New York State FSA

Flex Spending Account

Dependent Care Advantage Account • Health Care Spending Account

A state employee benefit that puts money in your pocket

Year 2014 Enrollment Book

Enrollment September 30 - November 8, 2013

Table of Contents

Important Dates To Remember

Open enrollment period is **September 30** through **November 8, 2013 .**

The plan year runs from **January 1** through **December 31, 2014.**

New state employees hired on or before **October 31, 2013** *must* enroll during the 2014 open enrollment period if they wish to participate in the Flex Spending Account for 2014.

New state employees hired on or after **November 1, 2013** who wish to participate in the Flex Spending Account for 2014 must either enroll during the 2014 open enrollment period *or* submit a change in status application within 60 days of the start of their employment.

Important Open Enrollment Information

- The 2014 open enrollment period for the Flex Spending Account (FSA) begins September 30, 2013, and continues through midnight on November 8, 2013.
- If you are enrolled for the 2013 plan year, you must re-enroll to continue your benefits in 2014.
- The 2014 plan year is January 1, 2014 through December 31, 2014.
- Enrollment is paperless. You may apply for enrollment online at ***www.flexspend.ny.gov*** or by calling toll free at 1-800-358-7202.
- You will need to have your NYS EMPLID number, department ID, and negotiating unit information available to complete your enrollment application. This information can be found on your most recent paystub.
- The online enrollment system offers many helpful features. It allows you to check the status of your submitted application(s), change your password, and update your address and email information.
- New state employees hired on or before October 31, 2013 **must** enroll during the 2014 open enrollment period if they wish to participate in the Flex Spending Account for 2014.
- New state employees hired on or after November 1, 2013 who wish to participate in the FSA for 2014 must either enroll during the 2014 open enrollment period **or** submit a change in status application within 60 days of the start of their employment.
- Employees of the SUNY Research Foundation and Health Research, Inc. (HRI) are not eligible to participate in the Flex Spending Account program.
- The DCAAccount Employer Contribution will continue in 2014 for unions that participate in the program and have ratified contracts with the State. Executive Branch state agency employees who are M/C or represented by CSEA, PEF, UUP, Council 82, or NYSCOPBA or are employed by the Legislature are eligible for the DCAAccount Employer Contribution. Employees of Roswell Park Cancer Institute, NYS Energy Research and Development Authority, and the Environmental Facilities Corporation are also eligible for the Employer Contribution.
- On June 26, 2013, the U.S. Supreme Court ruled that section 3 of the federal Defense of Marriage Act (DOMA) is unconstitutional. This section limited the definition of spouse, for the purposes of federal law, to a marriage between only a man and a woman. While federal law no longer contains this limitation, we are currently waiting for the federal government to issue guidance concerning changes that may be made to the Internal Revenue Code that will impact the administration of the Flex Spending Account program. Please visit the website at www.flexspend.ny.gov for updated information when it becomes available.

How to Enroll

Getting Started

You will need your most recent paystub to get started.

Apply Online

You can apply for enrollment in either the HCSAccount or the DCAAccount, or both, through the Internet. The application process is paperless, quick, and easy. On the enrollment application, you will be asked for basic information—your name, address, phone number, department ID, negotiating unit, NYS EMPLID number, and the amount you want to set aside in your account for the plan year.

Apply Over The Telephone

If you do not have access to the Internet or choose not to enroll online, simply call **1-800-358-7202, option 1**, and a customer service representative (CSR) will take your application over the phone. The CSR will ask you for the same basic information described above.

After your application has been processed and your eligibility confirmed, you will receive a letter from the FSA administrator by early December that confirms your 2014 enrollment. Your FSA enrollment lasts for only one year. Re-enrollment is not automatic. During the open enrollment period each year, you will have an opportunity to sign up for the next plan year.

Pended Applications

If you receive a message that your application is pended, don't be alarmed. There are several reasons why your application may pend:

- You have been recently hired and are not active in the payroll system. Your application will be pended until your new hire status has been verified by your agency.
- You are on a leave of absence or have recently returned from leave and are not currently active in the payroll system. Your application will be pended until your return to work has been verified by your agency.
- You entered your information (NYS EMPLID number, negotiating unit, department ID, and salary) incorrectly.

About Your Flex Spending Account

What Is The Flex Spending Account?

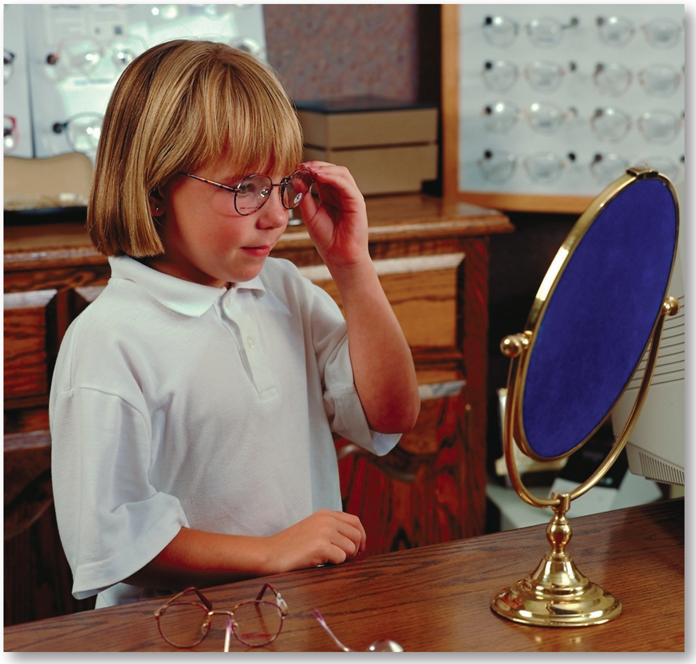
The Flex Spending Account (FSA) is a negotiated benefit for state employees. There are two parts to the FSA—the Dependent Care Advantage Account (DCAAccount) and the Health Care Spending Account (HCSAccount). Both are types of flexible spending accounts, administered in compliance with Sections 125 and 129 of the Internal Revenue Code, that give you a way to pay for your dependent care or health care expenses with pre-tax dollars. Enrollment in the FSA is voluntary—you decide how much to have taken out of your paycheck and put into your DCAAccount and HCSAccount.

Why Should I Enroll?

If you are paying for dependent care expenses in order to work, or have medical expenses that are not reimbursable under your health insurance, you are paying for those expenses with dollars that have already been taxed. By enrolling in the DCAAccount or HCSAccount, you will pay those same expenses with whole dollars—*before* federal, state, and social security taxes are taken from your salary.

For 23 years, the DCAAccount has been consistently saving state employee participants hundreds of dollars on their dependent care expenses. More and more working parents learn that the DCAAccount can significantly help with the cost of summer day camp, nursery school, child care center or adult day care costs.

The HCSAccount is a great way to help you save on many of your family's health care expenses. Since the benefit was introduced in 2001, participation has more than tripled in size as almost 16,400 state employees used their HCSAccounts in 2013 to save money on prescription drugs, orthodontia, and other medical services provided to their families.



Fees

There are *no fees* for employees who participate in either the DCAAccount or the HCSAccount program. The FSA is funded by the Governor's Office of Employee Relations and Work-Life Services in cooperation with state public employee unions. The Legislature and Unified Court System also contribute on behalf of their employees.

FSA Administrator

The State of New York retains the services of an FSA administrator to manage the Flex Spending Account. Fringe Benefits Management Company, a Division of WageWorks, is the FSA administrator for the 2014 plan year.

The FSA administrator reviews claims, writes checks, and provides customer service and accounting services. Flex Spending Account participants send all claims for reimbursement directly to the FSA administrator.

During the plan year, the FSA administrator will provide you with your account balance with each reimbursement check or direct deposit stub. You will also receive quarterly and year-end statements that detail the activity in your account.

2014 Open Enrollment Period

The 2014 FSA open enrollment period begins September 30, 2013, and continues through November 8, 2013 . The 2014 plan year runs from January 1, 2014 through December 31, 2014.

During the 2014 open enrollment period, when you apply for one of the programs offered under the FSA, you will receive a letter confirming the amount you choose to set aside for 2014. If you find any discrepancy in the information contained in the confirmation letter, you must notify Fringe Benefits Management Company, a Division of WageWorks, in writing by December 6, 2013 to make the change. For information regarding your confirmation letter you will have access to toll-free customer service, Monday- Friday between 7 a.m. and 10 p.m. ET at 1-800-358-7202.

How Does The Flex Spending Account Work?

The FSA is easy to understand and to use. You may choose to enroll in either the DCAAccount or the HCSAccount, or both. This is how it works:

During the open enrollment period, use the HCSAccount and DCAAccount worksheets on page 7 to estimate what your out-of-pocket health care and dependent care expenses will be for the 2014 calendar year. Based on your estimate, decide how much of your salary you want to set aside in either or both accounts. Submit your enrollment application online or through the toll-free number before the open enrollment period ends.

Each pay period, a regular portion of this amount will be deducted tax-free from your biweekly paycheck. These deductions are made before your federal, state, social security, and city income (if applicable) taxes are calculated. The contributions to your FSA are deducted tax-free from your gross pay.

After you have incurred eligible expenses, mail a reimbursement request form and a copy of your detailed billing statement or insurance explanation of benefits statement to the FSA administrator. You will receive a check within five to seven days by mail. **Please note: any uncashed checks older than seven years will not be honored or replaced**. Or you can use the direct deposit option (see **Enter the RACE**) to have the funds go directly into your savings or checking account within 48 hours.

Faxing Reimbursement Request Forms

Participants in the FSA may fax reimbursement request forms toll-free to the FSA administrator. By faxing your forms and using the direct deposit option, you can speed your reimbursements by eliminating mail time completely. Reimbursement request forms cannot be submitted via email.

Submit Your Claims Online

You can submit your reimbursement requests online through ***www.myFBMC.com***. This process allows you to submit, via the secure website, a scanned image of a completed claim form along with scans of your supporting documentation.

First time users should follow the instructions to complete the New Users registration process. After you have registered at ***www.myFBMC.com***, logon, click on the My Account tab, then select "Online Claim Form" from the drop down box.

Enter The RACE

- If you decide to **Enter the RACE** (**R**apid **A**ccess **C**heck **E**xpress), you will have quicker access to your reimbursements by eliminating mail time.
- Participants in the FSA can have their authorized reimbursements deposited directly into their own banking institution. This feature of the FSA is *optional*.
- In order for you to take advantage of this option, your financial institution must be a member of the Automated Clearing House.
- The FSA administrator will send you a receipt each time an electronic transfer is made to your account.
- Submit your reimbursement request forms regularly to maximize the speed of your reimbursements.
- A form to **Enter the RACE** is available at ***www.flexspend.ny.gov*** or by calling 1-800-358-7202.
- If you **Enter the RACE** and later make a change to your bank account, you must submit a new **RACE** form to have your reimbursements deposited to your new account.
- If you have used the **RACE** option during the 2013 plan year and your banking information has not changed, then you do not need to submit a new **RACE** form for the 2014 plan year.

