FSA Open Enrollment
now part of **BOE**

October 18, 2021 through November 9, 2021

State of Michigan

2022 Flexible Spending Account (FSA) Plan Booklet

for

Health Care and Dependent Care FSAs

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Flexible Spending Accounts (FSA) Overview

How FSAs Work

The State of Michigan's Flexible Spending Accounts (FSAs) allow you to set aside **pre-tax dollars** to pay eligible out-of-pocket expenses for health care and dependent care. The total amount you contribute for the year for each plan is called your "Annual Goal." When you enroll, you will identify your Annual Goal and designate the number of pay periods to make that contribution.

If you elect to contribute toward your Annual Goal in fewer than 26 pay periods, the number of deductions you elect will be taken consecutively at the start of the year. You cannot select specific pay periods for deductions.

The State offers the following types of FSAs:

Health Care FSAs: These allow you to put aside payroll-deducted pre-tax dollars for eligible health care expenses not covered by any medical, dental, or vision plan for you and qualifying individuals. See Page 8 for eligible Health Care FSA expenses.

- General Purpose Health Care FSA (GPHC FSA) is the standard Health Care FSA that the State traditionally has offered. This FSA can be used for your and your qualifying individuals' eligible health, prescription, dental, and vision expenses.
- Limited Purpose Health Care FSA (LPHC FSA) is a Health Care FSA that can be used for eligible dental and vision expenses and is compatible with the State High Deductible Health Plan (HDHP) with Health Savings Account (HSA) or any other HSA enrollment. This FSA is intended for employees enrolled in an HDHP with HSA.

Dependent Care FSA: This allows you to put aside payroll-deducted pre-tax dollars for eligible child and elder-care expenses for your eligible dependents, so you can attend work, find work, or attend school. See Page 11 for a list of eligible Dependent Care FSA expenses.

Calculating Contributions

For each enrollment, you will need to estimate the amount of eligible out-of-pocket health care or dependent care expenses you expect to incur in the plan year. These amounts are your Annual Goal for each plan. Health Care FSAs and Dependent Care FSAs have different Annual Goal maximums; see Page 6 and Page 10 for more info.

The Annual Goal you decide upon will be deducted from your pay warrants incrementally at a rate you select. To calculate what your pay period contribution amounts will be, decide how many pay periods you wish to use to meet your Annual Goal (1 to 26). Divide your Annual Goal amount by the number of pay periods you wish to use to determine your biweekly contribution.

Annual FSA Enrollment

The 2021 FSA Open Enrollment period is October 18, 2021, through November 9, 2021, and is part of Benefits Open Enrollment (BOE).

You must enroll each year, even if you wish to elect the same annual contributions.

FSA enrollments expire every year on December 31 and do not carry over or renew automatically. Enrollments for the 2022 plan year must be completed during the FSA Open Enrollment period or within 31 days of a qualifying life event (QLE).

There are two easy ways to enroll:

- Online: **HR Self-Service**
  - www.mi.gov/selfserv
- Contact **MI HR Service Center**:
  - Call: 877-766-6447
  - Monday–Friday, 8:00 a.m.–5:00 p.m.

Once the enrollment process is complete, you will receive a confirmation statement.

It is important that you review this confirmation statement to ensure the details of your enrollment are correct. You must retain this statement for your records. **This confirmation statement is your only proof of successful enrollment.**

At the end of December, you will receive correspondence from HealthEquity|WageWorks confirming your Annual Goal contribution and the plans in which you enrolled for 2022. Verify the accuracy of your contribution amount on your first pay warrant of the year.

Advantages of FSAs

Your FSA contributions are deducted from your biweekly pay warrant on a pre-tax basis before federal, Social Security (FICA), and state taxes have been deducted.

For example, if you earn $32,000 and contribute $2,000 to your FSA, you will only pay taxes on $30,000 of wages, resulting in tax savings.

To estimate your potential savings, access the HealthEquity|WageWorks:

- General Purpose Health Care FSA Calculator
- Limited Purpose Health Care FSA Calculator
- Dependent Care FSA Calculator

On your federal income tax return, you can deduct medical expenses only if they exceed an IRS-set percentage of your adjusted gross income. With FSAs, however, under current law up to $2,850 for Health Care FSAs and $5,000 for Dependent Care FSAs are tax-advantaged.

Flexible Spending Accounts (FSA) Overview

Layoff or Leave of Absence (LOA)

Employees who elected to enroll during the 2022 Benefits Open Enrollment (BOE) and then are placed on a seasonal layoff before January 1, 2022, will have their enrollment voided. If the employee returns to work and wishes to re-enroll, they must submit a Mid-Year Enrollment Form to the Employee Benefits Division (EBD) within 31 days of returning to work.

