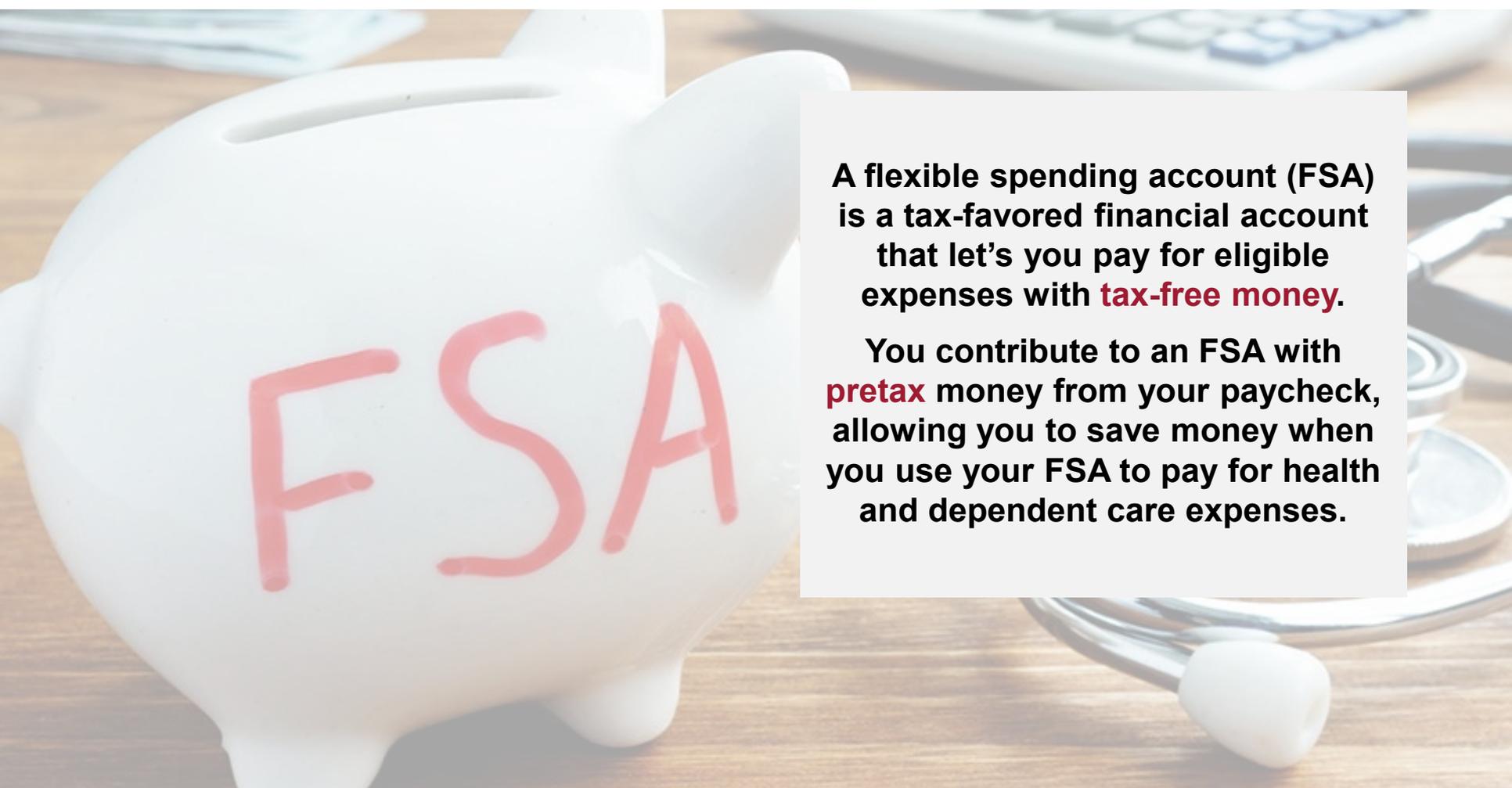




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Understanding Your Flexible Spending Account



A flexible spending account (FSA) is a tax-favored financial account that lets you pay for eligible expenses with **tax-free money**.

You contribute to an FSA with **pretax** money from your paycheck, allowing you to save money when you use your FSA to pay for health and dependent care expenses.



