savings of 30% of the \$2,000. In other words, you could get an estimated tax savings of \$600 on the \$2,000 you directed to your HCFSAs.

What happens if I terminate employment?

Because your HCFSAs account is owned by your employer, any remaining funds in your account will be forfeited back to your employer, and the HCFSAs on your debit card will be deactivated. Most employers offer a run-out period to submit claims for eligible expenses incurred while you were still actively employed. Your employer determines the length of the run-out period. After the run-out period ends, any remaining funds in your account will be forfeited to your employer.

Typically, Health Care FSAs can be continued under COBRA. If you wish to enroll in COBRA coverage for your FSA, please contact your benefits administrator for more information.

The amount you save in taxes with a Flexible Spending Account will vary depending on the amount you set aside in the account; your annual earnings; whether or not you pay Social Security taxes; the number of exemptions and deductions you claim on your tax return; your tax bracket; and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.