

Frequently Asked Questions

How much will I really save by using an FSA?

Depending upon your individual tax bracket and residency, you could save as much as 20 to 50 percent on eligible expenses by using a health care and / or dependent care flexible spending account.

Can I request reimbursement from my FSA for services I receive before the plan year begins, if I am not billed until after the plan year starts?

No. According to Internal Revenue Service (IRS) guidelines, a qualified expense is "incurred" at the time the service is provided, not when you are billed (or charged) or actually pay for the service. Therefore, reimbursements are only made for eligible expenses incurred during the same plan year and the health care FSA grace period (January 1 through March 15 of the following year).

What happens if I submit a claim for an amount greater than my health care or dependent care FSA balance?

When you submit a claim to your health care FSA, you will be reimbursed up to the full amount of your annual election, regardless of the amount of money that has been deposited into your account as of that date. Contributions will continue throughout the year and claims will continue to be paid until you have claimed all of the money you elected to set aside. In other words, you can receive reimbursement for eligible incurred health care expenses, even before the money has been deposited into your account.

The dependent care reimbursement process is different, however. If you submit a claim and your account balance is less than the amount of the claim, you will only be reimbursed for the amount of money that has already been deposited into your account. The balance of your claim will automatically be reimbursed once additional funds are deducted from your pay and deposited into your FSA. This means you only need to submit a claim once. You will continue to be reimbursed, as contributions are credited to your FSA account, until the full amount of the claim has been reimbursed or until you have claimed all of the money you set aside for the year.

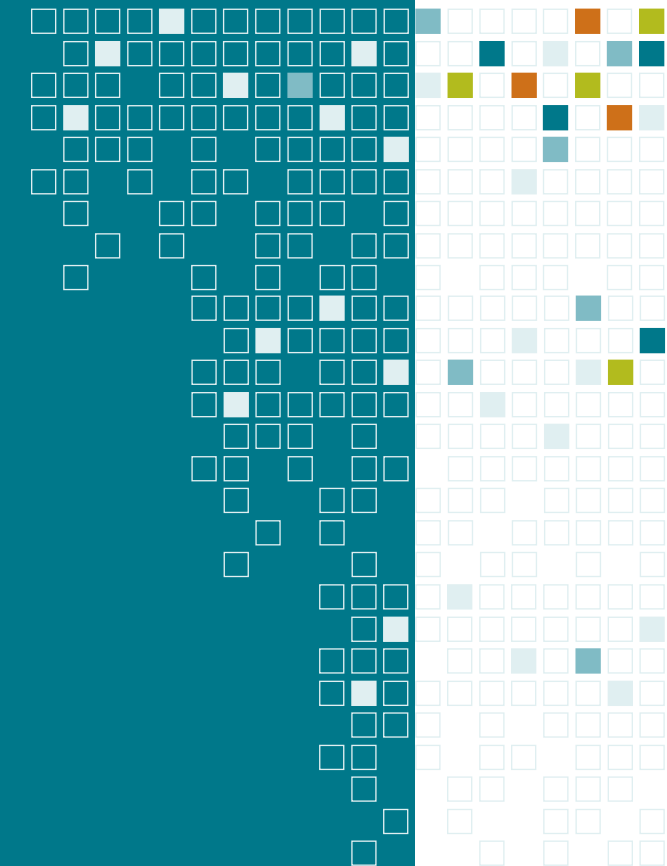
Can I use the dependent care FSA for elder care?

Yes. You can use the dependent care flexible spending account for day care expenses so that you (or if you are married, you and your spouse) can work, if:

1. You are responsible for at least 50 percent of the support of an elderly parent or any person living with you who is physically or mentally incapable of self-care, and this person is your legal dependent; or
2. The elder care is needed because you work and your spouse is a full-time student.

If I underestimate my dependent care FSA contributions, can I use money from my health care FSA to make up the difference?

No. The health care and dependent care flexible spending accounts are two separate benefit plans. You cannot transfer money between accounts.



SAVE MONEY WITH A FLEXIBLE SPENDING ACCOUNT

A Flexible Spending Account (FSA) gives you a way to pay for your out-of-pocket health care and / or dependent care expenses with before-tax dollars. FSAs are voluntary – you decide how much to set aside from your pay and put into your account.



MISSION

We serve together in Trinity Health, in the spirit of the Gospel, to heal body, mind and spirit, to improve the health of our communities and to steward the resources entrusted to us.