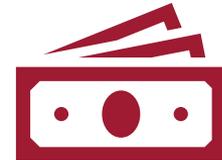
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The Process

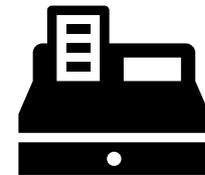
CONTRIBUTE

Estimate the amount you expect to spend during the plan year on eligible, out-of-pocket expenses not covered by insurance. UA will deduct this contribution amount from your paycheck in equal amounts each pay period.



SPEND

You can use your PayFlex MasterCard debit card OR pay out-of-pocket and submit a reimbursement claim to pay yourself back.



SAVE

Your FSA contributions are **tax-free**, making your taxable income less. When you spend your FSA funds on eligible expenses, it's like you're saving about 30 cents on every dollar you spend.



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Two Account Types

	Healthcare FSA	Dependent Care FSA
Contribution Limit	\$2,850 per year	\$5,000 per year
Minimum Contribution	\$125 per year	\$125 per year
Eligible Expenses	<p>Pay for out-of-pocket medical, dental, vision, and prescription drug expenses for you and your tax dependents.</p> <p>Includes deductibles, coinsurance, copays, and over-the-counter (OTC) items.</p>	<p>Pay for childcare or elder care expenses for tax-dependent children under the age of 13, or an adult dependent who is disabled.</p> <p>Includes day care tuition, before/after school programs, summer camp, and more.</p>
Funds Available	Beginning of the year	Funded per paycheck
Health Plan Enrollment	PPO or none	N/A

Potential Tax Savings

Example: You have an annual salary of \$60,000 and you contribute \$2,500 to a healthcare FSA and \$2,000 to a dependent care FSA. With your pretax contributions, you could save about \$1,020. Here's how it works:

	With an FSA	Without an FSA
Annual salary	\$60,000	\$60,000
Healthcare FSA	(\$2,500)	\$0
Dependent Care FSA	(\$2,000)	\$0
Taxable income after FSA	\$55,500	\$60,000
Estimated taxes withheld (22.65%)	(\$12,570)	(\$13,590)
Post-tax income	\$42,930	\$46,410
Money spent on after-tax health care expenses	\$0	(\$2,500)
Money spent on after-tax dependent care expenses	\$0	(\$2,000)
Take-home pay	\$42,930	\$41,910
Potential savings	\$1,020	\$0

Mid-Year Election Changes

Your FSA election remains in place for the calendar year per the IRS. The only way to change your FSA election is to have a status change or 'Qualifying Life Event' and update your election ***within 30 calendar days from the date of the event***. Below are examples:

Change in marital status
(marriage, divorce, death of spouse)

Change in number of tax dependents
(birth, adoption, death)

Change in employment status that affects benefit eligibility

Dependent is no longer eligible
(reaches limiting age, or gains/loses student status)

Consistency Rule: Election change must be ***on account of and corresponding with*** a change in status that affects eligibility for coverage, including increase or decrease in dependents.



Use It or Lose It Rule

You must spend the money in your FSA by the end of the plan year (December 31).

Unused funds left in an FSA at the end of the year are forfeited to UA for administrative expenses. This is referred to as the “**use-it-or-lose-it**” rule.



- For example, UA’s plan year is **January 1 – December 31, 2022**.
- UA will offer a runout period from **January 1 – March 31, 2023**. This will give FSA participants more time to submit any remaining claims for **eligible expenses incurred in Plan Year 2022**.



Next → Eligible Expenses & Required Documentation

What Are Medical Expenses?

The IRS defines qualified medical expenses as:

“The costs of diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body. These expenses include payments for legal medical services rendered by physicians, surgeons, dentists, and other medical practitioners. They include the costs of equipment, supplies, and diagnostic devices needed for these purposes.”

Qualified medical expenses are eligible for reimbursement through your FSA as long as they are not reimbursed through insurance or any other source.

[IRS Publication 502 includes an exhaustive list of **ineligible \(eligible\)** medical and dental expenses.](#)



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COMMON ELIGIBLE HEALTH CARE EXPENSES

Tax-free spending on eligible health care expenses

Check out the list of common eligible health care expenses. Use the search bar to find specific items and services. Or you can click on the column headers in the table to see which are eligible, eligible with a Letter of Medical Necessity (LOMN), or not eligible.

