Your employer is offering an FSA, which is an account to help you pay for health care expenses. You contribute money to this spending account and pay for your health care with pre-tax dollars.

**Health Care FSA Advantages**

- When you enroll, you decide the amount of money to contribute over the year. The IRS sets maximum amounts for yearly contributions to FSAs. These contribution amounts are subject to adjustment by the IRS on the basis of inflation.
- Your contribution is taken from each paycheck on a pre-tax basis. This reduces what you pay in taxes.

**DID YOU KNOW?**

- You can review medical expenses online and submit expenses for payment from your account.
- You can sign up for direct deposit to receive fast and secure payments from your FSA into your own bank account. Otherwise, you’ll receive a check in the mail from your FSA.

Everything you need to use your health care FSA is on your member website. With a computer or any mobile device, you can log in to one secure, convenient location to:

- View your FSA balance
- Track contributions and payments
- Submit a new claim
- View and pay claims
- Order more debit cards (if your FSA comes with a debit card)

**Pay for Health Care Expenses**

The money in your FSA can help you pay for your health care deductibles, copays and coinsurance and prescriptions.

You can also use your FSA to pay for:

- Dental care
- Orthodontia
- Eye exams
- Laser eye surgery
- Glasses and contact lenses
- Hearing aids
- Nicotine gum, patches or smoking cessation programs
- Diabetes supplies

You can see a full list of eligible expenses that can be paid through your FSA. Visit the FSA Resource Center to learn more at [highmarkbcbsde-fsa.com](http://highmarkbcbsde-fsa.com).
Planning Your FSA Contribution

The total amount of your yearly contribution is available to you from the start of the year. Usually, you will lose any money left in your FSA at the end of the calendar year. However, you will want to check with your employer to see if your FSA was set up with any of these options:

- **Carryover** – Up to $500 of FSA money carries over at year end and can be spent the next year.
- **Run-Out Period** – An extra period of time to submit claims for eligible expenses from the previous year.
- **Plan Year Extension** – Additional months to incur and submit claims against the balance of the previous year’s FSA.

How You Save on Taxes

In most cases, FSA contributions are not subject to federal income tax, FICA tax, and in some states, state tax.

This chart illustrates tax savings that can be generated through an FSA.

<table>
<thead>
<tr>
<th>Without FSA</th>
<th>With FSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross pay</td>
<td>$45,000</td>
</tr>
<tr>
<td>Taxes and social security</td>
<td>-$13,494</td>
</tr>
<tr>
<td>Net take-home pay</td>
<td>$31,506</td>
</tr>
<tr>
<td>Out-of-pocket health care costs</td>
<td>-$2,000</td>
</tr>
<tr>
<td><strong>Spendable income</strong></td>
<td><strong>$29,506</strong></td>
</tr>
<tr>
<td>Gross pay</td>
<td>$45,000</td>
</tr>
<tr>
<td>Pre-tax health care FSA deduction</td>
<td>-$2,000</td>
</tr>
<tr>
<td>Taxable pay</td>
<td>$43,000</td>
</tr>
<tr>
<td>Taxes and social security</td>
<td>-$12,894</td>
</tr>
<tr>
<td><strong>Spendable income</strong></td>
<td><strong>$30,106</strong></td>
</tr>
</tbody>
</table>

This family has a gross income of $45,000 and an annual FSA contribution of $2,000. Using a 25 percent tax bracket, this family would have saved $600 in taxes with an FSA.

$600 more in spendable income for the year
FSA Basics

After you receive medical services, the doctor or hospital may send a claim to your insurer. After your insurer processes the claim, you may still owe money toward your deductible, coinsurance or copay. You may have also paid out of your own pocket for prescriptions, dental, vision or other medical services.

These costs are “qualifying” or “eligible” expenses — expenses that the Internal Revenue Code (IRC) allows you to pay with money in your FSA.

With your FSA you can:

• Pay doctors and hospitals quickly and easily (if allowed by your plan)
• Pay yourself back for qualifying expenses that you’ve already paid out of pocket

Stretch Your Dollars

Take charge of your health. Use the online educational tools and support services on the member website to help you make smart spending choices.

• Use the Care Cost Estimator to compare costs at different hospitals, outpatient surgery centers and freestanding imaging centers in your area. Shop, compare and select for quality, cost and convenience.

The FSA Resource Center Has the Answers

Knowledge is Power. Discover the Power of Your Flexible Spending Account.

At highmarkbcbsde-fsa.com you can find all the answers to your FSA questions in one place. You can also use the Quick Start Guide, how-to videos and FAQs to help you understand the power of your FSA. There is no login required, so you and your family can explore the basics anytime.

Explore FSA Basics

• How to save on taxes
• What expenses are covered
• How much to contribute