



Fidelity Flexible Spending and  
Reimbursement Accounts  
Administrative Reference Guide



# Table of contents

1. Introduction
2. Employee Communications and Resources
3. Using PSW® to Manage Your Benefits Program
4. Client Service Communication Policies And Procedures
5. Annual Administrative Responsibilities
6. Account Operations
7. Flexible Spending Accounts
8. Health Reimbursement Arrangements
9. Commuter Benefit Accounts
10. Claims Process
11. Other Reimbursement Accounts
12. Compliance Support Services
13. Answers to FAQs

# Introduction



## Welcome to Fidelity Investments®

Our goal is to support you in administering your Flexible Spending and Reimbursement Account benefits.

Your dedicated and knowledgeable client service team is ready to assist with any questions you have along the way.



## Overview

This guide will provide you with need-to-know information to help you get started with Fidelity's Flexible Spending and Reimbursement Accounts services.

In it we cover a range of topics, from employee resources to account operations and procedures involved in successfully administering your benefits program, to tools that assist with daily administration, and more.

## Employee Communications and Resources

Our education offering supports employees throughout their Flexible Spending and Reimbursement Accounts journey. We provide you with access to off-the-shelf materials that can help your employees feel confident about their flexible spending and reimbursement accounts choices and understand better how to use their benefits.

Visit the [Fidelity Flexible Spending and Reimbursement Accounts Engagement and Education](#) page to learn more.

# Employee Communications and Resources

## Employee support

Employee support is available via the web, mobile, and phone. The resources below are designed to help employees make confident decisions and simplify benefits management.

### Fidelity NetBenefits®

Fidelity's workplace benefits portal makes it easy for employees to address their broad financial needs all in one place. Employees can log on to [NetBenefits.com](https://netbenefits.com) using their existing username and password.

---

### Fidelity Health® app

We built the Fidelity Health® app to help employees easily manage their health care expenses from their mobile devices.

Employees who are enrolled in a flexible spending account (FSA) can see where their account stands, pay bills, and get reimbursed from their health care FSA or dependent care FSA.

The app is easily accessible with existing Fidelity NetBenefits® login information and is available for download in the App Store® and on Google Play™.

---

### Fidelity Customer Service

Employees can contact their employer's Benefits Center at Fidelity for assistance with any benefit related questions.



# Using PSW® to Manage Your Benefits Program

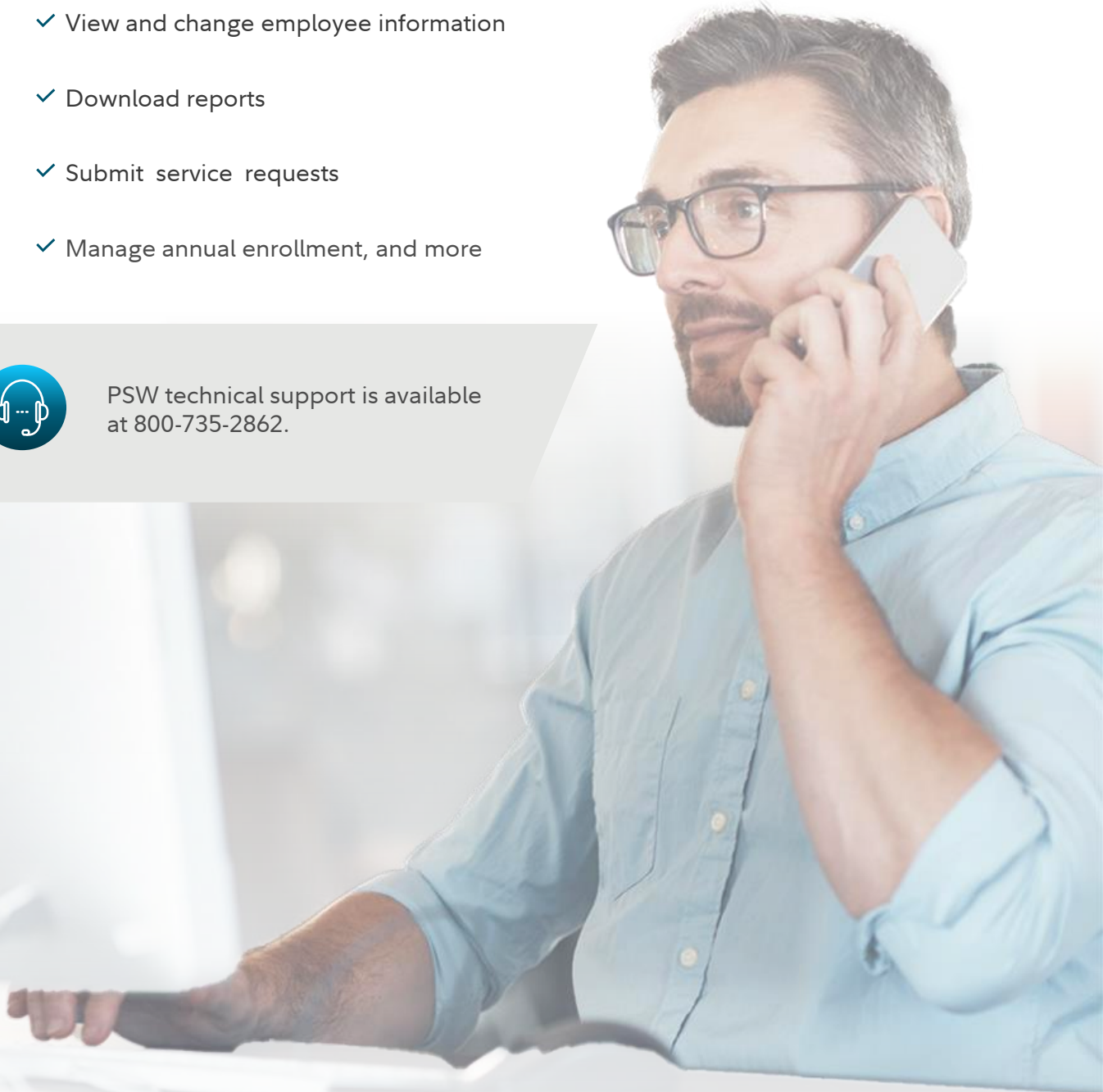
Fidelity Plan Sponsor WebStation® (PSW®) is an online portal that provides you with direct access to your benefits program information and a convenient and secure way to easily manage your benefits and send data files to Fidelity.