FIND OUT IF AN EXPENSE IS ELIGIBLE

SEARCH FOR A SPECIFIC ITEM OR SERVICE

Enter some keywords



VIEW LIST BY ELIGIBILITY CATEGORY

 Eligible

LOMN Required

(Letter of Medical Necessity required)

 Ineligible

- + Acne (over-the-counter item)
- + Acne (services)
- + Acupuncture

- + Eye Exams, Eyeglasses, Eye Surgery, Eye Care (for repairs)
- + Feminine Hygiene Products

- + Orthotics
- + OSHA Handling Fees for Bio-Hazards Waste Disposal.

Eligible Medical Expenses

What is eligible? It's important to **KNOW** before you **SPEND** funds.

Common eligible expenses include copayments and first-dollar deductibles, qualified prescription drugs, medical devices, and more. Examples:

- + Acne (over-the-counter item)
- + Acne (services)
- + Acupuncture
- + Adaptive Equipment
- + Adoption Medical Expenses (for tax qualified dependents)
- + Air Fare (primarily for medical care)
- + Alcoholism, Drug Addiction Treatment
- + Allergy Medicine
- + Eye Exams, Eyeglasses, Eye Surgery, Eye Care (for repairs)
- + Feminine Hygiene Products
- + Fertility Enhancement and Treatments (ovulation kit)
- + Fever Reducing Medication
- + First Aid Drugs and Medicines
- + First Aid Kit
- + First Aid Supplies
- + Orthotics
- + OSHA Handling Fees for Bio-Hazards Waste Disposal.
- + Osteopath
- + Ostomy, Colostomy Supplies
- + OTC (over-the-counter)
- + Out-of-Network Provider
- + Over-the-Counter (OTC) Drugs and Medicines



Medical Expenses Requiring More Documentation

Certain qualified medical expenses require a prescription or Letter of Medical Necessity (LOMN). What is this?

A healthcare professional must provide evidence of medical necessity for the cost of the service to be an eligible medical expense. Doctor's note must specifically identify that the recommendation and expense is for treatment of a medical condition.

Examples: Bariatric Surgery, Nutritional Supplements, Hair Removal or Transplant, Botox Injections, Orthopedic Shoes, Massage Therapy, and more.

Not medically necessary? Expenses for general wellness OR cosmetic/elective services

✓ Eligible

LOMN Required
(Letter of Medical Necessity
required)

X Ineligible



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Eligible Dependent Care Expenses

Who is a qualifying person?

Your qualifying child who is your dependent under age 13 when care is provided, or your adult dependent who isn't physically or mentally able to care for themselves.

What is a work-related expense?

Per the IRS, child and dependent care expenses must be **work related** to qualify:

- The expense allows you to work or look for work, and
- The expense is for a qualifying person's care

What are examples of care for a qualifying person?

- Expenses must be for ***the person's well-being and protection***, including preschool tuition, household services (babysitter), and before- or after-school care.
- Expenses for care do not include food, lodging, clothing, education/tutoring or entertainment expenses.

[IRS Publication 503 includes an exhaustive list of includible \(eligible\) child and dependent care expenses.](#)



Requests for Documentation

The **Internal Revenue Service (IRS)** guidelines require PayFlex to verify *all purchases* made with a PayFlex Card are for eligible medical expenses.

If you have a Healthcare Flexible Spending Account (FSA):

- PayFlex may ask you to send us additional documents for your card purchase to prove your expense is truly eligible.
- You may see an alert message posted on the PayFlex member website.
- You may get a Request for Documentation letter by mail or email.

QUICK TIP: To help prevent requests for documentation, wait until you receive an Explanation of Benefits (EOB). These documents show the amount you owe after your health plan processes your claim, then you can use your PayFlex card for payment.



Types of Documentation

Explanation of Benefits (EOB) – *This is the best form of documentation.* If the claim is filed through your health plan, you'll receive an EOB from them.

