

# FLEXIBLE SPENDING ACCOUNT

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THE TEXAS A&M  
UNIVERSITY SYSTEM

# Introduction

*The Texas A&M University System provides two Flexible Spending Accounts. These voluntary programs allow you to pay certain health and dependent day care expenses with before-tax dollars.*

The A&M System recognizes that you and your coworkers have different lifestyles, different family sizes and different benefit needs. That's why the A&M System gives you the opportunity to make some choices about the benefits you want and need — choices like whether to participate in one or both of the Flexible Spending Accounts and to what extent.

Through the plan, you can receive tax advantages by creating FSAs with tax-free dollars. This lowers your taxable income — thereby reducing your federal income and Social Security taxes.

This booklet describes your Flexible Spending Account options. It provides a summary of plan provisions in everyday language. Most of your questions can be answered by referring to this booklet.

This booklet does not contain every detail about your plan. All details are included in the plan document. The plan document is the final word on all plan provisions. In case of any discrepancy between this booklet and the plan document, the plan document will govern. This booklet is neither a contract of current or future employment nor a guarantee of payment of benefits. The System reserves the right to change or end the benefits described in this booklet at any time, for any reason. Clerical or enrollment errors do not obligate the plan to pay benefits. Errors, when discovered, will be corrected according to the provisions of the plan description and published procedures of the A&M System.

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# Participation

*All full-time and some part-time employees are eligible to participate in the Flexible Spending Accounts. Participation is voluntary.*

You are eligible to participate in the Flexible Spending Accounts (FSAs) if you:

- are eligible to participate in the Teacher Retirement System of Texas (TRS) or Optional Retirement Program (ORP), and
- work at least 50% time for at least 4½ months.

You also may join the plan if you are:

- a graduate student employee, and
- you work at least 50% time for at least 4½ months.

Participation is voluntary.

## Enrolling in the Plan

You may enroll in FSAs online using the New Employee Enrollment System, iBenefits, the Open Enrollment System or complete a Benefit Enrollment Form or a Benefit Change Form, available from your Human Resources office.

You may enroll:

- within 60 days of employment,
- within 60 days of certain Changes in Status, or
- during Open Enrollment.

If you enroll on or before your hire date or within seven days after your hire date, participation can begin either on your hire date or on your employer contribution eligibility date (the first of the month after your 60th day of employment.)

If you enroll after your hire date, but during your 60-day enrollment period, your participation can

begin either on the first of the following month or on your employer contribution eligibility date.

If you enroll within 60 days of a Change in Status, your participation will begin on the first of the month after you enroll.

You must re-enroll each year during Annual Enrollment if you wish to continue your participation in the new plan year. If you do this, your participation will begin the following September 1.

## Qualifying Life Events

Due to federal law, your decision to participate in the FSAs will remain in effect for the entire plan year — September 1 (or your start date) through August 31 — unless you have a Qualifying Life Event, as defined on the next page.

Changes in the FSAs during a plan year must be consistent with the type of Life Event, as shown below, and must be made within 60 days of the Life Event. If you increase your monthly contribution as a result of a Life Event, charges incurred before the increase can be reimbursed only up to the original plan benefit amount. When you submit your change form to your Human Resources office, the change will take effect the first of the following month. However, you will not see a change in your contribution amount until the first pay period of the month following the month in which your change takes effect.

During each Open Enrollment period, you can enroll, re-enroll or decline participation in the plan. You must re-enroll every year to continue participation. At that time, you may change the amount you contribute to your FSAs.

## Life Event Options For Flexible Spending Accounts

| Event   | Health Care Account |                       | Dependent Day Care Account |                       |
|---|---------------------|-----------------------|----------------------------|-----------------------|
|   | Enroll/<br>Increase | Withdraw/<br>Decrease | Enroll/<br>Increase        | Withdraw/<br>Decrease |
| Marriage  | ✓                   | ✓                     | ✓                          | ✓                     |
| Divorce or death of spouse  |                     | ✓                     | ✓                          | ✓                     |
| Birth or adoption   | ✓                   |                       | ✓                          | ✓                     |
| Receipt of qualified medical child support order  | ✓                   | ✓                     |                            |                       |
| Dependent child reaches age 26, marries or dies   |                     | ✓                     |                            |                       |
| Change in employee's, spouse's or dependent's employment status that affects benefit eligibility  | ✓                   | ✓                     | ✓                          | ✓                     |
| Change in employee's, spouse's or dependent child's residence that affects eligibility for coverage   | ✓                   | ✓                     | ✓                          | ✓                     |
| Employee, spouse or dependent child becoming eligible for Medicare or Medicaid  |                     | ✓                     |                            |                       |
| Employee, spouse or dependent child becoming ineligible for Medicare or Medicaid  | ✓                   |                       |                            |                       |
| Increase in day care costs due to change in provider, change in provider's fees (if the provider is not a relative) or change in number of hours the child needs day care |                     |                       | ✓                          |                       |
| Decrease in day care costs due to change in provider, change in provider's fees (if the provider is not a relative) or change in number of hours the child needs day care |                     |                       |                            | ✓                     |