## With PSW you can:

- ✓ View and change employee information
- ✓ Download reports
- ✓ Submit service requests
- ✓ Manage annual enrollment, and more



PSW technical support is available at 800-735-2862.



# Using PSW<sup>®</sup> to Manage Your Benefits Program

## Confirm access to PSW<sup>®</sup>

Visit [psw.fidelity.com](https://psw.fidelity.com) to login.

If you need to gain access to the Flexible Spending and Reimbursement Accounts section of PSW, or have any questions related to it, contact the Fidelity Flexible Spending and Reimbursement Accounts Employer Services team at [FidelityFSAandRA@Fidelity.com](mailto:FidelityFSAandRA@Fidelity.com).

---

## Explore the Flexible Spending and Reimbursement Accounts section of PSW<sup>®</sup>

This area of PSW allows you to:

- ✓ View real-time employee data to help field employee questions
- ✓ Run reporting
- ✓ Access forms and resources employees may need throughout the year
- ✓ Plan for year-end administrative procedures

The training guides you can access via links below cover how to use PSW to conduct many of the day-to-day tasks involved with managing your benefits program.

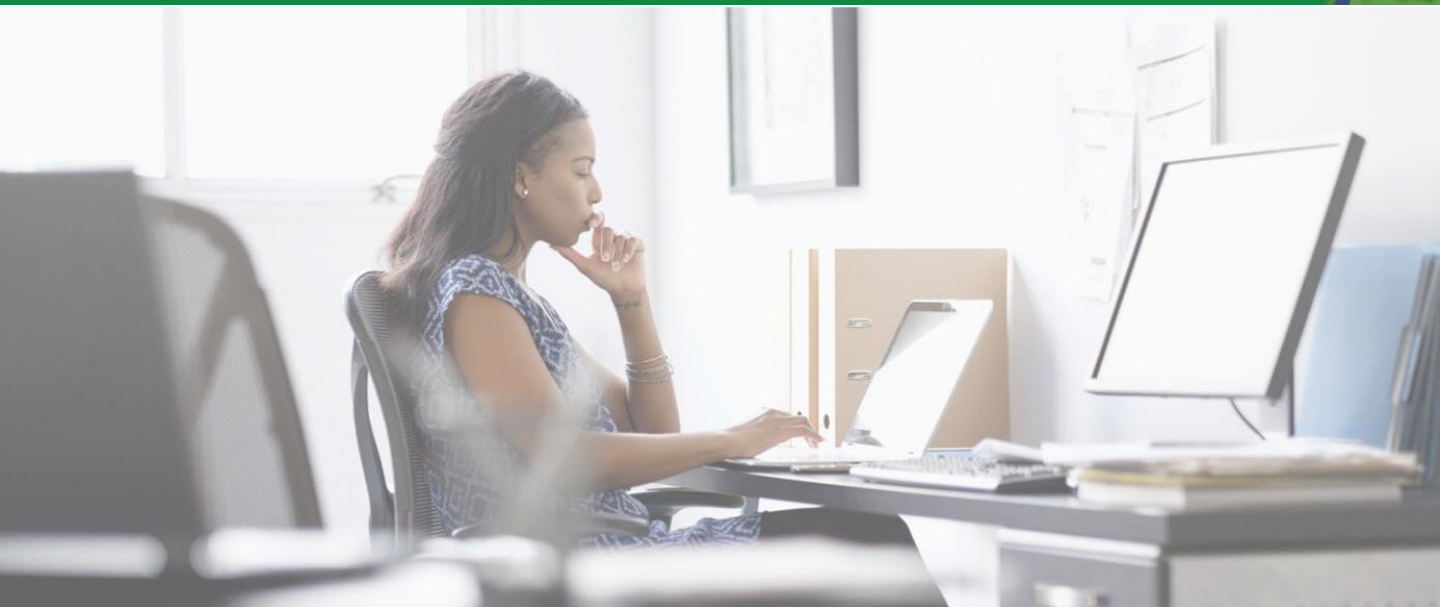
For example, you can learn how to run reports, manage funding, use employee data to answer questions, as well as how to submit data files such as enrollment, contribution, and commuter eligibility files.



[PSW Guide for Flexible Spending and Reimbursement Accounts](#)

[PSW Guide for Submitting Enrollment/Contribution Files](#)

# Using PSW® to Manage Your Benefits Program



## Learn how to submit service requests in PSW

To provide direction to Fidelity regarding your benefits program, you can submit a service request in PSW.

From the PSW home page, select Work with Fidelity > Open a New Service Request > Browse all Service Requests > General Service Request.

Whenever possible, choose the service request type that matches your question or request. This results in a faster response time due to correct routing and information gathered.

---

## Visit the PSW Training & Support Center

You can find further information and guidance in the PSW Training & Support Center, which can be accessed by selecting the Training & Support link in the upper right-hand corner of the PSW navigation bar.