Employees who are currently enrolled in a Health Care FSA who go on an approved unpaid LOA will have their deductions automatically restarted upon their return to work. Employees must make up any missed Health Care FSA contributions upon returning to work. This is calculated by taking your remaining Annual Goal at the time of your leave then dividing the balance by the number of remaining pay periods in the plan year.

Employees who miss the 2022 BOE period due to an LOA or seasonal layoff are still able to enroll by submitting a Mid-Year Enrollment Form to EBD within 31 days of returning to work.

New Hire/Mid-Year Enrollment

New employees must contact the MI HR Service Center within 31 days of hire to enroll in FSAs. If you do not enroll during this initial eligibility period, you must wait until the next annual Benefits Open Enrollment or until you experience a QLE as described on Page 9 or Page 12.

Note: Contributions to all plans, regardless of employer, cannot exceed the annual federal statutory limits.

Eligibility

All State of Michigan employees can participate in FSAs, except non-career and special personal services (SPS) employees. **Employees enrolled in a Health Savings Account (HSA) are not eligible for the GPHC FSA but may enroll in the LPHC FSA**. Seasonal employees must ensure that the number of deductions elected does not exceed the number of pay periods you expect to be employed during the year. Additionally, each employee must have sufficient earnings to cover the amount chosen to contribute to an account.

FSA Plan Annual Goal Differences

You have access to the full amount of your Health Care FSA Annual Goal immediately after the effective date of coverage.

Dependent Care FSAs require that adequate funds be in your account before a claim is reimbursed. You do **not** have access to your full Dependent Care FSA Annual Goal upon the start of the new plan year. The only funds available from your Dependent Care FSA are what you have already contributed.

Enrollment

If you are a current employee and enroll during the FSA Open Enrollment period, your plan is effective January 1 through December 31 of the following calendar year.

Newly hired employee coverage is effective the first day of the pay period after your enrollment is processed and ends December 31st of the current plan year.

If you have a qualifying life event (QLE) and submit a Mid-Year Enrollment Form within 31 days of that life event, your coverage is effective the first day of the pay period after your enrollment is processed and ends December 31st of that current plan year, plus any applicable Grace Period or Carryover period.

Rehires/Recalls

Employees rehired or recalled within 30 days of their departure and within the same plan year who had an FSA must maintain their original Annual Goal, unless there is a QLE. There will be no lapse in coverage, contributions will be recalculated, and your GPHC or LPHC FSA Carryover balance will not be affected.

Employees rehired or recalled after 30 days from their departure and within the same plan year who had an FSA will not have their FSA restarted and cannot re-enroll until the next plan year, except for seasonal employees.

Employees rehired or recalled who were not previously enrolled in current plan year FSAs may contact the MI HR Service Center within 31 days of rehire or recall date to enroll.

Claims

Reimbursements may only be made for claims incurred during the period of coverage. Expenses are incurred when the health care or dependent care is provided, not when you are billed or pay for the care. A period of coverage for the Health Care FSA runs from January 1 through December 31 of the plan year.
A period of coverage for the Dependent Care FSA runs from January 1 of the plan year through March 15 of the following year.

Providing documentation is the only way to substantiate a claim. You must request and retain itemized receipts for all claims for which you request reimbursement.

Claims Appeal Process

If a claim is denied, you will receive notification in writing or by email no later than 30 days after HealthEquity|WageWorks receives the claim. If you disagree with the decision, you may file a written appeal with HealthEquity/WageWorks no later than 180 days after the date of the denial letter. If you still disagree with their decision, you may file a written appeal with the Employee Benefits Division within 28 calendar days from the date of the most recent appeal denial.

FSA FAQs 1 of 3

When is my 2022 FSA effective?

Your 2022 FSA enrollment is effective January 1, 2022, through December 31, 2022.

Once you enroll, you cannot stop or change your deductions during the plan year, unless you experience a qualifying life event (QLE) (refer to Page 8 for Health Care FSAs or Page 12 for Dependent Care FSAs). If your employment terminates before December 31, 2022, refer to Page 8 for options to continue your Health Care FSA. Dependent Care FSAs cannot be continued if your employment terminates.

What happens if I have funds remaining in my account at the end of the plan year?

Health Care FSAs: Up to $570 of funds left in your Health Care FSA after all claims incurred in 2022 and submitted by the March 31, 2023 deadline (run-out period) will be carried over into your 2023 Health Care FSA. As required by the IRS, any unused amounts over $570 are forfeited.

Dependent Care FSA: You may incur qualified expenses through the end of the Dependent Care FSA Grace Period ending March 15, 2023. As required by the IRS, any funds remaining in your account after all claims submitted by the March 31, 2023 submission deadline (run-out period) are forfeited.

Estimate your expenses carefully. Do not contribute more than you can reasonably expect to spend on eligible expenses for the plan year.

Can my spouse also contribute to a Health Care FSA?