Forfeiture Rules—"Use It Or Lose It"

Because of the tax advantages of the FSA, the Internal Revenue Service (IRS) has strict guidelines for its use. One of these guidelines is commonly known as the "use it or lose it" rule. Put simply, if you contribute pre-tax dollars into your DCAAccount or HCSAccount and then do not have enough eligible expenses during the plan year to equal the amount you contributed, you will lose the balance remaining in your account when the plan year ends. That is why it is important to plan carefully before deciding how much to contribute. With careful planning, you can minimize the risk of losing any of your contributions. According to the IRS, after all submitted reimbursement claims have been processed, any funds remaining must be returned to the employer. The unused funds are used to defray the cost of administering the program. Participants have until March 31, 2015, to submit any eligible unreimbursed expenses from the 2014 plan year. But remember—if you plan properly, you are unlikely to forfeit any of your funds.

In addition, if you enroll in either or both the HCSAccount and the DCAAccount, funds can't be transferred or commingled between the two accounts. So, the money in your HCSAccount may only be used for health care expenses, and your DCAAccount may only pay for dependent care expenses.

Effect On Other Benefits

Social Security Tax (FICA)

Contributions to the HCSAccount and DCAAccount may reduce your social security taxes. If so, based on current social security law, social security benefits at your retirement age may be slightly less as a result of your participation in the HCSAccount and DCAAccount. The effect will be minimal and would likely be offset by the amounts saved in taxes today. If you are concerned about this, contact the Social Security Administration at **1-800-772-1213** or visit **www.ssa.gov**.

New York State Pension

Contributions to the HCSAccount and DCAAccount have no effect on your New York State pension contributions or benefits.

Deferred Compensation

Most employees' contributions to the New York State Deferred Compensation Plan will be unaffected by participation in the FSA program. In some cases, however, participation in the FSA program may affect you. The percentage you contribute to the deferred compensation plan will be applied to a lower salary amount as a result of your FSA contributions. Since such contributions are made as a percentage of salary, your deferred compensation contribution may be lower, depending on the amount of your annual salary and the amount you currently contribute to your deferred compensation plan.

SUNY Deferred Annuity Plan

Contributions to the State University of New York's tax-deferred annuity plan are not affected by participation in the FSA program.

About Your Flex Spending Account

Changing Your Coverage

Am I permitted to make election changes after the plan year begins? Depending on the qualifying event, you may be able to make a change to your FSA election by submitting a change in status application.

Can I enroll during the plan year? If you have a change in status event that occurs after the open enrollment period ends, you may be able to enroll during the plan year. Please refer to the respective HCSAccount and DCAAccount pages for specific information on changes in status.

Appeal Process

If your change in status, reimbursement request, or other request is denied, in full or in part, you have the right to appeal the decision by sending a written request to the FSA administrator within 30 days of the denial.

Your appeal must include:

- the name of your employer – State of New York
- the date of the services for which your request was denied
- a copy of the denied request
- the denial letter you received
- why you think your request should not have been denied
- any additional documents, information, or comments you think may be relevant to your appeal

Your appeal will be reviewed once it and the supporting documentation are received. You will be notified of the results of this review within 30 business days from receipt of your appeal. In unusual cases, such as when appeals require additional documentation, the review may take longer than 30 business days. If your appeal is approved, your account will be adjusted as soon as possible. Appeal decisions are based upon whether your extenuating circumstances and supporting documentation are consistent with the FSA rules and IRS regulations governing the plan.

"I entered the RACE for my FSA reimbursements and found it easy, fast, and secure. It also saves me a trip to the bank."

About Your Flex Spending Account

To help you plan the amount of your HCSAccount or DCAAccount contribution, use these worksheets. You may want to look at what you spent on health care and dependent care last year before making your decision. Include annual estimated expenses for health care services anticipated for the upcoming plan year that will not be reimbursed by your medical, dental, or other benefit plans.

If you are enrolling during the open enrollment period, use the chart below to estimate your expenses for the 2014 calendar year. If you are joining the program during the year (that is, after the open enrollment period is over), use the chart to estimate your expenses for the remainder of the calendar year.

HCSAccount WORKSHEET

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year.

Medical expenses, such as:

Health plan deductible $ ________

Office visit and hospital copayments $ ________

Prescription drug copayments $ ________

Routine physicals $ ________

Non-covered prescriptions $ ________

Hearing aids $ ________

Planned, non-covered medical procedures $ ________

Other eligible expenses $ ________

Dental expenses, such as:

Deductibles and copayments $ ________

Routine check-ups, cleaning, and x-rays $ ________

Orthodontia $ ________

Non-cosmetic dental work (crowns, dentures, dental implants, etc.) $ ________

Vision care expenses, such as:

Exams $ ________

Eyeglasses $ ________

Contact lenses and contact lens solutions $ ________

Total Expenses Remember, your minimum contribution can be no less than $100 and your maximum contribution cannot exceed $2,500 for the tax year. $ ________

Divide by the number of paycheck deductions you will receive during the plan year (24 max). ________

This is your biweekly contribution. $ ________

DCAAccount WORKSHEET

Estimate your eligible dependent care expenses for the plan year. Remember that your calculated amount cannot exceed the calendar year limits established by the IRS.

Child Care Expenses

Baby sitter $ ________

Daycare services $ ________

Nursery school $ ________

Before/after school care $ ________

Summer day camp $ ________

Elder Care Services

Adult daycare center $ ________

Disabled dependent care[1] $ ________

Household services[2] $ ________

Transportation services[3] $ ________

Other expenses $ ________

Total Expenses Remember, your total contribution cannot exceed IRS limit of $5,000 for the plan year and calendar year. $ ________

Less Employer Contribution, if applicable – $ ________

Divide by the number of paycheck deductions you will receive during the plan year (24 max). ________

This is your biweekly contribution. $ ________

1 Disabled dependent care is eligible regardless of whether it is provided inside or outside your home, as long as the dependent resides with you at least eight hours a day.

2 Household services, such as a cook or housekeeper, are eligible if the services are provided, in part, to a person who qualifies as a dependent and are provided to enable you and your spouse to work.

3 Most transportation costs are not eligible for reimbursement. Transportation costs may be reimbursable if the services are needed to transport dependents to their care provider (such as bus or van services, or other contractual arrangements) and the costs are paid directly to the care provider as part of the fee for care. Consult your tax advisor if you need assistance regarding your specific situation.

At your request, your FSA reimbursements may be deposited into your checking or savings account by Entering the RACE.

Getting Answers

Account Information

Getting answers to many of your FSA questions is now easier than ever. Customer service offers you a variety of resources to make inquiries about your FSA.

www.myFBMC.com
By visiting ***www.myFBMC.com***, you will be able to access your account information. Answers to many of your questions can be obtained by using the navigational tabs located along the top portion of the main page.

If you haven't registered, log into the site as a first-time user. Follow the link on the login page and register through the Premier Login.

FSA Claims

Not only can you check the status of your claim, but you may also download forms and get more information about mailing, faxing, and submitting your claims online.

Online Claims Submission
You can submit your reimbursement requests online through ***www.myFBMC.com***. This process allows you to submit, via the secure website, a scanned image of a completed claim form along with scans of your supporting documentation.

First time users should follow the instructions to complete the New Users registration process. After you have registered at ***www.myFBMC.com***, logon, click on the My Account tab, then select "Online Claim Form" from the drop down box.

Accounts

View your account balance and contributions. You may also view monthly statements and review your transaction history.

Profile

Change the email address on file, complete your online registration, or select a new password.

Resources

View information about eligible health care and over-the-counter drug expenses.

Interactive Benefits

You can reach the 24-hour automated phone system, Interactive Voice Response (IVR), by calling 1-800-865-3262. This system allows you to access your account information anytime. By following the voice prompts, you can find out a great deal of information about your account.

- Current Account Balance(s)
- Claim Status
- Mailing Address Verification
- Obtain FSA Reimbursement Request Forms
- Change Your Personal Identification Number (PIN)

Personal Identification Number (PIN)

To access the Interactive Voice Response (IVR) system, all you need is your NYS EMPLID number. The last four digits of your NYS EMPLID number will be your first PIN. After your initial login, you will be asked to register and select your own confidential PIN to access this system in the future. Your new PIN cannot be the last four digits of your NYS EMPLID number, cannot be longer than eight digits, and must be greater than zero.

Record PIN here.
Remember, this will be your PIN for IVR access.

If you forget your PIN, click the "Need Help?" link for help or you may reach a customer service representative at **1-800-342-8017**.

Note: Please be sure to keep this enrollment book in a safe, convenient place, and refer to it for FSA information.

Flex Spending Account FAQs

Will money in the FSA ever be subject to taxes, or is it free from taxes? Money used for qualified expenses from the DCAAccount and HCSAccount is free from taxes.

How much money will I save by enrolling in the HCSAccount or DCAAccount programs? Your savings will be based upon your individual income and tax filings.

Does the State guarantee the tax benefits under the FSA? No. The State cannot guarantee that a participant will receive the intended tax benefits. It is up to each participant to make sure that contributions are made for eligible expenses within the legal and plan limits.

What responsibilities do I have to ensure the intended tax benefits of the program are received? You should make sure that contributions to the FSA will only be made for eligible expenses; for qualifying individuals; up to the legal or plan maximum; and for services provided in the same plan year the contributions are made.

Wouldn't I save more by taking a deduction on my income tax? You need to determine whether taking a tax deduction is more beneficial than using the HCSAccount and/or DCAAccount. According to the IRS, only health care expenses that exceed 10% of your adjusted gross income can be deducted from your income taxes. Most people do not have expenses high enough to qualify for this deduction. For work-related dependent care expenses, the tax credit amount is determined by applying a percentage to your total dependent care expenses. In addition, money set aside through your HCSAccount or DCAAccount is exempt from FICA taxes. This exemption is not available on your federal income tax return.

If I reside outside of New York State, how will my participation in the FSA be affected? Most states follow the federal rules; however, some states may tax the FSA contributions. You must comply with the laws of the state where you reside.

Do contributions to my FSA reduce my income for purposes of the Federal Earned Income Tax Credit? Yes. Contributions to your FSA will reduce your earned income for purposes of the Federal Earned Income Tax Credit. This means that participation in either the DCAAccount or the HCSAccount, or both, may *increase* your EITC - an additional advantage of participation in the pre-tax FSA program.

The EITC is available to certain households whose total earned income is below the following threshold amount for individuals filing single or head of household: 1 child, $37,870; 2 children, $43,038; 3 or more children, $46,227. For married individuals filing jointly: 1 child, $43,210; 2 children, $48,378; 3 or more children, $51,567.

How would I determine if participating in the FSA would affect my social security benefits? Participation in the FSA may have a minimal effect on your social security benefits upon retirement. The Social Security Administration (SSA) uses the highest 35 years of salary earned before retirement to calculate your social security benefit. However, if you are concerned, you should call the SSA for further advice at **1-800-772-1213** or visit **www.ssa.gov**.

