



Flexible Spending Accounts from UnitedHealthcare

Tried-and-true benefit adds extra flexibility to your health care benefits

Flexible spending accounts (FSAs) are getting the red carpet treatment from many employers – for good reason.

FSAs support consumer-driven health initiatives

Adding an FSA to your health care benefit program offers employees a simple, convenient way to pay for eligible expenses and encourages them to think about their health care spending in new ways.

Employees who participate in your FSA must carefully consider their current health care spending in order to forecast their health care budgets for the coming year. This process helps build employee awareness of the financial impacts of their health care spending and often results in healthier lifestyles in an effort to control their health care spending.

An FSA can work in tandem with a UnitedHealthcare HRA (health reimbursement account) or HSA (health savings account). With careful planning, employees can use the two accounts to cover most, if not all, of their annual out-of-pocket health care expenses.

And, because your FSA is tied directly to your UnitedHealthcare medical plan, employees are automatically reimbursed for eligible expenses, such as co-payments for clinic visits or prescriptions, through our automatic claims rollover process. This means your employees don't need to fill out and submit any paperwork or documentation.

Easy access and reimbursements

Most employers design their FSA benefit to include a debit card. This option allows your employees to pay for eligible expenses at the point of sale or point of service using a debit card linked to their individual accounts, thereby eliminating the need to file separate reimbursement claims. As a result, your employees don't need to wait to be reimbursed for expenses they have already paid for out of pocket.

If you choose not to offer a debit card as part of your FSA plan, employees use a simple, automated claims submission process to request reimbursement for eligible expenses that they have paid for out of pocket. Reimbursements can be deposited directly into employee banking accounts or sent to their homes.



Tax benefits offered by an FSA

FSAs are simple to implement and administer. Employees who set aside a portion of their pre-tax earnings to reimburse themselves for out-of-pocket health care expenses:

- ▶ Never pay income taxes on these contributions
- ▶ Lower their overall taxable income
- ▶ Reduce the amount of annual taxes they pay

FSAs offer significant tax benefits for employers as well. Every reduction in an employee's taxable income translates into lower employment tax payments for you. FSAs may lower expenses related to other benefit plans, such as disability and workers' compensation, which may be based on employees' taxable income.

This example shows how an employee and his or her employer can save on taxes with an FSA. If the employee elects to set aside an annual election of \$2,550 or less¹

	Employee saves	Employer saves
Federal income tax – 25%	\$25	–
State income tax – 5%	\$5	–
FICA taxes – 7.65%	\$7.65	\$7.65
Total tax savings per paycheck	\$37.65	\$7.65
Total tax savings per year	\$978.90	\$198.90

Three account options to meet your employees' needs

UnitedHealthcare offers three types of flexible spending accounts:

Health care FSA

A health care FSA can be used to pay for eligible out-of-pocket expenses, such as prescription drug payments, medical expenses and deductibles that are not paid for by the medical plan or applicable HRA.

Limited purpose FSA

A limited purpose FSA can be designed to work with a UnitedHealthcare HSA to pay for vision and dental expenses.

Dependent care FSA

UnitedHealthcare offers a dependent care FSA that allows employees to use pre-tax earnings to pay for a range of dependent care expenses.

Things to know about FSAs

Current employees must enroll in your company's FSA during its annual enrollment period.

Qualified expenses are outlined in the Internal Revenue Code. These include co-payments for office and hospital visits, as well as health care expenses such as acupuncture and chiropractic care, prescription drug co-payments, eyeglasses, etc. Many expenses that are paid for with our debit card are substantiated at the point of sale and require no further verification.

Use or Lose

The "use-or-lose" rule traditionally applied to a health care FSA meaning your employees would lose any money left in their account at the end of the plan year. However, you now have the option to add a carryover feature to your plan which allows your employees to carry over a limited dollar amount from one plan year to the next. Employees will only forfeit dollars if their balance exceeds the allowable carryover after the run-out period has ended.

Benefits with a carryover:

- ▶ The carryover balance you allow is in addition to the plans allowable annual election.
- ▶ If your employee doesn't use it next year, it rolls to the following year.
- ▶ Even if an employee doesn't make an election for next year, their balance will still carry over.
- ▶ The carryover applies to the health care FSA but not the dependent care FSA.