*In all cases, the change in coverage must be consistent with the Change in Status.*

*Employees on leave without pay must make monthly Health Care Account contributions to retain coverage.*

# How Flexible Spending Accounts Work

*Each pay period, you can set aside before-tax dollars. When you have qualifying expenses, you can pay yourself back from your accounts with before-tax dollars. This means you pay less tax.*

Flexible Spending Accounts (FSAs) allows you to pay certain health care and dependent day care expenses with before-tax dollars.

You do not pay federal income tax or Social Security tax on the money that you put into your FSAs. Also, when you are reimbursed from your account(s), you pay no federal income or Social Security tax on the reimbursement.

## How They Work

During enrollment, you decide how much money you and your family will spend on eligible health care and/or dependent day care expenses for the following plan year — September 1 (or your start date) through August 31.

This amount will be deducted, before taxes, in equal amounts (in most cases) from each of your paychecks from which health premiums are deducted during the year.

The amounts that you specify on your enrollment form will go into your Health Care and/or Dependent Day Care Account(s). During the year, as you have eligible health care or dependent day care expenses, you can reimburse yourself with money from your FSAs. You earn no interest on the money in your FSAs.

## Deduction

If you are a 12-month employee, your FSA deductions are taken over 12 months. For employees working less than 12 months, 4 months of your deductions will be taken in May, just like the rest of your benefit premium deductions such as Medical and Dental.

However, you can continue to reimburse yourself for eligible expenses from the remaining account balances for the rest of the plan year.

## Federal Tax Code Restrictions

Because of the tax advantages of the plan, the Federal Tax Code places certain limitations on this type of plan:

- Your FSAs must be used only for eligible expenses incurred between the date your participation began and August 31 (or November 15 if you are eligible for the grace period). In other words, you must receive the service during that period. The date you pay the bill does not have to be within that period as long as the expense was incurred during that period. In some cases, health care expenses incurred may not be eligible.
- Once you put money into your FSAs, the money must remain in those accounts. You cannot transfer money between accounts or to a spouse's account, or take it out for any reason other than to reimburse yourself for an eligible expense that you or any eligible dependent have during the plan year.
- You should plan carefully how much money to put in your FSAs. Due to federal law, you will forfeit— or lose — any money in your accounts that you have not used by August 31 (or the following November 15). Forfeitures are used to offset administrative expenses. The System is prohibited from returning forfeited money directly to you.

Visit the PayFlex website for the FSA calculator <https://www.payflex.com/>.

## Effect on Benefits

You save taxes on dollars you contribute to the Flexible Spending Accounts because you convert

that amount from your pay to before-tax dollars. However, this does not reduce your base pay for purposes of pay increases or for calculating most benefits based on pay. Your W-2 will show your salary as reduced by the amounts you contributed to the FSAs and pre-tax health or dental premiums.

Benefits that are not affected by participation in the FSAs include:

- Teacher Retirement System
- Optional Retirement Program
- Long-Term Disability Insurance
- Basic, Optional and Dependent Life Insurance
- Accidental Death and Dismemberment Insurance
- Longevity, hazardous duty or overtime pay
- Sick leave and vacation pay
- Unemployment and workers' compensation insurance

Benefits that are affected by participation in the FSAs include:

- Texas Deferred Compensation Program
- Social Security

## **Flexible Spending Account Grace Period**

The grace period is a provision under federal law that allows the A&M System to extend the time

Flexible Spending Account participants have for withdrawing funds from their Health Care and/or Dependent Day Care Spending Accounts. Under this provision, if you are actively employed or contributing through COBRA and have funds remaining in your accounts at the end of the plan year, (August 31), you can use those funds to pay expenses incurred during the next two and a half months (in other words, through November 15). Active employees who were enrolled in a Flexible Spending Account, but did not enroll in the next plan year, you are still eligible to submit claims during the grace period.