Will my FSA deductions continue if, due to long-term illness, I begin drawing upon my social security benefit? No. FSA deductions can only be taken from checks issued through the Office of the State Comptroller. Additionally, if you are collecting disability payments through the Income Protection Plan (IPP) no deductions can be taken, since those funds come directly from the insurance company.

How much should I contribute? The amount you contribute depends on your individual situation. Consider last year's health-related and dependent care expenses, any medical or dental care costs you foresee that might not be covered under your medical or dental plans, and any changes in your family status that might have an impact on your medical and dental or dependent care expenses.

Flex Spending Account FAQs

Before participating in the Flex Spending Account, you should carefully consider what your eligible expenses might be.

What happens if I submit a claim for an amount greater than my HCSAccount or DCAAccount balance? When you submit an eligible claim to the HCSAccount, you will be reimbursed up to the full amount of your annual election, regardless of the amount of money that has been deposited into your account. Contributions will continue through payroll deductions throughout the year and claims will continue to be paid until your annual contribution maximum is met.

Dependent care claims are paid differently. If you submit a claim and your balance is less than the amount of the claim, you will only be reimbursed for the amount of money available in your account. The remainder will be reimbursed once the money is deposited into your DCAAccount. This enables you to submit a claim only once and receive reimbursement on an ongoing basis, rather than be denied payment or be forced to resubmit the claim until it can be paid in full.

What if I don't use up all my money by the end of the year? You will forfeit the money that remains in your account. You will have until March 31, 2015 to send in claims for expenses you incurred during the 2014 plan year. This is the "use it or lose it" feature of the plan, as required by the Internal Revenue Code. You should plan very carefully when estimating your expenses. The FSA administrator will notify you during the last quarter of the plan year if you are likely to have money left in your account. The State uses forfeitures to offset the costs of administering the program.

How long is my contribution in effect? Your contribution is in effect until the end of the plan year. Each year you will have the opportunity to re-enroll and select a new annual contribution amount.

What if I change my mind? You may not change your mind once the plan year begins, but you can decide not to join next year. There are certain situations, called "changes in status," and if they occur in your family during the plan year, you can make a change—you can start, stop, restart, or change your deduction amounts. See pages 15 & 21 for more information. The change in status application process is paperless. You may file a change in status application online at ***www.flexspend.ny.gov***, or by calling the FSA administrator at **1-800-358-7202.**

If I underestimate or overestimate my elections, can I transfer money from my HCSAccount to my DCAAccount, or vice-versa? No, you can use monies only for the purpose for which the election was initially made. IRS regulations do not allow monies to be transferred or commingled between accounts. So, the money in your HCSAccount may be used only for health care expenses and your DCAAccount may pay only for dependent care expenses.

How can I correct an error if I enroll in the DCAAccount when I intended to enroll in the HCSAccount (or vice-versa)? In early December, you will receive a confirmation notice of your elections and can make any necessary changes at that time. Changes to confirmation notices must be done in writing on the confirmation notice itself by the deadline. It is your responsibility to ensure that your address is correct and that your notice is received by the deadline. Once the confirmation notice deadline has passed, you cannot change your election unless you have a valid change in status event. No monies can be transferred between accounts under any circumstance.

What Is The Health Care Spending Account?

The Health Care Spending Account (HCSAccount) is a negotiated employee benefit that helps state employees pay for health-related expenses with tax-free dollars. This includes medical, hospital, laboratory, prescription drug, dental, vision, and hearing expenses that are not reimbursed by your insurance or other benefit plans.

Before participating in the HCSAccount program, you should carefully consider what your eligible expenses might be. Reviewing your expenses from previous years can help. Once you have estimated the amount of your expenses, you may then determine how much to contribute to your HCSAccount. Under federal law, any money that you put into your HCSAccount must be used for expenses incurred during the plan year in which it was contributed. For the 2014 plan year, the maximum annual contribution allowed at present is $2,500 and the minimum annual contribution is $100. The maximum contribution may be subject to change annually since it is indexed to inflation.

Who Is Eligible To Enroll?

1. Employees who work for New York State Executive Branch agencies (excluding UUP-represented employees), employees of the Legislature, and non-judicial employees of the Unified Court System are eligible if they:
   - are permanent employees *or* are expected to be on the payroll for the entire 2014 calendar year (employees who teach on a school-year schedule and are paid on a 10-month basis are eligible if they meet the other criteria below)
   - are employed on an annual-salaried basis
   - receive regular, biweekly paychecks
   - work half-time or more on a regular schedule for a single agency
   - are eligible to enroll in the New York State Health Insurance Program
   - are represented by a negotiating unit that is eligible to participate or are designated management/confidential. For the 2014 plan year, employees of Executive Branch agencies who are represented by one of the following unions are eligible to participate in the HCSAccount: CSEA, PEF, NYSCOPBA, Council 82, PBANYS, District Council 37, PBA, and NYSPIA. In addition, all negotiating units in the Unified Court System are eligible to participate.

Employees of the Roswell Park Cancer Institute, NYS Energy Research and Development Authority, Environmental Facilities Corporation and NY Liquidation Bureau are also allowed to participate if they meet the eligibility criteria listed above.

All judges and justices of the Unified Court System, paid elected officials, and paid members of the legislative body are eligible regardless of their work schedule.

2. UUP-represented employees employed by the State University of New York (SUNY) are eligible if they:
   - are permanent employees or are expected to be employed by New York State for the entire 2014 calendar year (employees who are hired on a semester basis are eligible if they meet the other criteria below) *and*
   - receive regular, biweekly paychecks *and*
   - are eligible to enroll in the New York State Health Insurance Program *and*
   - are academic employees who teach two or more courses per semester at a single university *or*
   - are full-time professional employees *or*
   - are part-time academic or professional employees who are hired by a single university at a specified annual rate ($13,870 or more between July 2, 2013 and July 1, 2014)

3. New employees must meet the eligibility criteria to participate in the HCSAccount. New employees who are hired on or before October 31, 2013 **must** enroll during the 2014 open enrollment period in order to participate in the FSA for 2014. New employees who are hired on or after November 1, 2013 and wish to participate in the FSA for 2014 must either enroll during the 2014 open enrollment period **or** submit a change in status application within **60 days** of their employment start date. Your eligibility period will start on the date you submit your application or your first day of state employment, whichever is later. You will be able to seek reimbursement for eligible health care expenses incurred on or after that date through December 31 of the plan year in which you are enrolled. Deductions will start with the first payroll date that occurs after you become eligible to submit claims.

Who Is Not Eligible To Enroll?

GSEU-represented, casual, seasonal, session, per diem, fee basis and hourly employees, retirees, and employees of the SUNY Research Foundation and Health Research, Inc. (HRI) are not eligible to participate in the HCSAccount.

Health Care Spending Account

How Do I Enroll?

You have an opportunity to enroll in the HCSAccount each fall during the open enrollment period. For the 2014 plan year, the enrollment period begins September 30, 2013, and concludes November 8, 2013.

- Use the HCSAccount Worksheet on page 7 to help you estimate your out-of-pocket health care expenses for the 2014 plan year. Include only those health care expenses that will occur after the plan year begins. You may include expenses for you, your spouse, your qualifying children, and your qualifying relatives. You should also verify with your health care provider that you are a suitable candidate for any surgical procedure, such as laser eye surgery, before committing the money to your account.
- Based on your estimate, decide how much of your salary you want to set aside in your HCSAccount. The amount you choose is taken out of your paycheck through automatic payroll deductions. The number of payroll deductions will be determined based on the number of paychecks you expect to receive during the plan year. If you expect to be on the New York State payroll for the entire year, deductions will be taken from a maximum of 24 paychecks.
- Enroll in the HCSAccount online at ***www.flexspend.ny.gov***. Select "Apply Now" from the menu and follow the instructions on the screens. If you are not enrolled in 2013, you will be prompted to register as a first time user, including completing a user information page and creating a user ID and password (user IDs will be mailed to re-enrollees in mid-September). Indicate the amount of your annual election for the 2014 plan year, as well as the number of paychecks you expect to receive for the year. Once you complete the online enrollment application, click the "Submit My Application" button and you are done. The process is quick, easy, and secure. Be sure to print a copy of your application for your records.
  If you do not have Internet access, you can enroll by simply calling the FSA administrator at **1-800-358-7202**. A customer service representative (CSR) will ask you all the information needed for your enrollment application.
- If you do not enroll in the HCSAccount when you are first eligible, you must wait until the next open enrollment period, unless you experience a change in status event that would permit a mid-year election change. Please note that SUNY employees who are otherwise eligible for this program but only work during the fall semester may not enroll during the annual open enrollment period. Rather, they must submit a change in status application to enroll when they return to work for the fall semester.

Eligible Expenses

To be reimbursed through the HCSAccount, expenses must be for health care received primarily for the prevention or treatment of a physical or mental defect or illness. Out-of-pocket expenses are generally eligible if they are not reimbursed by insurance. Regardless of whether the expenses are incurred by you or your eligible dependents, they must be incurred during the plan year or during your period of coverage if you enroll after the plan year begins. An expense is incurred when you or one of your dependents receives the health care service, not when you are billed, charged for, or pay for the service. To be eligible for reimbursement, a health care expense must be:

- for you or an eligible dependent
- permitted under the Internal Revenue Code
- medically necessary
- not reimbursed by your health insurance or any other benefit plan, nor will you seek reimbursement from such plans

Whose expenses are eligible for reimbursement?

You may claim eligible expenses under the HCSAccount program for the following individuals:

- yourself
- your spouse
- your qualifying child
- your qualifying relative

An individual is a **qualifying child** if he or she:

- is a U.S. citizen, national, or a resident of the U.S., Mexico, or Canada
- has a specified family-type relationship to you
- lives in your household for more than half of the tax year
- is 18 years old or younger (23 years, if a full-time student) at the end of the tax year
- has not provided more than one-half of his or her own support during the tax year (and receives more than one-half of his or her support from you during the tax year if a full-time student age 19 through 23 at the end of the tax year)

An individual is a **qualifying relative** if he or she:

- is a U.S. citizen, national, or a resident of the U.S., Mexico, or Canada
- has a specified family-type relationship to you, is not someone else's qualifying child, and receives more than one-half of his or her support from you during the tax year

  or

  if no specified family-type relationship to you exists, is a member of and lives in your household (without violating local law) for the entire tax year and receives more than one-half of his or her support from you during the tax year

Note: There is no age requirement for a qualifying child if he or she is physically or mentally incapable of self care. An eligible child of divorced parents is treated as a dependent of both, so either or both parents may establish a HCSAccount to be reimbursed for the child's health care expenses.

Health Care Spending Account

On June 26, 2013, the U.S. Supreme Court ruled that section 3 of the federal Defense of Marriage Act (DOMA) is unconstitutional. This section limited the definition of spouse, for the purposes of federal law, to a marriage between only a man and a woman. While federal law no longer contains this limitation, we are currently waiting for the federal government to issue guidance concerning changes that may be made to the Internal Revenue Code that will impact the administration of the Flex Spending Account program. Please visit the website at www.flexspend.ny.gov for updated information when it becomes available.