Each spouse may contribute up to the maximum limit of $2,850 to their own Health Care FSA.

When is my Health Care FSA Carryover balance available for my use?

The Carryover amount is available to pay 2022 expenses during the 2022 plan run-out period (through March 31st, 2023) and 2023 expenses after your 2023 election amount has been exhausted.

Expenses incurred during the 2023 plan year will pay first from your 2023 account balance, and any Carryover from 2022 will pay second.

How long can Health Care FSA funds be carried over? Are multi-year Carryovers permissible?

Funds may be carried over indefinitely if you remain enrolled in the Health Care FSA plan. If you do not re-enroll for the next plan year, you are able to carry over and spend up to $570 for one year, but if you do not re-enroll for two consecutive years, you will forfeit any remaining Carryover funds.

FSA FAQs 2 of 3

If I have a Health Care FSA balance that carried over to the next plan year and I depart mid-year, can I take the funds with me?

If you elect COBRA continuation of coverage for your Health Care FSA, you may use any remaining funds in the FSA during the current plan year. You may use up to $570 of Carryover funds to pay qualified expenses incurred during the next plan year, limited to the applicable COBRA continuation period.

If you do not elect COBRA continuation of coverage, Health Care FSA Carryover funds are non-transferable, and you cannot carry over any Health Care FSA funds to pay qualified expenses incurred in the next plan year. Funds will be forfeited if not submitted by the "Claim It By" date for expenses incurred prior to the plan year end date. You must be an active participant or COBRA beneficiary on the last day of the plan year to have funds carried over to the next plan year.

Can I use FSA funds on expenses for people other than me?

The Health Care FSAs can be used by you and qualifying individuals for eligible expenses remaining *after* claims have been paid by any insurance plan regardless of whether or not they are covered under your insurance plan. See Page 8 for more information on qualifying individuals for Health Care FSAs. **A Health Care FSA does not replace your insurance plan.**

Can I use my Dependent Care FSA for my dependents' health care expenses?

No, dependent Care FSAs are for eligible expenses incurred for the care of qualifying individuals, not a separate FSA for their health care expenses. See Page 10 for more information on qualifying individuals for Dependent Care FSAs.

Can I transfer funds between Health Care and Dependent Care FSAs?

No. Funds are not transferable between your Dependent Care FSA and Health Care FSA. Also, you cannot transfer funds between your accounts and your spouse's accounts.

Will FSA contributions impact my taxes or state benefits?

Your contributions will lower your Social Security Wage Base since your Social Security taxes will be calculated after your FSA contributions are subtracted. FSA contributions will lower your Social Security taxes so your Social Security benefits may be slightly lowered.

Your state benefits are not affected. FSA contributions lower your taxable income, but they do not lower the amount of salary used to calculate benefits, such as your Retirement Plan, Long Term Disability Insurance, or Group Life Insurance.

What is a Limited Purpose Health Care FSA?

A LPHC FSA is used to pay for eligible vision and dental expenses not covered by insurance. It functions like a GPHC FSA but cannot be used for medical or prescription drug expenses. The LPHC FSA is compatible with a Health Savings Account (HSA).

Can I have a General Purpose Health Care FSA and a Limited Purpose Health Care FSA?

No, the IRS does not allow for both.

FSA FAQs 3 of 3

What expenses are covered under a Limited Purpose Health Care FSA?
A LPHC FSA covers qualified out of pocket expenses for dental and/ vision care provided to you, your spouse, or dependents. Click the following link to view Limited Purpose Health Care FSA Eligible Expenses.

Why would I choose to enroll in a Limited Purpose Health Care FSA?
IRS rules do not allow you to contribute to a Health Savings Account if you have a GPHC FSA. By limiting FSA reimbursements to dental and vision care expenses, you remain eligible to participate in both a LPHC FSA and an HSA, which allows you to maximize your savings and tax benefits.

When are the funds elected for a Limited Purpose Health Care FSA available?
Your entire LPHC FSA election is available on the first day of the plan year, January 1, 2022.

What is the difference between a General Purpose Health Care FSA and a Limited Purpose Health Care FSA?
A GPHC FSA will cover all eligible medical, dental, vision, and pharmacy expenses while a LPHC FSA will only cover eligible dental and vision expenses. A GPHC FSA is not compatible with an HSA. If you do not have an HSA you should enroll in the GPHC FSA to maximize the eligible expenses for which you can seek reimbursement.

What if an expense is eligible for reimbursement under both my Limited Purpose Health Care FSA and Health Savings Account?
You may not use funds from both your LPHC FSA and your HSA to cover the same eligible expense. There is no double dipping allowed. You must choose which account will reimburse your expense.