CORE VALUES

Respect, Social Justice, Compassion, Care of the Poor and Underserved, Excellence

How the Accounts Work

Each year, you decide whether or not you want to participate in an FSA. Once you've made that decision, you then estimate the amount of eligible expenses you are likely to have during the year and decide how much of your pay you want to set aside to help pay for them. The amount you elect will be automatically deducted from your pay during the year and credited to your FSA. As you incur eligible expenses during the year and pay them out of your own pocket, you reimburse yourself from your FSA with tax-free money.

Depending upon your tax bracket and residency, using an FSA can be worth the equivalent of receiving a 20 to 50 percent discount on eligible services.

Example

A family with an annual income of \$50,000, tax bracket of 23 percent, and out-of-pocket health and dependent care expenses of \$2,000 can increase the amount of take-home pay by over \$450!

Annual Tax Savings	FSA	No FSA
If your taxable income is	\$50,000	\$50,000
Before-tax FSA contribution	(\$2,000)	\$0
Taxable income	\$48,000	\$50,000
Federal income and Social Security taxes	\$7,857	\$8,310
After-tax dollars spent on eligible expenses	\$0	\$2,000
Available after-tax income	\$40,143	\$39,690
Savings with an FSA	\$453 or 23%	

Unused FSA Dollars

IRS regulations require that any unused amounts remaining in your FSA at the end of the year must be forfeited. However, the IRS does allow a 2-1/2 month "grace period" in which you can incur and be reimbursed for claims from your prior year health care FSA funds. For 2008, this means that if you have money in your health care FSA account at the end of the year, you can use it for eligible expenses that you incur between January 1 (or the date your coverage becomes effective) and March 15, 2009, provided you submit claims to Aetna no later than March 31, 2009.

Example

During open enrollment, LuAnn decides to set aside \$1,500 in her Health Care FSA for 2008, \$500 of which is to purchase new eyeglasses for her children. It's an exceptionally busy year for LuAnn, and she realizes in January 2009 that she neglected to take the kids to the eye doctor as planned. Thanks to the IRS grace period, the money she had set aside to pay for this expense is still accessible. LuAnn buys the new glasses before March 15 and submits a claim to Aetna before March 31, so she is able to receive reimbursement for this eligible expense – even though it was incurred in 2009.

Types of FSA Accounts

There are two types of flexible spending accounts:

- Health Care FSA
- Dependent Care FSA

Let's take a closer look at each one.

Health Care FSA

You can deposit up to \$5,000 in a Health Care FSA each year to reimburse yourself for eligible medical expenses.

Eligible Expenses

Eligible expenses for a health care FSA are generally defined in section 213(d) of the Internal Revenue Code (IRC). Examples of common out-of-pocket expenses covered by a health care FSA include copayments, deductibles and coinsurance; eye care, such as exams, LASIK surgery, eyeglasses and contact lenses for vision correction, and saline solution; hearing exams and hearing aids; laboratory fees; chiropractic treatment; orthodontia and dental work; and medicines, both prescription and over-the-counter.

Over-the-counter Medicines

Certain over-the-counter (OTC) items qualify as "medical care" and are eligible for reimbursement through an FSA. Examples include aspirin, allergy and sinus medication, antacids, cold medicines and

pain relievers. The guidelines state that expenses "merely beneficial to health" – such as vitamins and other nutritional aids – are not eligible for reimbursement through FSAs.

To submit OTC expenses to your FSA, you must provide documentation that validates the expense, including type of drug, date of service and amount of purchase.

You can find a list of eligible OTC drugs online at www.aetnafsa.com or you can contact Aetna FSA Member Services at 1.800.544.5108 with any questions.

Dependent Care FSA

The IRS limits the amount you can deposit into your dependent care FSA to \$5,000 per year. If you are married and file a separate income tax return, your maximum annual deposit is \$2,500. If either you or your spouse earns less than these amounts, then your maximum annual contribution is limited to the amount of your earned income or that of your spouse, whichever is less.

Eligible Expenses

Money set aside in your dependent care FSA can be used to reimburse only those expenses necessary because you (or, if you are married, you and your spouse) work. The work-related expenses you can pay through this account include:

- Wages paid to a baby-sitter or a companion in or outside your home, as long as the person providing care is not someone you also declare as a dependent.
- Services of a day care center and / or nursery school if the center complies with all state and local laws.
- Cost for care at facilities away from home, such as family day care or adult day care centers, as long as your dependent spends at least eight hours a day at home.
- Wages paid to a housekeeper for providing care for an eligible dependent.
- Services provided for day care before and after school (when listed separately), though fees for kindergarten education are not eligible.