What types of expenses are eligible?

Medical expenses are eligible for reimbursement if they are for medically necessary health care services, and if the expenses are *incurred* during the plan year or during your period of coverage if you enroll after the plan year begins. Examples of eligible expenses under the HCSAccount are listed below.

Some Medically Necessary ELIGIBLE Expenses

Acupuncture
Alcoholism treatment
Ambulance services
Artificial limbs[2]
Breast pumps
Chiropractic care
Christian Science practitioners
Contact lenses (corrective)
Contact lens solutions
Copayments
Crutches
Deductibles
Dental fees[1]
Dentures
Diagnostic tests
Dietary supplements[1]
Drug addiction treatment
Drugs (prescription only)[3]
Eye examinations
Eyeglasses[2]
Guide dog expenses
Hearing aids & exams
Holistic healers
Infertility treatments
Insulin & diabetic supplies
Laboratory fees
Laser eye surgery[4]
Naturopathic healers
Nursing services[1]
Orthopedic shoes
Orthodontic treatment
Oxygen
Psychiatric care
Periodontal fees
Physical therapy
Smoking cessation programs
Surgery[1,4]
Telephone for the hearing-impaired
Transplants of organs
Transportation[5]
Vaccinations
Vitamins[1]
Weight loss programs[6]
Wheelchairs

1 Some health care treatments or services, including those deemed cosmetic in nature, require written proof of medical necessity from your health care provider with your initial reimbursement request and for each subsequent plan year that you participate.
2 The effective date that expenses are incurred (for example, eyeglasses and prosthetic devices) is the day the item is available to be picked up, not the date ordered.
3 Not all drugs requiring a prescription are approved by the IRS as eligible for reimbursement. Prescription drugs that are used solely for cosmetic purposes are not eligible for reimbursement.
4 Unused funds designated for the HCSAccount cannot be refunded to you. Please verify with your health care provider (prior to enrolling for the upcoming plan year) that you are a suitable candidate for any surgical procedure before committing the money to your HCSAccount.
5 Must be primarily for, and essential to, medical care. Reimbursable expenses include 24 cents per mile (2013) for automobile use, parking fees, tolls, subways, buses, trains and air travel.
6 Expenses incurred for weight loss programs may only be reimbursable if a physician prescribes the treatment as medically necessary to prevent, treat or alleviate a specific, diagnosed medical illness (such as hypertension, diabetes, or obesity).

Ineligible Expenses

Certain health care expenses are not eligible for reimbursement from your HCSAccount, *some* of which are listed below.

Some INELIGIBLE Expenses

Contact lens insurance contracts
Cosmetic procedures
Cosmetic surgery
Dance lessons
Electrolysis
Exercise equipment[1]
Fitness classes[1]
Hair transplants
Health club memberships
Herbal remedies
Holistic medicines
Homeopathic remedies
Insurance premiums
Items/services to improve general health
Marriage counseling
Massage therapy[1]
Meal replacements
Medicines purchased outside the U.S.
Pilates
Skating
Teeth whitening/bonding
Tennis and other sports lessons
Yoga

1 May be an eligible expense if prescribed by a doctor to treat a specific medical condition. Written proof of medical necessity is required.

Health Care Spending Account

Over-The-Counter Drugs

Over-the-counter (OTC) drug expenses are reimbursable through the HCSAccount as long as the items are used to treat a medical condition or illness. However, effective January 1, 2011 the Affordable Care Act limited OTC drug reimbursement by requiring a doctor's prescription for OTC drugs and medicines that you take orally or topically. Other OTC products (e.g. hearing aid batteries, band-aids, contact lens solution, etc.) are not affected by the law. Certain OTC expenses such as vitamins and dietary supplements do not require a prescription but are not reimbursable unless they are recommended by a doctor to treat a medical condition. General purpose items such as toothpaste, moisturizers, and lip balm are not eligible expenses.

What exactly is a prescription for an OTC drug or medicine? A prescription for an OTC drug or medicine should be exactly the same as one written for a drug or medicine that can only be obtained with a doctor's prescription. When you go to the doctor, simply ask him or her to write you a prescription for the item for which you want to be reimbursed. The prescription needs to comply with state prescription laws, but generally, if the prescription is written on a prescription pad, it should be sufficient. HCSAccount participants need to submit either a receipt listing an Rx number or the prescription along with a receipt detailing the purchase in order to be reimbursed.

How do I prove that I have purchased an OTC drug or medicine with a prescription so that I can get reimbursed from my HCSAccount? You need to provide a copy of the prescription (or another item showing that a prescription for the item has been issued) and the customer receipt that clearly states the name of the drug, store name, purchase date, and the amount of the charge. For example, documentation could consist of a customer receipt issued by a pharmacy that reflects the date of sale and the amount of the charge, along with a copy of the prescription; or it could consist of a customer receipt that identifies the name of the purchaser (or the name of the person for whom the prescription was written), the date and amount of the purchase, and an Rx number.

How does this rule affect OTC medical devices and supplies? The rule does not apply to items for medical care that are not medicines or drugs. Thus, equipment such as crutches, supplies such as bandages, and diagnostic devices such as blood sugar test kits can be reimbursed by your HCSAccount without a written prescription.

What specific OTC drugs and medicines require a prescription and which do not? As a general rule, any OTC drug or medicine that you take orally or topically requires a prescription. Items that do not require a prescription include medical devices (such as monitors) and supplies (such as bandages and contact lens solution). Insulin and diabetic supplies are also items that do not require a prescription. Below is a list of common items that can and cannot be reimbursed without a doctor's prescription.

Eligible OTC Items That Do Not Require a Doctor's Prescription		Eligible OTC Items That Require a Doctor's Prescription	
Bandages and related items (OTC)	Medical monitoring and testing devices	Acne treatments	Feminine anti-fungal/anti-itch treatments
Birth control (OTC)	Medical supplies (for treatment of a medical condition)	Allergy & sinus medicine and products	Gastrointestinal medications
Blood pressure monitors	Monitors & test kits (OTC)	Antacids	Hemorrhoid treatments
Cholesterol test kits and supplies	Occlusal guards to prevent teeth grinding	Antibiotic ointment	Laxatives
Condoms	Orthotics	Anti-itch & insect bite products	Lice treatments
Contact lenses, cleaning solutions, etc.	Orthopedic and surgical supports	Aspirin or other pain relievers	Motion sickness & nausea medicines
Crutches, canes, walkers or like equipment (purchase or rental)	Over-the-counter bandages and related items	Asthma/respiratory medicines or treatments	Over-the-counter products for dental, oral and teething pain
Diabetic monitors, test kits, strips and supplies	Ovulation monitor (OTC)	Canker & cold sore treatments	Pain relievers
Eye related equipment/materials	Pregnancy tests (OTC)	Chest rubs	Propecia (for treatment of a medical condition)
Eyeglasses (OTC)	Reading glasses (OTC)	Cold & flu medicines	Retin-A (for non-cosmetic purposes)
Fertility monitors (OTC)	Teeth grinding prevention devices	Corn and callus removers	Sleep aids
First aid kits (OTC)	Urological products	Cough drops & sore throat lozenges	Toothache and teething pain relievers
Hearing aids and batteries	Walking aids (canes, walkers, crutches and related supplies)	Cough syrup	Wart removal treatments
Incontinence supplies	Wound care (OTC)	Diaper rash ointments and creams	
Insulin, testing materials and supplies		Ear drops & wax removal	
Medical equipment (for treatment of a medical condition) & repairs			

Ineligible OTC Items		Eligible OTC Items That Require a Letter of Medical Necessity
Feminine hygiene products	Items to improve general health	Nutritional supplements
Herbal medicines	Lip balm	Vitamins
Holistic medicines	Moisturizers	
Homeopathic remedies	Toothpaste and toothbrushes	

Changes In Status

You must enroll during the open enrollment period, unless you have a change in status (CIS) event that occurs after the open enrollment deadline.

Once enrolled in the HCSAccount, you may not change your election amount. Your pre-tax deductions will continue throughout the plan year. However, there are certain circumstances where a change in your annual election may be permitted, as long as the change is consistent with the change in your family situation. For example, if you become married during the plan year, you may increase the amount of your contribution, and if you lose a dependent during the plan year, you may reduce the amount of your contribution. However, you are not allowed to reduce your election amount to $0 if you have a change in status. Certain events, such as marriage, the birth of a child, or returning to work from an unpaid leave of absence, will allow you to enroll during the year. Below is a list of eligible CIS events:

- Change in legal marital status such as marriage, death of spouse, divorce, legal separation, or annulment
- Change in number of eligible dependents due to birth, death, adoption, or placement for adoption
- The taking of, or return from, an unpaid leave of absence for the employee
- Beginning or end of employment for the employee
- Gain or loss of spouse's or eligible dependent's eligibility for health insurance coverage due to a change in employment
- Gain or loss of your dependent's eligibility for health insurance by attaining a specified age, due to a change in student or marital status, or because of other allowable circumstances

If you have a CIS, call customer service or visit our website at ***www.flexspend.ny.gov*** to complete a change in status application. Your change in status application must be submitted within **60 calendar days** of the qualifying event, but as promptly as possible to prevent unwanted, non-refundable deductions. You will also need to include documentation to support the change request, such as a copy of a marriage license, divorce decree, birth certificate, adoption decree, or death certificate.

The effective date of your new period of coverage will be the date your application is submitted to the FSA administrator or the date of your qualifying event, whichever is later. In addition, if you are enrolled in the HCSAccount when the plan year begins on January 1 and you submit a change in status request during the plan year, you will have two distinct periods of coverage from which expenses must be incurred and will be reimbursed.

CIS applications will be accepted during the plan year for events that occur on or before November 9, 2014. Applications received after November 9 won't be accepted because they can't be processed in time for the last payroll deduction of the year.

HCSAccount Claims Process

How do I file a claim for health care expenses?

To request reimbursement for health care expenses under the HCSAccount, you must complete the HCSAccount reimbursement request form and provide proper documentation. Filing a claim is easy. Here's how:

1. Receive health care services. A health care service expense is incurred when the services are provided that create the expense. You must receive health care services before you file a claim for reimbursement. However, if you are on a monthly payment plan for orthodontia services, you may submit a request for reimbursement after each monthly payment is due, even if no office visit takes place during that month. If you pre-pay the entire orthodontia expense up front when treatment begins, you can't be reimbursed for the entire amount at one time. Rather, the amount will be pro-rated and reimbursed over the course of treatment. You will need to submit a claim for the pro-rated monthly amount on or after the beginning of each month of service, since you will not be reimbursed automatically. A copy of the orthodontia contract must be included with your first claim for the plan year.
2. Use the reimbursement request form available on the website or the one provided by the FSA administrator and list each separate eligible expense individually on the claim form.
3. Attach a statement from your health insurance plan showing the amount of the medical expense that has not been reimbursed or attach copies of receipts, billing statements, invoices, or other appropriate supporting documentation from the health care provider. Canceled checks or credit card receipts will not be accepted. The receipts, billing statements or invoices must include the:
    - name of the person for whom the service was provided
    - name and address of the health care provider
    - amount charged for each service
    - type of service and the date performed
    - if a prescription drug expense, a receipt containing the prescription number and drug name
4. Submit claims after you have received health care services and know the amount of the bill for which you are responsible. All completed reimbursement request forms and supporting documentation must be mailed, faxed or submitted online directly to the FSA administrator.
5. You can submit your reimbursement requests online. This process allows you to submit, via the FSA administrator's secure website, a scanned image of a completed claim form along with scans of your supporting documentation. After you submit your claim you will receive a confirmation of its receipt.

