

Health Care
Flexible Spending Account



CIGNA

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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 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 money 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 can submit claims for yourself, your spouse and other covered family members, as long as they are a qualifying dependent under federal tax law. And, with the convenience of automatic claim submission, there's hardly any paperwork. You do not have to file any flexible spending account claims when you're covered by any CIGNA medical or pharmacy plan.

Tax advantages

IRS rules allow you to contribute to your health care flexible spending account with pretax dollars. That means the money is deposited into your account before deductions for income tax, Social Security or (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 for anticipated out-of-pocket 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.



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 your contribution

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 take from each paycheck to 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 lose any money remaining in your account at the end of the year. You cannot withdraw the unused money, and you cannot carry it 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. Select how you want to submit claims to your flexible spending account

You may use automatic claim submission or choose to submit claims yourself. With automatic claim submission, out-of-pocket medical expenses (such as copays, coinsurance, or deductibles) will automatically be forwarded to your flexible spending account when covered by any CIGNA medical or pharmacy plan.

4. Submit your enrollment

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, visit www.cigna.com/expenses.

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

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.

**Note: As part of the recently enacted Health Care Reform legislation (the Patient Protection and Affordable Care Act), starting January 1, 2011 you will not be able to use a flexible spending account to pay for most over-the-counter drugs and medicines unless you have a doctor's prescription.*

how **automatic claim submission works**

Medical expenses

For automatic claim submission to apply, you must:

- Be covered by a CIGNA medical plan.
- Elect automatic claim submission of medical expenses to your flexible spending account.
- Have no other source of reimbursement for these expenses.

When you use automatic claim submission, you will be reimbursed for any payments made at the time of service, and the health care professional will be paid directly for any additional charges, as long as there is enough money in your account to cover the cost. Both you and your doctor will receive an explanation of benefits (EOB) for the payments made from your account. The EOB you receive will also identify the remaining balance in your account.

Pharmacy expenses

For automatic claim submission to apply, you must:

- Be covered by a CIGNA pharmacy plan.
- Elect automatic claim submission of medical expenses to your flexible spending account.
- Have no other source of reimbursement for these expenses.

When you visit CIGNA participating pharmacies, your flexible spending account will be used automatically to pay your out-of-pocket prescription costs (deductible, coinsurance, copays). You will not pay anything out-of-pocket for eligible expenses unless your remaining account balance cannot cover the cost.



requesting **reimbursements**

You must request reimbursement from your flexible spending account if:

- Your claims are not processed through any CIGNA medical or pharmacy plan.
 - You do not elect automatic claim submission.
1. Complete and sign the flexible spending account reimbursement request form (available on myCIGNA.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 reimbursement request form for each expense.

2. To avoid delay, please complete all required fields on the request form and include all necessary proofs of payment and other documentation (such as prescriptions or letters of medical necessity) as required. The following tips can help you complete the form:
 - Complete all fields marked with an asterisk(*).
 - Do not leave the patient area blank. If employee and patient information is the same, either re-enter the information or put "same."
 - Use a separate form for each person who has claims. Do not submit claims for more than one individual on the same reimbursement form.
 - Enter the exact dates of service. A summary or range of dates such as "January to June of 2010" or just "June 2010" will not be accepted.
 - Do not list more than one item on each line. Each item must be listed on a separate line, which may require you to submit more than one 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 reimbursement request form and paid receipts for every claim.
 - 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.

receiving **reimbursements**

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 check for all requests submitted.

- You can save time with the convenience of direct deposit. To enroll, log in to 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 1.800.244.6224 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.” 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 do 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.
- Remember, you lose what you do not use. The IRS requires that you lose any money remaining in your account 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 ½ months after your plan year ends. Please check with your employer to determine if this option is available to you.
- Starting January 1, 2011 you will not be able to use a flexible spending account to pay for most over-the-counter drugs and medicines unless you have a doctor’s prescription. Go to www.cigna.com/expenses for the most current list of eligible items.
- 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. 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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