For any questions related to the Flexible Spending and Reimbursement Accounts section of PSW, you can contact the Fidelity Flexible Spending and Reimbursement Accounts Employer Services team at [FidelityFSAandRA@Fidelity.com](mailto:FidelityFSAandRA@Fidelity.com)

# Client Service Communication Policies and Procedures

## Email policy

Email is not considered a secure method for transacting business with Fidelity. Fidelity will not accept emails that contain confidential or proprietary information.

This policy helps ensure protection for our clients and their employees' personal information.

---

## Fax policy

Faxing is not a preferred method of communication between clients and Fidelity. Facsimile copies of program-related information are accepted when received on client letterhead and approved by an authorized signatory.

Generally, Fidelity must receive original copies of letters.

---

## PSW<sup>®</sup> Team Workspace

The Team Workspace provides a shared repository and is a common place for clients and their Fidelity Service Team to store and manage documentation.

### Benefits

- ✓ Shared access in a secure environment
- ✓ Request can be easily tracked/audited
- ✓ User authorization required

### Examples of how to use

- ✓ Administrative changes
- ✓ Record retention of implementation or corporate actions
- ✓ Materials related to client service projects
- ✓ Review file processing errors\*

\*When files are processed, if there are any errors to be addressed, you will be notified via email. The errors will be documented in PSW Team Workspace for you to review. Updated records may need to be sent to Fidelity to correct the errors.



# Client Service Communication Policies and Procedures



## PSW® service requests

This is the preferred method for clients to provide direction to Fidelity.

Requests can be initiated by clients or Fidelity and help us provide an efficient client service experience.

You can open a new service request on PSW® or view all service requests to see active as well as resolved requests.

### Benefits

- ✓ Easy, streamlined, and efficient
- ✓ Provides secure transactions
- ✓ Can be easily tracked and audited
- ✓ Date- and time-stamped
- ✓ Requires verification of an authorized requestor

### Types of service requests

- ✓ Indicative data updates
- ✓ Enrollment record updates
- ✓ Contribution requests and reversals

# Annual Administrative Responsibilities

## Overview

Our goal is to deliver administrative excellence and to maximize plan efficiency.

Below we go over two important annual processes that help ensure your Flexible Spending and Reimbursement Accounts program is being administered effectively and providing the best experience for your employees.

## Plan year closing

After your plan year ends, you will receive confirmation that your benefit program has been closed for the prior plan year.

You will receive an Account Balance Detail Report with a summary of your ending account balance for the plan year, along with a list of employees with pending repayments/taxable items. Your options for how to address any pending repayments are addressed on the next page.



# Annual Administrative Responsibilities

## Plan year closing, continued

Pending repayments are considered ineligible if the necessary follow-up is not provided. The plan year is now closed. See the table below for a summary of the options available to you to resolve the outstanding ineligible amounts. Please confirm with your legal counsel about which option is best suited for your benefits program.

| Option*  | Description  |
|--|--|
| Deduct the amount through payroll as taxable income to the employee.   | <ul style="list-style-type: none"><li>• In this situation, the employee retains the funds as taxable income in addition to their normal wages. This results in an adjusted W-2.</li><li>• The IRS has stated that the W-2 can be issued in the current year, even if the ineligible transaction was from a previous plan year. The W-2 can be issued for active and/or terminated employees.</li></ul> |
| Deduct the amount from the employee's wages on an after-tax basis, thereby repaying the plan for the ineligible expense. | <ul style="list-style-type: none"><li>• If this option is selected, the money is retained by the client as forfeited funds.</li></ul>  |

\*A client can choose to use one or both options if circumstances warrant (i.e., issue a W-2 for a terminated employee and make an after-tax deduction for an active employee).

## Annual plan renewal

The Fidelity Flexible Spending and Reimbursement Accounts client service team will contact you before the end of the plan year to walk you through the renewal process in detail and request the information required to renew your benefits program.

If your organization is interested in initiating your benefits program renewal earlier than 90 days prior to the end of the plan year, please feel free to reach out to your client service team to initiate the process.

# Account Operations

## Overview

In this section, we will look at how Flexible Spending and Reimbursement Accounts are funded, as well as how money is transmitted through them to accommodate employee claims and reimbursements. The information provided is intended to be general in nature; contact your Reimbursement Account Manager if you have specific questions about your plan's administration.

As background, it is helpful to understand that Flexible Spending and Reimbursement Accounts are considered "notional" accounts. In other words, they are unfunded accounts established to maintain a record of benefits each employee is entitled to, with the benefits and dollars only becoming real once a claim is submitted and the employee is reimbursed or a provider is paid for a qualified expense.

Now let's review the employee contribution, account funding, and reimbursement process in further detail.



### Employee Contribution Process

#### **Employees make elections and contributions**

- This first step occurs when an employee is hired, has a qualifying life event, or at annual enrollment. Employees must elect to participate in a flexible spending or reimbursement account benefit and choose the amount they would like to contribute.

#### **Contributions are held in a client's payroll withholding account**

- Contributions from employees' paychecks are held in the client's payroll withholding account until there is a qualified expense, at which point the money is reimbursed back to the employee or paid to a provider.

# Account Operations



## Account Funding Process

### **Employers are responsible for funding their account(s).**

- Clients are responsible for ensuring there is sufficient funding in their account(s) to pay any claims made throughout the year, which may not equal the monetary contribution amounts deducted from employees' paychecks year-to-date\*.
- Clients pre-fund their flexible spending and reimbursement account(s) so the money can be made available on day one of the plan year. (Fidelity calculates the amount needed based on the total elections of a client's employee population.)
- The pre-funding process allows Fidelity to reimburse employee claims in real time, while being able to recoup those funds from clients on a regular basis. Pre-funding requires a one-time setup during implementation, after which the account is funded on an ongoing basis throughout the year.
- During the benefits program renewal period, enrollment numbers are reevaluated; if there is a shift in either direction by at least 20%, the pre-fund amount will be recalculated.

