

Health Care  
Flexible Spending Account



CIGNA

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## getting **started**

**Setting up and using your health care flexible spending account is simple, but it's important to plan your contributions wisely.**

### **1. Estimate costs**

Estimate your out-of-pocket medical expenses for the coming year for you and your eligible dependents. Think about how many times you usually see a health care professional in a year. Then think about any prescriptions you fill on a regular basis. Keep in mind what your medical, pharmacy or dental plans will cover and how much your payment will be under your plan(s). Use last year's records as a guide, or ask your financial advisor to help you determine approximate expenses and how much to put into your flexible spending account. Remember, your employer may set a maximum allowable contribution.

### **2. Set up payroll deduction**

After you determine the amount to set aside for the year, divide the amount by the number of paychecks you receive yearly. This is the amount your employer will deduct from each paycheck for deposit in your pretax, non-interest-bearing flexible spending account.

- Remember, contribute only as much as you think you'll need (subject to plan limits set by your employer). You lose what you don't use. The IRS requires that you forfeit any unused account balances at the end of the year. You cannot withdraw the unused balance, and you cannot carry unused funds over to the following year.
- The total amount of your contribution remains in effect for the entire year. You can adjust your contribution only with a qualifying life event, such as the addition or loss of a dependent, or a change in marital status. You can, however, set aside a different amount each year.

### **3. Submit your enrollment**

### **4. Activate your debit card**

In general, with the debit card you do not have to file any claims to your flexible spending account when you're covered by a CIGNA medical, dental or pharmacy plan. Funds are automatically deducted from your flexible spending account, and you pay nothing out of your pocket at the time of service, as long as there is enough money in your flexible spending account to pay for the charge.

- You may use the card at any pharmacy, doctor's office or other health care merchant for eligible health care goods and services. If used elsewhere, the card won't be accepted.
- When you use the card at the point of sale, you may be asked to choose "Debit" or "Credit." If given the option, choose "Credit."
- The card may be used for eligible health care expenses only. The IRS mandates that retail establishments such as department stores, warehouse clubs, supermarkets and online pharmacies implement a process called an Inventory Information Approval System (IIAS). This process automatically recognizes items eligible under the flexible spending account at the register based on a list established by the IRS.
- The card may be declined if the items being purchased are not eligible according to the IIAS.
- Please keep all itemized receipts and statements. You may be required to submit receipts to CIGNA to document your debit card expenditures.

## eligible **expenses**

Review this partial list of expenses that qualify as federal income tax deductions under Section 213(d) of the tax code. For a complete list, please visit [www.cigna.com](http://www.cigna.com) or [myCIGNA.com](http://myCIGNA.com).

- acupuncture
- ambulance services
- amounts above "maximum reimbursable charges"
- artificial limb
- birth control pills and devices
- chiropractic services
- coinsurance amounts
- contact lenses and solutions
- copays
- crutches
- deductibles
- dental and orthodontic services
- hearing aids
- hospital charges
- insulin
- LASIK eye surgery
- over-the-counter medications used for treatment of illness or injury
- physical therapy
- prescription drugs
- psychiatric care
- smoking cessation programs
- vaccines
- vision care
- well-baby care
- wheelchairs
- X-rays

*Please note: You may not use the flexible spending account to pay for expenses for treatments or services received solely for cosmetic purposes or to benefit your general well-being.*



## submitting **a claim yourself**

If you do not use your debit card, you must submit claims directly to your flexible spending account to receive reimbursement from your account.

1. To submit a claim, complete and sign the flexible spending account claim form (available on [www.cigna.com](http://www.cigna.com) or by calling Customer Service). Please tape receipts to the center of a plain piece of paper, and use only one receipt per page.

