

WASHINGTON FLEX ENROLLMENT GUIDE

[What Is an FSA, and How Does It Work?](#)

[How to Estimate Your Flexible Spending Account Contribution](#)

[Eligibility and Enrollment](#)

[Making a Change](#)

[When Your Employment Ends](#)

[How to File a Claim or an Appeal](#)

[Internet Access](#)

[Sample Claim & Provider Documentation](#)

Administered By



1-800-659-3035

P.O. Box 6044
Columbia, MO 65205-6044

www.asiflex.com/pebb

NOTE: USE YOUR SOCIAL SECURITY NUMBER TO ENROLL AND TO FILE CLAIMS.

WHAT IS AN FSA, AND HOW DOES IT WORK?

A Flexible Spending Account (FSA) is an employer-sponsored plan that lets you deduct dollars from your paycheck and put them into a special account that's protected from taxes. You can use these pre-tax dollars to pay for some of your health care expenses. The State of Washington has contracted with ASI to manage the FSA plan (called Washington Flex), process claims, and provide customer service for Public Employees Benefits Board (PEBB) enrollees.

FSA accounts are exempt from federal income taxes and Social Security (FICA) taxes. When you use the money in your account to pay for out-of-pocket health care expenses, you avoid paying taxes on those dollars. The more money you put into a Flexible Spending Account, the more tax you avoid. Depending on your tax bracket, you could save 23% or more on your out-of-pocket health care expenses.

However, the amount you put into an FSA will lower your income that your employer reports to the Social Security Administration. This means your Social Security benefits will be calculated based on your lower taxable earnings.

How does the FSA work?

When you enroll in the FSA plan, you estimate the amount of qualifying health care costs your family will have in a plan year. You have that amount deducted from your paychecks in equal amounts throughout the year.

After you enroll in an FSA, ASI will send a confirmation of your enrollment and claim forms to your home address. As you incur eligible costs throughout the year, you can submit a claim form and documentation of your costs to ASI (by toll-free fax or mail). ASI will reimburse you with funds from your FSA account, avoiding taxes. You will receive an account summary after each claim and at the end of each quarter.

ASI will only reimburse you for your costs for eligible purchases or services during the plan year (January 1 through December 31) and extended grace period (January 1 through March 15 following the end of the plan year, only if you are a participant on the last day of the plan year) while you are enrolled. Internal Revenue Service (IRS) rules state that if you don't use all of the money in the account by the end of the plan year, you will lose those funds.

When can I make changes to my FSA?

You can only change your election during the plan year as stated in "[Making a Change](#)."

Who can I contact if I have questions?

ASI
P.O. Box 6044
Columbia, MO 65205
Customer Service: 1-800-659-3035
Mon.-Fri. 5 a.m. – 5 p.m. PT, Sat. 7 a.m. – 11 a.m.
Toll-free fax: 1-866-381-9682
Email: asi@asiflex.com
Forms and materials at www.asiflex.com/pebb

HOW TO ESTIMATE YOUR FLEXIBLE SPENDING ACCOUNT CONTRIBUTION

Step 1

Estimate your family's annual out-of-pocket medical expenses. You may include expenses for yourself, your opposite-sex spouse, or anyone who is a [qualified tax dependent](#). (There are exceptions for the expenses of children of divorced parents. Please call ASI at 1-800-659-3035 for more information.) Expenses for [same-sex domestic](#) partners qualify only if they are a qualified tax dependent. When calculating your annual expenses, include predictable expenses only.

Annual Minimum Contribution \$240.00

Annual Maximum Contribution \$2,400.00

What expenses can be reimbursed by my FSA?

You can use your FSA to pay for medical, dental, and vision expenses not covered or reimbursed by your PEBB health plans. (See Section 213[d] of the Internal Revenue Code for qualifying medical care.) These expenses must be incurred by you or your eligible tax dependents during the plan year or [grace period](#). The Internal Revenue Code defines incurred as when the services are provided that give rise to the expense, regardless of when they are billed or paid. (See exception for [orthodontia](#) below.) Please contact ASI at asi@asiflex.com or 1-800-659-3035 if you have questions about particular expenses.

Below is a **partial** list of qualified expenses. Please refer to [IRS Publication 502](#) for further details on qualifying expenses.

