

BPC



Health Care FSA

Want an easy way to save 30% or more on medical expenses for you and your family?

A Health FSA can save many people over **\$600** each year.*

Q. How does it save me money?

Eligible employees may elect up to \$3,200** in 2024 to set aside pre-tax for medical expenses. By avoiding taxes on those funds, many families may save 30% or more, which can easily save you over \$600 per year.

Q. What expenses are eligible for reimbursement?

The account can be used for medical expenses for yourself, your spouse, or your children up to age 26. You can enroll whether you are on your employer's medical plan or not. NOTE: If you also have a Health Savings Account (HSA), your FSA will be limited to dental and vision expenses only.

Examples of Commonly Eligible Expenses:

- Commonly Eligible – Doctor and hospital bills, prescription drugs, eye exams, glasses and contacts, dental checkups and procedures, many over-the-counter medicines and supplies, chiropractic care, and more!
- Not Eligible – Cosmetic products or procedures, expenses for services that occurred before the plan year starts, over-the-counter vitamins (unless prescribed)

Q. How will I spend the funds or be reimbursed?

You can submit claims for fast reimbursement online, with our BPC Benefits Mobile App, or with paper. Direct deposit reimbursement will occur within 1 or 2 business days.

Q. What happens to any leftover money?

This depends on the specifics of your plan. There is always some potential to forfeit unused funds from an FSA election, so it's always wise to elect carefully. Some plans do include features like a \$500 rollover or 2^{1/2} month grace period that can lower the risk of losing funds. Check your plan SPD or contact BPC for details!

**Actual savings will vary depending on the amount you elect and your applicable federal and state tax rates*

*** Certain plans utilize lower maximum elections.*

More questions? Visit www.bpcinc.com to learn more!

Take advantage of pre-tax savings by participating in Health Savings Accounts (HSAs) and save on out-of-pocket healthcare expenses. With a Health Savings Account, you can pay for eligible expenses such as doctor's office co-pays, prescription drugs, eyeglasses, over-the-counter supplies, expenses applied to the deductible of your health insurance and much more with your pre-tax income.

Expenses for your spouse or tax-dependent child(ren) are eligible, even if they are not covered on your health plan.

Common Health Savings Account Uses

- Doctor Visits
- Copayments, Coinsurance, and Deductible Expenses
- Glasses, Contact Lenses, Contact Lens Cleaner
- Dental Expenses (excluding cosmetic)
- Prescriptions
- Orthodontia
- Mileage for Medical Services
- Drug or Substance Abuse Treatments
- Acupuncture
- Arch Supports
- Breast Pumps
- Chiropractor Fees
- Durable Medical Equipment
- Fertility Treatments
- Hearing Aids
- Massage Therapy (if medically necessary)
- Psychiatric Care
- Insurance Premiums for Qualified Long Term Care Insurance (within certain limits)
- COBRA Health Care continuation coverage
- Health Care coverage while an individual is receiving unemployment compensation
- For individuals over age 65, the Employee share of Employer – sponsored Retiree Health Insurance
- Prosthesis
- Bandages
- Blood Pressure Monitor
- Diabetic Supplies
- Cancer Screenings
- CPAP Machines
- Lasik Surgery
- Dentures
- Flu Shots
- Pregnancy Test Kits
- First Aid Kits
- Heat and Ice Packs
- Neck, Wrist, Knee Braces
- Thermometers
- Wheelchairs
- For individuals over age 65, premiums for Medicare (Premiums for Medicare supplemental policies are NOT qualified medical expenses for a Health Savings Account)
- And More! Please check your BPC Employer Specific Website or www.FSASore.com for more eligible expenses.



Maximize Your Income And Save Tax Dollars
By Enrolling In A Health Savings Account!



BPC



Dependent Care FSA

Are you paying childcare expenses for your children or disabled dependents while you work?

If so, this account could save you over **\$1,000** per year!*

Q. How does it save me money?

Working parents may elect up to \$5,000 each year to set aside on a pre-tax basis for childcare expenses. By avoiding taxes on those funds, many families may save 30% or more, which can easily save you over \$1,000 per year.

Q. What expenses are eligible for reimbursement?

The account can be used for childcare expenses you incur, while working, for your children under age 13 or an older dependent (e.g. an older child or parent) if he or she is physically or mentally incapable of self-care.