Remember, when the plan year ends on December 31, you still have 90 days to send in a reimbursement request form for expenses you incurred during the plan year. So, you have until March 31 to submit claims for services rendered from January 1 through December 31 of the preceding year.

Health Care Spending Account

Note: You can only be reimbursed for expenses that are incurred during your period of coverage, which means:

- If you enroll during the open enrollment period and remain on the state payroll for the entire year, your period of coverage is from January 1 to December 31.
- If you enroll during the plan year either as a new employee or as a result of a CIS, your period of coverage will begin when your change in status application is received, although it cannot precede the date of your qualifying event. Your coverage will end on December 31.
- If you enroll during the open enrollment period and experience a mid-year change in status, you will have two separate periods of coverage from which expenses will be reimbursed.

When will I be reimbursed?
The FSA administrator will review your reimbursement request form and supporting documentation and, if they are complete, will authorize payment. You will receive a reimbursement check once your claim is approved. You can also **Enter the RACE** for direct deposit of your reimbursements into your checking or savings account.

No reimbursement can be made prior to the service actually being provided. However, once you sign up for the HCSAccount and decide how much you want to contribute, that total amount is available to you at any time during your period of coverage. It's like a cash advance because you don't have to wait for the cash to accumulate in your account before you can use it to pay for your unreimbursed, eligible health care expenses. Your money is tax free *and* interest free!

Payroll Changes

What happens if I leave the payroll during the plan year?
If you leave the payroll due to termination of employment, leave without pay (including leave under the Family and Medical Leave Act), or any other reason, and stop contributing to your account, your eligibility in the HCSAccount will be terminated. You will still be able to submit claims for expenses that occur on or before your last paycheck deduction, but any health care expenses that occur *after* your contributions stop will not be reimbursed.

However, under certain circumstances you may still continue participating in the HCSAccount after you leave the payroll:

- If you are eligible to elect COBRA coverage, you can make after-tax payments directly to the FSA administrator, although under the direct pay option, you won't save money on your taxes. If you leave the payroll during the plan year (either temporarily or permanently) and want to continue your coverage, the FSA administrator will send you a COBRA notice that you must sign and return by the specified deadline.
- If you retire, terminate employment, or take a planned leave of absence (such as under the Family and Medical Leave Act) you can pre-pay your election by increasing the amount of your biweekly deductions to compensate for the deductions you expect to miss once you leave the payroll. If you choose this option, you must contact the plan via email at **fsa@goer.ny.gov** as soon as possible to arrange for your deductions to be adjusted before you receive your last paycheck.
- If you return to the payroll during the same plan year, you can re-enroll if you submit a change in status application within 60 days of your return to work. CIS applications will be accepted during the plan year until November 9, 2014.
- If you leave and then return to the payroll, you may re-enroll, but only for the same election amount that you had at the time you left the payroll. However, as with any mid-year change in status, you will then have two distinct periods of coverage from which expenses must be incurred and will be reimbursed.

Remember, even if you re-enroll in the HCSAccount after you return to the payroll, you will not be reimbursed for health care expenses incurred during the time period when you were not contributing to your account.

What To Do At Tax Time

When you receive your W-2 for the 2014 tax year, the salary reported in Box 1 will already be reduced to reflect your 2014 plan year HCSAccount contributions. You are *not* required to file any tax forms to report your HCSAccount contributions.

Saving With The HCSAccount

We encourage you to use the online tax calculator to help you estimate the taxes you will save by enrolling in the HCSAccount. Log onto ***www.flexspend.ny.gov*** to use the calculator. You will need your 2012 Federal and State tax returns to calculate your savings, which will depend on a number of factors such as your earned income, tax filing status, and the amount of your qualifying out-of-pocket health care expenses.

To estimate your HCSAccount tax savings use the Smart Phone QR Code scanner or visit http://www.flexspend.ny.gov/hcsataxcalculator.

How do I know if I should enroll in the HCSAccount? If you answer "yes" to any of the following questions, and pay income taxes, you can save money if you enroll in the HCSAccount:

- Do you expect to pay deductibles and copayments under your medical, dental, and prescription drug insurance plans during the next year?
- Is anyone in your family planning on receiving orthodontia or other dental treatment during the next year?
- Are you or another family member planning to undergo a non-cosmetic medical procedure that is either not covered or only partially covered under your health insurance plan?
- Is anyone in your family planning on buying a hearing aid, corrective contact lenses or eyeglasses, and expecting to pay more than your health insurance plan will allow?

Is an employee required to participate in the New York State Health Insurance Program (NYSHIP) in order to participate in the HCSAccount? No. If an employee has coverage elsewhere, he or she may still enroll in the HCSAccount as long as the eligibility criteria for the program are met.

Does the HCSAccount replace my medical plan? No. This program offers you a way to pay for eligible out-of-pocket health care expenses with pre-tax money. You cannot submit expenses for which you have received or will seek reimbursement from your health care plan or other source. So, you should first submit your claims to your health insurance plan so that it can pay according to the plan limits. Then, the remaining out-of-pocket eligible expenses can be submitted to the HCSAccount for reimbursement.

If my spouse or I have health insurance coverage elsewhere, can I still enroll in or use the HCSAccount to pay for my family's expenses? Yes. You can participate in the HCSAccount even if you are not enrolled in the New York State Health Insurance Program.

If my spouse and I are state employees, can we both enroll in the HCSAccount? Yes. Any eligible state employee may enroll in the HCSAccount, up to the maximum contribution per individual for the 2014 tax year. However, if both spouses enroll, each health care expense can only be reimbursed once.

Whose expenses are eligible for reimbursement under the HCSAccount program? The HCSAccount may be used to reimburse health care expenses for you, your spouse, and anyone who is defined as a qualifying child or qualifying relative by the Internal Revenue Code.

Are my domestic partner's health care expenses eligible for reimbursement from my HCSAccount? According to the IRS, health care expenses for a domestic partner cannot be reimbursed through the HCSAccount *unless* the domestic partner qualifies as a dependent under the Internal Revenue Code.

Are expenses that are reimbursed by the HCSAccount eligible to be deducted on my tax return as a medical expense? No, because you have already received reimbursement with tax-free dollars. Only expenses that are not reimbursed through an insurance plan, some other source, or the HCSAccount may be claimed on your income tax return.

If I am divorced and my divorce decree allows my ex-spouse to claim our child as a dependent at tax time, can I still use my HCSAccount to pay for my child's unreimbursed health care expenses? Yes, the IRS still considers your child a dependent for your HCSAccount, so you may submit your child's medical claims to the plan for reimbursement.

What happens if my medical expenses change during the plan year? Can I increase or decrease my HCSAccount contributions? No. According to IRS rules, a change in medical expenses is not a qualifying event that would allow you to change the amount of your HCSAccount annual election. So, if you incur more medical expenses during the plan year you cannot increase your HCSAccount contributions, and if your medical expenses are less than you had planned, you cannot reduce your HCSAccount contributions.

If I have an eligible change in status can I increase or decrease my HCSAccount amount? Yes, however your change must be consistent with the event. The IRS requires that the FSA administrator treat the periods prior to and subsequent to the change as two separate periods of coverage for reimbursement purposes.

If I was not eligible to enroll in the HCSAccount during the open enrollment period, but gain eligibility during the plan year, can I enroll mid-year? No. A change in eligibility is not a change in status event that would allow you to enroll in the HCSAccount during the plan year.

What happens if I retire, terminate employment with the State, or take an unpaid leave of absence during the year? If you retire, terminate employment, or take an unpaid leave of absence during the plan year, your coverage will be terminated once you leave the payroll and stop contributing to your account, unless you plan ahead during open enrollment. You can contribute your full annual election before you leave the payroll, which will enable you to use your account for expenses incurred after you leave.

When you apply for enrollment, make sure to indicate the number of paychecks you expect to receive before you leave the payroll. If you are unable to plan ahead, you may still continue to participate in the HCSAccount by making after-tax COBRA payments directly to the FSA administrator, or by arranging to pre-pay the balance of your annual election before you leave the payroll. Email the plan at **fsa@goer.ny.gov** if you wish to arrange pre-payments.

HCSAccount FAQs

I am an adjunct professor at a state university, and don't expect to receive paychecks during the summer months. Will that affect my participation in the HCSAccount? Yes. If you are an adjunct employee and leave the payroll at the end of the spring semester, your eligibility will be terminated once you stop contributing to your account. However, if you plan ahead during the open enrollment period and select the option of contributing your full annual election by the end of the spring semester, your participation will continue uninterrupted after you leave the payroll.

What happens to the money in my account if I separate from state service during the plan year? Can I use it after I leave? If you retire, leave state employment, go on leave without pay, or otherwise stop contributing to your account, the money in your account can only be used for services that occurred *before* you left the payroll. However, if you continue to contribute to the HCSAccount after you leave the payroll by making after-tax payments directly to the FSA administrator, or if you pre-pay the balance of your annual election before leaving the payroll, you will be able to submit claims for services that occur after you leave your state job.

If I leave state service or take an unpaid leave of absence before the end of the year, what happens if the reimbursements I have received during the plan year are greater than the amount of money I have contributed to my account? Do I have to pay any of it back? If you have been reimbursed more money than you have contributed to the plan, you are not required to pay the money back when you leave the payroll.

Can I request reimbursement from the HCSAccount for services I receive before the plan year begins if I am not billed until after the plan year starts? No. According to IRS guidelines, a qualified expense is "incurred" at the time the service is provided, not when you are billed (or charged) or actually pay for the service. Therefore, reimbursements made during a plan year are only for eligible expenses incurred during that same plan year.

Can health care services that require up-front payment to the provider be reimbursed from the HCSAccount in a single plan year, even if the health care is delivered over several plan years? No. IRS regulations do not allow medical expenses to be reimbursed through the HCSAccount until they have been incurred. Expenses are not incurred until treatment is provided to the participant, regardless of when the participant pays the provider.

How do I know if my child's orthodontia will be reimbursed? How are orthodontic expenses reimbursed if I pay my provider on a monthly payment plan? Orthodontic expenses are reimbursable if they are not cosmetic in nature. At the beginning of the plan year in which you first request reimbursement for these expenses, you must submit a copy of the service contract between you and the orthodontist describing the payment arrangement/schedule.