If EOB is unavailable, detailed receipt or itemized statement that shows:

1. Date of purchase or service **[REQUIRED]**
2. Name of provider or merchant **[REQUIRED]**
3. Description of the item purchased or the type of service** **[REQUIRED]**
4. Final amount you had to pay **[REQUIRED]**
5. Patient or dependent name (if applicable)

NOTE: PayFlex cannot accept documents with “pending”, “estimated” amount due, “previous balance”, etc. even if it has already been paid to the provider.

**** Description of the item or type of service is most commonly missing from itemized documentation**

How To File an FSA Claim

You have three options to file a claim for reimbursement:

1. Online in your PayFlex member portal
2. Using the PayFlex Mobile app
3. Complete a paper claim form and mail or fax

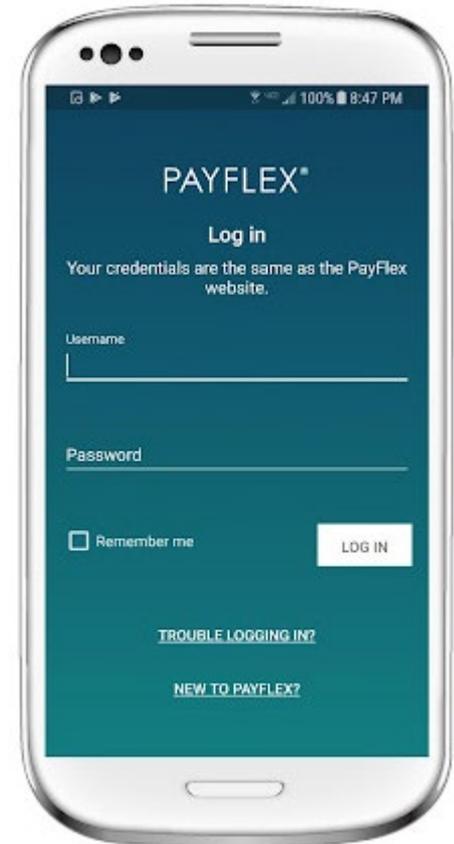
PAYFLEX® Reimbursement Account Claim Form

Mail or Fax completed form and documentation to:
PayFlex Systems USA, Inc.
PO Box 8396
Omaha, NE 68108-0396
Fax: 1-855-703-5305
Page 1 of
1-844-729-3539 (TTY:711)

To help avoid claim processing delays, you must sign, date and complete this form. You must also include supporting documentation.

WAIT! Did you know that you can file a claim online or by using the PayFlex Mobile® app?
Log in to your member website or mobile app to get started. You can also find instructions online for completing this form.

Member Identification Number (Employer assigned number or W ID)	Member Full Name (Last Name, First, MI)
Member Address (Street, City, State, ZIP Code)	
Note: If you have an address change, please notify your employer. For security purposes, we can only accept an address change from your employer.	
Employer Name	
Health Care Expenses (For you, your spouse and your eligible dependents)	



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Next → Examples of Denied Claims

Claim Denied for Prior Plan Year

Example: Larry went to urgent care on **Dec. 5, 2021** for a sinus infection. He received a bill on **Jan. 15, 2022** and used his new PayFlex FSA debit card. He attached the itemized bill and explanation of benefits for:

Item Cost	Description	Eligible?
\$175	Medical office visit	Ineligible
\$15	Injection	Ineligible

Eligible Service, but Ineligible Plan Year: *Reimbursements are only available for eligible expenses incurred in the current plan year.*

Approved: \$0

Denied: \$190 overpayment



Claim Denied for Estimated Charge

Example: Kevin used his healthcare FSA debit card at Alabama Chiropractic. The chiropractor charged an upfront, estimated fee at point-of-service. Kevin attached an itemized receipt for the following:

Est. Cost	Description	Eligible?
\$24.50	Chiropractic adjustment	<i>It depends.</i>

Explanation of Benefits (EOB): BlueCross and BlueShield processed the claim and approved \$12.50 as the ***final, eligible charge***

Approved: \$12.50

Denied: \$12 overpayment due to “no patient responsibility.” The chiropractor overcharged Kevin for the visit, so he may ask for a refund.