For active employees who re-enroll, claims you incur in the new plan year (for dates of service September 1 through November 15) will be paid using funds, if any, from your prior year's account balance. Once the prior year's balance is exhausted, remaining claims will be applied toward the current year. This process will help minimize your forfeitures from the previous year's account. You will need to call PayFlex directly and request an adjustment in the event a claim submitted for services in the previous year is denied due to a claim for the current year being paid and exhausting funds from the previous year.

You have until December 31 to file claims for the year ending August 31.



# Health Care Account

*You can be reimbursed up to \$2,600 in a plan year from a Health Care Account. You can use this account to repay yourself, with before-tax dollars, for eligible health care expenses for yourself and your family.*

Your Health Care Account gives you a way to pay expenses with before-tax dollars that your health, dental or vision insurance does not pay. It does not replace or change your current health care coverage.

You do not have to be enrolled in an A&M System health, dental or vision plan to participate in the health care flexible spending account program.

## Contribution Rates

You can contribute any amount from a minimum of \$20 a month to a maximum of \$2,600 a year. If you and your spouse both work for the A&M System, one or both of you can have Health Care Accounts. If you both have accounts, you can each contribute up to \$2,600 a year.

## Eligible Dependents

Dependent child's expenses may qualify for reimbursement through the end of the calendar year in which the child turns 26 years of age.

## Eligible Expenses

Eligible health care expenses include deductibles, copayments and coinsurance payments under your health, dental and vision coverage. They also include medical, dental, vision and hearing care services not covered by your insurance.

Only drugs that are "prescribed" by a doctor are eligible expenses under the FSA plan. This means over-the-counter (OTC) drugs will be considered ineligible unless accompanied by a prescription from a physician. The health care debit card cannot be used at the point of sale for these items; you will have to submit a claim accompanied by a written prescription from your physician.

For a more detailed list of eligible health care expenses, you can obtain IRS Publication 502 online at [www.irs.gov](http://www.irs.gov) or by calling 1 (800) 829-3676 or 1 (800) 829-1040.

Over-the-counter drugs are not listed in Publication 502, but information is available at <https://www.payflex.com/>.

You will be able to submit, and be paid for, claims up to the amount of your annual contribution. For example, if you elect to contribute \$1,200 for the year and incur \$1,200 in eligible expenses during the first month of the plan year, the plan will reimburse you for the full \$1,200 upon receipt of a valid claim.

## Debit Card

When you sign up for a Health Care Flexible Spending Account (FSA) plan, you will automatically receive a debit card. There is no charge to the participant for the debit card.

- The card will be mailed to you in a plain white envelope from Omaha, NE.
- You can request additional cards for dependents at no extra charge
- The card is good for five years. Once you deplete this year's balance, don't throw it away.
- Save your receipts. Even though most transactions will automatically be substantiated, it is important that you keep records in the event additional documentation is required by PayFlex.
- You can track your expenses and account balance on-line at <https://www.payflex.com/>.
- If you lose your card, call PayFlex immediately. PayFlex customer service hours are 7am - 7pm (Monday - Friday)

## How the Card Works

With the debit card you can pay for expenses such as your prescriptions, co-pays and deductibles at the time of service, if the merchant participates in the Inventory Information Approval System (IIAS). The IIAS recognizes whether an expense is eligible or ineligible for reimbursement by a health-care FSA. In most cases, you will not be required to submit a claim or receipt. However, be sure to always save your itemized receipts, in the event you receive a "Request for Receipt" letter or email from PayFlex. If you receive a request for documentation from PayFlex, you must return the requested documentation within 21 days of the date of the letter to ensure your PayFlex debit card remains active.

The debit card is accepted at health care related merchants and service providers such as doctors, dentists, and vision care centers. You will not be able to use your PayFlex debit card at gas stations, convenience stores, bookstores, etc., even though you may be able to purchase over-the-counter medicines at these locations.

Some examples of when you can use your debit card, but will be required to provide an itemized receipt are:

- At your medical, dental and vision provider and when you receive services that are not equal to a co-pay amount. Because cosmetic procedures and devices are not eligible expenses, PayFlex will require an itemized receipt to confirm that the expense is an eligible expense.

## Leave of Absence

If you take a leave of absence without pay (LWOP), money will not be automatically contributed to your FSA during the time you are not receiving paycheck.

To access your funds for eligible expenses incurred after your LWOP begins, you must continue contributing through direct after-tax payment to your Health Care Account while on LWOP.