Orthodontia costs that are paid on a monthly payment plan will be reimbursed after each monthly payment is due. However, if you pre-pay the entire cost of orthodontia treatment up front, you will only be reimbursed in a particular plan year for the value of the services that will be provided during that plan year. You must submit a claim for the pro-rated monthly amount on or after the beginning of each month of service, since you will not be reimbursed automatically. See page 15 for more information.

Are dental implants reimbursable? Yes. Dental implants are reimbursable as long as they are not a cosmetic treatment.

Will the HCSAccount reimburse the cost of my prescription drug, even if my insurance plan won't pay for part of it? Any prescription drug can be reimbursed as long as it is used to treat a medical condition. Prescription drugs that are primarily used for cosmetic purposes can't be reimbursed.

Can over-the-counter drugs, herbal medicines, and homeopathic remedies be reimbursed if my doctor or medical provider prescribes them to treat my medical condition? Changes to federal law limit over-the-counter drug reimbursement. Effective January 1, 2011, OTC drugs, medicines, and biologicals require a doctor's prescription to be eligible for reimbursement under the HCSAccount. Dietary supplements and vitamins are reimbursable if recommended by a doctor to treat a medical condition, and if your claim for the expense is submitted with a letter of medical need written by your doctor. However, herbal medicines and homeopathic remedies are not reimbursable under the HCSAccount.

Can travel expenses related to my medical care be reimbursed through my HCSAccount? Yes. The IRS permits you to be reimbursed for amounts paid for transportation primarily for, and essential to, medical care. You can receive reimbursement for car mileage (24 cents per mile in 2013), parking fees, tolls, subways, buses, trains, air travel, and lodging if the costs are incurred primarily to receive medical care.

Will the plan pay for upgrades to my prescription glasses? Yes. You can be reimbursed for the cost of upgrades or add-ons (such as scratch-resistant coating) to your prescription lenses and frames. There is no limit on dollar amounts of the upgrades or add-ons. Non-prescription glasses, warranties, and sunglasses are not reimbursable.

Can the HCSAccount pay my doctor directly? No. Payment is made only to the enrollee.

What Is The Dependent Care Advantage Account?

The Dependent Care Advantage Account (DCAAccount) is a negotiated employee benefit that helps state employee families who have to pay for custodial child care, elder care, or disabled dependent care while they are at work.

The DCAAccount is managed by staff of Work-Life Services. The DCAAccount team consists of staff located in Albany, New York who are specially trained in this employee benefit. They maintain a very active role in the day-to-day administration of the program and serve as the liaison between the FSA administrator and New York State employees.

Call the FSA Hotline at 1-800-358-7202, then press 2. You will receive expert assistance with questions you may have about the program. For the hearing impaired, this hotline can be accessed through the New York Relay System.

Who Is Eligible To Enroll?

Employees who work for Executive Branch state agencies, the Legislature, and the Unified Court System are eligible to participate in the DCAAccount. Part-time employees are eligible as long as their biweekly paychecks can support their DCAAccount deductions. Employees of NYSERDA, EFC, Liquidation Bureau, and Roswell Park Cancer Institute are also eligible to participate.

Hourly employees are eligible to enroll, provided they receive a regular, biweekly paycheck from the Office of the State Comptroller. Once enrolled, hourly employees are responsible for contacting the FSA Hotline at 1-800-358-7202, Option 2, if a payroll deduction is missed.

New employees are immediately eligible for this benefit, but must enroll within **60 days** of their hiring date. The plan year contribution amount will then be pro-rated over the remaining pay periods in the calendar year.

New state employees hired on or before October 31, 2013 **must** enroll during the 2014 open enrollment period if they wish to participate in the FSA for 2014. New state employees hired on or after November 1, 2013 who wish to participate in the FSA for 2014 must either enroll during the 2014 open enrollment period **or** submit a change in status application within **60 days** of the start of their employment.

Who Is Not Eligible To Enroll?

Employees of the SUNY Research Foundation and Health Research, Inc. (HRI) are not eligible for the NYS FSA program and should contact their human resources office regarding a similar benefit through their employer.

Whose Expenses Are Eligible Under The Definition Of Dependent?

The IRS definitions regarding dependents may affect your DCAAccount reimbursement. Use this information to determine if your expenses are eligible. You may use your DCAAccount to receive reimbursement for eligible dependent care expenses for qualifying individuals.

A qualifying individual includes a **qualifying child**, if he or she:

- is a U.S. citizen, national, or a resident of the U.S., Mexico, or Canada
- has a specified family-type relationship to you
- lives in your household for more than half of the taxable year
- spends at least eight hours per day in your home
- has not provided more than one-half of his or her own support during the taxable year
- is 12 years old or younger

A qualifying individual includes your **spouse, relative, or any other individual** (as long as the relationship does not violate local law), if he or she:

- is a U.S. citizen, national, or resident of the U.S., Mexico, or Canada
- has a specified family-type relationship to you
- lives in your household for more than half of the taxable year
- spends at least eight hours per day in your home
- receives more than one-half of his or her support from you during the taxable year
- is physically or mentally incapable of self care

Dependent Care Advantage Account

Note: If you are a tax dependent of another person, you cannot claim qualifying individuals for yourself. You cannot claim a qualifying individual if he or she files a joint tax return with his or her spouse. Only the custodial parent of divorced or legally-separated parents can be reimbursed using the DCAAccount.

On June 26, 2013, the U.S. Supreme Court ruled that section 3 of the federal Defense of Marriage Act (DOMA) is unconstitutional. This section limited the definition of spouse, for the purposes of federal law, to a marriage between only a man and a woman. While federal law no longer contains this limitation, we are currently waiting for the federal government to issue guidance concerning changes that may be made to the Internal Revenue Code that will impact the administration of the Flex Spending Account program. Please visit the website at www.flexspend.ny.gov for updated information when it becomes available.

Employer Contribution

Executive branch state agency employees who are M/C or represented by CSEA, PEF, UUP, Council 82, or NYSCOPBA, or are employed by the Legislature are eligible for the DCAAccount Employer Contribution. Employees of Roswell Park Cancer Institute, NYS Energy Research and Development Authority, and the Environmental Facilities Corporation are also eligible for the Employer Contribution.

The 2014 Plan Year Employer Contribution Rates for Eligible Employees are:

If Your Salary Is...	The Employer Contribution Is...
Under $30,000	$800
$30,001 - $40,000	$700
$40,001 - $50,000	$600
$50,001 - $60,000	$500
$60,001 - $70,000	$400
Over $70,000	$300

What You Need To Know Before Enrolling

The maximum you may put into the account is $5,000.

- If you or your spouse earn less than $5,000 annually, you cannot put more money into the account than your income or your spouse's income — whichever is less.
- If you are married and use the "Married Filing Jointly" tax filing status the IRS $5,000 maximum contribution rule is applied to households. That is, if both you and your spouse are eligible to participate in the DCAAccount (or a similar program offered by another employer), the total household contribution is limited to $5,000.
- If you are married but your spouse maintains a separate residence for the last six months of the calendar year, you file a separate tax return, and you furnish more than one-half the cost of maintaining those dependents for whom you are eligible to receive tax-free reimbursements under the DCAAccount, the IRS maximum contribution is $5,000.
- If you are single and file as "Single Head of Household", the IRS maximum contribution is $5,000.
- If you are married and use the "Married Filing Separately" tax filing status, the IRS limits contributions to $2,500 for each spouse.
- The $2,500 maximum also applies to individuals who file "Single, Not Head of Household".
- Individuals who have a disabled spouse and use the "Married Filing Jointly" tax filing status may enroll up to a maximum of $2,400 (the IRS considers the disabled spouse "gainfully employed" and to have an earned income of $200 per month for one dependent and $400 per month for two or more dependents).

Expenses must be for service provided from January 1 through December 31 of the plan year.

If the services are for child care, your child must be under 13 years old and must be your dependent as defined by federal tax rules. But the services may be provided for a child or adult of any age if he or she is disabled and unable to care for her or himself and spends at least eight hours of the day in your home.

The services may be provided either in your home or elsewhere, but not by someone whom you also claim as your dependent for income tax purposes. For example, you may not pay your older child to care for your younger child or elderly parent.

The IRS requires you to provide the name, address, and taxpayer identification number (or social security number) of the person providing the care. You must provide this information when you submit a reimbursement request form and when you file IRS Form 2441 with your income tax return (or Form 1040A Schedule 2 Child and Dependent Care Expenses for Form 1040A filers).

Any funds that you do not claim for reimbursement are forfeited at the end of the plan year and will be used to offset the costs of administering the program. The IRS prohibits these funds from being returned to individual plan participants.

How Do I Enroll?

You may enroll in the DCAAccount each fall during the open enrollment period. The 2014 open enrollment period begins September 30, 2013 and concludes November 8, 2013.

- Use the DCAAccount Worksheet on page 7 to help you estimate what your dependent care expenses will be for the 2014 calendar year. The DCAAccount Tax Calculator will help you figure out if the DCAAccount will save you more money than the federal and state child and dependent care tax credits.
- Based on your estimated expenses, decide how much of your salary you want to set aside in your DCAAccount. Each pay period, a regular portion of the amount you decide upon is taken out of your biweekly paycheck pre-tax through automatic payroll deduction. The number of payroll deductions will be determined based on the number of paychecks you expect to receive during the plan year and will be made before your state, federal, and social security and city income (if applicable) taxes are calculated.
- Enroll in the DCAAccount online at ***www.flexspend.ny.gov***. Select *"Apply Now"* from the menu and follow the instructions on the screens. Be sure to indicate the amount of your annual

election for the 2014 plan year. Once you complete the online enrollment application, click the "*Submit My Application*" button and you are done. The process is quick, easy, and secure. Be sure to print a copy of your application for your records.

If you do not have Internet access, you can enroll by calling **1-800-358-7202, option 1**. A customer service representative will ask you all the information needed for your enrollment application.

Remember, your enrollment application must be submitted either online or via telephone during the open enrollment period for the new plan year. The online and telephone application process automatically shuts down at the end of the open enrollment period.

- If you are already in the DCAAccount, you must submit a new enrollment application during the open enrollment period to continue your participation in 2014. *Re-enrollment is not automatic.*

Eligible and Ineligible Expenses

To use the DCAAccount, you must be paying for dependent care so that you and your spouse (if you are married) can work or go to school. If your spouse is not disabled, not at work, or not in school, it is assumed he or she is available to care for the dependent.

Some ELIGIBLE Expenses

Adult daycare	Home aide
Au pair[1]	Housekeeper or cook (who also provides custodial care)
Babysitter	Nursery school
Before/after school programs	Pre-school programs
Boarding school[2]	Summer day camp
Child care center	
Family care provider	

Some INELIGIBLE Expenses

Activity fees	Registration fees
Books	Residential nursing home
College tuition	Sleepover camp
Deposits[1]	Supplies
Diaper service	Transportation fees (unless provided by the caregiver)
Insurance fees	T-shirts
Meals	Tuition (kindergarten and up)
Medical expenses	
Piano, ballet, art lessons, etc.	