- Copays, deductibles, coinsurance & non-covered medical expenses
- Doctor's fees, dental fees, vision care, hearing expenses
- Prescription drugs
- Prescription glasses
- Contact lenses and solutions
- Corrective eye surgery
- Chiropractor's fees
- [Over-the-counter drugs](#) (legal) used to treat a medical condition
- Insulin
- [Orthodontia/braces](#)*
- Routine physicals
- Hearing aids, including batteries
- Transportation expenses related to illness
- Medical equipment

***Orthodontic expenses** are considered incurred when a monthly payment is due and paid.

You may submit claims for orthodontia:

- If you pay monthly throughout the expected period of orthodontic treatments, you can submit claims after each orthodontic treatment.
- If you pay a reasonable down payment of the orthodontic treatment, as long as the down payment is made when appliances are placed.

You may **not** submit claims for orthodontia:

- Before the monthly payment due date for the orthodontic treatment.
- If you pay for an entire year's treatment at the beginning of the year.
- If you pay for the entire treatment at the beginning of the treatment.

To claim orthodontic down payments, you must include:

- A copy of the treatment contract and payment schedule.
- Proof of payment showing the date the braces were placed.

Please read details on [orthodontic expenses](#) or contact ASI at 1-800-659-3035 before you enroll in the FSA plan.

What expenses *cannot* be reimbursed by my FSA?

This is a partial list of expenses that do not qualify:

- Cosmetic procedures (such as face-lifts, skin peeling, teeth whitening, veneers, hair replacement, removal of spider veins)
- Clip-on or non-prescription sunglasses
- Warranties
- Toiletries
- Long-term care expenses
- Medicines, drugs, herbs, or vitamins for general health and not used to treat a medical condition
- Expenses that are merely beneficial to your general health (such as vacations)
- Health club dues
- Insurance premiums

Step 2

Enroll in the Flexible Spending Account. Divide the total amount you want to contribute to your FSA by the number of paychecks you expect to receive in 2007. See the separate [open enrollment checklist](#) for detailed instructions on how to enroll online during open enrollment. New employees should print an [enrollment form](#) and send it to ASI.

Step 3

After you receive medical services or treatments, file a claim. A medical expense is incurred when you or your covered family members receive services or treatments. After you receive the medical services or treatments and know how much you must pay, you may submit a claim for those expenses to ASI. See "[How to File a Claim or an Appeal](#)" for how to file a claim. Extra claim forms are online at www.pebb.asiflex.com or by contacting ASI.

Step 4

Receive reimbursement. ASI will review your claim, and if approved, will send you reimbursement for your medical expenses the business day after ASI receives the claim.

ASI will reimburse your qualified expenses up to the approved amount of your claim or your remaining annual election, whichever is less. You may submit claims up to the total amount of your annual contribution, even if you have not yet contributed the full amount for the plan year. Your paycheck deductions will continue for the rest of the plan year.

ELIGIBILITY AND ENROLLMENT

Who is eligible to enroll in an FSA?

All state agency and higher-education employees who are eligible for PEBB benefits may enroll in a Flexible Spending Account.

When can I enroll?

It depends on whether you are a current, new, or seasonal employee.

- **Current employees** may enroll during the PEBB program's annual open enrollment period, usually held each fall. During open enrollment, you can [enroll online](#), or download and print an [enrollment form](#).

You may also enroll during the plan year if you or an eligible family member has a change that results in a gain or loss of eligibility for Washington Flex or employer-sponsored health coverage, and you enroll within 31 days of that change. See "[Making a Change](#)" for more information. The *Change of Election Form* is available at www.pebb.asiflex.com.

- **New or seasonal employees** must enroll within 31 days of becoming eligible for PEBB coverage. You can go online to print and complete an [enrollment form](#).

If you do not enroll within the time period described above, you cannot enroll in an FSA until the next open enrollment period or unless you have a change in family status (see "[Making a Change](#)").

When does my enrollment begin?

If you enroll during the annual open enrollment period, enrollment begins January 1 through December 31 of the following year. If you enroll at any other time, enrollment begins the first of the month after ASI receives and approves your enrollment form.

MAKING A CHANGE

Except as stated in this section, you cannot make changes to your FSA during the plan year. You must notify ASI of any changes by completing and sending a [change form](#) within 31 days of the date of the qualifying event. The change to your FSA will begin on the first of the month after ASI approves your request. We will not approve requests received after 31 days of your qualifying event.

The Washington Flex Plan allows changes only if one of the specific events below occurs. The event must cause a change in your eligibility for health insurance coverage or coverage under the FSA. To increase your contribution or enroll in an FSA, you must have a new spouse or dependent eligible for the FSA or they must have lost eligibility for health coverage (with their employer, Medicare, or Medicaid). To decrease your contribution or to disenroll from your FSA, you must have lost a qualified spouse or dependent or they must have gained eligibility for their health coverage (with their employer, Medicare, or Medicaid). Transfers between state agencies and state higher-education institutions are **not** a qualifying reason to change your contribution.