If you continue to contribute to your FSA while on

LWOP, when you return to work, your contributions will, once again, be deducted before-tax from your paycheck for the remainder of the plan year.

After you begin leave, you will receive a form from PayFlex, the claims administrator, if you have not already been reimbursed more than you have contributed. You must complete and return this form within 60-days from the mailing date shown on the form to continue making contributions. If you have questions, contact PayFlex at 1 (800) 284-4885 or your Human Resources office.

If you decide not to contribute to your account while you are on leave, only eligible medical expenses that were incurred before your LWOP began can be reimbursed. You may submit claims for those expenses through Dec. 31 of the next plan year.

If you do not contribute while on leave, your FSA deductions will not resume when you return to work, and you will not be able to participate in an FSA until the following plan year.

In either case, if you return to work in a different plan year, you may re-enroll with new contribution amounts within 60-days of your return to work.

## Family and Medical Leave

If you take an unpaid family or medical leave under the Family and Medical leave Act, you may continue to make your normal monthly contribution plus 2% to your Health Care Spending Account. If you choose not to continue your contributions while on leave, you may not resume contributions when you return to work and you will not be able to participate until the following plan year. If you do not continue to contribute while on leave, you may not use your account for any expenses incurred during your leave, and you will forfeit any amount left in your account when you drop your participation.

## Eligible Expenses

In general, you can use the Health Care Account to pay any expenses that you could otherwise deduct

as medical expenses (excluding Long-Term Care insurance premiums or expenses) on your federal income tax return. However, you cannot use the Health Care Account and take an income tax deduction for the same expense. Here are some examples of the types of expenses that qualify for the Health Care Account:

- Health plan deductibles
- Copayments/coinsurance
- Prescription drugs (excluding those for cosmetic reasons)
- Eye exams
- Eyeglasses/contact lenses and supplies
- LASIK surgery
- Seeing eye dog
- Hearing exams
- Hearing aids
- Dental care
- Orthodontia
- Insulin
- Automobile modifications
- Illness-related transportation
- Smoking cessation programs and prescribed drugs
- Braille books/magazines
- Hearing devices
- Lip reading lessons
- Rest home
- Acupuncture
- Ambulance services

## **The Heroes Earnings Assistance and Relief Tax Act (HEART)**

The Heroes Earnings Assistance and Relief Tax Act of 2008 (H.R. 6081) was signed into law and went into effect on June 17, 2008. The HEART Act provides a broad range of personal and employment related benefits for military personnel and their families.

As it relates to health care FSAs, the Heart Act allows penalty-free withdrawals for plans that are amended to permit these withdrawals.

A participant is eligible if he/she is a qualified reservist called to active duty for 180-days or more.

A qualified reservist is a member of the Army National Guard, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard, the Air Force Reserve, the Coast Guard Reserve, or the Reserve Corps of the Public Health Service.

The Act amends cafeteria plan rules to allow distributions of all or a portion of the health care FSA balance without incurring medical expenses.

In other words, this allows the eligible participant to be paid their unused funds (account balance). The distribution must be made during the period beginning on the date of an order or call to active duty and ending on the last day of the coverage period that includes the date of the call.

## **Leaving the System or Retiring**

If you leave the System or retire before the end of the plan year, you will no longer be able to contribute to your FSA with before-tax dollars.

According to federal COBRA regulations, you can be reimbursed only for eligible claims incurred before withdrawing from the plan unless you elect to continue making contributions for the remainder of the plan year.

After your termination of employment, you will receive a form from PayFlex. You should complete and return the form within 60 days from the mailing date shown on the form if you intend to continue making after-tax contributions through COBRA.

With this election, you make the monthly contribution directly to PayFlex plus 2%. This allows you to continue to receive reimbursement for claims incurred after your employment termination date, through the end of the plan year.

Once you stop making contributions, you may file claims only for expenses incurred before you withdrew from the plan. If you return to A&M System employment within 30 days, you must resume contributing to your FSA. However, you cannot change your contribution amount. If you return to A&M System employment after 30 days, you can choose to enroll as a new employee if you

did not continue your participation through COBRA. If you continued participation through COBRA, when you return you can choose to resume before tax contributions at the level you elected at the beginning of the plan year. If you have questions, contact PayFlex or your Human Resources office.