1 Application, agency fees, and deposit expenses required to obtain child care for qualifying dependents are considered employment-related expenses; however if the care is not provided (for any reason), these expenses are not eligible for reimbursement through the DCAAccount.

2 Proper documentation differentiating between expenses for the care of a qualifying dependent and expenses for other goods or services is required. For example, in the case of a dependent attending boarding school: the participant must allocate the expenses for care and the expenses for food, lodging, clothing, and education. Only the cost for care is reimbursable. Overnight camps are not considered employment-related expenses and are not reimbursable.

Changes In Status

You must enroll during the open enrollment period, unless you have a change in status event that occurs after the open enrollment deadline.

New state employees hired on or before October 31, 2013 **must** enroll during the 2014 open enrollment period if they wish to participate in the FSA for 2014. New state employees hired on or after November 1, 2013 who wish to participate in the FSA for 2014 must either enroll during the 2014 open enrollment period **or** submit a change in status application within **60 days** of the start of their employment.

Once enrolled in the DCAAccount, you may not change your mind. Your pre-tax deductions will continue throughout the calendar year. However, there are certain circumstances where a change may be permitted. Here are some examples of eligible change in status (CIS) events:

- Marriage
- Divorce or separation
- Death (spouse/dependent)
- Birth or adoption of a child
- Beginning or end of employment (employee or spouse)
- Dependent disability
- From full-time to part-time employment or vice versa (employee or spouse)
- Beginning of or return from leave of absence (employee or spouse)
- Change in work schedule (employee or spouse)
- Change in custody of dependent
- Change in rate paid (only if the provider is not a relative)
- Change in care provider
- Dependent reaches age 13 (decrease or termination only)
- Loss of another Dependent Care Assistance Program (DCAP) plan's coverage (increase or enrollment only)

If you have a CIS, you must submit your application online or by phone within **60 days** of the qualifying event, but as promptly as possible to prevent unwanted, non-refundable deductions. Your application to start, change, or terminate your account becomes effective once the date of the CIS event has elapsed or the date your application is received, whichever is later. Any change in your DCAAccount contributions must be consistent with the change in status. For example, if your child care provider raises fees, you may increase your DCAAccount contributions. No additional documentation or verification of the eligible event is required. It is your responsibility to keep legal documentation of the changes in your personal records in case the IRS audits you.

If you are starting an account after the plan year has begun with an eligible CIS event, your expenses will be eligible for reimbursement from the date your application is received or the date of your CIS, whichever is later, through December 31.

Dependent Care Advantage Account

CIS applications will be accepted during the plan year until November 9, 2014 for CIS events that occur on or before November 9, 2014. Applications received after that date cannot be processed in time for the last pay period of the year.

DCAAccount Claims Process

How do I file a claim for dependent care expenses?
It's easy to submit a claim for reimbursement from your DCAAccount.

- Fill out a reimbursement request form after services have been provided. You can obtain a reimbursement form either online or by calling the FSA administrator.
- Mail, fax, or submit it online to the FSA administrator with the invoice or receipt.
- Or, you may find it easier to have your care provider countersign the claim form—then you do not need to attach an invoice or receipt.
- Submit reimbursement request forms as often as you like. Many participants submit biweekly, others submit on a monthly basis, and some submit just once a year. It's up to you.

The reimbursement request form must include the provider's name, address, and taxpayer ID number (or social security number), the period during which the services were provided, and the amount you were charged. Attach a receipt or invoice to the reimbursement request form. Or you can use the form as a receipt if your provider countersigns the form with you.

Claims for services you have to pay for ahead of time (like summer day camp) cannot be reimbursed until the services have been provided. You can prorate this large expense as the services are rendered, however, and submit claims on a biweekly or monthly basis until you are fully reimbursed.

When the plan year ends on December 31, you still have 90 days to send in a claim form for expenses you had during the plan year. So you have until March 31 to submit claims for services rendered from January 1 through December 31 of the preceding year.

When will I be reimbursed?
The FSA administrator will review your reimbursement request form and, if it is complete, authorize it for payment up to the amount of money accumulated in your account.

If you submit a receipt for more money than you have in your DCAAccount, the balance will be paid automatically when the funds are deposited from your next payroll deduction.

You will receive a reimbursement check once your claim is approved. Or you can **Enter the RACE** for direct deposit of your reimbursements into your checking or savings account.

Payroll Changes

Terminations
Your deductions will automatically stop if you leave the State payroll. If you return to the New York State payroll, you have 60 days from your return to renew your enrollment.

If you are rehired within the same plan year and are eligible for the DCAAccount, or you become eligible again, you may make a new election if you are rehired or become eligible again more than 30 days after your employment terminated or you otherwise lost eligibility. If you are rehired or again become eligible within 30 days, your DCAAcount election that was in effect when you terminated employment or stopped being eligible will be reinstated and remain in effect for the remainder of the plan year, unless you incur a subsequent change in status.

Leave With Pay
Payroll deductions will continue for participants on sick leave, vacation, and sick leave at half-pay, provided there are sufficient funds in the paycheck. Deductions will not continue for employees receiving short- or long-term disability benefits through the Income Protection Plan (IPP).

Some of these situations may be considered eligible changes in status. If you have a question about your situation, contact the DCAAccount team in Albany. We will help you determine whether a termination of participation or adjustment in the amount of deduction may be required. Call the FSA Hotline at **1-800-358-7202**, then press 2.

What To Do At Tax Time

Your DCAAccount contributions, including any Employer Contribution you have received, will be reflected in Box 10 of your W-2 Form for 2014. It is important that you file the appropriate forms with your income tax returns. If you do not, the IRS is likely to audit your tax return.

- File IRS Form 2441 for Child and Dependent Care Expenses, **Part I** and **Part III**, with your federal income tax return. **Part I** requests information on the persons or organizations providing care, including their social security or federal identification number. **Part III** determines the amount of dependent care benefits that are eligible for tax exclusion. *(Form 1040A filers will file Form 1040A Schedule 2 Child and Dependent Care Expenses)*.
- If you enrolled in the DCAAccount just for the amount of the Employer Contribution, you must still file IRS Form 2441 *(or Form 1040A Schedule 2 Child and Dependent Care Expenses for Form 1040A Filers)*.
- If you use an au pair who is not a U.S. citizen, you should file a SS 5 application form requesting a social security identification number for the au pair. This form is available from the Social Security Administration by calling **1-800-722-1213** or online at **www.ssa.gov**. At the end of the tax year, the au pair should file an IRS 1040NR (Non-Resident Taxpayer) form. This form indicates wages paid to the non-resident during the tax year.
- If you have an employer/employee relationship with your care provider, you are responsible for paying any applicable taxes and insurances on wages paid to the care provider. The wages and applicable taxes and insurances are considered expenses eligible for reimbursement through your DCAAccount.

Please consult your tax preparer, tax attorney, or accountant if you have any questions regarding your filing requirements.

Federal Tax Credit Or DCAAccount?

The Federal Tax Credit can be used up to $3,000 for the care of one dependent and up to $6,000 for two or more dependents. The DCAAccount and the credit can be combined, but the total cannot exceed $3,000 for one dependent or $6,000 for two or more dependents. Or you can use just the DCAAccount for up to $5,000, regardless of the number of dependents you claim.

We encourage you to use the online calculator to help you decide whether to use the federal and state tax credits or the DCAAccount, or a combination of both to maximize your savings. Your decision will depend on a number of factors such as your tax filing status (e.g., married, single, head of household), number of qualifying dependents, amount of dependent care expenses, earned income, etc. Log onto ***www.flexspend.ny.gov*** to use the online calculator.

	TAX SAVINGS EXAMPLE 1		TAX SAVINGS EXAMPLE 2	
	WITHOUT THE DCAA	WITH THE DCAA	WITHOUT THE DCAA	WITH THE DCAA
FAMILY INCOME (AFTER EXEMPTIONS & DEDUCTIONS	$40,000	$40,000	$75,000	$75,000
DCAA ANNUAL ELECTION	$0	$5,000	$0	$5,000
TAXABLE INCOME	$40,000	$35,000	$75,000	$70,000
MINUS PAYROLL TAXES	-$11,060	-$9,677	-$28,238	-$26,355
ELIGIBLE DEPENDENT CARE EXPENSES (POST-TAX)	$5,000	$0	$5,000	$0
YOUR INCOME AFTER TAXES & EXPENSES	$23,940	$25,323	$41,762	$43,645
ESTIMATED ANNUAL SAVINGS*		$1,383		$1,883

*Savings shown are for illustrative purposes only. The examples assume 2013 tax rate. The taxpayer is married filing a joint return with 5 percent state and local income taxes, 1.45 percent Medicare tax, 6.2 percent Social Security tax, and a 15 percent marginal federal income tax rate for Example 1 and a 25 percent marginal rate for Example 2. No Employer Contribution is included in either example. Your actual tax rates may vary.

To estimate your DCAAccount tax savings use the Smart Phone QR Code scanner or visit *http://www.flexspend.ny.gov/dcaataxcalculator.*

DCAAccount FAQs

How can payroll deductions to the DCAAccount be a benefit if I still have to pay for my dependent care expenses with my own money? The money deducted from your paycheck is put into your DCAAccount before state, federal, social security, and city (if applicable) taxes are taken. This allows you to be reimbursed with pre-tax or whole dollars. State employees save several hundred dollars annually by participating in the DCAAccount. The amount you save is determined by the amount of money you set aside and your taxable household income. For an estimate of your savings, use the online calculator.

How do I get reimbursed? After the services have been provided, you submit a reimbursement request form to the FSA administrator, along with a receipt or invoice for the services rendered—or your care provider may simply countersign the claim form. You can send in reimbursement request forms as often as you like and in any amount.

It is necessary to submit a reimbursement request form for all money set aside in your DCAAccount.

Can I pay my mother to care for my kids? Yes, as long as your mother is not your dependent and will give you her social security number (SSN). You need her SSN so that you can report her as the caregiver when you file claims for reimbursement and when you file your income tax return. Your mother should report the payments as income. If your mother (or other individual related by blood or marriage) is your care provider and changes her rates, a change in cost of care in this situation is not considered an eligible change in status by the IRS.

Can I pay my spouse? No. You can't pay your spouse to care for your children. You also cannot pay your own child under age 19, or any other person you claim as a dependent. You can pay your mother, father, or any other relative, but they must provide you with their SSN for reimbursement to occur.

Can I use the DCAAccount to pay a maid, cook, or housekeeper? Yes, if the intent of the service is to provide your dependent with care while you work.

What about kindergarten? Or private elementary school? Tuition costs from kindergarten and up are not eligible.

What if my child is cared for at my church? In the case of a church or other religious affiliated tax-exempt daycare center, you need only provide the name, address, and tax-exempt status of the religious institution.

Can I participate in the DCAAccount if I use an au pair to care for my children? Yes, you may use an au pair to provide dependent care services. But only the amounts paid to cover wages, taxes on those wages, expenses incurred for lodging, food the au pair consumes in your home, and agency fees are eligible for reimbursement. Au pair agency transportation fares are not considered expenses paid for the care of the dependent, and are therefore not eligible for reimbursement. Be sure you complete and file the appropriate tax forms with the IRS.