Can I ever use Limited Purpose Health Care FSA funds for out-of-pocket health related expenses?
Your LPHC FSA remains limited to vision and dental eligible expenses until you meet the State HDHP in-network annual deductible and provide proof to HealthEquity|WageWorks that the deductible was met. You will need to obtain an Explanation of Benefits (EOB) from your health insurance carrier verifying you or your covered dependents met the in -network annual deductible. Once you have submitted your EOB and the HSA/HDHP Deductible Form to HealthEquity|WageWorks, you can also use your LPHC FSA for health and
prescription drug eligible expenses through the remainder of that calendar year.

Visit the HealthEquity|WageWorks General Purpose Health Care FSA Eligible Expenses or Limited Purpose Health Care FSA Eligible Expenses pages to see the complete, up-to-date list of eligible expenses.

Additional FSA FAQs can be found on the Employee Benefits Division's website.

Health Care FSA Overview

Health Care FSA Types

A **General Purpose Health Care FSA (GPHC FSA)** is the standard Health Care FSA traditionally offered by the state. This FSA can be used for eligible health, prescription, dental and vision expenses.

A **Limited Purpose Health Care FSA (LPHC FSA)** is a Health Care FSA that can be used for eligible dental and vision expenses and is compatible with the new State HDHP with HSA or any other HSA enrollment.

Plan provisions for GPHC and LPHC FSAs are the same, except for eligible expenses and ability to make contributions to an HSA .

Payment Options

1) HealthEquity|WageWorks Health Care Card
Present your Card to your provider to pay for eligible expenses at the time of service from your GPHC or LPHC account. After paying, you may be asked to verify eligibility by submitting substantiation documentation. **Substantiation documentation may include an itemized bill or receipt showing the patient name, provider name, type of service, date of service, and amount charged**. Cards expire every three years. Continue to use your current card until you receive a replacement.

2) Pay Me Back Claim
Submit a Health Care FSA Pay Me Back Claim online by logging into your account at www.healthequity.com/wageworks and selecting "Submit Receipt or Claim." You also have the option to mail or fax a claim form to HealthEquity|WageWorks.

3) Pay My Provider
Use this payment option to submit a claim to make a payment directly to your provider. You can request a one-time payment or recurring monthly payment for eligible services (e.g., chiropractic, orthodontia, etc.).

No "Double Deductions"

Health care and dependent care expenses can be reimbursed through your FSA or taken on your tax return as a medical deduction or dependent care tax credit, but they cannot be taken in both places. Check with your tax advisor to see if a Health Care FSA or Dependent Care FSA may be more advantageous than taking a credit on your tax return.

Mobile App

Participants with a smartphone can download the HealthEquity|WageWorks EZ Receipts app for free. The app allows you to take a photo of an itemized receipt and submit it along with your claim. With the EZ Receipts app you can easily manage all your FSA benefits. Download the app to your smartphone, log in to your account, and check your balances, submit claims, snap photos of receipts, and receive alerts by text or email when you're on the go.

Claims Substantiation

HealthEquity|WageWorks will notify you by mail or email if documentation is required. Substantiating documentation is not required when:

- The Health Care Card payment matches the copay amount under your insurance plan.
- The Card payment matches your insurance carrier's electronic file (if applicable).

When providing substantiation documentation, you must submit a provider-supplied itemized bill or receipt showing the following fields:

- **Patient name**
- **Provider name**
- **The type of service**
- **The dates services were provided**
- **The amount you were charged**

If an itemized receipt is not provided, your Card will be deactivated, and you will be required to pay back the amount you were reimbursed. Account statements must include the previously stated detail above for each expense if they are to be used instead of a receipt.

You are strongly encouraged to regularly monitor your HealthEquity|WageWorks account online to track and manage your claims.

Certain eligible expenses also require a Letter of Medical Necessity, signed by your doctor, to be eligible for reimbursement.

Note: **FSA plans must be reimbursed for any improperly paid claims or unsubstantiated expenses.**

Carryover

Up to $570 remaining in your Health Care FSA for the 2022 plan year will be carried over to a 2023 Health Care FSA. Any amount carried over will not count against the 2023 maximum FSA contribution.

If you do not enroll in a Health Care FSA in both 2023 and 2024, any remaining FSA funds carried over to the 2023 plan year from the 2022 plan year are forfeited on December 31, 2023.

Max Health Care Contribution

For the 2022 Health Care FSA plan year, the maximum annual contribution amount is $2,850 per employee. Any amount up to $570 permitted to be carried over to the 2023 plan year will not affect the maximum contribution amount for 2023.

Health Care FSA Overview

Health Care Card

HealthEquity|WageWorks will issue a Health Care Card for those who are newly enrolled and when existing cards expire. Health Care Cards for additional eligible qualifying individuals can be requested through your online account, or by calling HealthEquity|WageWorks customer service.