## Health Care Expenses Not Eligible

The Health Care Account cannot be used to reimburse you for:

- any insurance premiums, including premiums for your A&M System health, dental or other coverages, your spouse's premiums from another employer's plans or premiums for a private health plan or other insurance for you or your dependents
- Long-Term Care insurance premiums or expenses
- cosmetic surgeries, treatments or medications unless they are necessary to correct a deformity:
  - directly related to a congenital abnormality,
  - resulting from an accident or trauma, or
  - resulting from a disfiguring disease
- Procedures such as hair removal electrolysis, hair transplants, lipo suction and face lift operations are generally not eligible.
- exercise programs and equipment, unless prescribed for treatment of an injury or specific illness
- Over-the-counter drugs, unless prescribed by a doctor, or submitted with a letter of

medical necessity

- any expense paid by an insurance plan
- any expense you deduct on your federal income tax return

## If You Die

According to federal regulations, if you die before the end of the plan year, your family can be reimbursed only for eligible claims incurred before your death unless they elect to continue making contributions through COBRA for the remainder of the plan year.

If you should die, your beneficiary will receive a form from PayFlex. Your beneficiary should complete the form if he/she wants to continue making contributions through COBRA and return it to PayFlex within 60 days.

With this election, the beneficiary, or other family member, pays the monthly contribution, after taxes, plus 2% directly to PayFlex. The beneficiary or family can then continue to receive reimbursements for claims incurred after your death, through the end of the plan year.

## Reimbursing the Plan

If you leave A&M System employment, retire, go on leave without pay, experience a Change in Status or die, and you have been reimbursed for more than you have put into your Health Care Spending Account, you or your beneficiary do not have to reimburse the plan.

# Dependent Day Care Account

*You can contribute up to \$5,000 to the Dependent Day Care Account on a before-tax basis. You can use this money to pay yourself back for eligible day care expenses necessary to allow you and your spouse to work.*

The Dependent Day Care Account allows you to pay expenses, before taxes, for the care of your dependent(s) while you and your spouse work or look for work. You may not use the account to pay for your dependent's health care expenses.

The government regulates who qualifies for dependent day care reimbursement, what dependents qualify for reimbursable care and the dependent day care providers that are eligible for this type of account. These are described in IRS Publication 503. You may obtain a copy online at [www.irs.gov](http://www.irs.gov) or by calling 1 (800) 829-3676 or 1 (800) 829-1040. This information is also available at Pay-Flex's website (<https://www.payflex.com/>). When you use the Dependent Day Care Account, you must file IRS Form 2441 with your annual income tax return. On this form, you must show the amount you contributed to the account and give the tax identification number for the person or organization that provided care for your dependent. Your care provider can give you this number. For an individual, it is usually that person's Social Security number. A business will have a separate number.

## Eligible/Ineligible Day Care Expenses

The Dependent Day Care Account can be used to reimburse you for expenses such as:

- day care fees for children 12 or younger or older disabled dependents
- babysitting fees (work-related only)

The Dependent Day Care Account cannot be used to reimburse you for expenses such as:

- kindergarten fees
- tuition for private school, grades K–12
- overnight camps and extracurricular lessons

- supply fees
- club or organization membership fees

## Contribution Rates

If you choose to participate, the minimum you must contribute is \$40 a month. The maximum contribution is per household is \$5,000 unless you are married and file a separate tax return. In that case, your maximum contribution is \$2,500.

If you and your spouse both work for the A&M System, you can set up one or two Dependent Day Care Accounts. However, if you have two accounts, the total of the accounts cannot be more than \$5,000 a year.

Your (and your spouse's) earnings also affect the maximum amount you can contribute to the Dependent Day Care Account.

You cannot contribute more than the lower of your or your spouse's annual pay. If your spouse is a full-time student or disabled, your spouse is considered to have a monthly income as described in the following section.

If you voluntarily change day care providers, you cannot change your Dependent Day Care Account contributions. However, if your day care closes or changes its rates, you can make changes to your contribution amount.

## Full-Time or Disabled Spouse

If your spouse is a full-time student or disabled, he/she is considered to have a monthly income. If you have one dependent who is eligible for this account, your spouse is considered to have a \$250 monthly income. If you have two or more eligible dependents, your spouse is considered to have a \$500 monthly income.

A full-time student is one who is enrolled at a school for at least five calendar months during a calendar year and takes the number of hours



considered a full-time course of study. A student who attends school only at night is not considered full-time, although a full-time student may take some night classes.

Spouses are considered disabled if they cannot care for themselves on a day-to-day basis due to a physical or mental disability.

