



*Benefits Administration Letter*

**Number:** 04-803

**Date:** October 8, 2004

**Subject: FSAFEDS – Open Season for the 2005 Plan Year for the Federal Flexible Spending Account Program**

---

**GENERAL INFORMATION**

**Background**

The Federal Flexible Spending Account Program (FSAFEDS) Open Season begins on Monday, November 8, 2004 and runs through Monday, December 13, 2004. These are the same dates as the Federal Employees Health Benefits (FEHB) Program Open Season. This will be the only time Federal employees who work for the Executive Branch or adopting agencies may enroll in the FSAFEDS Program for 2005, outside of a qualified status change.

Unlike FEHB enrollments, enrollments in FSAFEDS do not carry over from year to year. Employees wishing to enroll in FSAFEDS for 2005 must make a positive enrollment during Open Season, even if they are currently enrolled in the Program.

**PROGRAM INFORMATION**

**Types of FSAFEDS Accounts**

FSAFEDS offers two types of flexible spending accounts: a health care flexible spending account (HCFSA) and a dependent care flexible spending account (DCFSA). Employees may enroll in neither, one or both types of accounts.

An HCFSA pays for qualified medical expenses for the employee (and all eligible family members) that are **not** covered or reimbursed by an FEHB plan or any other type of insurance. Insurance premiums, including premiums for long term care insurance, are not qualified medical expenses. Employees may elect a minimum annual amount for an HCFSA of \$250 up to a maximum annual amount of \$4,000.

A DCFSA pays for childcare or adult dependent care expenses that are necessary to allow the enrolled employee and his/her spouse (if married) to work, look for work, or attend school full-time. The DCFSA minimum annual amount is \$250 and the maximum annual amount is \$5,000.

Both accounts allow employees to pay for qualified expenses with pre-tax dollars -- money that is deducted from the employee's paycheck before taxes are taken out.

### **Use-It-Or-Lose-It and Non-Cancellation**

Employees lose any money in their accounts for which they did not submit a claim by April 30 following the end of the Plan Year, for eligible expenses incurred during the Plan Year. This is known as the "use-it-or-lose-it" rule.

Enrollments in FSAFEDS cannot be cancelled or changed after their effective date, unless the employee experiences a qualified status change (QSC). The FSAFEDS website at [www.FSAFEDS.com](http://www.FSAFEDS.com) has more information on QSCs.

## **ENROLLMENT INFORMATION**

### **Who Can Enroll**

Active Federal employees of Executive Branch agencies and other Federal employers who have agreed to offer FSAFEDS to employees are eligible to participate for one or both accounts. Eligible participants for the HCFSA are those Federal employees eligible to enroll in the FEHB program (whether or not they are actually enrolled). All Federal employees of agencies noted above may participate in the DCFSA except intermittent employees whose appointment is six months or less.

### **How to Enroll**

Eligible employees who wish to enroll during this Open Season for the 2005 Plan Year may do so in one of two ways:

- Through the website at [www.FSAFEDS.com](http://www.FSAFEDS.com) by clicking on the "Enroll" link; or
- By contacting an FSAFEDS benefits counselor Monday through Friday from 9:00 a.m. to 9:00 p.m. Eastern time at 1-877-FSAFEDS (372-3337), TTY 1-800-952-0450.

FSAFEDS enrollments are received and processed by the Program's third-party administrator, SHPS, Inc.

### **When to Enroll**

Enrollments will be accepted on the web and by phone starting on November 8, 2004, through December 13, 2004. Please also see the sections on pre-open season enrollments and belated enrollments.

### **Effective Date of Open Season Enrollments**

Timely Open Season enrollments are effective on January 1, 2005, for the Plan Year that runs from January 1 through December 31, 2005.

### **Pre-Open Season Enrollments**

Employees who know that they will be unable to enroll during Open Season, due to extenuating circumstances beyond their control, may submit their enrollment before Open Season by

completing a Pre-Open Season enrollment form which can be downloaded from the “Forms” section of the FSAFEDS website at [www.FSAFEDS.com](http://www.FSAFEDS.com). The form will not be available once Open Season begins. The form requires employees to verify the extenuating circumstance(s) preventing timely enrollment and authorize FSAFEDS to enroll them on their behalf. Early enrollments have the same effective date as timely enrollments.