Examples of Commonly Eligible Expenses:

- Commonly Eligible – Day Care Center, Preschool, Before and After School Care, Day Camp, Babysitter, Nanny, Au Pair. These expenses have to be primarily for the care of the child.
- Not Eligible – Overnight camp, Kindergarten, Housekeeper, Educational services, Summer School, Tutoring Programs, Boarding School, and Care provided by any individual who is your child under age 19, or anyone you claim as a dependent for federal tax purposes.

Q. How will I be reimbursed?

You can submit claims throughout the plan year online, from the BPC Benefits mobile app, or on paper, and receive direct deposit reimbursement within 1 or 2 business days. If your provider accepts MasterCard®, you may also pay them directly with your BPC Benefits Card. However you submit your claims, you'll need to provide documentation showing the provider name, dates and type of service, as well as the amount you were charged.

Throughout the year, you'll only be reimbursed up to the amount you've contributed at any given point. However, if your claims exceed that amount at any point, you can still submit the full claim. BPC will simply hold the excess claims and automatically reimburse you when your next contribution occurs.

**Actual savings will vary depending on the amount you elect and your applicable federal and state tax rates*

More questions? Reach us at www.bpcinc.com/contact to learn more!



Employee FAQ: Dependent Care FSA

What is a dependent care FSA (DCA)?

A DCA is a flexible spending account that allows you to contribute a portion of your paycheck before taxes are taken out to pay for qualified dependent care expenses so that you can work or look for work.

Why should I participate?

Since contributions to the account are deducted from your paycheck before income taxes are assessed, your taxable income is reduced. Participants enjoy a 30% average tax savings on the total amount they contribute to the account.

How do I contribute money to my DCA?

Once you make your annual election during open enrollment, your employer will deduct this amount from your paycheck before taxes are assessed in equal amounts throughout the year.

How much can I contribute?

The IRS limits annual contributions to \$5,000 on income tax returns for single or married filing jointly, and \$2,500 for married filing separately.

Who qualifies as a dependent?

You can use your DCA to pay for care for children under age 13 that you claim as dependents, as well as adults or other relatives that are incapable of caring for themselves (if you provide more than 50% of their support).

What type of care is eligible?

Eligible expenses must be for the purpose of allowing you to work or look for work. Services may be provided at a child or adult care center, nursery, preschool, after-school, summer day camp, or a nanny in your home.

What type of care is not eligible?

Care expenses that are not eligible to be paid with DCA funds include care for a child over age 13, overnight camp, babysitting that is not work related, school fees for kindergarten and higher grades, and long-term care services.

Do I have access to my entire DCA election amount at the beginning of the year?

No, you will only have access to DCA funds that have already been deducted from your paycheck.

Are there any rules about who can care for my dependents?

Yes. You can not use funds to pay for care provided by a spouse, a person you list as a dependent for income tax purposes, or one of your children under the age of 19.

How do I use the funds in my account?

If you have a benefits debit card and your care provider accepts credit cards, you may pay directly from your account. Otherwise, pay out-of-pocket and then file a reimbursement claim with your expense documentation.

What happens if I don't spend all of my DCA funds by the end of the plan year?

It is essential to estimate conservatively during elections. Any unused funds at the end of the plan year are forfeited, also called the use-it-or-lose-it rule.

Can I change my election amount mid-year?

Typically, you cannot change your contribution mid-year. However, if you experience a qualifying event, such as the birth of a new child, or if your child care provider significantly increases their rates, you may be eligible to adjust your contribution.

What happens to my account if my employment is terminated?

Participation in the plan is also terminated. This means that only expenses that were incurred prior to your termination date are eligible for reimbursement.

Can I still deduct dependent care expenses on my tax return?

Yes, but not the same expenses for which you have already been reimbursed. If your total expenses were \$7,000 and you were reimbursed \$5,000 from your DCA, you may only claim the \$2,000 difference.



The easy way to access your FSA!

Your BPC Benefits Card gives you easy access to the funds in your tax-advantaged benefit accounts by swiping the card at the point of sale. The card can be used at any qualified service provider that accepts MasterCard. Funds are automatically transferred from the benefit account directly to qualified providers with no out-of-pocket cost and no need to file a claim for reimbursement. Your BPC Benefits Card virtually eliminates out-of-pocket expenses, claim forms, and reimbursement checks.

Your benefits debit card is easy as 1-2-3!

1. Check your account balance

You can view your transaction history, current balance, claim status, and more by logging in online, calling the phone number on the back of your card or via mobile application, if available.