## **Dependent Day Care Account vs. Tax Credit**

Expenses that are eligible for the Dependent Day Care Account are the same expenses that are eligible for the child care tax credit on your income tax return. The advantage of using the Dependent Day Care Account varies according to your income. At certain salary levels, taking the tax credit on your income tax return may be better than using the FSA.

If you choose to pay your expenses through the Dependent Day Care Account, you may not deduct these same expenses on your income tax return. Likewise, if you use the tax credit on your IRS return, you cannot reimburse yourself through the Dependent Day Care Account for those same expenses. You may, however, use the account for some expenses and the credit for other expenses. In this case, any amount you pay through the Dependent Day Care Account will offset your maximum expense available for the tax credit.

## **Eligible Expenses**

Dependent day care expenses qualify for the FSA only if the care is provided to allow you and your spouse to both work or look for work. Or, care can be provided to allow you to work or look for work if:

- you are single,
- your spouse is a full-time student, or
- your spouse is mentally or physically disabled.

## **Eligible Dependents**

For your day care expenses to be eligible, the dependent receiving the care must share your home at least eight hours a day and be:

- a child 12 or younger who is claimed as a dependent on your tax return, or
- a person who is at least 13 years old, such as your parent, spouse or older child, who requires care due to a physical or mental disability and is claimed as a dependent on your tax return, or could be claimed except for that person's income.

If you use the Dependent Day Care Account for adult day care, the dependent being claimed must live with you and must not earn more than \$3,200 per year.

In certain cases of divorce or separation, you may use the Dependent Day Care Account if you have custody of a child even if you do not claim the child as a dependent on your tax return. If this applies to you, you may wish to consult an attorney before you enroll in the FSA.

## **Day Care Providers**

Dependent day care must be provided by a licensed day care center or persons who are not claimed as dependents on your tax return. This would include an after-school program through your local school system.

You may pay someone who lives with you, such as your parent, to provide care as long as you do not claim that person as a dependent on your tax return. You may pay your child to provide care only if the child is 19 or older and you do not claim the child as a dependent on your tax return.

## **Leave of Absence**

If you take a leave without pay (LWOP), no money will be contributed to your FSA while you are not receiving a paycheck. However, you can continue to submit claims during the plan year for eligible expenses incurred before going on leave without pay as long as you have money in your account.

If you return to work within the same plan year, your participation will begin at the same level of contribution. If you return in a new plan year, you may reenroll with new contribution amounts within 60-days of your return.

## If You Leave the System

If you leave the A&M System before the end of the plan year, you will no longer be able to contribute to your Dependent Day Care Account. However, you may continue to submit claims for expenses incurred through the end of the plan year (August 31) against the balance in your account as of the date you terminated employment.

If you return to A&M System employment within 30 days, you can resume contributing to your Spending Account. However, you cannot change your contribution amount. COBRA continuation does not apply to the Dependent Day Care Account.

## If You Die

If you die before the end of the plan year, your family can continue to submit claims for eligible expenses incurred before the end of the plan year (August 31), as long as there is a balance in the account.

## Accessing Your Funds

After you incur eligible expenses, you may file claims for reimbursement. You will not owe taxes on this money.

Expenses paid using the PayFlex debit card do not require you to submit a paper claim. If an expense using the debit card requires substantiation, PayFlex will send you a "Request for Receipt" letter requesting additional documentation. For this reason, you are urged to always save your receipts.

If you do not use the debit card for a particular purchase, you will need to follow the process below for reimbursement.

## Filing Claims

1. Get a receipt that identifies the product or service and the date it is received.
2. If the expense is for a health care-service that might be covered by your health, dental or vision plan, send a claim to your health, dental or vision plan. Even if you haven't met your deductible, this

will allow your expense to be recorded so it will apply toward your deductible. You can be reimbursed from the FSA only for eligible expenses not reimbursed by your health, dental or vision plan.

3. Complete the Express Claim online at <https://www.payflex.com/> and upload, fax, or mail your receipts to Payclaims Flex, the claims administrator or fill out a claim form and send it to PayFlex at: PayFlex Systems USA, Inc.  
P.O. Box 981158  
El Paso, TX 79998-1158  
Fax Number: 1 (855) 703-5305

Forms are available from PayFlex and online at <https://www.payflex.com/>.

