

# New FSA Grace Period

## Great news! Your FSA just got easier. You now have more time to spend the money in your account!

On May 18, 2005 the Internal Revenue Service changed the FSA rules to allow your employer to offer a grace period at the end of the plan year. The grace period provides you with more time to incur expenses against the plan. This means you can continue to spend your current account funds during the new grace period after the end of our plan year. A run-out period will follow the new grace period, giving you time to file claims for those expenses incurred during this plan year and/or during the new grace period.

The grace period applies only if you are covered on the last day of the plan year. Your coverage will be extended automatically; there's nothing you need to do to take advantage of the new grace period, except file Pay Me Back claims (including Automatic Health Plan claims) or request Pay My Provider payments for those expenses incurred during the grace period.

Example: If you are covered on the last day of the plan year, your coverage will automatically be extended to include the grace period. Any eligible products and services you receive during the new grace period are eligible for reimbursement from the current plan year account. If you re-enroll for the upcoming plan year, the expenses you incur during the grace period are also eligible to be paid from that new plan year account.

### New FSA Grace Period Information

Account Affected	Health Care FSA and Dependent Care FSA
Plan Year:	1-Jul-08 to 30-Jun-09
Grace Period:	1-Jul-09 to 15-Sept-09
Claims Deadline:	30-Nov-09 (if you are covered on the last day of the plan year)

### Frequently Asked Questions

#### Does the grace period apply if I started participating after the start of the plan year?

Yes. The grace period automatically applies if you are covered on the last day of the plan year, no matter what day you started coverage. So, if you enrolled as a new hire during the middle of the plan year, the grace period will apply as long as you are still covered on the last day of the plan year. If your coverage ends prior to the end of the plan year, you do not qualify for the grace period; all of your eligible expenses need to be incurred during your actual coverage period.

**If I re-enroll for the next plan year and then submit a claim for a doctor's visit I have during the grace period, how do I know if that claim will be paid out of this plan year's account or the new plan year account?**

Any Pay Me Back claims (including Automatic Health Plan claims) or Pay My Provider payments that cover expenses incurred during the new grace period will be paid out of this plan year's year account first and then, when that account balance is exhausted, your new plan year account.

**Once the new plan year begins, be sure to file this plan year's claims before your new plan year claims to get the most out of this plan year's account!** If you file claims for products and services you receive during the grace period, you may exhaust this plan year's account balance with claims you intended to pay from your new plan year account and then have nothing left to cover the claims you incurred during this plan year that you were holding. **Once a payment is made from an account, there will be no way of getting those funds paid out of another plan year account.**

Example: A participant files a claim for \$50 for a service received during the grace period of the previous plan year (Year 1). The previous plan year's (Year 1) account has a balance of \$20 remaining and the new plan year (Year 2) account has a balance of \$1,200. The participant will receive a payment of \$50, \$20 paid out of the previous plan year's (Year 1) account and \$30 paid out of the new plan year (Year 2) account. All future claims will be paid from the new plan year (Year 2) account (provided they are incurred during the Year 2's coverage period).

**My card expires at the end of the plan year. Will I get a new card for use during this new grace period?**

Your current Health Care Card will expire on the last day of the plan year (not the last day of the grace period). Only card transactions paid prior to its expiration date will be made from this plan year's account.

If you re-enroll for the new plan year, your Health Care Card can only be used to access the new plan year's funds. All card payments will be made only from your new plan year account so that you have control over which expenses get paid from which plan year account. This allows you to reserve this plan year's account to pay any claims you incurred during this plan year but have not yet filed. To ensure a claim gets paid from this plan year's account instead of the new plan year account, you should use an alternative form of payment and then file a Pay Me Back claim.

**If I use my Health Care Card to pay for a prescription during the grace period, how do I know which plan year account will make that payment?**

All payments made using the card from the start of the next plan year will be paid from your new plan year account. Be sure you want that expense to be paid from your new plan year account before you present your card for payment. There will be no way of taking those funds from this plan year's account once that card payment has been made.

**How long do I have to file claims against my account?**

Now that the grace period extends the amount of time you have to use this plan year's account, we are extending the period you have to file claims to the claims deadline indicated above. All claims for expenses incurred during the current plan year or during the grace period that you want paid from the current plan year's account must be received (not just postmarked) by WageWorks on or before that claims deadline.