What if my babysitter won't give me her SSN? In order to receive reimbursement, you must provide the FSA administrator with your caregiver's SSN. Therefore, it is important that you discuss this program with your caregiver before electing to participate.

Who determines whether a child or other dependent is mentally or physically incapable of self care? You, as the participant, must determine if your dependent is physically or mentally incapable of self care. If audited, you may have to substantiate this to the IRS.

Can I pay for my mentally disabled child's overnight expenses, since he's at the school during the day? No. This account is only for daycare while you work—not for residential care, tuition for special educational schools, or medical care.

Do my child's summer camp expenses qualify if occasional sleepovers are a part of any overall day program? Probably, but the camp program must be a day camp. Sleepover camps do not qualify and your child must be under age 13.

My elderly mother requires care. I pay someone to take care of her in her own home while I work. Is this an eligible expense? No. The IRS requires that the person needing care reside in your home at least eight hours a day.

My 20-year-old son is mentally disabled and lives in my home. We pay a neighbor to care for him while we work. Is this cost reimbursable? Yes. If your disabled dependent is unable to care for himself and your spouse also works, then the costs of caring for him in your home or at a special daycare facility are reimbursable. The same rules apply if your spouse is disabled.

I am a single parent and a member of the armed forces. If I am ordered to a combat zone, will my child's boarding school expenses be eligible? In the case of a dependent attending boarding school, only the cost for care is reimbursable. The employee must allocate the cost of the boarding school between expenses for care and expenses for education and other services not constituting care, such as meals and housing.

I have a disabled friend who resides with me and for whom I contribute a sizable portion of financial support. Can I establish a DCAAccount for his care while I'm at work? Yes, as long as the individual is a U.S. citizen, national, or a resident of the U.S., Mexico or Canada; lives in your household for more than half of the taxable year; spends at least eight hours a day in your home; and receives more than one-half of his or her support from you during the taxable year.

If I should incur an eligible change in status allowing me to enroll in the DCAAccount during the year, how far back may I calculate my expenses? If you join after the open enrollment period through an eligible change in status, your expenses would be eligible from the date your change in status application is received, or the date you experienced the change, whichever is later.

What if my child turns age 13 during the middle of the plan year? IRS regulations state that once a child turns 13, child care expenses are no longer eligible, unless the child is physically or mentally incapable of self care. Therefore, you may reduce your election or cancel your enrollment in the DCAAccount when your child reaches age 13.

My child was expelled from daycare because of a biting habit and is now being cared for by a family member, free of charge. Can I terminate my DCAAccount? Yes, since there has been a significant change in the coverage initiated by your care provider. A participant may elect to terminate his or her salary reduction for care expenses if the coverage provided by an "independent third party" (your daycare center) is significantly curtailed or ceases during the period of coverage.

What if I'm laid off, fired, or quit my job? If you leave state service during a plan year, you retain your account through the end of that plan year. This means that although you cannot make any additional contributions to your account, you have until December 31 of the plan year to incur eligible expenses—and until March 31 of the following year to file a reimbursement request.

What if my spouse is laid off, fired, or quits his or her job? As long as your spouse is gainfully employed or looking for gainful employment, then you are still eligible to participate.

My spouse and I have separated, but are not yet "legally" separated. Is that a "change in status?" No. But other circumstances typically surrounding such a separation might qualify, such as a change in employment schedule. In addition, the maximum allowable tax-free reimbursement could be reduced, for example, from $5,000 to $2,500 if you and your spouse use the tax filing status of "Married Filing Separately."

However, even in this situation, if you provide more than one-half the household support for a dependent who lives in your household more than six months in a year, you may be eligible for "Head of Household" tax filing status, which would allow the $5,000 maximum reimbursement for dependent care expenses.

If I become legally separated, how does this affect participation in the plan? A participant who is legally separated is not considered married for purposes of the DCAAccount and may be reimbursed up to $5,000 of eligible expenses—even if filing a separate tax return. Legal separation would constitute a change in status.

Can my spouse and I both use the $5,000 limit? No. There is a $5,000 limit on expenses that may be reimbursed each calendar year for married couples who file a joint return ($2,500 limit for each spouse per year if you file separate income tax returns). If your spouse's employer offers a similar plan, remember you cannot be reimbursed for the same expenses by two plans.

My spouse is a full-time student. Can we participate in the DCAAccount? Yes. However, the maximum you can contribute to the DCAAccount is determined by the earned income of you and your spouse. As a student, the IRS considers your spouse to be gainfully employed. Earned income is calculated as not less than $250 for one qualifying dependent and $500 for more than one qualifying dependent for each month the spouse is a student.

For example, if you have two children in need of care, and your spouse is a student nine months out of the year and earns no other income, the maximum you can put into the DCAAccount is $4,500.

DCAAccount FAQs

How do I know if the Federal Tax Credit or the DCAAccount is better for me? We encourage you to use the online calculator to help you choose between the available taxable and tax-free benefits, or a combination of both. As the taxpayer, you must determine whether participation in the DCAAccount, claiming a federal and state tax credit or exclusion, or using a combination of the taxable and tax-free benefits is best for you. Your decision will depend on a number of factors such as your tax-filing status (e.g., married, single, head of household), number of qualifying dependents, amount of dependent care expenses, earned income, etc. Consult your tax advisor or the IRS for additional information.

Can I take the Federal Tax Credit and be in the DCAAccount, too? You cannot use the Federal Tax Credit and the DCAAccount for the same expenses. However, if you underestimate your DCAAccount contribution, the tax credit can be used for any remaining expenses up to the maximum allowed by the tax credit provisions.

The amount reimbursed through your DCAAccount reduces dollar-for-dollar the amount that can be used to calculate the federal tax credit. Use the online tax calculator to find out how to maximize your savings.

The current child and dependent tax credit limits are $3,000 of expenses covering one child and $6,000 for families with two or more children.

Will my dependent care deductions be reported to the IRS? Yes. Your deductions will be reflected on your W-2 form in Box 10. You must file IRS Form 2441 with your tax return *(or Form 1040A Schedule 2 Child and Dependent Care Expenses for Form 1040A filers)*. Remember that IRS form 2441 requires you to provide a taxpayer identification number or SSN for each dependent care provider.

I am a member of the DCAAccount Program and have enrolled for the full $5,000. I know I need to file Form 2441 (or Form 1040A Schedule 2 Child and Dependent Care Expenses for Form 1040A filers) with my federal return. Do I need to file the New York State form IT 216 with my state income tax return? No. You need only file IT 216 if you are filing for the income tax credit from New York State.

I am divorced and have physical custody of my seven year old daughter. However, my ex-husband has retained the legal right to claim an exemption for our daughter for income tax purposes. Am I eligible to participate in the DCAAccount? Yes. If a participant has legal physical custody of a child for more than half of the calendar year, who is either under the age of 13 or physically or mentally incapable of self care, but has granted the non-custodial parent the right to claim the child as a dependent, the child is considered your dependent for the purpose of participation in this program.

What is the Employer Contribution? The Employer Contribution is an amount of money that New York State will contribute to your DCAAccount when you enroll in the program. It was negotiated in collective bargaining to help you meet the high cost of quality child and elder care services and will continue in 2014 for unions that participate in the program and have ratified contracts with the State. Executive Branch state agency employees who are M/C or represented by CSEA, PEF, UUP, Council 82 or NYSCOPBA or are employed by the Legislature are eligible for the DCAAccount Employer Contribution. Employees of Roswell Park Cancer Institute, NYS Energy Research and Development Authority, and the Environmental Facilities Corporation are also eligible for the Employer Contribution. The 2014 Employer Contribution rates can be found on page 20. For Employer Contribution updates please visit the FSA website at ***www.flexspend.ny.gov*** or call 1-800-358-7202.

How is the amount of the Employer Contribution determined? The amount of the Employer Contribution is based on your NYS salary—not on your household income or the number of children you have. If you work less than full time, the amount of the Employer Contribution will be based on your *annualized salary* rather than on your part-time salary.

My spouse is also a state employee and is represented by one of the unions listed above. Can we both enroll in the DCAAccount and get the Employer Contribution? Yes. Apply for enrollment individually, and you will both receive the Employer Contribution based on your individual NYS salaries. Remember, your combined enrollments cannot exceed the $5,000 maximum calendar year household limit set by the IRS.

What is the minimum amount I can enroll for? If you wish, you can enroll just for the amount of the Employer Contribution and your DCAAccount will be fully funded by New York State. You will have no biweekly DCAAccount deductions taken from your paycheck.

My annual salary is $45,000, but I am working at 50 percent. Will the Employer Contribution be based on my annual salary or my part-time salary? The Employer Contribution will be based on your *annualized salary*, not your reduced salary due to your part-time schedule.

If I enroll just for the amount of the Employer Contribution, what do I need to do at tax time? If you enroll just for the amount of the Employer Contribution, that amount will appear in Box 10 on your W-2 form. Therefore, you must complete IRS Form 2441 *(or Form 1040A Schedule 2 Child and Dependent Care Expenses for Form 1040A filers)* with your income tax return.

When will the Employer Contribution be credited to my DCAAccount? If you enroll during the open enrollment period, the Employer Contribution will be credited to your DCAAccount by January 2, 2014.

2014 Open Enrollment Calendar

September 30, 2013	2014 open enrollment period begins
October 31	New employees hired on or before October 31 **must** enroll during the 2014 open enrollment period
November 1	New employees hired on or after November 1 must either enroll during the 2014 open enrollment period **or** submit a change in status application (within 60 days of hire date)
November 8	2014 open enrollment period ends at midnight Online application disabled at midnight Enrollment hotline disabled at midnight
November 10	Last day to submit change in status applications for 2013 plan year Last day to submit requests for adjustments for 2013 plan year
November 11	First day to submit new hire/change in status applications for 2014 plan year
November 18	Confirmation notices sent to all applicants
December 6	Deadline for Fringe Benefits Management Company, a Division of WageWorks, to receive written confirmation notice corrections from applicants
January 9, 2014	First deduction taken from Institutional Payroll participants
January 15	First deduction taken from Administrative Payroll participants
January 31	Deadline for correcting administrative errors resulting from open enrollment process
March 31	Deadline for submitting Reimbursement Request forms for 2013 plan year

Flex Spending Account

www.flexspend.ny.gov

FSA Hotline 1-800-358-7202

fsa@goer.ny.gov

New York State Governor's Office of Employee Relations

Andrew M. Cuomo, Governor

The Flex Spending Account is sponsored by the Work-Life Services Advisory Board and the Joint Labor-Management Committees on Health Benefits, the Governor's Office of Employee Relations, the Civil Service Employees Association, Public Employees Federation, United University Professions, NYS Correctional Officers & Police Benevolent Association, Inc., Council 82, District Council 37, Police Benevolent Association, New York Police Investigators Association, Police Benevolent Association of New York State, Inc. and the Graduate Student Employees Union.

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