- 1. Marital status**—Your legal marital status (opposite-sex spouse only) changes through marriage, divorce, death, or annulment (legal separation is not recognized in all states).
 - You may enroll in an FSA or increase your FSA contribution if you get married.
 - If you get married and become eligible for the new spouse's health insurance or their FSA, you may decrease your FSA contribution.
 - You may cancel your FSA or decrease your contribution when you are divorced, your marriage is annulled, or if your spouse dies.
 - If you lose health coverage due to divorce, annulment, or death of your spouse, you may enroll in an FSA or increase your FSA contribution.
- 2. Change in number of eligible tax dependents**—Your number of eligible dependents changes due to birth, death, adoption, placement for adoption, as well as no longer qualifying due to reaching age limits, or as an eligible student, dependent with disabilities, or qualified tax dependent under PEBB rules.
- 3. Change in employment affecting eligibility for coverage**—You, your spouse, or your qualified tax dependents have a change in employment status (termination, retirement, new employment, change from part time to full time or vice versa) that affects eligibility for employer-sponsored health insurance or Washington Flex. Please see "[When Your Employment Ends](#)" for more information.
- 4. Judgment/Decree/Court Order**—You are served with a judgment, decree, or court order (including a qualified medical child support order) regarding coverage for a dependent. If the order requires you to pay for a child's medical expenses not paid by insurance, then you may enroll in or increase your contribution in the Flexible Spending Account. If the order requires another person to pay for a child's medical expenses not paid by insurance, then you

may disenroll from or reduce your contribution in the Flexible Spending Account.

5. **Medicare/Medicaid enrollment**—If you, your spouse, or your qualified tax dependent becomes entitled to and covered under Medicare or Medicaid, you may disenroll from or reduce your contribution in the Flexible Spending Account.
6. **Loss of eligibility for Medicare/Medicaid**—If you, your spouse, or your [qualified tax dependent](#) loses eligibility and coverage under Medicare or Medicaid, you may enroll in or increase your contribution in the Flexible Spending Account.
7. **Family Medical Leave Act (FMLA)**—You may elect to maintain your coverage during a leave taken under FMLA. If you do not maintain coverage while on FMLA, you will have the option of reinstating coverage after you return from FMLA.
8. **Change in residence**—If you, your spouse, or your qualified tax dependent changes residence and this move affects your eligibility for coverage under an employer’s plan (including moving out of your plan’s service area), you may increase (if you lost health coverage) or decrease (if you gained health coverage) your contribution in the Flexible Spending Account.

If you increase your FSA contribution during the year, your paycheck deductions will also increase. Your per-paycheck deductions will equal your new FSA contribution amount (up to \$2,400 per year) minus the paycheck deductions made before your change, divided by the number of pay periods left in the plan year after your election change effective date. You can use the higher FSA contributions to reimburse only those medical expenses received on or after the effective date of your increased contributions.

Example:

You enroll in an FSA starting January 1, 2007. Your annual FSA contribution is \$240. You have a qualifying change, and elect to increase your annual FSA contribution to \$600 starting July 1, 2007. You have 24 pay periods during the year.

New annual FSA contribution amount starting July 1	\$600
12 FSA contributions made January 1 – June 30	<u>-\$120</u> (\$10 per paycheck)
Remaining balance to contribute	\$480
Divide by number of remaining pay periods in 2007	÷ <u>12</u>
New per-paycheck deduction starting July 1	\$ 40

If you decrease your FSA contribution during the year, your paycheck deductions will also decrease. Your per-paycheck deductions will equal your new FSA contribution amount (no less than \$240 per year) minus the paycheck deductions made before your change, divided by the number of pay periods left in the plan year after your election change effective date. Your total FSA funds for the rest of the year

are calculated by adding your contributions made before the change to the expected contributions after the change, and subtracting any prior reimbursements.

Example:

You enroll in an FSA starting January 1, 2007. Your annual FSA contribution is \$1,200. You have a qualifying change, and elect to decrease your annual FSA contribution to \$720 starting July 1, 2007. You have 24 pay periods during the year.

New annual FSA contribution amount starting July 1	\$720
12 FSA contributions made January 1 – June 30	- \$600 (\$50 per paycheck)
Remaining balance to contribute	\$ 120
Divide by number of remaining pay periods in 2007	÷ <u>12</u>
New per-paycheck deduction starting July 1	\$ 10

WHEN YOUR EMPLOYMENT ENDS

If you terminate employment, retire, or go on unpaid leave, your eligibility for your FSA may change. You may elect continuation coverage by contacting ASI within 60 days of the event. You may contact ASI by calling 1-800-659-3035 or by sending an e-mail to asi@asiflex.com.