Supporting your consumer-driven health care initiatives

At UnitedHealthcare, we're committed to providing exceptional consumer-driven health care initiatives that integrate industry-leading medical plans with innovative health care financial options to engage employees in their health care spending. Our health care accounts are backed by:

Extensive plan design expertise

Our highly trained sales representatives will work closely with you to create an FSA employee benefit that:

- ▶ Works with your other benefit plans to meet your company's long-term financial goals
- ▶ Addresses the needs of your employee population
- ▶ Is easy to administer
- ▶ Provides dedicated account management and customer service team

Optional debit card

Including a debit card in your plan:

- ▶ Allows employees to pay for eligible expenses directly from their FSAs at the point of sale
- ▶ Reduces paperwork
- ▶ Eliminates the need for employees to pay for expenses out of pocket, then submit claims for reimbursement

Integrated claims processing

UnitedHealthcare offers a fully integrated claims reimbursement process that:

- ▶ Coordinates FSA claims resolution and payment
- ▶ Automatically reimburses participants for co-payments required by the medical plan
- ▶ Allows you to choose which financial account is used to pay for eligible expenses, if you offer another health care financial account, such as an HRA or HSA
- ▶ Automatic claims substantiation

Employer eServices[®]

UnitedHealthcare provides a variety of online tools and resources to help you administer your combined plan. A key component is Employer eServices, an online, real-time management system that allows you to:

- ▶ Manage transactions, eligibility information and more
- ▶ Access benefit costs to help you make informed decisions
- ▶ Receive invoices electronically
- ▶ Set up automated or online payments
- ▶ Track and view payment history

Communication Resource Center

Ongoing, effective communications is critical to developing informed, proactive health care consumers. Our extensive Communication Resource Center includes a variety of communication tools to help you:

- ▶ Maximize the effectiveness of your consumer-driven health plan
- ▶ Build and implement a comprehensive wellness communication strategy that incorporates high-quality communications that can be customized to reflect your company's culture and brand
- ▶ Introduce consumer-driven health to your employees who may be more familiar with a traditional plan



Online account management through myuhc.com®

Informed health care consumers need the latest information at their fingertips. Through myuhc.com, your employees can access all of their health benefits information, including their medical and FSA plans. You and your employees can turn to this online resource 24 hours a day, seven days a week to:

- ▶ Submit claims online
- ▶ Manage accounts and benefits
- ▶ Check claims status and history
- ▶ Review eligible expenses
- ▶ View online statements
- ▶ Review medical plan information
- ▶ View FSA balances and claims information
- ▶ Find or change doctors, dental or vision care providers, or mental health resources
- ▶ Locate a pharmacy
- ▶ Set up direct deposit and establish automatic payments
- ▶ Change personal information and mailing preferences

Access tools for managing health care costs

- ▶ myClaims Manager
- ▶ myHealthcare Cost Estimator
- ▶ Hospital Comparison Program
- ▶ Plan Cost Estimator
- ▶ Live Nurse Chat
- ▶ Create and view Personal Health Records
- ▶ Research health topics
- ▶ Find information about programs and discounts
- ▶ Take health assessments and coaching programs

To learn more about adding a UnitedHealthcare FSA to your employee benefit program, contact your UnitedHealthcare representative.



1. Assumes 25% Federal Income Tax, 5% State Income Tax and 7.65% Medicare and Social Security Tax. Results and amounts will vary depending on your unique circumstances.

All UnitedHealthcare members can access a cost estimator online tool at myuhc.com. Depending on your specific benefit plan and the ZIP code that is entered, either the myHealthcare Cost Estimator or the Treatment Cost Estimator will be available. A mobile version of myHealthcare Cost Estimator is available in the Health4Me mobile app, and additional ZIP codes and procedures will be added soon. This tool is not intended to be a guarantee of your costs or benefits. Your actual costs and/or benefits may vary. When accessing the tool, please refer to the Terms and Conditions of Use and Why Your Costs May Vary sections for further information regarding cost estimates. Refer to your health plan coverage document for information regarding your specific benefits.

The UnitedHealthcare Health Savings Account (HSA) high deductible health plan (HDHP) is designed to comply with IRS requirements so eligible enrollees may open a Health Savings Account with a bank of their choice or through Optum Bank, Member of FDIC. "UnitedHealthcare HSA" refers generally to the UnitedHealthcare HSA product, which includes a HDHP, although at times "UnitedHealthcare HSA" may refer only and specifically to the UnitedHealthcare Health Savings Account, provided in conjunction with Optum Bank and not to the associated HDHP.

UnitedHealthcare's Health Reimbursement Account, or HRA, combines the flexibility of a medical benefit plan with an employer-funded reimbursement account.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by United HealthCare Services, Inc. or their affiliates.

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