### **Types of acceptable proofs of payment include:**

- itemized receipts
- explanation of benefits statements
- invoices
- claim statements

### **Acceptable proofs of payments must include the following information:**

- health professional or facility name and address
- type of service
- date(s) of service
- amount due/paid by you

### **CIGNA cannot accept:**

- bank card statements
- estimates of charges
- illegible documents
- cancelled checks
- balance due statements

*Please note: For ongoing expenses such as maintenance medications, the IRS requires a claim form for each expense.*

2. To avoid delay, please complete all required fields on the claim form and include all necessary proofs of payment. The following tips can help you complete the reimbursement request form:
  - All fields with an asterisk (\*) must be completed.
  - If employee and patient information is the same, do not leave the patient area blank – either re-enter the information or put “same.”
  - A separate form is needed for each family member who has claims. Multiple individuals cannot be submitted on the same reimbursement form.
  - Exact dates of service must be entered. A summary or range of dates such as “January to June of 2008” or just “June 2008” will not be accepted.
  - Multiple items cannot be entered on one claim line. Each item must be listed on a separate line, which may require you to submit more than one claim form.
3. Mail or fax the completed form and all documentation to the address on the form. Keep copies of all of your receipts and reimbursement claim forms. If you do not fill in all required fields or include appropriate documentation, payment will be delayed or denied. We will send you a letter requesting the missing information. Once we receive all necessary information, we will process your request.
  - Submit your requests in any amount and throughout the plan year. If some of your eligible expenses are ongoing, such as monthly bills for maintenance medications, you may find yourself filing claims regularly for the same amounts. However, the IRS requires that you submit a completed claim form and paid receipts for every claim.
  - Be aware that your employer will designate a certain year-end cut-off date for claims. Check with your health plan manager so you don't miss this deadline.

## what is a **health care flexible spending account?**

*A health care flexible spending account is an easy, convenient way to get more out of your paycheck. It allows you to set aside pretax dollars and then use them to pay for certain out-of-pocket health care expenses as they occur throughout the year. You do not have to participate in your employer's (or any other) health plan to be eligible to participate in a health care flexible spending account.*

### **How does it work?**

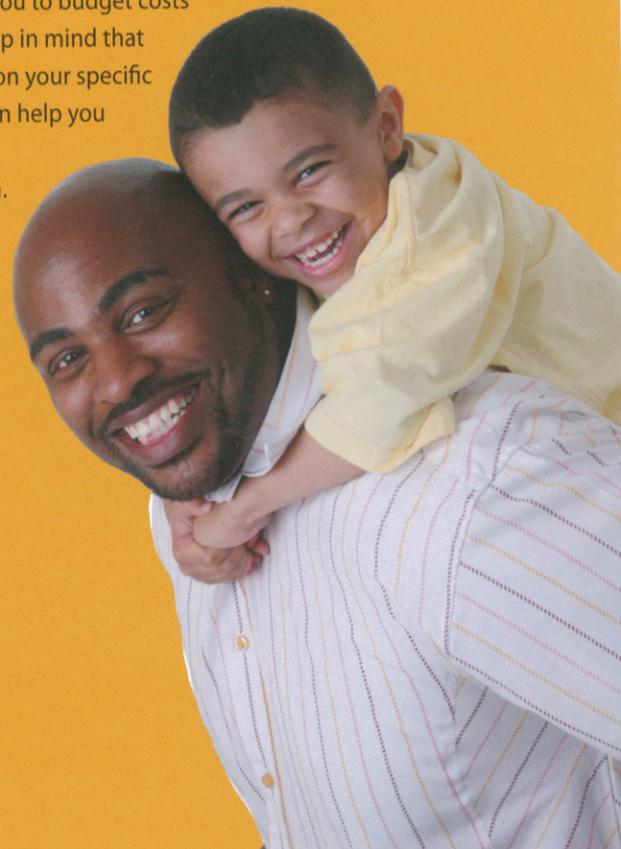
At the start of the plan year, you choose how much you want to set aside with each paycheck – subject to any maximums set by your employer. You then withdraw funds from your account as needed throughout the year to reimburse yourself for the eligible health care expenses you've paid for such as copays, coinsurance (the percentage of the cost of your covered medical expenses after you meet your deductible), deductibles (the amount you pay before your plan starts to pay) and certain vision, dental or pharmacy costs. You'll receive a debit card when you enroll in the flexible spending account that you can use to pay for eligible health care expenses at authorized health care professionals and pharmacies for yourself, your spouse and other covered family members, as long as they are a qualifying dependent under federal tax law.

