



**& Miscellaneous NonAppropriated Funds Activities**

**Flexible Spending Accounts, Health Savings  
Account, and Health Reimbursement  
Arrangement**

**January 2021**

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# Introduction

We are pleased to provide you with this summary plan description (SPD) of the Marine Corps NAF Savings, Spending and Reimbursement Plans. The Health Care and Dependent Care Flexible Spending Accounts (FSAs); the Health Savings Account and the Health Reimbursement Arrangement are all administered by PayFlex. PayFlex (a wholly owned Aetna subsidiary) is the administrator for the FSAs.

Participation in the FSA, HSA plans are voluntary and available to eligible NAF employees. The HSA is only available to employees that participate in the High Deductible Health Plan (HDHP). Other eligibility criteria also applies. Participation in the Health Reimbursement Arrangement will be automatic for eligible employees at overseas locations that enroll in the High Deductible Health Plan. Participating in these plans is a smart way for eligible employees to offset qualified health and/or dependent care (Dependent Care FSA) expenses while lowering your federal income and Social Security (FICA) taxes.

The healthcare FSA as well as the HSA include the convenient PayFlex debit card for use in obtaining and purchasing eligible healthcare expenses/items. Use of debit cards may not be available or may be limited overseas.

Overseas: FSA debit cards are limited to specific merchant category codes for health care. Other countries do not have to be IIAS restricted and therefore cards should not work for RX. The card only works for medical expenses in some countries.

Please note, eligibility criteria for participation applies – contact your local NAF Human Resources Office for details or visit [www.nafhealthplans.com](http://www.nafhealthplans.com) for information.

This summary is not intended to be inclusive of all provisions, exclusions or benefits. Information is subject to change.

## Summary of Benefits

Flexible Spending Account (FSA) and Health Savings Accounts (HSA) allow you to set aside a portion of your salary in a special account. You can then use the money in your account(s) to reimburse yourself for qualified health care and/or dependent day care expenses. Your taxable salary is reduced by the amount you set aside on your account(s), so you pay lower income taxes and Social Security taxes. **You cannot participate in an FSA and HSA concurrently. Employees enrolled in the HRA can participate in the FSA plan concurrently.**

Participation in the FSA and HSA is voluntary. You decide annually whether you would like to participate and how much money you would like to set aside, within the minimums and maximums shown below.

	Health Care FSA Account (HFSA)	Dependent Care FSA Account (DFSA)
Your maximum annual contribution	\$2,750 <sup>(eff 1.1.21)</sup>	\$2,500/\$5,000 See “Additional Limits on Dependent Care FSA Contributions” on page 7.
Your minimum annual contribution	\$200	\$200
Your minimum reimbursement amount	\$20	\$20
Annual claim submission deadline	All claims incurred Jan 1 - Dec 31, that are filed with paper claim forms must be received by Aetna by February 15 of the next plan year. *	All claims incurred Jan 1 - Dec 31, must be received by Aetna by February 15 of the next plan year.
Plan Year	January 1 - December 31	January 1 - December 31

<b><u>CONUS ONLY</u></b>	Health Savings Account Self	Health Savings Account Family
Annual Employer contribution*	\$500	\$1,000
Maximum Annual Contribution*	\$3,600	\$7,200
Maximum Additional Catch Up contribution for Employees age 55+*	\$1,000	\$1,000
Plan Year	January 1 - December 31	January 1 - December 31

\*amount may vary from year to year – subject to change. Maximum contribution is aggregate of employee and employer contributions from any plan(s) you may have enrolled in during the plan year, to include previous employers.

<b><u>OCONUS</u></b>	Health Reimbursement Arrangement Self	Health Reimbursement Arrangement Family
Annual Employer contribution*	\$500	\$1,000
Maximum Contribution**	\$500	\$1,000
Maximum Additional Catch Up contribution for Employees age 55+*	\$0	\$0
Plan Year	January 1 - December 31	January 1 - December 31

\*\* HRA is strictly employer contribution only

### **Health Care Debit Card (May not be applicable overseas)**

The Health Care FSA and the Health Savings Account (HSA) plans include the PayFlex Mastercard debit card for use by eligible participants.

