

Frequently asked questions

Medical Spending Account (MSA)

GENERAL INFORMATION

What is an MSA?

A Medical Spending Account allows you to set aside money from your paycheck pretax to pay for out-of-pocket health care expenses such as copayments, coinsurance and deductibles.

How does an MSA work?

You estimate what you will spend for out-of-pocket health care expenses for the upcoming calendar plan year. Then, you contribute pretax money each pay cycle to your account. As you incur qualifying expenses, you can submit a claim to request reimbursement from your account. The money is not taxed when it goes into the account and is not taxed when paid to you. You will also have an MSA debit card which can be used to pay at the point-of-service.

What is the advantage of an MSA?

An MSA is a tax-free account that allows you to pay for expenses with pretax money. You can set aside money for eligible expenses before your employer deducts taxes from your paycheck. This means the amount of income on which your taxes are based will be lower. Here's an example:

Annual savings example	With MSA	Without MSA
Annual income	\$50,000	\$50,000
Annual pretax MSA contribution	\$2,000	\$0
Annual taxable income	\$48,000	\$50,000
Annual tax withholdings (estimated 30%)	\$14,400	\$15,000
Total annual savings (approximately \$300 for every \$1,000 withheld in the MSA per year)	\$600	\$0

Who can participate in an MSA?

All eligible employees can participate in an MSA, provided the employee and his spouse are not making contributions to an HSA. Employer contributions to an HSA will also prohibit an employee from

participating in an MSA. To participate, you must enroll or re-enroll each year during open enrollment or within 31 days of becoming eligible.

What types of health care expenses are eligible?

Eligible expenses are those incurred by you, your spouse or eligible dependents. Eligible expenses include:

- Medical: copayments, coinsurance, deductibles, prescription drugs, physician and hospital charges and mileage expenses to obtain health care.
- Dental: cleanings, X-rays, fillings, crowns, bridges, dentures, implants, orthodontia, mouth guards and prescriptions for dental care.
- Vision care: eye exams, eyeglasses, prescription sunglasses, over-the-counter reading glasses, contact lenses and solutions, LASIK surgery and prescriptions for vision care.
- Over-the-counter health care products: bandages, braces/supports, birth control, breast pumps, denture adhesives, diabetic supplies, first aid kits, hearing aid batteries, blood pressure monitors, pill holders/splitters, sunscreen (15+ SPF and broad spectrum), thermometers, canes, crutches, walkers, etc.

What types of health care expenses are not eligible?

Ineligible expenses include cosmetic treatments, expenses incurred prior to or after your coverage dates, insurance premiums, pretreatment estimates, family or marriage counseling, personal use items such as toothpaste or shampoo, expenses incurred for general good health such as vitamins or exercise classes, or expenses incurred for services not yet provided.

What does “incurred” mean?

Incurred means that you have actually received the health care service or supply for an expense, regardless of when you were charged or billed, or when you paid for the expense.

Where can I find more information about eligible and ineligible expenses?

Visit asiflex.com/SCMoneyPlus to see the eligible expense listing and IRS Publication 502 for more information. You can also visit the FSA Store from the website to learn about eligible over-the-counter health care items.

ENROLLMENT AND CONTRIBUTIONS

When can I enroll in the MSA?

You can enroll or re-enroll each year during annual open enrollment or within 31 days of becoming eligible. Otherwise, you may be able to enroll mid-year if you have a qualifying change in status event.

How much can I contribute to my MSA each year?

You can contribute up to \$2,700 in 2019. This amount is subject to change at any time by the IRS. If your spouse is eligible for an MSA through his place of employment, your spouse can also enroll in his own MSA up to the plan maximum. Note, however, that you cannot double-dip and submit the same expenses to both accounts.

How do I access my MSA funds?

Your funds are available to you on January 1. As you have eligible expenses, you can use your ASIFlex Card or submit claims for reimbursement. In some cases, you may be asked to submit documentation to substantiate card transactions.

Can I change my election amount during the plan year?

Your MSA contribution is fixed once you make your election during open enrollment or initial enrollment. However, there are qualifying status changes for which you may be eligible to change your contribution amount.

If I do not enroll during open enrollment, can I change my mind and enroll later?

If you do not enroll in the MSA during open enrollment, you may enroll if you have a qualifying change in status during the plan year. Otherwise, you will have to wait until the next open enrollment to enroll.

What happens to my MSA if I terminate employment or retire mid-year?

You can continue to submit claims for 90 days following your termination date or until the March 31 claim filing deadline, whichever is earlier, for expenses incurred during your period of coverage. You will be reimbursed up to the plan year election minus previous reimbursements. You cannot submit claims for expenses incurred after you end employment.

If you have a positive balance in your account when you leave employment, you may qualify to continue MSA coverage under Federal COBRA regulations. Upon termination, ASIFlex will mail a COBRA qualifying event election notice to your home to explain the premium amount due if you wish to continue coverage under COBRA.

CLAIM FILING AND REIMBURSEMENT

How do I submit claims and use my MSA funds?

You can submit claims using the ASIFlex mobile app, online through your secure ASIFlex account or by mailing/faxing a completed claim form along with documentation of your expense. You can also use your ASIFlex Card at the point of service. Keep in mind that although the card provides an easy way to pay, it is not paperless and you may be required to submit documentation afterwards. Each time you use the card, you are responsible for requesting an itemized statement of the service in case it is needed.

What types of documentation must I submit with my claim?