2. Swipe the benefits debit card

Swipe the card at the point-of-sale for eligible products and services. Most major retail chains utilize a system that will auto-substantiate the purchase, meaning it will approve eligible expenses without requiring submission of receipts. If a purchase is greater than your account balance, you can split the cost at the register or you may submit a manual claim.

3. Keep all your receipts

Though the need for submitting documentation is greatly reduced, it is your responsibility to save documentation of the eligible products or services purchased for the occasions when IRS regulations require BPC to request copies or in the rare case of an IRS audit.



**Maximize Your Income And Save Tax Dollars
By Enrolling In A Flexible Spending Account!**



EASING THE IMPACT OF THE USE-IT-OR-LOSE-IT RULE: FSA ROLLOVER VS. GRACE PERIOD

OVERVIEW:

A general rule regarding Flexible Spending Account elections, is that funds not used during the plan year are forfeited by the participant. This use-it-or-lose-it rule can cause frustration for participants, and is often a barrier to participation in the plan altogether.

Currently, there are two ways to ease the impact of that general rule. They cannot both be applied to the same benefit, but either will typically result in higher employee satisfaction, and ultimately participation.

DEFINITIONS:

Grace period – Essentially extend access to plan funds by an extra 2 ½ months. This allows participants who don't use their full FSA balance in the plan year itself to continue incurring expenses that would otherwise not be eligible. Feature can apply to a Health FSA (including a limited-purpose FSA) or a Dependent Care Assistance Plan.

Rollover – Also commonly referred to as a carryover, this feature allows up to \$500 in unspent funds to roll from one plan year into the next. Rolled funds are integrated into the new plan year election, without impact on the \$2,500 annual maximum, meaning that it could lead to someone having up to \$3,000 available in his or her FSA for a given year. While \$500 can be rolled each year, they cannot accumulate year over year, meaning that an individual cannot expect to roll \$1000 in year 2, or \$1500 in year 3, etc. This feature can only be applied to a Health FSA (including a limited-purpose FSA), and NOT to a Dependent Care Assistance Plan.

COMMON ADVANTAGES:

Both features ease the general use-it-or-lose-it rule that applies to FSAs. Fear of losing funds at the end of the year is a significant barrier to participation, so either of these two features may encourage higher entry into the plan, typically increasing tax savings for participants and employers.

With either feature, funds from each plan year are made simultaneously available to the participant. Whether accessing their funds through a debit card, manual claims submission, or an electronic data feed from an insurance carrier, BPC's system will automatically apply claims to plan years in the most advantageous manner to the participant. Re-enrollment for the next plan year is not necessary to utilize the funds available through the grace period or rollover.

HOW TO CHOOSE:

Employers weighing the two options should consider a number of questions before deciding which feature to utilize.

- **What's easiest to communicate to employees?** For most participants, the rollover will seem very straightforward, while the grace period may require some additional explanation. However, for some groups of employees, the grace period may be a longstanding feature with which there is significant comfort and familiarity. **ADVANTAGE: Draw (depends on history)**



EASING THE IMPACT OF THE USE-IT-OR-LOSE-IT RULE: FSA ROLLOVER VS. GRACE PERIOD

- Do you offer a Health Savings Account (HSA) or HSA-compatible health plan?** The grace period can cause confusion and frustration for participants attempting to move from a traditional health plan/general-purpose Health FSA to a qualified high-deductible health plan/HSA. Any amount of funds left in the FSA at the end of the plan year will activate the grace period, and delay eligibility for the HSA by 3 months¹. The IRS has clearly stated² that the rollover can be structured in a friendlier manner, by allowing rolled funds to convert from a general-purpose Health FSA to a limited-purpose Health FSA. **ADVANTAGE: Rollover**
 1: IRS Notice 2005-86; I.R.B. 2005-49 - http://www.irs.gov/irb/2005-49_IRB/ar08.html
 2: IRS Chief Counsel Advice 201413005 (Feb. 12, 2014) - <http://www.irs.gov/pub/irs-wd/1413005.pdf>
- Which will keep the most dollars in employee pockets?** Generally speaking, the rollover will offer a greater financial advantage to employees, but an analysis of past spending for your population may be advisable. If you routinely have employees use up more than \$500 during the grace period, then those employees could actually be harmed by the rollover. Keep in mind that their behavior may have been modified if the rules were different though. If you rarely see employees end the year with more than \$500 anyway, then it makes sense to utilize the rollover, since it gives them an indefinite timeframe to spend, rather than limiting them to a 2 ½ month period. **ADVANTAGE: Draw (depends on history)**