Claim Denied for Ineligible Expense

Example: Joan used her healthcare FSA debit card at Roll Tide Dental. She attached a card receipt and itemized bill for the following:

Item Cost	Description	Eligible?
\$280	BriteWhite treatment	Ineligible

Ineligible Service: *The cost of bleaching or whitening teeth is elective/cosmetic and not an eligible medical expense.*

Approved: \$0

Denied: \$280 overpayment



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Claim Denied for Ineligible Expenses

Example: John used his healthcare FSA debit card at Alabama Eye Care. He submitted an itemized bill for the following:

Item Cost	Description	Eligible?
\$315	Eyeglass frames/lenses	Eligible
\$25	Vision protection plan	Ineligible
\$1.50	Credit card processing fee	Ineligible

Ineligible Service: *The cost of a warranty or protection plan; credit card processing fees or finance charges are not eligible medical expenses.*

Approved: \$315

Denied: \$26.50 overpayment

Claim Denied for Ineligible Expenses

Example: Sarah submitted a reimbursement claim for **\$690** from her dependent care FSA. She attached an itemized bill for the following:

Item Cost	Description	Eligible?
\$575	Preschool tuition	Eligible
\$75	Fall supply fee	Ineligible
\$10	Music lessons	Ineligible
\$30	Gymnastics	Ineligible

Ineligible: *Activity fees for optional, recreational activities & school supplies*

Approved: \$575

Denied: \$115



Correction Procedures for Overpayment

If you can't find supporting documents OR used your card in error:

Option #1 Send Another Eligible Expense	Option #2 Pay Back Your Account	Option #3 Apply Connected Health Plan Claims
Submit a claim for another eligible expense, including EOB or itemized receipt.	Submit payment online	Use your unreimbursed health plan claims (“Connected Claims”) to verify your FSA card purchase
Submit online, mobile app, OR paper claim form faxed or mailed	Send personal check or money order, including a copy of the letter	Login to the PayFlex website, select Verify card purchases to get started



What About Unverified Claims?

FSA participants who remain in **overpayment status** will have their debit cards temporarily inactivated if timely documentation is not received.

The debit card will **remain inactivated** until the overpayment is resolved which may prevent access to new FSA funds in Plan Year 2023.



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Next → PayFlex Dashboard Tutorial & Connected Claims

Verify Card Purchases on PayFlex Website



SETUP YOUR PAYFLEX ACCOUNT

1. Go to [PayFlex.com](https://www.payflex.com), click LOGIN
2. Enter Member Username and Password, or select Create Profile

Be sure to have this information nearby

Then you'll be ready to set up your online account.



Social Security number or
Employee ID number

You only need to enter the last four digits or characters, if applicable. This helps us identify you.



Email address

We'll ask you to share your email address. We'll only use it to send important account information.



PayFlex Card®

If you're a PayFlex Card holder, we'll ask you to enter the last four digits of your card number. This helps us verify your account.



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Verify Card Purchases on PayFlex Website

3. Navigate to Account Actions > View Account Details

Healthcare (FSA)
1/1/2022 - 12/31/2022 [Change Plan Year](#) ▼
ABC Sample Company

\$2,836⁰⁰ Available funds [?](#)

Annual election [?](#) **\$2,850.00**
Last day to spend funds [?](#) **March 15, 2023**
Last day to file claims [?](#) **March 31, 2023**

● Remaining election [?](#) **\$2,836.00**
● Funds used [?](#) **\$14.00**

Account Actions
[View account details >](#)
[File a claim >](#)
[Link a bank account >](#)
[Set up account notifications >](#)

Quick Tips
Explore eligible expenses. Find out what you can pay for with your PayFlex account.



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Verify Card Purchases

Account activity

Claims



You can view claims you sent us here.

To-do list



You have no items on your to-do list.

Transactions



You can view your transactions here. This may include payments, deposits and withdrawals.

Verify card purchases



Action required. You need to verify a card purchase is eligible.

Verify card purchases

[< Back](#)

We can't confirm these card purchases were for eligible expenses. This means you need to take action. Select a card purchase to verify it.