4. Attach a copy of the receipt with service dates or the explanation of benefits form you receive from your health, dental or vision plan after you file a health claim, if applicable. Keep a copy of the claim for your records. You may need to submit additional claim information, such as a doctor's prescription, in situations where proof of a medical diagnosis is required (such as smoking cessation classes). If faxing, include your name and universal identification number (UIN) on the fax cover page or the receipt itself.
5. If PayFlex has questions about the claim, you will receive a written notice from PayFlex within 30-days of submitting your claims, however, substantiation requests for debit card claims may be sent to you up to two months after the charge is incurred. The notice will state the specific reasons for the inquiry, tell you if any further information is needed and tell you what you should do if you want to resubmit a denied claim for review. You will have until December 31 of the following plan year to respond.
6. Reimbursement checks will be mailed and direct deposit will be made Monday and Thursday of each week.

If you have your paycheck deposited directly to a checking or savings account, you can have your health care or dependent day care reimbursements deposited directly into the same account. You can change this election during the year by contacting PayFlex. See the chart on the next page if you need to change your flexible spending account direct deposit information. Direct Deposit information changes in the payroll system or HRConnect do not get loaded in the PayFlex system.

You may need to notify PayFlex directly of the change. You can submit claims as often as you want. You do not have to meet a certain dollar amount before you submit a claim, nor do you have to submit a separate claim for each expense. Your submission can include any combination of health care and dependent daycare expenses. Each time you receive a check from your FSAs or a notice that a payment has been deposited directly into your bank account, you will also receive an account statement (for both accounts) on the check stub. This statement will tell you, for the plan year, the dollar amount of claims that have been submitted, payments that have been made, deposits and account balances. You will receive a reminder about 60 days before the plan year ends if you have an account balance of \$10 or more. This should help you in planning to avoid forfeitures. If you wish to receive additional information, find out your account balance, or have a question about a claim,

call PayFlex toll free at 1 (800) 284-4885 or visit PayFlex online at <https://www.payflex.com>.

It is your responsibility to make sure that your expenses are considered eligible for reimbursement from your FSAs. The claims administrator, PayFlex, will require that all IRS provisions are met. If you are audited by the IRS, you may have to produce records and documentation to prove your reimbursed expenses were eligible. If any expenses were not eligible, you will have to pay the tax on those expenses as well as any resulting tax penalty. Be sure to keep copies of all claims, including receipts, for your records.

## **Claim Determinations**

**For Health Care Spending Accounts:** You will be able to submit, and be paid for, claims up to the amount of your annual contribution as soon as the eligible expenses are incurred.

**For Dependent Day Care Spending Accounts:** If you submit a claim for more than your account balance, you will receive a check only for the amount in your account. The rest will be sent to you as contributions from your pay are added to your account. This is different from the Health Care Spending Account.



|   | Bank account information will transfer directly from our system to PayFlex | Bank account information will NOT transfer directly from our system to PayFlex. You must notify PayFlex* to make this change. |
|---|--|---|
| New employee enrolling in spending account & direct deposit.  | ✓  |   |
| Existing employee, already enrolled in a spending account, decided to go with direct deposit in the middle of the year.                                     |  | ✓   |
| Existing employee with spending account enrolling in direct deposit, for the first time, at annual enrollment.  | ✓  |   |
| Existing employee already enrolled in a spending account with direct deposit changes banks.   |  | ✓   |
| Participating employee wants to discontinue direct deposit.   |  | ✓   |
| *Notify PayFlex by going to the website at <a href="https://www.payflex.com/">https://www.payflex.com/</a> or calling customer service at 1 (800) 284-4885. |  |   |

## If You Forget to Submit a Claim

All claims must be for services and expenses that were incurred between the date your participation began and August 31 (for exception, see “Grace Period”). However, PayFlex will allow you to submit claims up to December 31 after that period ends, as long as the expenses were incurred during that period.

*Remember, the date the service was received determines whether that service was incurred during the correct period, not the date the bill was issued or paid.*

## Appeal Process

PayFlex will screen claims to make certain they conform to basic federal guidelines for eligibility. Occasionally, they may deny payment of a claim. If you disagree with PayFlex’s decision to deny a claim, you may follow this appeal process:

1. You or your authorized representative may write to PayFlex requesting a review of the denial. You must do so within 180-days after you receive the written denial of your claim. Your request for review may include any issues and comments that you wish to be considered in the review.
2. PayFlex will respond to your request within 60-days.
3. If you still disagree with Pay-Flex’s decision, write the plan sponsor and request that the plan sponsor review the decision.
4. The plan sponsor will make a final decision on your claim within 60 days. The sponsor will tell you the claim decision (in writing) and the specific plan provisions on which the decision was based. At any time, you may review pertinent documents in the plan sponsor’s possession.

\*Addresses may be found on the [Administrative and Privacy Information](#) page.