You must use the last four digits of your Employee ID# to activate the Card. Cards for additional eligible qualifying individuals are activated by using the last four digits of their Social Security Number (SSN), not the employee's SSN.

Using the Health Care Card

Use of the HealthEquity|WageWorks Health Care Card is voluntary and allows you to pay for purchases directly from your GPHC or LPHC FSA account.

- Works like a credit card, except funds are only deducted from your Health Care FSA.
- Allows easy access to your account funds when costs are incurred.

The Card can be used at health care provider offices and at retail establishments and pharmacies where an Inventory Information Approval System (IIAS) has been implemented.

You must request and retain itemized receipts for all purchases made with your Card.
HealthEquity|WageWorks may request a copy of your receipt to substantiate a claim. IRS regulations require you to save your itemized receipts for tax purposes.

Note: The Card is not available for Dependent Care FSAs.

Reporting Lost Cards or Requesting Additional Cards

You may report a lost or stolen card or request additional cards for your spouse or qualifying individuals (over age 18) by calling the HealthEquity|WageWorks Customer Service Center at 877-924-3967, Monday through Friday, 8:00 a.m. to 8:00 p.m., EST, or through your online account at www.healthequity.com/wageworks. Once logged into your account, select "Card Center" located at the top of the page to complete the online request.

Note: There is no charge for additional or replacement cards.

Automatic Card Deactivation

The HealthEquity|WageWorks Health Care Card will be automatically deactivated if:

- Employment or coverage terminates
- You do not provide appropriate documentation that substantiates your claim when requested by HealthEquity|WageWorks or
- The Card is used for an ineligible expense under the program.

Resolving a Card Transaction Requiring a Receipt or Repayment

IRS regulations require that card transactions be verified to show plan benefits were used to pay for eligible expenses. HealthEquity|WageWorks does not offer generic Card Use Verifications (CUV). All CUVs are pre-populated with the card transactions that are being requested. If you misplace your CUV form, you may request a duplicate from HealthEquity|WageWorks via phone or access it through the claim in your online account. CUVs expedite processing but are not required to resolve card transactions. Please follow the instructions below to resolve unverified card transactions.

OTC Medicines and Drugs

Many over-the-counter (OTC) drugs and medicines can be paid for or reimbursed through an FSA without a doctor's prescription.

You may use your HealthEquity|WageWorks Health Care Card to purchase OTC medicines at an IIAS-approved pharmacy. If an OTC purchase is made at a non-IIAS pharmacy, you can pay for the OTC medication and submit the itemized receipt and prescription with a HealthEquity|WageWorks Pay Me Back Claim Form for reimbursement to HealthEquity|WageWorks.

Travel Expenses

Certain expenses for out-of-town travel for health care are eligible under the GPHC FSA. This includes expenses for parking fees, tolls, airfare, lodging, rental cars, and mileage for use of a privately owned vehicle. However, you cannot be reimbursed for a trip or vacation taken for a change in environment, improvement of morale, or general improvement of health, even if you make a trip on the advice of a doctor.

Parking Fees and Tolls: A receipt for a parking fee or toll is required to substantiate a claim.

Airfare: A receipt for the airfare is required to substantiate the claim.

Lodging: You may submit a claim for the cost of lodging not provided in a hospital or similar institution. Lodging is reimbursable for a person traveling with the eligible dependent receiving medical care. The reimbursable amount allowed for lodging cannot exceed than $50 per night, per person.

Mileage: Mileage can be reimbursed for trips to and from your health care provider. A visit to your pharmacy is treated as a visit to your local health care provider. You may calculate mileage at the rate of $0.16 per mile. This rate is subject to subsequent IRS revisions.

Health Care FSA Overview

Card Holder Agreement

To use the Card, you must agree to abide by the terms and conditions of the Plan in the Cardholder Agreement. This includes the limits on Card use, and the Plan's right to withhold and offset ineligible claims. When you activate your Card, the Cardholder Agreement becomes part of the terms and conditions of your Plan.

Options to Resolve a Card Transaction

Submit a copy of the detailed receipt for the actual card transaction that contains the service date, service description, patient name, provider name and your cost.

Submit a copy of any number of substitute receipts for any eligible products and services that you did not and will not pay for using funds in your Health Care FSA.

a. The receipts must include the service date, service description, patient name, provider name and your cost (amount of patient financial responsibility).

b. The substitute receipts must be for an eligible expense incurred by an eligible individual during the same coverage period as the card transaction to be verified.

Send a check to repay your account for the above amount if you no longer have the detailed receipt or if you accidentally used your card to pay for ineligible expenses. The amount that is repaid will be available to pay for other eligible expenses you incur during your plan year.
Any amount of card transactions that remains unverified 90 days after the card transaction date will be automatically deducted from any future Pay Me Back claim payments. Your check should be made out to **HealthEquity|WageWorks.**

Please mail your check to:
Claims Administrator
PO Box 14053, Lexington, KY 40512

Please submit the following information with payment:

- First and Last Name
- Employer
- State of Michigan
- Last 4 numbers of your Employee ID,
- Residential Zip Code
- Birth Date (month/year)

Please note which transactions you are repaying to ensure the repayment is processed correctly.