\*The above is an important point because reimbursement rules vary by reimbursement account type. For example, with health care FSAs and limited purpose FSAs, employees have access to the entire amount of money they elect to contribute for the plan year on the very first day of the plan year. While dependent care FSAs require that the money must be available through employee contributions before a claim is paid.

# Account Operations



## Reimbursement Process

**There are three types of accounts used to manage the flow of reimbursement activity throughout the year.**

- ✓ The client's bank account
  - ✓ Fidelity's client omnibus account
  - ✓ The claims administrative account
- 
- Fidelity requires clients to provide collateral before the plan year begins. The amount of collateral required is based on the contract funding terms and conditions.
  - The collateral funds are then held in Fidelity's client omnibus account to cover any unexpected funding gaps.
  - Each day, money is pulled from the client's bank account to fund employee claims.
  - If funds cannot be pulled from the client's bank account, the client's collateral (held in Fidelity's client omnibus account), is temporarily used to fund the claims.
  - The client is then responsible for replenishing the collateral amount in the Fidelity client omnibus account.
  - The process resumes as usual with claims administrative account, using the client's bank account to fund claims.

# Flexible Spending Accounts

## FSA basics

Flexible Spending Accounts (FSAs) allow employees to contribute a certain amount of pre-tax dollars to pay for IRS-qualified medical and dependent care expenses.

Funds must generally be used by the end of the plan year; however, clients have the option of offering grace periods or carryover amounts as part of their benefits program. (More on these topics can be found on the next page.)

Since FSAs are employer-sponsored accounts, unused funds are generally forfeited back to the client at the end of the plan year.

---

There are three types of FSAs, which are outlined in the table below.

| Type                | Description   |
|---------------------|---|
| Health care FSA     | <ul style="list-style-type: none"><li>Covers out-of-pocket, qualified medical expenses for employees, their spouses, and their dependent children.</li></ul>  |
| Limited purpose FSA | <ul style="list-style-type: none"><li>Covers qualified dental, vision, and preventive care expenses for employees, their spouses, and their dependent children.</li></ul>   |
| Dependent care FSA  | <ul style="list-style-type: none"><li>Covers qualified dependent care expenses for eligible dependents or eligible relatives. This type of FSA can only be used if the dependent care is needed for the employee or their spouse for work-related purposes. Day care, summer day camp, and elderly care are examples of qualified expenses.</li></ul> |

---

# Flexible Spending Accounts

## FSA basics, continued

- **Run-out period:** A set period, as determined by the client, for employees to submit claims for qualified expenses incurred during the plan year before the remaining account balance is forfeited.
- **Grace period:** Allows for an extra 2.5 months maximum for employees to use FSA funds for qualified expenses that they incur.
- **Carryover:** Allows employees to carry over a certain amount of funds from their FSA to be used in the following plan year.

Note: Clients can choose to offer a grace period or carryover as part of their health care or limited purpose FSA plan, but not both. A carryover is not available for dependent care FSAs.

## Annual contribution and carryover limits

The IRS indexes the limits for health care and limited purpose FSAs each year. The contribution limits shown below reflect the maximum pre-tax contributions an employee can make through their payroll deductions.

Any carryover dollars rolled into the following plan year do not count toward an employee's annual limit. Employers can also elect to make additional contributions based on their plan design.

|                     | 2024 Contribution Limits                      | Carryover Limits |
|---------------------|---|------------------|
| Health care FSA     | \$3,200 maximum                               | \$640            |
| Limited purpose FSA | \$3,200 maximum                               | \$640            |
| Dependent care FSA  | \$2,500 individual/<br>\$5,000 family maximum | n/a              |



# Health Reimbursement Arrangements

## HRA basics

Below is a summary of two main types of Health Reimbursement Arrangements (HRAs). Please reach out to your client service team if you have specific questions about our HRA services.

| Type                | Description  |
|---------------------|--|
| HRA                 | <ul style="list-style-type: none"><li>An employer-funded plan that assists employees with paying for qualified medical, dental, and/or vision expenses.</li></ul>  |
| Limited purpose HRA | <ul style="list-style-type: none"><li>An employer-funded plan that typically only reimburses employees for qualified dental, vision, and preventive expenses.</li><li>A benefit of this type of HRA is that employees have the flexibility to use the funds alongside an HSA to help pay for qualified medical expenses.</li></ul> |

A main benefit of HRAs is that they are not subject to many of the restrictions that apply to health care FSAs, giving clients more flexibility in their plan design.

For example, clients determine the annual reimbursement benefit, the time frame of availability for the funds, and if a rollover option is offered, as well as the categories or types of qualified medical expenses that qualify for reimbursement under their plan. However, clients must offer the same contribution benefit to all employees within the same employee class.

Employees elect to participate in the plan to be able to use the funds to be reimbursed for qualified expenses for themselves, their spouse, or dependent children.

While employees cannot contribute to an HRA, they benefit from the fact that they aren't taxed on their employer's contributions or their reimbursements.

# Health Reimbursement Arrangements

## HRA rollovers and unused funds

As the client, you can decide if you want to add a rollover option to your HRA plan.

If you decide to include one, you also need to decide the dollar amount employees can roll over. If you do not include a rollover option as part of your plan, employees forfeit the funds at the end of the plan year (or can spend down unused balances if they are terminated or retire).

However, they cannot cash out unused funds or roll over funds into another plan. In addition, employees cannot access the funds for any purpose other than for the reimbursement of qualified medical expenses.

You will provide all of this information to your employees as part of your Summary Plan Description.