# Administrative and Privacy Information

## Plan name

The official name of this plan is The Texas A&M University System Flexible Spending Accounts (FSAs).

## Plan Sponsor

Director of Risk Management and Benefits Administration  
The Texas A&M University System  
Moore/Connally Building  
301 Tarrow Dr., 5th Floor  
College Station, TX 77840  
Mail Stop: 1117 TAMU  
1 (979) 458-6330

## Plan Administrator

The plan administrator is the Director of Risk Management and Benefits Administration. Contact at the address shown for the Plan Sponsor.

## Type of Plan

The Flexible Spending Accounts is a flexible benefit plan under section 125 of the IRS tax code.

## Claims Administrator

Claims for the Flexible Spending Accounts are paid by the claims administrator, PayFlex, which is under contract with the Plan Administrator. You can contact PayFlex by calling toll-free 1 (800) 284-4885 or writing:

PayFlex Systems USA, Inc.  
700 Blackstone Centre  
Omaha, NE 68131-38/45

The plan contract governs all plan benefits. You may examine a copy of the contract or obtain a copy for a copying fee by contacting the Plan Sponsor.

## Plan Funding

The Flexible Spending Account plan is intended to be self-funded. This means the money you put into the plan is the same money that is used to pay benefits.

## Plan Year

Plan records are kept on a plan-year basis. The plan year begins each September 1 and runs through the next August 31.

## Employer Identification Number

74-2648747

## Agent for Service of Legal Process

Plan Administrator

## Privacy Information

The A&M System and PayFlex must gather certain personal information to administer your health benefits. Both organizations maintain strict confidentiality of your records, with access limited to those who need information to administer the plan or your claims.

PayFlex gathers information about you from your application, claims and other forms. They also have personal information that comes in from your claims, your health care providers and other sources used in managing your health care administration. The A&M System will not use the dis-closed information to make employment related decisions or take employment related actions.

Both PayFlex and the A&M Sys-tem have strict policies and procedures to protect the confidentiality of personal information. They maintain physical, electronic and procedural safeguards to protect personal data from unauthorized access and unanticipated threats or hazards.

Names, mailing lists and other information are not sold to or shared with outside organizations. Personal information is not disclosed except where allowed or required by law or unless you give permission for information to be released. These disclosures are usually made to affiliates, administrators, consultants, and regulatory or governmental authorities. These groups are subject to the same policies regarding privacy of our information as we are.

The A&M System may use and disclose your protected health information (PHI) without your written authorization or without giving you the opportunity to agree or disagree when your PHI is required:

- for treatment
- for payment
- for health care operations
- by law or, under certain circumstances, by law enforcement
- because of public health activities
- because of lawsuits and other legal proceedings
- for organ and tissue donation
- to avert a serious threat to health or safety (under certain circumstances)
- because of health oversight activities
- for worker's compensation
- because of specialized government functions (under certain circumstances)
- in cases of abuse, neglect or domestic violence
- by coroners, medical examiners or funeral directors

The A&M System can also use and disclose PHI without your writ-ten authorization when dealing with individuals involved in your care or payment for your care. However, you will have an opportunity to agree or disagree. If you do not object, the A&M System can use and disclose your PHI for this reason.

Details regarding the above situations are found in The Texas A&M University System's Notice of Privacy Practices. For an additional copy of the notice, please contact your benefits office or visit our website at <http://assets.system.tamus.edu/files/benefits/pdf/HIPAAprivacy.pdf>.

If you have questions about the FSA privacy policy, please write to:

PayFlex Systems USA, Inc.  
700 Blackstone Centre  
Omaha, NE 68131-3845

If you feel your privacy rights have been violated, you may file a complaint with the A&M System by contacting the Privacy Official at 1 (979) 458-6160. You may also contact the Secretary of the United States Department of Health and Human Services at 200 Independence Avenue, S.W., Washington, D.C. 20201 to file a complaint.

### **Future of the Plan**

While The Texas A&M University System intends to continue this plan indefinitely, it may change, suspend or end the plan at any time for any reason. The System's decision to end or change a plan may be due to changes in federal or state laws governing flexible benefit plans, the requirements of the Internal Revenue Service or ERISA, or any other reason.

In the event that the plan is terminated, you will be entitled to payment for money that you had in your Flexible Spending Accounts before the date the plan ends.

System Benefits Administration  
Moore/Connally Building  
The Texas A&M University System 301 Tarrow Dr., 5th Floor  
College Station, TX 77840