



NEW MEXICO
**LAW OFFICES OF THE
PUBLIC DEFENDER**

Chief Public Defender
Bennett J. Baur

Flexible Spending Account Notification

What Is a Flexible Spending Account?

A Flexible Spending Account (FSA), also called a flex plan or reimbursement account, is an employer-sponsored benefit that allows you to pay for eligible medical expenses on a pre-tax basis (there are also similar accounts for dependent and child-care expenses).

If you expect to incur medical expenses that won't be reimbursed by your regular health insurance plan, you should be taking advantage of your employer's FSA.

How Does a Flexible Spending Account Benefit Me?

An FSA saves you money by reducing your income taxes. The contributions you make to a Flexible Spending Account are deducted from your pay BEFORE your Federal, State, or Social Security Taxes are calculated and are never reported to the IRS. The end result is that you decrease your taxable income and increase your spendable income. You can save hundreds or even thousands of dollars a year.

How Do Flexible Spending Accounts Work?

At the beginning of the plan year (which starts January 1st), your employer asks you how much money you want to contribute for the year (there are limits). You have only one opportunity a year to enroll, unless you have a qualified event - "New Hire" or "family status change," such as marriage, birth, divorce, or loss of a spouse's insurance coverage. The amount you designate for the year is taken out of your paycheck in equal installments each pay period and placed in a special account by your employer.

As you incur medical expenses that are not fully covered by your insurance, you submit a copy of the Explanation of Benefits or the provider's invoice and proof of payment to the plan administrator, who will then issue you a reimbursement check.

An IMPORTANT medication change occurred January 1, 2011 for Over the Counter (OTC) purchases. A prescription from your physician will be required for reimbursement for such things as acid controllers, baby rash ointment, laxatives, digestive aids, allergy and sinus, antibiotic ointments etc.

A Debit Card can be requested and used to pay for certain Health Care expenses.

Please contact Erisa Administrative Services, Inc., at 505-244-6000 or www.mybenefitsnm.com to enroll.

Employee Name (Print): _____

Employee Signature: _____

Date: _____