Acceptable documentation includes:

- If covered by insurance: The insurance plan explanation of benefits (EOB) or an itemized statement of the service provided.
- If not covered by insurance: An itemized statement of the service showing the provider's name/address, date the service was provided, patient name, type of service (office copay, eye exam, crown, etc.) and dollar amount.
- Prescriptions: The pharmacy prescription, itemized list of prescriptions from your pharmacy or an itemized mail-order receipt.
- Over-the-counter drugs/medicines: The physician prescription and itemized merchant receipt.
- Over-the-counter health care items: The itemized merchant receipt.

Cancelled checks, credit card receipts, balance forward or paid on account statements or pretreatment estimates are not acceptable documentation.

Can I submit claims for more than my account balance?

Yes. Your annual election amount is available to you on January 1. You can submit claims for expenses incurred, up to your annual election amount, as long as the services have already been provided. You cannot be reimbursed for more than your annual election amount.

How are reimbursements issued to me?

There are two ways to receive reimbursements. The first is direct deposit, which is fast and secure. To set up direct deposit, log in to your online account and update your account settings. The other option is payment by check mailed to your home. There is a \$25 check minimum and claims under this amount are pended until your claims exceed \$25. Note that ASIFlex nor your employer are responsible for mailed checks that may be lost.

How does ASIFlex communicate with me?

You can elect to receive electronic communication via email and/or text alerts, or you can elect to receive paper communication via USPS mail. To sign up for electronic communication, log in to your online account and update your account settings to include your email and cell phone number. ASIFlex also posts communication to your online account in your secure message center.

If I have funds remaining in my MSA at the end of the plan year, do those funds carry over into the next plan year?

You can carry over up to \$500 of unused funds into the next plan year. For example, if you have \$500 of unused funds as of December 31, 2019, you can carry over that amount into the 2020 plan year. You do not have to re-enroll in an MSA to access the \$500 carry over amount as long as you remain eligible. If you do re-enroll, the \$500 is added to your new election amount. See the FAQs regarding the \$500 MSA carryover below for more information.

What is the deadline to submit claims?

The deadline to submit claims is March 31 of the following year for expenses incurred in that plan year. For example, you have until March 31, 2020, to file claims for expenses incurred January 1, 2019, through December 31, 2019.

Can I be reimbursed from my MSA and also take a tax deduction for the same expenses?

No. You can be reimbursed from your MSA for qualifying expenses provided you have not been reimbursed from any other source, and certify that you will not seek reimbursement from any other source.

\$500 MSA CARRYOVER**What is the \$500 carryover?**

The carryover allows you to carry over up to \$500 of unused funds from one plan year into the next plan year.

When is the \$500 carryover feature effective?

The carryover feature is new for the 2019 plan year, which starts January 1, 2019. Participants will be able to carry over up to \$500 of unused 2019 funds into the 2020 plan year.

Note: For the plan year ending December 31, 2018, the participants have until March 15, 2019, to incur expenses eligible for 2018 funds. This is known as a grace period.

Why is PEBA replacing the grace period with the carryover feature?

PEBA feels the carryover will be more beneficial to MSA participants.

Who is eligible for the carryover feature?

Active employees with an MSA who have unused funds in their MSA as of December 31 each year will be eligible to carry over up to \$500 into the following year.

Is the carryover available for MSAs, Limited-use MSAs and Dependent Care Spending Accounts (DCSA)?

The carryover is available for both MSAs, but is not available for DCSAs. See FAQs regarding the new DCSA grace period for more information.

How does the carryover provision work?

Here is an example:

You enroll in an MSA for plan year 2019, which begins January 1, 2019, and elect to contribute \$2,000. As of December 31, 2019, you spent only \$1,500 and you have \$500 remaining in your account. If you

have no further claims to submit for the 2019 plan year, you will carry over the remaining \$500 into an MSA for the new plan year, which begins January 1, 2020.

Do I need to re-enroll in an MSA and make a new 2020 plan year election to receive the carryover amount?

No. If you do not make a new election for the January 1, 2020, plan year, you can still use your MSA as long as you remain eligible. Your MSA will include your carryover funds up to \$500.

If I anticipate high expenses during the 2020 plan year, and elect the maximum of \$2,700 for 2020, can I still use the carryover funds?

Yes. In this case, you will have a 2020 account balance of \$3,200 if you carried over the full \$500 from 2019.

What happens to my MSA if I have a balance as of December 31, 2019, and have enrolled in the Savings Plan and an HSA beginning January 1, 2020?

You may carry over up to \$500 of your remaining MSA plan balance. It will be automatically converted to a Limited-use MSA on January 1, 2020. You can continue to use the carryover funds in the Limited-use MSA for dental and vision expenses incurred in 2020.

When are the carryover funds available to me in the new plan year?

The funds are available on the first day of the new plan year; however, you have until March 31 of the new plan year to submit claims for the previous plan year. Therefore, the actual carryover amount is determined as of April 1. For example, you have a balance of \$500 in your MSA as of December 31, 2019, and you submit a \$100 claim in February for a 2019 expense. You will be reimbursed for that claim and your actual carryover amount will be \$400 on April 1, 2020.

How soon do I need to use the carryover funds?

You can use your current year's funds to pay claims submitted by the March 31, claim filing deadline. If you have funds remaining as of March 31, 2020, for example, those funds will become available for use for plan year 2020 expenses and can no longer be used to pay 2019 expenses.

How long are the carryover funds available?

The carryover funds, up to \$500, are available to you indefinitely. There is no limit to the number of years in which you can carry over funds as long as you remain eligible for an MSA.

Are the carryover funds loaded to my ASIFlex Card?

Yes. You can access all of your account funds, including carryover funds, from your ASIFlex Card.