Reminder: Failure to submit appropriate proof or repayment for your card transactions will result in suspension / loss of your card privileges, possibly tax penalties, and recoupment. If these unsubstantiated claims remain on your account after the Plan Year Documentation Deadline (Run-Out Period), the State of Michigan will begin the collection provided in Regulation 5.16, Correcting Compensation and Benefit Errors.

Qualifying Individuals

Qualifying individuals under Health Care FSAs include your legal spouse and your children age 26 and under. 26-year-old children are only eligible up to the last day of the month in which they turn 26.

A qualifying individual also includes your parent or other individual as defined in IRS Code Section 105(b), such as one who is physically or mentally unable to care for himself or herself and is claimed by you as a dependent on your taxes.

Other Eligible Adult Individuals (OEAIs) and their dependents are not qualifying individuals for FSAs.

Eligible Health Care Expenses

IRS Code Section 213(d) defines eligible Health Care FSA expenses as costs incurred to diagnose, treat, or prevent a specific medical condition, or for purposes of affecting any function or structure of the body. **LPHC FSAs may only be used for eligible dental and vision expenses. An LPHC FSA cannot be used for medical expenses until the deductible is met and the EOB confirming the deductible has been met is provided to HealthEquity|WageWorks.**

This also includes prescription drugs and some over-the-counter items. But medical expenses for vitamins, nutritional supplements, or cosmetic purposes are not eligible without approved documentation of medical necessity. See the link below for more information and a link to a complete list of eligible expenses. You cannot be reimbursed for expenses paid in advance, except orthodontics. Pre-payment of orthodontics must occur in the same plan year that you request reimbursement.

Claim Reimbursement Time Frame

Reimbursements for eligible expenses will be made within 5 business days after the claim is processed. All claims must be incurred before December 31, 2022, and must be submitted by the end of the run-out period, March 31, 2023, to be eligible for reimbursement.

Up to $570 of funds left in your Health Care FSA after all claims incurred in 2022 and submitted by the March 31, 2023 deadline (run-out period) will be carried over into your 2023 Health Care FSA. As required by the IRS, any unused amounts over $570 are forfeited.

Heroes Earnings Assistance & Relief Tax Act of 2008

Under the *Heroes Earnings Assistance and Relief Tax Act of 2008*, employees called to active military duty for a period of at least six months can receive a taxable distribution of the Health Care FSA funds to avoid forfeiture.

Health Care FSA Overview

Leaves, Seasonal Employees, Layoffs, Retirees, and Departures

Leave of Absence: Employees who are placed on a leave of absence or experience "lost time" will have full use of the Health Care FSA and Health Care Card.

Employees must make up any missed Health Care FSA contributions upon returning to work. This is calculated by taking your remaining Annual Goal at the time of your leave then dividing the balance by the number of remaining pay periods in the plan year.

If you return to work after the end of the 2022 plan year, the State will collect the remaining amount from your pay warrant on an after-tax basis due to it being in a different taxable year. This will also occur if not enough pay periods remain in the plan year to make up your missed contributions.

Seasonal Employees: Seasonal employees who are enrolled in a Health Care FSA and are laid off will have their account suspended and Cards inactivated until returning to work. If returning to work in a different plan year, contact the Employee Benefits Division at 800-505-5011.

Layoffs, Retirees, and Departures: Health Care FSAs for these employees will end and Cards will be inactivated the last day of the pay period worked.

Individuals wishing to achieve their Annual Goal and continue their Health Care FSA by a *pre-tax* deduction from their remaining pay warrants should complete the Health Care FSA Continuation of Coverage Form (CS-1814). Employees may also choose to pay for the remaining contributions by personal check *after tax*.

Employees must either submit the form or contact the Employee Benefits Division at 800-505-5011 30 days before their last day worked, when possible.

The advantage of achieving the Annual Goal is to extend the time frame for which Health Care FSA funds may be used. Doing so allows expenses to be eligible throughout the remainder of the plan year. Without it, claims incurred after the last day of the last pay period worked are not eligible for reimbursement.

Note: If you have paid your entire Annual Goal before leaving state service, your FSA coverage is extended through the end of the plan year. Health Care Cards are disabled once you are no longer an active employee. To receive reimbursement for your remaining funds you must pay out of pocket and submit for reimbursement through HealthEquity|WageWorks.

Qualifying Life Events (QLEs)

Legal Marital Status: Change in your marital status, marriage, legal separation, annulment, divorce, or death of spouse.