Unpaid Leave (Also Called Leave Without Pay)

Participants on approved Family Medical Leave or military leave may keep their FSA. Your FSA enrollment and claims reimbursement will not be disrupted as long as you continue to contribute to the FSA (either by payroll deduction or by direct payment to ASI) by the end of each month. You must make arrangements with ASI for prepayment of contributions **before** going on leave by completing the [change form](#).

If you do not send your contribution by the end of each month, your FSA will be cancelled and you cannot be reimbursed for any expenses incurred after the last day of the month in which you contributed in full.

If you cancel your FSA while on Family Medical Leave or military leave (including for nonpayment of contributions), you may reinstate FSA coverage for qualifying expenses when you return to work. To reinstate your FSA at the same contribution level, you must send a [change form](#) to ASI within 31 days of returning to work.

Transfers Between State Agencies and State Higher-Education Institutions

If you enroll in an FSA and later change jobs and move to another Washington State agency or higher-education institution that offers PEBB benefits, your enrollment will continue. Please make sure your new personnel, payroll, or benefits office and ASI know about your transfer to avoid unnecessary coverage interruptions. Your FSA participation will continue as long as there is no more than 30 days' lapse in employment and you pay your FSA contributions.

When you change jobs as described above with less than a 30-day lapse in employment, you may not enroll in, change or cancel your FSA. However, your per-

paycheck deductions will be increased, if necessary, to resume the same annual contribution amount.

Example:

On January 1, you are enrolled in an FSA through your employer, a state agency. You terminate from the state agency on April 26 and start working for a state higher-education institution on May 18 (within 30 days). If you contact your new benefits office and ASI within 30 days after your termination (by May 26), your FSA will continue. Please complete the change form to notify ASI of your transfer.

Continuation Coverage Through COBRA

A participant, his or her spouse, or eligible tax dependent may choose to continue the FSA plan if one or more of the following qualifying events occurs:

- 1) Death of the participant.
- 2) Termination of employment (other than for gross misconduct) or a reduction in hours.
- 3) Divorce of the participant.
- 4) A dependent child is no longer eligible for PEBB coverage.

When 1 or 2 occurs, the PEBB program will notify ASI. You or a family member must notify ASI if 3 or 4 occurs. If, on the date of the qualifying event, your remaining benefits for the current year are greater than your remaining contribution payments, ASI will give each eligible family member the right to choose FSA continuation coverage. Each person who elects continuation coverage must do so within 60 days from the date ASI provides the notice of this continuation right.

Your monthly contribution amount will be equal to the monthly contribution amount immediately prior to the event listed above plus $\$3.05 \times 102\%$. For example, if your monthly contribution is \$100 per month, then your COBRA contribution will be \$105.11 ($\$100 + \$3.05 = \$103.05 \times 102\% = \105.11 per month).

FSA continuation coverage will not extend beyond the current plan year, but may end earlier if you do not pay your contributions within 30 days of the due date. **ASI cannot reimburse you for expenses incurred during any period of continuation until ASI receives your contributions for that period.**

When Your FSA Ends

Except as noted above under COBRA, if you no longer work for a state agency or a higher-education institution, your participation will end on the last day of the month you make a contribution. This means you can no longer contribute to your FSA.

If you return to work during the same plan year at a state agency or higher-education institution with less than a 30-day lapse in employment, you may not enroll in, change, or cancel your FSA. However, your per-paycheck deductions will be increased, if necessary, to resume the same annual contribution amount.

If you return to work during the same plan year at a state agency or higher-education institution beyond 30 days after your termination date, you will not be allowed to re-

enroll in the plan until the next open enrollment period, with your FSA beginning on January 1 of the following year.

If you do not pay your contributions for 30 days after they are due, coverage ends on the last day of the month in which ASI received your last contribution. You may not make a new benefit election for the rest of that plan year. Except as stated in the "[Continuation Coverage Through COBRA](#)" ASI will not reimburse any expenses incurred while you are not enrolled.

HOW TO FILE A CLAIM OR AN APPEAL

Step 1 **Receive medical care or treatments that qualify for a reimbursement.** You, your spouse, or an [eligible dependent](#) must incur costs for a qualifying medical service or treatment during the portion of the plan year (January 1 – December 31) or [grace period](#) that immediately follows the end of the plan year (January 1 – March 15) that you are covered by the FSA.