### **Belated Enrollments**

Employees who wish to make a belated enrollment after Open Season due to extenuating circumstances that prevented them from making a timely enrollment during Open Season must complete a Belated/Absentee enrollment form. The form can be downloaded from the “Forms” section of the FSAFEDS website at [www.FSAFEDS.com](http://www.FSAFEDS.com).

Regardless of circumstances, no enrollments or qualified status changes (QSCs) are permitted after October 1 of any Plan Year.

Belated enrollments are NOT effective at the same time as timely enrollments. Belated enrollments are effective the day after FSAFEDS receives the employee's Belated/Absentee enrollment form.

## **MISCELLANEOUS INFORMATION**

### **FSA's and HSAs/HRAs/HDHPs**

This year we have introduced a new option under the FEHB Program -- High Deductible Health Plans (HDHP) with either a Health Savings Account (HSA) or Health Reimbursement Account (HRA). Employees who enroll in an HDHP with an HSA cannot participate in an HCFSA under FSAFEDS, but may still participate in a DCFSA if they are otherwise eligible for such account. More information on these new options is available at [www.opm.gov/hsa](http://www.opm.gov/hsa). If your agency has its own flexible spending account program, you will need to advise your employees on how this new FEHB option works with your cafeteria plan.

### **Additional Information on FSAFEDS**

In addition to the enrollment feature, the FSAFEDS website at [www.FSAFEDS.com](http://www.FSAFEDS.com) contains a wealth of information regarding the FSAFEDS program. Site features include an overview of FSAs; a calculator to help estimate how much to put into either an HCFSA or DCFSA; Frequently Asked Questions (FAQs); a “juke box” listing eligible expenses including over-the-counter medicines and products; information on paperless reimbursement; and much more.

Please encourage your employees to visit the FSAFEDS website, or to contact a benefits counselor by phone (1-877-372-3337, TTY 1-800-952-0450) to become more familiar with the FSAFEDS program before or during the upcoming FSAFEDS Open Season. Additionally, they may email any questions about FSAFEDS to [FSAFEDS@shps.net](mailto:FSAFEDS@shps.net).

## **FSAFEDS Educational Materials**

You may order the following materials for the upcoming FSAFEDS Open Season:

- Program overview brochures which describe FSAFEDS and include details on eligible expenses (minimum order of 100 brochures)
- Promotional posters, 10” x 13” (there are three versions in each “set”. The minimum order is 5 sets, for 15 total posters)
- Program overview videos in VHS closed-captioned format

Materials are free of charge to you. Brochures and posters will be ready to ship by October 15 and videos will be ready to ship by October 26.

Send your request to [FSAFEDS-HR@shps.net](mailto:FSAFEDS-HR@shps.net) and be sure to include how many of each you need, the mailing address(s) where materials should be shipped, and a name, phone number and email address of a point of contact. FSAFEDS will begin processing your requests in the order received, starting on October 15. Processing is usually complete within 48 hours. Once your order is processed, FSAFEDS will send an email to the email address given in the order, confirming that the order was placed, along with a phone number to call if you do not receive your order within seven business days from the date of the confirmation email. Orders will be shipped using an express ground delivery carrier with a five-day guaranteed delivery date, unless you specifically request shipment via the U.S. Postal Service. Orders may be split into two shipments, since the posters and brochures will be ready to ship sooner than the videos.

Please order your materials as soon as possible!

## **FSAFEDS Presentations**

You may also request a speaker for your agency benefits fairs by sending an email to [FSAFEDS-HR@shps.net](mailto:FSAFEDS-HR@shps.net). A calendar of already-scheduled fairs, updated weekly, is available on the Benefits Officers page at [www.FSAFEDS.com](http://www.FSAFEDS.com). FSAFEDS will accommodate requests for speakers on a first-come first-served basis, with priority given to fairs with projected attendance of over 300 employees.

## **FSAFEDS Agency Contact List**

Additionally, if you are not now receiving “blast” emails from FSAFEDS regarding the program, please send an email to [FSAFEDS-HR@shps.net](mailto:FSAFEDS-HR@shps.net) and request that your name and contact information be added to the FSAFEDS agency contact list.

As always, we appreciate your support of FSAFEDS and look forward to another successful FSAFEDS Open Season.

Frank D. Titus  
Assistant Director  
for Insurance Services Programs