Date	Description	Amount	
01/24/2022	Debit card purchase – PHYSICIANS CLINIC REGE OMAHA NE	(\$4.00)	view
01/24/2022	Debit card purchase – PHYSICIANS CLINIC REGE OMAHA NE	(\$5.00)	view
01/24/2022	Debit card purchase – PHYSICIANS CLINIC REGE OMAHA NE	(\$5.00)	view

Verify Card Purchases on PayFlex Website

The screenshot shows the PayFlex website interface. At the top, there is a navigation bar with the PayFlex logo and links for Home, Help & Support, Account Settings, and Logout. Below this is a secondary navigation bar with links for Your Accounts, Alerts & News, Health Plan Claims (19), and Documents & Forms. The main content area is titled "Transaction details: Healthcare (FSA)" with a back button. A table displays a transaction on 01/24/2022 for a debit card purchase at Physicians Clinic Rege Omaha NE for \$4.00, leaving a balance of \$2,846.00. Below the table, an "Action Required" section explains that the user must resolve the unverified purchase or risk suspension. Two options are provided: "Verify card purchase" and "Pay back your account". The "Verify card purchase" option includes three steps: sending supporting documents, sending documents for a different eligible expense, or applying unreimbursed health plan claims. The "Pay back your account" option requires a full payment of \$9.00. A red arrow points to the "VERIFY CARD PURCHASE" button.

PAYFLEX® Home Help & Support Account Settings Logout

Your Accounts Alerts & News Health Plan Claims (19) Documents & Forms

Transaction details: Healthcare (FSA) < Back

Date	Transaction Type	Description	Amount	Balance
01/24/2022	Debit card purchase –	PHYSICIANS CLINIC REGE OMAHA NE	(\$4.00)	\$2,846.00

Action Required

You need to resolve your unverified card purchase. Choose one of the options below. If you don't respond, we'll have to suspend your card.

Verify card purchase

To "verify" a card purchase, you can:

1. Send supporting documents for the transaction listed above. ?
2. Send documents for a different eligible out-of-pocket expense (same amount or greater) from the same plan year. We must receive before the claim filing deadline. ?
3. Apply unreimbursed health plan claims (if available) to resolve the unverified card purchase. No documentation required!

OR

Pay back your account

If you don't have supporting documents for your card purchase or you used your card in error, you must pay back your account.

Amount to pay back \$9.00

Note: At this time, we can only accept an online payment for the full amount. For a partial payment, you can send a check.

VERIFY CARD PURCHASE **PAY BACK ACCOUNT**

Upload Documents

Verify Card Purchases. You can upload or fax/mail more than one document to substantiate a transaction.

Verify my card purchase

Choose how you want to verify your card purchase is eligible.

Upload documents



Select this option to upload supporting documents for your card purchase or a different eligible out-of-pocket expense.



Fax/mail documents



Select this option to create a coversheet. Then fax or mail it with supporting documents for your card purchase or a different eligible out-of-pocket expense.

Apply health plan claims



Select this option to use your unreimbursed health plan claims to help verify your card purchase.



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Upload Documents

Confirmation message 'Success! We received your documents.'

The screenshot displays the PAYFLEX user interface. At the top, there is a navigation bar with the PAYFLEX logo on the left and links for Home, Help & Support, Account Settings, and Logout on the right. Below this is a secondary navigation bar with dropdown menus for 'Your Accounts', 'Alerts & News', 'Health Plan Claims (19)', and 'Documents & Forms'. A red arrow points to the 'Documents & Forms' menu.

The main content area is titled 'Transaction details: Healthcare (FSA)' with a '< Back' link on the right. Below the title is a table with the following data:

Date	Transaction Type	Description	Amount	Balance
01/24/2022	Debit card - PHYSICIANS	CLINIC REGE OMAHA NE	(\$4.00)	\$2,846.00

Below the table, a light gray message box contains the text: 'We received your documents and will review them soon. Check back later for results.' A red arrow points to this message box.

At the bottom, there are two summary boxes. The left box contains transaction details:

Transaction ID	Payment method	Expense Type
997048	Debit Card purchase	Medical

A red arrow points from this box to the right box. The right box is titled 'Documents you sent' and lists 'Card Claim Documentation, 07/21/2022' with a document icon. Below it, the section 'Documents we sent you' states 'No documents at this time.'

What is Connected Claims?



PayFlex recently launched the **Connected Claims** solution.