# Commuter Benefit Accounts

## Commuter basics

Commuter Benefit Accounts help employees pay for qualified commuting expenses including public transit, vanpooling, and parking costs.

This benefit can be offered a few different ways: as a pre-tax benefit for employees, as an employer-funded program, or as a combination of the two. Pre-tax dollars are added to separate accounts for parking and/or transit expenses and cannot be transferred between the two accounts.

Employers can also offer employees the option to contribute post-tax dollars to work alongside their pre-tax dollars to further assist with managing high commuting costs.

Commuter benefits only cover qualified expenses for the employee to travel to their place of work; they do not cover spouses or dependent children.

Eligible parking and transit commuting expenses include those outlined below.



### **Parking Account**

Employees can use this account to pay for parking at or near their work location or at a mass transit station used for commuting.



### **Transit Account**

Expenses for employees' transit account include costs associated with public transportation such as a train, bus, monorail, streetcar, subway, or ferry.

Vanpool expenses are eligible, but the vehicle must seat at least six adults, excluding the driver.

# Commuter Benefit Accounts

## Monthly contribution and reimbursement limits

IRS rules govern the maximum amount of pre-tax dollars that can be set aside to pay for qualified commuter benefits on a monthly basis, as well as the maximum monthly distribution amounts.

Employees with both transit and parking benefits may contribute the combined maximum. Employers can also choose to make contributions to these accounts, however the combined contributions cannot exceed the IRS monthly limits.

### **2024 Monthly Commuter Benefit Account Limits**

- Parking Benefits – Have a maximum monthly contribution limit of \$315. The monthly distribution limit is also \$315 per month.
- Transit Benefits – Have a maximum monthly contribution limit of \$315, as well as a \$315 monthly distribution limit.

## NetBenefits CommuterCard®

Employees receive a NetBenefits CommuterCard® (which is separate from the NetBenefits AccessCard®) to pay for qualified transportation expenses at eligible merchants and service providers that accept debit cards for payment.

The amount of the purchase will be deducted automatically from the appropriate commuter account, based on the type of merchant, and the available balance in an employee's parking and/or transit account.

Note: The NetBenefits CommuterCard® cannot do split transactions. If the amount available on the card does not cover the transaction, it will be declined. Employees are welcome to use another form of payment and reimburse themselves via the 'Reimburse yourself' tile on NetBenefits®.

# Commuter Benefit Accounts

## Monthly benefit election and contribution process

Employees make elections for commuter benefits on a monthly basis and have the flexibility to change their contribution amount for parking and/or transit benefits each month. There are two ways clients can have their employees do this, outlined in the table below.

Note: Any remaining balance left in their account(s) at the end of the month will roll over to the next month. However, employees are still limited to spending to the maximum monthly distribution limit set by the IRS.

| Option             | Description   |
|--------------------|---|
| On NetBenefits®    | <ul style="list-style-type: none"><li>• Employers send Fidelity an enrollment file that includes all commuter benefits-eligible employees.</li><li>• Each employee has the responsibility of electing the transit and/or parking benefit and determining their monthly contribution election amount through Fidelity's online system.</li><li>• The employee enrollment and amount is communicated by Fidelity to the client's payroll provider for deduction from the employee's paycheck.</li></ul> |
| Through the client | <ul style="list-style-type: none"><li>• Enrollment and contribution elections occur on a client-sponsored website (such as a benefits administration or payroll provider's website).</li><li>• Employers send Fidelity a contribution file for the employees who have made commuter elections for that month. These election amounts are communicated by the client to Fidelity via a standard Reimbursement Accounts enrollment and contribution process.</li></ul>                                  |



If an employee needs help changing a future monthly election amount, they can call their Flexible Spending and Reimbursement Accounts Service Center for assistance.

# Commuter Benefit Accounts

## Monthly reimbursement limits

As discussed, the IRS governs monthly reimbursement limits for commuter benefit accounts. If an employee has a greater balance in their account than the IRS reimbursement limit, they do not have access to those funds.

To have access to those funds, the employee must reduce their contribution amount in an upcoming month. See example below.\*



## Guidance for employees

Employees should keep track of their account balance to help them optimize the use of their commuter benefits based on their monthly needs.

Employee education resources related to commuter benefits can be found on the [Fidelity Flexible Spending and Reimbursement Accounts Engagement and Education](#) page on PSW®.

\*Here's an example using 2024 IRS limits:

- January 2024: The employee elects \$315 as their monthly contribution but only spends \$200, leaving a balance of \$115, which rolls over to February.
- February 2024: The employee elects \$315 as their monthly contribution, bringing their total account balance to \$430 due to the rollover from January. The employee only has access to \$315 for this month. The employee spends \$315, and the remaining \$115 rolls over to March.
- March 2024: The employee elects \$200 as their monthly contribution, bringing their total balance to \$315 due to the rollover from February. The employee only has access to \$315. The employee spends \$315 and has no rollover balance for April.

# Claims Process

## Overview

In this section we will go over claim submission, substantiation, and adjudication; the three steps involved in processing claims for reimbursement. We will also review the claims appeal process and provide helpful guidance you can share with your employees.

Understanding the claims process will assist you with navigating common employee questions and help you direct employees to the right resources.

Materials that provide step-by-step instructions for employees on how to submit claims and more, are available on the [Fidelity Flexible Spending and Reimbursement Accounts Engagement and Education](#) page on PSW®.

## Claims submission process

Employees can submit claims either of the following three ways:



Using their  
NetBenefits  
AccessCard® or  
NetBenefits  
CommuterCard®



Filing online



Submitting their  
claim manually via  
mail or fax.

A benefit of using either their NetBenefits® AccessCard or NetBenefits CommuterCard® is that a claim gets automatically submitted when the employee swipes their card.

