



**Department of Navy  
Human Resources Service Center**

Civilian Benefits Information Bulletin No. 2004-08

**WHAT YOU SHOULD KNOW  
ABOUT FLEXIBLE  
SPENDING ACCOUNTS**

The purpose of this bulletin is to make you aware of the Flexible Spending Accounts (FSA) program. Even though the FSA Open Season does not begin until 8 November. Did you know:

- You can now apply FSAFED savings to over-the-counter drugs, co-insurance and co-payments, and deductibles?
- If passed, H.R. Bill 2351 would repeal the “use it or lose it” rule, allowing carryovers up to \$500?
- There’s an FSA Fed on-line calculator that can help you determine your FSA tax benefits?

If you are interested in the FSAs program, go to <https://www.fsafeds.com/fsafeds/news.asp> to learn more about the program and the latest changes. You can even register for automatic e-mail notification whenever there’s a change to the FSA program.

**WHAT IS A FLEXIBLE SPENDING ACCOUNT?**

A FSA is a tax-favored program that allows you to set aside pre-tax money from your paychecks to pay for a variety of eligible expenses. Without an FSA, you would still pay for these expenses, but you would do so using money remaining in your paycheck after federal (and often state and locality) taxes are deducted. There are two types of FSAs. If you are eligible, you may choose to participate in either, or both, of the flexible spending accounts.

**Health Care Flexible Spending Account**

- Elect up to \$4,000. Covers eligible health care expenses not reimbursed by any medical, dental, or vision care plan you or your dependents may have.
- Eligible dependents for this account include anyone you claim on your federal income tax return as a qualified IRS dependent and/or jointly file your taxes with.
- For a quick overview of eligible expenses please see the [FSAFEDS Eligible Expense Trifold](#).
- [For a listing of eligible medical expenses please see United States Code 26 Section 213\(d\) or IRS Publication 502](#). **Note: While insurance premiums are included in Publication 502, they are NOT reimbursable expenses for FSA purposes.**
- Insurance premiums, including those for FEHB premiums, Long Term Care, private insurance premiums and supplemental insurance premiums, are NOT eligible for reimbursement.

**Dependent Care Flexible Spending Account**

- Elect up to \$5,000. Covers eligible dependent care expenses incurred so you can work, or if you are married, so you and your spouse can work, or your spouse can look for work or attend school full-time.
- Eligible dependents for this account include anyone you claim on your federal income tax return as a qualified IRS dependent and/or jointly file your taxes with.

## WHO IS ELIGIBLE TO ENROLL?

Eligible participants for the Health Care FSA are those federal employees **eligible** to enroll in the FEHB program. All eligible federal employees may make an election immediately upon entry on duty with the exception that temporary federal employees are eligible upon completion of one year of continuous service in the job position.

In addition to employees eligible for a Health Care FSA, eligible participants for the Dependent Care FSA include employees with temporary, seasonal and intermittent appointments who are expected to work at least six months. All eligible federal employees may participate in the Dependent Care FSA immediately upon their entrance on duty.

## HOW DOES AN FSA WORK?

Flexible Spending Accounts are simple to enroll in and easy to use! There are 5 easy steps.

1. Determine how much to contribute.
2. Enroll.
3. Contribute to your FSA via payroll allotment.
4. Request reimbursement.
5. FSAFEDS reimburses you.

## HOW DO I ENROLL?

Election to participate in one of both FSAs coincides with the annual health benefits insurance open season. Enrollments for the 2005 tax year can be made from 8 November through 13 December 2004. The effective date is 9 January 2005. FSAFED contributions will be reflected in the paycheck received 28 January 2005. Enroll online at [www.fsafeds.com](http://www.fsafeds.com) or by calling 1-877-372-3337.

New hires and newly eligible employees will have 60 days to enroll from their eligibility date.

2004 New Hire Kit:

[Welcome Letter](#)

[FSAFEDS Overview Brochure](#)

[FSAFEDS Eligible Expense](#)

## WHO DO I CONTACT IF HAVE QUESTIONS ON FSAs?

**FSA Administrator.** The Office of Personnel Management (OPM) has awarded a contract to SHPS, based in Louisville, Kentucky, to serve as administrator of the Federal FSA Program. To obtain information, please contact the FSA Administrator as noted below. OPM has contracted this program; therefore, please refer your questions to the FSA Administrator. **Your Human Resources Service Center (HRSC) and your Human Resources Office (HRO) should not be contacted.**

**Online:** [www.fsafeds.com](http://www.fsafeds.com). The FSAFEDS Web site is always available for access to information at your convenience. To review the latest legislative initiatives go to: <https://www.fsafeds.com/fsafeds/news.asp>

**Toll Free:** 1-877-372-3337. Customer Service Representatives will be available between 9:00 AM and 9:00 PM, Eastern Time, Monday through Friday.