

THE FEDERAL FLEXIBLE SPENDING ACCOUNT (FSA) PROGRAM

The Federal Flexible Spending Account Program (FSAFEDS) Open Season begins on Monday, November 10 and runs through Monday, December 8, 2008. The FSA Program permits employees to set aside pre-tax money to pay for health, dental/vision, and dependent care expenses. Enrollments in FSAFEDS do not carry over from year to year. The employee must enroll during the open season, and must make an election each and every year. Open season enrollments are effective on January 1, 2009 for the calendar year that runs from January 1 through December 31, 2009.

The FSAFEDS offers three types of flexible spending accounts: a Health Care FSA, a Limited Expense Health Care FSA, and a Dependent Care FSA:

* Health Care FSA [HCFSA]. Employees may use pre-tax deductions to pay for certain medical and dental expenses that are not covered or reimbursed by any other source and not claimed on the participants' income tax return. Employees are allowed to contribute a maximum of \$5,000 per year.

* Limited Expense Health Care FSA (LEX HCFSA). For employees who are enrolled in or covered under a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA). Under IRS rules, employees cannot enroll in a general purpose HCFSA and an HSA at the same time, but the employee can enroll in a LEX HCFSA and an HSA at the same time. A LEX HCFSA limits coverage to eligible dental and vision expenses not covered by other insurance.

* Dependent Care FSA (DCFSA). Employees may use pre-tax deductions to pay for dependent care expenses for services that would enable them (and their spouses) to work or seek work. Employees enrolled may contribute up to \$5,000 per year, the maximum allowed under Internal Revenue Service regulations.

FSA ELIGIBILITY

Employees who are eligible to enroll in FEHB (even if not currently enrolled) will be able to elect:

1. Health Care FSA to cover expenses not covered under their FEHB plan deductibles, coinsurance, and co-payments, as well as services not generally covered;
2. To enroll in the LEX HCFSA, which limits coverage to eligible dental and vision expenses not covered by other insurances; and

3. To participate in the Dependent Care FSA for eligible dependents.

Eligible employees will be able to elect to participate during an open enrollment period. Employees may choose to contribute an amount, up to a maximum of \$5,000 for 2009, to their FSA(s). Each pay period, the employing agency will process, as an allotment a fixed portion of the total amount of the employees' contributions. These allotments will be made before Federal, state and social security taxes are calculated. Employees may draw upon their FSA accounts for reimbursement as they incur eligible expenses.

To enroll in FSAFEDS, click on website: <https://www.fsafeds.com>, or call this toll-free number 1-877-FSAFEDS (1-877-372-3337)

The FSAFEDS program charges fees to cover the administrative costs of the program. The Department will pay the administrative fees for all enrolling employees.

Employees may contact a FSAFED's Benefits Counselor at 877-372-3337 with their questions. All other questions should be directed to your local servicing human resources office.