Step 2 **Send a completed [claim form](#),** along with **copies** of the provider's invoice or statement, to:

ASI
P.O. Box 6044
Columbia, MO 65205-6044

OR

Fax toll-free
1-866-381-9682

Statements must include:

- The provider's name.
- The date(s) of service.
- A description of the service(s).
- The expense amount.

ASI **does not accept** copies of personal checks, paid receipts, or credit card receipts without the above information. Documentation or copies will not be returned.

For over-the-counter items: The receipt or documentation from the store must include the name of the drug pre-printed on the receipt. You must state the medical condition the item will be used for on the receipt, the claim form, or a separate piece of paper *each time* you submit a claim for this item. (Items such as vitamins and nutritional supplements may require a doctor's statement.)

For general good health items: Claims for general good health items do not qualify for reimbursement. However, if your doctor states that the items are for an existing medical condition and are required to treat that specific medical condition, you may submit a claim. A letter from your doctor **must** accompany your claim. You

can find a [sample letter](#) online at www.asiflex.com/pebb. You can use this letter to support claims for these items for up to 12 months from the date of the letter.

ASI will send you claim forms when you enroll. You can also get a [claim form](#) by calling ASI or online at www.pebb.asiflex.com.

Step 3

Choose how you want to be reimbursed. ASI will send your claim payment one business day after ASI receives your valid claim.

1. **Direct deposit**—You can choose the bank account for ASI to deposit your claim payments in. By using direct deposit, you will not need to wait for a check to arrive or get it deposited. ASI will notify you when the deposit is made either by e-mail or mail. This notice will be sent to you the day before ASI deposits your payment.
2. **Check**—ASI can mail a check to you.

You only need to do this step one time. Your reimbursement method will remain the same until you change it.

When is the last day I can file claims?

If you are enrolled on the last day of the plan year (December 31), you have an extended grace period from January 1 through March 15 when you can incur expenses and use up funds from the previous plan year. ASI must receive your claims **no later than March 31** after the end of the plan year. (If March 31 is a holiday, Saturday, or Sunday, then claims must be filed by the first business day after March 31.) ASI will pay any claims incurred during the [grace period](#) from the previous plan year's funds, unless you ask them to do otherwise. (Please send this request in writing, along with your claim.)

After March 31, your account will be closed and any balance remaining will be forfeited to the State of Washington.

How can I appeal if ASI denies my claim?

You will receive written notice of any denied claims.

If you believe ASI denied your claim in error, call the ASI claims office at 1-800-659-3035 to explain your position to a customer service representative. Many times a customer service representative is able to resolve the issue to your satisfaction.

However, if this is not the case, please address your appeal to:

Claims Supervisor
ASI
PO BOX 6044
Columbia MO 65205-6044

Or via fax to 1-866-381-9682

You may resubmit this claim to ASI with additional information or file an appeal no later than March 31, 2008 or 30 days following the denial notice, whichever is later. The ASI claims office will provide you with a written notice of the resolution of this appeal within 60 days of the appeal.

Your appeal must include:

- A statement outlining why you think your request should not have been denied.
- The name of your employer.
- The date of the services for which your request was denied.
- A copy of the denied request.
- A copy of the denial letter you received.
- Any additional documents or information that you think support your appeal.

Note: Appeals are approved only if the extenuating circumstances and supporting documentation are within IRS regulations and the Washington Flex plan document governing the plan.

If the ASI claims supervisor is not able to resolve the issue to your satisfaction and you wish to file a further appeal, you may appeal directly to PEBB at:

Health Care Authority
PEBB Appeals
P.O. Box 42699
Olympia, WA 98504-2699

INTERNET ACCESS

You can access your Flexible Spending Account online 24 hours per day, 7 days per week. Information is updated every morning to reflect the previous day's transactions. You can find out if a claim has been processed, a payment has been made, or your current balance until March 31 following the end of the plan year. There is no personally identifying information on our Web site, which means this information will be meaningful to you, but not to anyone else.

To log on to your Flexible Spending Account information:

1. Go to www.asiflex.com/pebb.
2. Click on **Account Detail**.
3. Click in the box to the right of **Your FlexPin**
4. Type your Personal Identification Number (PIN). Your PIN is provided on your enrollment confirmation. You can also call ASI at 1-800-659-3035 to get your PIN.
5. Click **Submit**.
6. Select the plan year from the drop-down box, if available. This box will not be displayed if only one plan year is available.
7. Select the **Unreimbursed Medical Flexible Spending Account** category. All transactions for the plan year are shown through the previous day. Information is updated early each morning.
8. Click **Lookup**.
9. Be sure to click **Sign out** (or enter another FlexPin) when you finish. This closes out your account for security purposes.