**Important Note:** IRS guidelines state that eligible commuter benefit claims must be submitted within 180 days of incurring the expense. Expenses submitted after 180 days will be denied for reimbursement.

# Claims Process

## Claim substantiation overview and guidelines

Substantiation involves providing proof that the expenses incurred by an employee qualify for reimbursement. Fidelity adheres to IRS rules that govern qualified expenses and substantiation requirements.

A [memo](#) released in 2023 by the IRS underscores existing guidance regarding the requirements for substantiation.

A list of qualified expenses can be found in [IRS Publication 502](#) for health care and limited purpose FSAs and [IRS Publication 503](#) for dependent care FSAs.

## Three ways claims can be substantiated

### **Auto-substantiation of debit card transactions**

This is the standard method of substantiation and is used to validate NetBenefits AccessCard® and NetBenefits CommuterCard® transactions. Further documentation is not usually required from the employee; however, if the claim doesn't automatically substantiate, the employee must submit valid receipts. Additional details about this method can be found on the next page.

### **Supply a valid receipt**

Employees can always submit receipts for any claim submission at NetBenefits.com. In the case of health care and limited purpose FSA claims, employees also have the option to submit receipts via the Fidelity Health® mobile app. Note: For health care or limited purpose FSA claims, the Explanation of Benefits (EOB) statement from an employee's carrier is an example of sufficient documentation in lieu of a receipt.

### **Using substantiation carrier files**

Employers can direct their medical, dental, and vision carriers to provide claim files. The information in these files can be matched to NetBenefits AccessCard® transactions to substantiate the expense. Contact your Reimbursement Accounts Manager for details and requirements.



# Claims Process

## Debit card with auto-substantiation methods

With health care expenses, there are three ways auto-substantiation can occur if an employee swipes their NetBenefits AccessCard® to pay for a qualified medical expense.

### **At retail pharmacies' point-of-sale**

This method uses the Inventory Information Approval System (IIAS). Many retail companies such as Walgreens, CVS, Target, and Walmart voluntarily choose to participate in this program. The IIAS provides guidance on what items can be automatically approved. A regularly updated list of the stores and pharmacies that are certified as IIAS-compliant can be found at [www.sig-is.org](http://www.sig-is.org).

### **Via co-pay matching**

This method requires clients to provide the known co-pay amounts for their benefit plans (e.g., medical, dental, vision). When a debit card transaction occurs for the same amount as the co-pay at the appropriate merchant, the transaction will auto-substantiate.

### **Recurring costs**

If an employee regularly visits the same provider and incurs the same expense amount, the claim will auto-substantiate, as long as a receipt is provided for the first transaction.



# Claims Process

## Debit card with auto-substantiation methods, continued

When an employee swipes their NetBenefits CommuterCard® to pay for a qualified commuter expense, the expense is also auto-substantiated.

Further documentation is not usually required by the employee; however, if the claim doesn't automatically substantiate, the employee may need to submit valid receipts.

Auto-substantiation of eligible commuter expenses is done via cross-checking the merchant category code (MCC) associated with the transaction. A MCC is a four-digit number used by credit card issuers to classify a business by the types of goods or services it provides. These numbers are based on the International Organization for Standardization codes.

## Adjudication

Adjudication is the process of reviewing the claim to confirm that the products or services qualify for reimbursement.

When adjudicating a claim, receipts are reviewed to confirm that: the date of service is within the active coverage period; the product or service purchased meets plan qualifications; and both the patient or the person who incurred the expense and the provider are valid. If a claim goes through the auto-substantiation process, it also goes through auto-adjudication.

For health care FSAs, not all services performed at doctors' or dentists' offices are eligible. Additionally, some items are considered dual-purpose and may require additional documentation to determine medical necessity.

# Claims Process

## Denied claims and the appeal process

### Common reasons claims are denied

The most common reasons claims are denied include:

- Incomplete or illegible documentation
- Missing documentation (e.g. the receipt is missing information such as the date of expense, the provider name, the name of the person who incurred the expense, the type of expense, the cost)
- The expense is not a qualified medical expense as defined by the IRS. For example, general health items and cosmetic surgery are not covered under any health care FSAs, and non-preventive care medical expenses are not covered under LPFSA's.

---

### Standard claim appeal process

- Employees can appeal denied claims at any time by submitting a Claim Appeal Form, plus any additional information if required.
- A different Claims Adjudicator from the Claims Team will review the form and information to determine whether any adjustments are needed, or the claims should be approved.
- If the claim is approved, no further action is needed. If the claim is denied, the Claims Team will contact the Reimbursement Accounts Services Team. The Reimbursement Account Manager will then reach out to the client to determine if they want to override the claim denial or not. If, per the client, the claim is approved, the Claims Team will approve the claim to be paid. If the client denies the claim, the employee has the option of proceeding with an external claim appeal as outlined below.

---

### External claim appeal process

- If the employee's standard claim appeal is denied, they can appeal through an Independent Review Organization (IRO).
  - Employees have 180 days from the denial date to submit a formal appeal. To do this, the employee should request an External Claim Appeal Form from the Reimbursement Accounts Call Center.
  - The IRO will make their decision within 45 days of receipt of the information and the Claims Team will process the claim accordingly. A letter will be sent to the employee via U.S. mail to make them aware of the determination of the appeal.
-

# Claims Process



## Important Guidance For Employees

Employees with a health care FSA or HRA should save their itemized receipts and associated documentation for all expenses, even if using their NetBenefits AccessCard® to pay for qualified medical expenses.