Qualifying Individuals: Change in the number of your qualifying individuals, including birth or adoption of a child, gain or loss of custody, foster care, or death.

Employment Status: Changes that affect coverage eligibility of the employee or the employee's spouse or qualifying individual, such as starting or ending employment, a change from full-time to part-time employment, or loss or gain of coverage.

Judgments, Decrees, Court Orders or Change in Legal Custody: Requirement by one of these legal documents to add or terminate coverage for your dependent.

Eligibility for Medicare or Medicaid: Enrolling in or losing eligibility for Medicare or Medicaid.

Qualifying Life Event (QLE) Changes

If you experience a QLE, the IRS allows you to change your Health Care FSA Annual Goal consistent with the QLE.

This would result in more than one period of coverage within a plan year with eligible expenses being reimbursed from the appropriate period of coverage. Money from a previous period of coverage can be combined with amounts after a permitted mid-year election change, but expenses incurred before the election change can only be reimbursed from the balance present in the Health Care FSA before the change.

IRS rules also require that contribution changes during the plan year be made consistent with the QLE. The Flexible Spending Accounts Life Event/Election Change Form (CS-1784) must be submitted with supporting documentation to the Employee Benefits Division within 31 days of the QLE. The period of coverage and deduction change will be reflected in the pay period following the approval.

Visit the HealthEquity|WageWorks General Purpose Health Care FSA Eligible Expenses or Limited Purpose Health Care FSA Eligible Expenses pages to see the complete, up-to-date list of eligible expenses!

Dependent Care FSA Overview

How Dependent Care FSAs Work

A Dependent Care FSA can be used to pay for eligible day care expenses while you or your spouse are at work, looking for work, or at school. It can also be used for expenses such as elder care and day care for any incapacitated person you are eligible to claim on your income taxes. You must have sufficient funds in your Dependent Care FSA before a claim can be reimbursed. **A Dependent Care FSA may not be used for medical expenses.**

The Annual Goal you decide upon will be deducted from your pay warrants incrementally, at a rate you select. To calculate what your pay period contribution amounts will be, decide how many pay periods you wish to use to meet your Annual Goal (1 to 26). Divide your Annual Goal amount by the number of pay periods you wish to use to determine your biweekly contribution, as shown in this example:

Annual Goal Contribution		# of Pay Periods (PP)		PP Cost
$2,600	÷	26	=	$100.00
$200	÷	10	=	$ 20.00

If you elect to contribute toward your Annual Goal in fewer than 26 pay periods, the number of deductions you elect will be taken consecutively at the start of the year. You cannot select specific pay periods for deductions.

Leaves, Seasonal Employees, Layoffs, Retirees, and Departures

Unpaid Leave of Absence or Workers Compensation: Your eligibility for the Dependent Care FSA ends on your last day of work. Expenses incurred while you are not actively at work are ineligible for reimbursement. If you return to work during the same calendar year, dependent care expenses incurred are again eligible for reimbursement. Contributions will restart at the same biweekly contribution in place before you left, unless you request a change due to a qualifying life event (QLE).

Paid Leaves: Contributions continue during a paid leave of absence, but expenses incurred while you are not actively at work are ineligible for reimbursement.

Seasonal employees: Seasonal employees who are enrolled in a Dependent Care FSA and are laid off will have their account suspended. If returning to work in a different plan year, contact the Employee Benefits Division at 800-505-5011.

Departures, Retirees, & Layoffs: Your eligibility for the Dependent Care FSA ends on your last day of work. Expenses incurred while you are not actively at work are ineligible for reimbursement.

Qualifying Individuals

A qualifying individual is:

- An individual age 12 or under who (a) lives with you; (b) does not provide over half of his or her own support; and (c) is your son, daughter, grandchild, step-child, brother, sister, niece, or nephew
- A spouse or other tax dependent (as defined in IRS Code Section 152) who is physically or mentally incapable of caring for himself or herself and who resides with you more than half of the year

Typically, if you are divorced or separated, your child must be a dependent for whom you can claim an exemption on your tax return to be a qualifying individual.

Note: A separate rule covers children of divorced parents. If you are divorced, a child is only a qualifying individual of the "custodial" parent [as defined in IRS Code Section 152(e)].

If you are the *custodial parent*, you can treat your child as an eligible dependent even if you cannot claim the child as an exemption on your tax return. If you are the *non-custodial parent,* you cannot treat your child as a qualifying individual, even if you can claim the child as an exemption on your tax return. See IRS guidelines for further details on this exception. **Other Eligible Adult Individuals (OEAIs) and their dependents are not qualifying individuals for FSAs.**

Max Contribution Amounts

Federal tax law limits the amount you can contribute to a Dependent Care FSA each plan year. You may choose an annual contribution up to the maximum amount for which you qualify. Your max contribution depends upon your annual earnings, your tax filing status, your spouse's annual earnings, and several other factors.