OTHER CONSIDERATIONS:

Rollover – To avoid insignificant balances from rolling over indefinitely, BPC recommends a small minimum (\$25 or less) be placed on the rollover. This prevents balances below the minimum from rolling, but would not reduce balances for participants above the minimum. Any such minimum should be stated in the plan document.³

3: Per informal, non-binding comments by IRS official Kevin Knopf in ECFC call on 2/12/2014

Grace Period – While many plans utilize a 3-month run out after the end of the plan year, the grace period can make this a difficult window for some claims. If a calendar year plan has a 2 ½ month grace period, and only a 3-month run out, then an eligible service could occur on March 15, but the participant would have only 15 days to obtain and submit documentation. BPC generally recommends using a 4-month run out, giving participants 1 ½ months to submit claims incurred at the end of the grace period.

COMPARISON:

Rollover	Grace Period
<ul style="list-style-type: none"> Maximum dollar amount is \$500 	<ul style="list-style-type: none"> No dollar cap
<ul style="list-style-type: none"> Funds rollover indefinitely 	<ul style="list-style-type: none"> Funds are available for just 2 ½ months
<ul style="list-style-type: none"> Simpler concept for employee understanding 	<ul style="list-style-type: none"> Longstanding feature, with which many employees may be comfortable
<ul style="list-style-type: none"> Only applies to Health FSA's (including limited-purpose FSA) 	<ul style="list-style-type: none"> Can apply to Health or Dependent Care FSA (It is permissible to offer rollover on Health FSA and grace period on Dependent Care FSA)
<ul style="list-style-type: none"> Able to convert rollover funds from General-Purpose FSA to Limited-Purpose FSA, to allow easy transition to HSA for individuals. 	<ul style="list-style-type: none"> Entering grace period with General-Purpose Health FSA funds will disqualify individual from HSA contributions for 3 full months.

How to Verify Benefit Card Purchases

How Do I Verify OR Repay Ineligible Expenses?

If you receive an email from BPC asking for additional information regarding your purchase, you must prove your expense was eligible or repay the amount to your plan. Here's how:

Verify the Expense (Substantiate)

Take a picture of your EOB, itemized bill, or receipt with your mobile device. Submit the photo documentation on the BPC Mobile App or upload in your online account. It's that easy!

Any EOB, itemized bills, receipts, or invoices must include:



- Date of service (must be during the plan year)
- Provider's name
- Name of person receiving the service
- Amount you must pay after insurance has paid their portion
- Description of service or product purchased

If you don't have an itemized receipt, contact the provider or your insurance company and request an EOB or a copy of the receipt.

Repay the expense (Use ONE of the following methods)

- **NEW: Repay your account online** through the BPC website or mobile app. This is the fastest way to repay your account. Log in to your account at www.bpcinc.com or open the mobile app. You will see a box that says **Balance Due**. Click on the **Pay Now** button to setup the payment. (If you have not previously provided banking information, you may be asked to validate your account by confirming a "micro deposit" in the designated bank account.)
- **Submit a claim to offset the amount due.** Upload eligible out-of-pocket expenses within the same plan year to offset the repayment due to your account. Any claims received (through the mobile app, online account or mail) prior to re-payment of your account will be applied to the ineligible balance. Any claims faxed or mailed must include a signed claim form.
- **Send BPC a check** with a copy of the request you received to: BPC Participant Services, P.O. Box 56019, Boston, MA, 02205

(If you do not provide the requested documentation in a timely manner, your card may be temporarily turned off until valid substantiation is received. You will still have access to your funds, but will need to file claims through the mobile app or online account in order to receive reimbursement.)



Benefit Card Purchase Not Automatically Verified?

The IRS requires BPC to confirm that you used FSA funds for an eligible service or purchase. In most cases when you swipe your BPC Benefit Card, the funds are automatically deducted from your FSA due to the card's smart technology. On occasion, you will be prompted to verify the eligibility of the expense you purchased with your benefit card.

In these cases, you will receive an email from BPC asking for more information to substantiate, or validate, your expense. This requested documentation could be copies of itemized receipts from your doctors' office, dentists' office, hospitals, and stores. The best form of substantiation is an Explanation of Benefits (EOB) from your primary insurance provider showing what you paid out-of-pocket.

Need help? Email questions to health.benefits@ascensus.com

www.bpcinc.com