### More specifically:

- ✓ Itemized receipts should be kept for services provided by doctors, dentists, vision providers, and pharmacies, as not all services provided by them are qualified expenses. For example, teeth whitening is not a qualified expense which can be reimbursed.
- ✓ Employees should also save all the Explanation of Benefit statements (EOBs) they receive from medical, dental, vision, or prescription plans. EOBs are excellent sources of documentation, as they contain the required information. Employees can log in to their health carrier's online portal to obtain electronic copies.
- ✓ Receipts for card transactions and canceled checks are not acceptable.
- ✓ Receipts for over-the-counter and prescription items do not need to include the person's name but must display the name of the item purchased (e.g., Band-Aids).

### All receipts or documentation must include the following information:

- ✓ Name of the person who incurred the expense
- ✓ Name and address of the provider or merchant
- ✓ Date of expense
- ✓ Detailed description of the expense
- ✓ Amount due for the expense

# Claims Process



## Important Guidance For Employees

### Why it is important for employees to save their receipts:

Employees with any type of health care FSA, dependent care FSA, HRA, or Commuter Benefit Account should save their itemized receipts, even if using a NetBenefits AccessCard® or NetBenefits CommuterCard® to pay for a qualified expense.

If an expense requires a receipt to be submitted and it has not been received after 100 days, the employee's FSA or HRA purse on the NetBenefits AccessCard® will be turned off. Note: Manual and online transactions are still available.

The above scenario is infrequent and happens after multiple email reminders, which are deployed as follows:

- Day 1: First reminder that the receipt is required is sent to the employee
- Day 30: Second reminder is sent to the employee
- Day 60: Third reminder is sent to the employee
- Day 90: Denial letter with repayment request is sent to the employee
- Day 100: Debit card is suspended for the applicable account

Upon receiving an in-good-order receipt, the NetBenefits AccessCard® will be reinstated the next morning. However, if the item purchased is not a qualified expense, the balance on the card may be suspended until the employee repays the amount charged.

# Other Reimbursement Accounts

## Lifestyle Spending Account

A Lifestyle Spending Account (LSA) is an employer-funded account that offers clients a flexible way to attract and retain talent by supporting diverse employee lifestyle and wellness needs.

Plan designs vary by client, but a benefit of a LSA is that it can cover many types of expenses not otherwise covered by insurance or other employer-sponsored benefit plans—allowing employees to choose how they utilize their funds.

The benefits are taxable for employees. Employees generally pay the upfront cost for covered products, services, or activities and then are reimbursed.

A standard list of covered expenses for a Lifestyle Spending Account can be found in the FAQ section of this guide.

---

## Retirement Medical Account

A Retirement Medical Account (RMA) is an employer-sponsored plan that can help retirees pay for health care costs during retirement. Funds are available for employees to access after retirement, and sometimes only after a certain age (e.g. 65).

Plan designs are unique to each client and cover qualified medical expenses for the retiree, their spouse, and dependent children. Insurance and/or Medicare premiums may also be reimbursable depending on the plan design.

All this information should be provided to your employees as part of your Summary Plan Description. Reach out to your client service team if you have questions about our RMA services.

---

## Tuition Reimbursement Programs

For many employees, the next step on their career path takes them back to school. Offering a tuition reimbursement program can support employees' skill development and career goals by helping them pay for a degree, specialized training, and other costs associated with ongoing education. Plan details are defined by each client.

# Other Reimbursement Accounts

## Adoption and Surrogacy Assistance Programs

Today, many people look to expand their family through adoption.

Adoption assistance programs can help employees with eligible adoption-related expenses such as adoption agency fees, court costs, attorney fees, and travel expenses.

Additionally, surrogacy assistance programs can help employees looking to expand their families through surrogacy by helping them with eligible expenses associated with lawful surrogacy arrangements.

Plan details for these types of programs are defined by each client.



---

## Fitness Reimbursement Programs

Providing a fitness reimbursement program is a great way to encourage employees to live a healthy lifestyle by reimbursing them for certain health and fitness expenses.

Employers determine which types of fitness-related expenses can be reimbursed.

These programs can be structured as either a pre- or post-tax benefit for employees; clients should connect with their legal counsel to review the merits of each approach.

# Compliance Support Services

Fidelity's Workplace Consulting Team offers comprehensive year-round compliance support to help clients confidently navigate the often-complex requirements associated with Flexible Spending and Reimbursement Accounts.

To learn more about any of these services, please contact your client team.



| Service                           | Description   |
|-----------------------------------|---|
| <b>Non-Discrimination Testing</b> | <p>Non-discrimination testing is an annual IRS-mandated evaluation of employee plans that ensures equal benefits for all employees, regardless of their position in the company.</p> <ul style="list-style-type: none"><li>• Section 125</li><li>• Section 129</li><li>• Section 105(h)</li></ul> |
| <b>Plan Documents</b>             | <p>Prepare health and welfare plan documents and Summary Plan Descriptions for Wellness Recovery Action Plans, Premium-Only Plans, Flexible Spending Accounts, Health Reimbursement Arrangements, Commuter Benefits, and Section 125 plans.</p>   |
| <b>Form 5500 Reporting</b>        | <p>Get help with filing your annual Form 5500s through the Department of Labor filing site. Draft, review, and upload signature-ready Form 5500 filings.</p>  |
| <b>Compliance Diagnostics</b>     | <p>Meet with our health and welfare consulting team for an in-depth discovery session* to understand whether you are meeting all of your plan sponsor compliance obligations.</p>   |

\*Remediation support for gaps in compliance can be provided by our Fidelity Workplace Consulting Team. Cost of services to be determined based on the results of your health and welfare compliance diagnostic review.



# Answers to FAQs



## Lifestyle Spending Account

Below is a standard list of covered expenses for the Lifestyle Spending Account.