The contribution maximums are the lesser of:

- $5,000 for single individuals or married couples filing joint returns;
- $2,500 for married couples filing separate returns,
- The employee's earned income (if less than $5,000/$2,500) or
- The spouse's earned income (if less than $5,000/$2,500).[1]

It is your responsibility to ensure your annual contributions do not exceed the maximum amount allowed by the IRS.

[1]Special rules may apply where a spouse who is a full-time student or incapable of self-care, as provided by federal law.

Dependent Care FSA Overview

Eligible Dependent Care Expenses

Eligible expenses can only be incurred from your effective date of coverage through March 15, 2023. **Any expenses not timely claimed cannot be reimbursed.**

Expenses must be incurred for the care of a qualifying individual (as described on Page 10) and to accommodate your ability to gain or maintain employment. Expenses for overnight stays or overnight camp are not eligible.

If daycare is provided outside the home and expenses are incurred for the care of a qualifying individual, the dependent must regularly spend at least 8 hours per day in your home.

Claim Reimbursement Time Frame

Reimbursements for eligible expenses will be made within 5 business days after the claim is processed. All claims must be submitted by the end of the run-out period, March 31, 2023, to be eligible for reimbursement.

Federal Tax Reporting

Amounts you contribute to a Dependent Care FSA are reported on your W-2 form, but this does not mean you are taxed on your reimbursement. This notifies the IRS that the taxpayer should also be filing IRS Form 2441. This form requires you to list the name and taxpayer identification number or Social Security Number of the dependent care providers you used during the year. **Eligible dependent care expenses can be used to claim a credit on your income tax return or reimbursed from your FSA, but not both.**

Payment Options

Dependent Care FSA enrollees may use the same payment options outlined on Page 6 for Health Care FSAs **except** for the HealthEquity|WageWorks Health Care Card.

There is no card-based payment method for Dependent Care FSAs at this time.

Qualifying Life Events (QLEs)

If you experience a QLE, the IRS allows you to change your Dependent Care FSA annual contribution.

IRS rules also require that contribution changes during the plan year be made consistent with the QLE. This means that your annual contribution can be increased to add costs for a new dependent for the remainder of the calendar year. However, the annual contribution cannot be increased for both the cost of the added dependent and to make up costs incurred before the QLE.

The FSA Life Event/Election Change Form (CS-1784) must be submitted with supporting documentation to the Employee Benefits Division within 31 days of the QLE. The period of coverage and deduction change will be reflected in the pay period following the approval. QLEs are listed below:

Change in Legal Marital Status: Marriage, legal separation, annulment, divorce, or death of spouse that causes a change in the amount paid or number of dependents needing day care.

Qualifying Individuals: Change in the number of your qualifying individuals, including birth or adoption of a child, gain or loss of custody, foster care, or death.

Significant Change in Care Modifications: Change in dependent care needs or number of dependents, dependents turning 13, or significant change in cost of care.

Leave of Absence or Workers Compensation: Paid or unpaid leave of absence.

Employment Status: Changes that affect eligibility of the employee or the employee's spouse (for example start or end of employment, change from full-time to part-time employment, or loss or gain of coverage).

Visit the HealthEquity|WageWorks Dependent Care FSA Eligible Expenses page to see the complete, up-to-date list of eligible dependent care expenses!

How to Enroll

ONLINE

HR Self-Service

www.mi.gov/selfserv

Note: HR Self-Service is compatible with Google Chrome and Microsoft Edge. View Browser Issues for more information.

CALL

MI HR Service Center

877-766-6447

Monday–Friday
8:00 a.m.–5:00 p.m., EST
Fax: 517-241-5892

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The MI HR Service Center is available to answer all enrollment questions and can complete your enrollment on your behalf during BOE.

Important Dates

2021

October 18
2022 FSA Open Enrollment Begins (as part of BOE)

November 9
2022 FSA Open Enrollment Ends (as part of BOE)

2022

January 1
2022 FSA Plan Year Begins

December 31
2022 FSA Plan Year Ends

2023

March 15
2022 FSA Grace Period Deadline (DC FSA Only)

March 31
2022 FSA Claim Submission Deadline (Run-Out Period)

Contact Info

Claims Processing

HealthEquity|WageWorks Claims Processing
Claims Administrator
P.O. Box 14053
Lexington, KY 40512
Fax: 877-353-9236

Eligibility, Claims, & More

HealthEquity|WageWorks
Phone: 877-924-3967
Monday–Friday
8:00 a.m.–8:00 p.m., EST
www.healthequity.com/wageworks

Qualifying Life Events (QLEs)

Employee Benefits Division
Phone: 800-505-5011
Monday–Friday
8:00 a.m.–5:00 p.m., EST
Fax: 517-284-0078