Eligible Dependents

To qualify for reimbursement from your dependent care FSA, expenses need to be incurred for an eligible dependent.

Eligible dependents include:

- Your dependent children up to their 13th birthday.
- Any person living with you whom you claim as a dependent and who is physically or mentally incapable of self-care.

Tax Credit

According to the current federal tax structure, in most cases (depending on your filing status), the tax credit is more beneficial than a dependent care FSA if your annual family income is under \$39,000. You can use both a dependent care FSA **and** a tax credit, provided you do not claim the same expenses for both. See a professional tax advisor to determine what's right for you.

Getting Reimbursed From Your FSA

To submit expenses for reimbursement from an FSA, simply submit a claim form and receipts to Aetna. An explanation of payment will be sent with each FSA reimbursement. If you are participating in an Aetna medical plan, you may be eligible to have many of your FSA claims processed automatically. You can find out more about this option through Aetna Navigator.

It is important to note that IRS regulations require that expenses must be *incurred* in order to claim reimbursement from your dependent care flexible spending account. Expenses are considered to be *incurred* when the *service is rendered* and not when they are billed, charged or paid.

Unused Funds

As outlined in the "How the Accounts Work" section of this brochure, if you have not used all of the money deposited into this year's health care FSA for expenses with dates of service on or before March 15 of next year (unused dependent care balances must be forfeited as of December 31), IRS regulations dictate that these remaining funds must be forfeited. You will have access to a variety of tools throughout the year to help you keep track of balances and claim filing information.

Direct Deposit

You can have your reimbursements automatically deposited into your checking or savings account by signing up for direct deposit. Simply complete a Direct Deposit Authorization form (which is available at <http://mybenefits.trinity-health.org>, and submit it to Aetna) or you can sign up through Aetna Navigator. It will take approximately 10 business days for direct deposit to go into effect. To keep track of your FSA account online, visit Aetna Navigator at www.aetnafsa.com.

How to Enroll

If you decide to enroll in an FSA, simply make your election during new-hire orientation or open enrollment. Only those expenses you incur on or after the effective date of your enrollment will be eligible for reimbursement. Here are a few things to consider as you are preparing to enroll:

- Estimate expenses – Each year, you should estimate what your eligible expenses are likely to be for the coming year. Review your health care and dependent care costs from recent years and consider any changes that may occur during the coming year that may affect your expenses.
- Determine contributions – Decide how much of your pay you want to set aside to fund these expenses. Remember, the amount you elect will be deducted automatically from your pay throughout the year, and credited to your FSA.
- Plan carefully – Federal regulations require that once you've designated the contribution amount, you cannot change your decision during the year unless you experience a qualified change in status (such as marriage or the birth or adoption of a child).

Online Help with Aetna Navigator

As an Aetna FSA participant, you can track your account status through Aetna Navigator, Aetna's member and consumer self-service website. Aetna Navigator is available 24 hours a day, seven days a week, wherever you have Internet access. Visit Aetna Navigator at www.aetnafsa.com to:

- Check your Flexible Spending Account status.
- Review your FSA account balance.
- Sign-up for Direct Deposit.
- Obtain details for claims submissions and payments.
- Look up claims submission deadlines.
- Receive automatic alerts whenever there is a new Explanation of Payment to view online.
- Request online-only delivery of your Explanation of Payments (EOPs) if you have Direct Deposit. Eliminate paper EOPs by mail.
- Print standard Aetna forms, including claim forms.
- Contact Aetna Member Services.
- Access credible health information on the Internet.

How to Register

Once you enroll in an FSA you can register to use Aetna Navigator.

1. Visit www.aetnafsa.com and select Aetna Navigator.
2. Click on the "Register now" link.
3. Complete the requested information to verify that you are an Aetna member.
4. Select a username, password and security phrase.

Once your registration is complete, your user name and password will allow you to access Aetna Navigator. Your claims data will be available approximately ten days after you register. You will receive a confirmation letter via the U.S. Postal Service at the address we have on file. You can get help with questions about registration, security and software by clicking on "About Registration" at the top of the online registration form. Registration assistance also is available by phone, toll free, Monday through Friday, from 7 a.m. to 9 p.m. Eastern Time at 1.800.544.5108.