### **Tax advantages**

IRS rules allow you to contribute to your health care flexible spending account through pretax payroll deductions. That means the money is deposited into your account before deductions for income tax, Social Security and (in most cases) state withholding taxes. Money set aside in your account is worth more because it's tax-free. You pay no taxes when you contribute or make withdrawals. It's an easy and smart way to save.

### **Is a health care flexible spending account right for me?**

If you can reliably forecast health care expenses for yourself and your covered family members for the coming year, a health care flexible spending account can be an excellent way for you to budget costs while cutting your taxes. Keep in mind that your actual savings depend on your specific situation. Your tax advisor can help you calculate the advantages of participating in this program.



## receiving **reimbursement**

Once your claims have been processed, CIGNA will issue you a reimbursement check for your eligible expenses. If you have multiple submissions before the end of the payment period, you will receive one reimbursement for all requests submitted.

- You can save time with the convenience of direct deposit. To enroll, log in to [myCIGNA.com](http://myCIGNA.com) and click on *Settings & Preferences*. Select *Direct Deposit* and complete the requested information. If you do not have Internet access, call the number on your CIGNA ID card or 1.800.CIGNA24 (1.800.244.6224) to request an enrollment form.
- You are eligible to receive the full amount of your flexible spending account annual contribution for payment of qualified health care expenses even if payroll deductions have not yet reached your total contribution for the plan year.

## important **considerations**

- We recommend that you make sure any covered dependents meet the IRS definition of "dependent." Most unmarried children under age 19 (24 if a full-time student) will qualify. Other dependents (other than your spouse) must be your relative, and you must provide more than half of their support. Domestic partners, civil union partners and same-sex spouses may not qualify. If a person does not meet the IRS definition, payments issued from the flexible spending account for this nonqualified individual will be subject to tax. For more information, please visit [www.irs.gov](http://www.irs.gov).
- Please save all itemized receipts. CIGNA may need supporting information, including receipts, to verify that the expense is eligible and complies with IRS rules. That's why it's important to save all receipts, and fax or mail them promptly when you're asked for them. If you use your debit card for certain expenses and do not submit proper receipts, the expenses are considered ineligible, and you'll have to reimburse your account. You could also lose the tax-exempt status of your account and lose access to your debit card.
- Remember, you lose what you do not use. The IRS requires that you forfeit unused account balances at the end of your plan year. However, your employer may allow you to use money remaining in your account at the end of the plan year to pay for claims incurred during the 2 1/2 months after your plan year ends. Please check with your employer to determine if this option is available to you.
- Over-the-counter drugs and medical care items are not covered under all plans. For more information, contact your plan administrator or contact CIGNA Customer Service by calling the toll-free number on your CIGNA ID card or 1.800.CIGNA24.
- If you enroll in the flexible spending account, you must remain enrolled for the entire year. You can adjust your contribution only with a qualifying life event, such as the addition or loss of a dependent, or a change in marital status. However, you can set aside a different amount each year.
- If you or your spouse is enrolled in a medical plan that qualifies for contributions to a Health Savings Account, you may not be eligible to enroll in a flexible spending account. If you are eligible, the qualified expenses and plan options available to you under the flexible spending account may vary. Please check with your employer to review your plan options, determine if you can enroll in the flexible spending account, and find out whether you are eligible for automatic claim submission from your medical plan to your flexible spending account.

## we're here to **help**

**myCIGNA.com.** You have online access to account information whenever you need it: up-to-date balance information, claim status, claim forms and answers to general questions.

**Health Statements.** Mailed directly to your home, these statements give you an easy-to-understand report on your account balance, and claim and payment activity – helping you manage your account and make the most of your flexible spending account.

**Answers are a phone call away.** Customer Service representatives are available 24 hours a day, 7 days a week. Just call the toll-free number on your CIGNA ID card or 1.800.CIGNA24.

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