### Eligible Wellness-Related Expenses

- ✓ Annual passes (ski, snowboard, golf, swimming, etc.)
- ✓ Athletic equipment and accessories (including sneakers)
- ✓ Entry fees (marathons, leagues, etc.)
- ✓ Exercise equipment
- ✓ Fitness trackers
- ✓ Fitness classes (yoga, Pilates, Peloton, spin, cycle, dance, etc.)
- ✓ Gym, health club, spa, and fitness studio memberships
- ✓ Lessons (golf, swimming, tennis, dance, etc.)
- ✓ Meal delivery programs
- ✓ Meditation classes
- ✓ Non-medical counseling (Employee Assistance Program, parental, etc.)
- ✓ Nutritional supplements
- ✓ Personal trainers
- ✓ Weight management programs (Weight Watchers, etc.)

### Eligible Lifestyle-Related Expenses

- ✓ Annual park pass for federal, state, county, and city parks
- ✓ Camping (equipment fees, etc.)
- ✓ Day care (child, elder, or special needs care)
- ✓ Estate planning—will preparation services
- ✓ Home office improvement (desk, printer, office supplies, etc.)
- ✓ Hunting and fishing licenses
- ✓ Identity theft programs
- ✓ Personal development classes (art, cooking, etc.)
- ✓ Pet care (walkers, day care, grooming, etc.)
- ✓ Pet insurance premiums
- ✓ Professional development classes (leadership, change management, etc.)
- ✓ Retreats (leadership, spiritual, etc.)
- ✓ Tax preparation

# Answers to FAQs



## Employee Related FAQs

---

**How do my employees add a spouse or another individual as an authorized contact on their account?**

The employee may submit the Authorized Representative Form allowing the authorized individual to receive information about the account, but this individual will not be able to make any changes to the account. This form will be eligible for one year before it needs to be renewed for notional accounts.

The Power of Attorney Form allows the authorized individual the same powers as the account holder.

---

**How does my employee report an unauthorized debit card transaction?**

To dispute a transaction that occurred on the NetBenefits AccessCard® (blue), employees should call 833-811-7432.

If participating in a commuter benefit, and the transaction occurred on the NetBenefits CommuterCard® (silver), the employee should contact Fidelity Flexible Spending and Reimbursement Accounts Service Center to request the CommuterCard Transaction Dispute Form to initiate the dispute.

---

**If an employee receives a reimbursement from their HSA for a qualified dental expense that should have been reimbursed from their LPFSA, what action needs to be taken to correct the transaction?**

The employee should complete the HSA Return of Mistaken Distribution form to return a mistaken distribution to their Fidelity HSA. The employee can then file a claim to be reimbursed from their LPFSA for the same expense.

---

# Answers to FAQs



## Employee Related FAQs

**What happens if an employee loses their debit card?**

To replace the NetBenefits AccessCard® (blue) for an HSA/FSA/HRA, the employee should call 833-811-7432. A client is unable to request that a new card be issued for their employee.

---

**Where can my employee get assistance with the NetBenefits CommuterCard®?**

To replace a NetBenefits CommuterCard® (silver), employees can report the card lost or stolen on NetBenefits®. They can also contact the Fidelity Flexible Spending and Reimbursement Accounts call center at 833-299-5089.

Employees will also want to make sure they are checking their account to ensure that there are no fraudulent charges, and following the appropriate steps to report any of these. A client is unable to request that a new card be issued for their employee.

---

**How long will my employee's transactions take to process?**

Debit card transactions are usually processed within 2-3 business days. However, the merchant's card processing system can delay the approval, resulting in transactions taking up to 10 business days to be processed.

Once the employee's claim is received, it will take up to 2 business days to process. If the claim is approved, it will take 7-10 business days for a check to be received via mail. Direct deposit will take 2-3 business days to clear.

---

**If an employee has multiple enrollments, how does the debit card work to pull funds from the correct account?**

Your employee's NetBenefits AccessCard® (blue) is set up to pull funds from the most applicable account for each individual transaction. For example, if an employee has both an LPFSA and an HSA and has an optical visit, the debit card will pull from the LPFSA first.

---

# Answers to FAQs



## Employee Related FAQs

---

If offering a carryover, when are funds carried over from the prior plan year?

Unused funds, up to the IRS maximum, will carry over to the new plan year on the first day of the new plan year. Typically, the carryover amount is determined at the end of the run-out period, but to facilitate access to these funds sooner, the funds are carried over at the start of the plan year.

For plans with a carryover option, the debit card always pulls from the current year, therefore, the debit card should only be used for current plan year dates of services.

---

Where can I find educational materials to support my employees?

The Fidelity [Flexible Spending and Reimbursement Accounts Engagement and Education page](#) on PSW® provides access to off-the-shelf materials that plan sponsors can use with employees to help them learn how to use their account.

---



For plan sponsor use only.

Apple, the Apple logo, iPad, and iPhone are trademarks of Apple Inc., registered in the U.S. and other countries. App Store is a registered service mark of Apple Inc.

Android and Google Play are trademarks of Google LLC.

Third-party trademarks and service marks are the property of their respective owners. All other trademarks and service marks are the property of FMR LLC or an affiliated company and may be registered.

The NetBenefits AccessCard® is issued by PNC Bank, N.A., and the debit card program is administered by BNY Mellon Investment Servicing Trust Company. These entities are not affiliated with each other or with Fidelity. Visa is a registered trademark of Visa International Service Association and is used by PNC Bank pursuant to license from Visa U.S.A. Inc

Fidelity Health and the Fidelity Investments and pyramid design logo are registered service marks of FMR LLC.

Fidelity Workplace Services LLC, 245 Summer Street, Boston MA 02210

© 2024 FMR LLC. All rights reserved.