You can now view your **medical and dental claims** data and pay, all in one place.

You must be enrolled in **UA's Blue Cross and Blue Shield of Alabama** medical or dental plan to view Connected Claims. Vision claims from United Healthcare are not currently included.



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How does Connected Claims work?

Step 1 – You visit your health care provider’s office. Your provider submits a claim to BlueCross and BlueShield of Alabama to determine the **final amount you owe**.

Step 2 - Your claim is processed by Blue Cross and sent to PayFlex on a weekly **file feed**. PayFlex alerts you when your claim is received and waiting for you to take action. You can view Health Plan Claims online and customize notifications.

Step 3 - Choose how you want to handle the amount due.

- Pay your provider directly from your PayFlex account,
- Pay yourself back for an out-of-pocket expense, or
- Archive the claim so you can take action later

NOTE: PayFlex has enabled *enhanced verification*, so funds may be automatically taken out of your PayFlex account to verify pending card transactions when an eligible medical or dental claim is sent from Blue Cross.

Apply Health Plan Claims

Verify card purchases with connected medical or dental claims. Once you select enough claims to apply, your amount to verify will = \$0.00

Apply my health plan claims

1 Select claims to apply [?](#)

Below is the transaction you selected to "verify" with your unreimbursed health plan claims. To get started, select the claim(s) you want to apply.

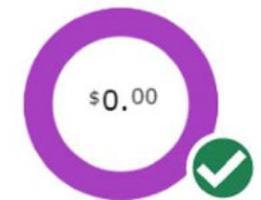
Transaction date: 1/20/2022
Transaction amount: \$4.00
Unverified amount: \$4.00
Description: PHYSICIANS CLINIC REGE OMAHA NE

Remaining amount to verify [?](#)

Remaining amount to verify [?](#)

[CLEAR ALL SELECTIONS](#)

Select	ID	Service date	Provider name	Expense	Claim amount	Available to apply
<input type="checkbox"/>	PSRIUS46C04 Aetna Test Carrier	1/8/2022	Boys Town Hospital	Dental	\$40.00	\$40.00
<input type="checkbox"/>	PSRIUS46C03 Aetna Test Carrier	1/7/2022	Boys Town Hospital	Dental	\$30.00	\$30.00
<input type="checkbox"/>	PSRIUS46C02 Aetna Test Carrier	1/6/2022	Boys Town Hospital	Dental	\$20.00	\$20.00
<input type="checkbox"/>	PSRIUS46C01 Aetna Test Carrier	1/5/2022	Boys Town Hospital	Dental	\$10.00	\$10.00



Apply Health Plan Claims

Apply my health plan claims

- 1 Select claims to apply 
- 2 Review selected claims
- 3 Certify and submit

I certify that my spouse, eligible dependent or I have incurred the expenses listed in Step 2. I haven't received reimbursement for any of these expenses. And I won't seek reimbursement elsewhere, including from a Health Savings Account (HSA). If I receive reimbursement, my spouse or I won't claim the same expenses on our income tax return.

SUBMIT

 **Success! We've applied your health plan claim(s) to your card purchase.**

We'll consider your purchase "verified." This means you won't have to send us documents for that card purchase.

Your health plan claim(s) exceeded your card purchase amount by **\$36.00**. This amount is still available for you to take action. You can even submit a request to send the funds to you.

[I would like to request funds from my account >](#)



You have **2** card purchases that need to be verified.

[TAKE ME TO MY DASHBOARD](#)

[VERIFY MY CARD PURCHASES](#)



Tips for Using Your FSA

Eligible Expenses

- Make sure your planned medical or dependent care expenses are **eligible expenses** as defined by the IRS
- Make sure funds are used for expenses incurred **during the plan year**

Required Documentation

- Wait to submit documentation until you receive an Explanation of Benefits
- If no EOB is received, your documentation must show the following:
 1. Date of purchase or service
 2. Name of provider or merchant
 3. Description of the item purchased or the type of service
 4. Final amount you had to pay
 5. Patient or dependent name (if applicable)

Connected Claims with Enhanced Verification

This solution will make your substantiation experience more streamlined and efficient if you're enrolled in UA's medical or dental plans.



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