The FSA debit card is preloaded each year with the amount of the participant’s annual healthcare FSA election. Participants are able use the debit card immediately once their enrollment is effective and they have received their card. The PayFlex debit card should be used for all eligible healthcare expenses. Some expenses (like dental, vision, eligible health care over the counter retail items etc) that are not “flat dollar” expenses may require “substantiation”. Examples of flat dollar expenses are doctor office copayments.

The HSA debit card will be pre-loaded each year for the amount of the employer contribution. As the participant contributes to their HSA account, the available balance on their debit card will increase accordingly. Participants of the HSA are not required to provide substantiation, but are required to provide evidence of expenses when/if the Internal Revenue Service requests it.

The card is generally accepted for eligible healthcare expenses by medical providers and at IAS certified merchants.

**Substantiation** is applicable to the FSA debit card only and refers to the requirement to provide documentation to support the expense (such as the applicable claim Explanation of Benefits, a detailed claim invoice/detailed receipt – must have all the required information) that supports that the claim was for eligible expenses. Failure to provide substantiation within 56 days will result in the suspension of the PayFlex debit card. Failure to substantiate an expense could result in future claims being used to offset the unsubstantiated expense. Once a claim is substantiated the debit card will be reactivated. Substantiation is required before Feb 15 of the year following the year charges are incurred. **Failure to provide required substantiation will result in the applicable charges being considered as taxable distribution(s) and the amount of those charges will be included on your IRS W2 tax form.**

Substantiation can be provided via smart phone app, online through the web or via mail or FAX. Mobile app is compatible with Android™, iPhone®, and Blackberry®.

PayFlex FSA debit card is not eligible for use for Dependent Care FSA expenses.

## Eligibility

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You can participate in the Flexible Spending Account (FSA) program if you are employed in a Marine Corps NonAppropriated Fund (MC NAF) regular full-time or MC NAF regular part-time position. See “Your DFSA” section for additional DFSA eligibility requirements. You can sign up for Health Care FSA only, the Dependent Care FSA only, both FSAs, or neither FSA. Participation is completely voluntary. It is up to you to decide which FSA (if any) meets your needs.

Eligibility for enrollment in the HSA requires participation in the HDHP (CONUS only). There are other mandatory IRS eligibility criteria. Visit [www.nafhealthplans.com](http://www.nafhealthplans.com) to learn more.

Eligibility for participation in the HRA requires participation in the HDHP (OCONUS only). Visit [www.nafhealthplans.com](http://www.nafhealthplans.com) to learn more.

Eligible employees can enroll in the plans within 31 days of eligibility or during the announced Annual Enrollment period. Enrollment authorizes your Marine Corps NAF employer to deposit a portion of your earnings into your HSA or FSAs before taxes are deducted. Re-enrollment is required annually for eligible employees. Enrollments made during the designated annual open enrollment period will be effective January 1<sup>st</sup> following the open enrollment period.

### How to Enroll

You may enroll during the eligibility periods by selecting coverage via PeopleSoft Self Service (<https://hrms.usmc-mccs.org/psp/hprd/EMPLOYEE/HRMS/?cmd=logout>). Your enrollment in the HSA or FSA authorizes your MC NAF employer to deposit a portion of your earnings into your plan before taxes are deducted.

Federal law mandates your FSA elections cannot be changed throughout the applicable Plan year unless you have a “qualified family status change.”

HSA participants may change their contribution each pay period.

### When you May Enroll

**New Employees:** You have 31 days from your date of hire in an eligible position or the date you are eligible to participate in the applicable plans. Your election stays in effect until the end of that Plan year (December 31). If you do not enroll when initially eligible, you must wait until the Annual Enrollment period.

**Annual Enrollment:** The Annual Enrollment period is your opportunity to review your benefit needs for the upcoming year, and to change your benefit elections, if necessary. The elections you make will be in effect for the following Plan year. Plan year begins on 1 January of each year.

You must re-enroll in the FSA and HSA each year if you wish to continue your participation. Continued participation in the HSA will require continued participation in the HDHP.

**Family Status changes:** Qualified Family Status Changes allow you to enroll in or make changes to your FSA within 31 days of the event. See the “Making Changes” section below. You can make changes (to include suspension of your contribution) to your HSA amount once each pay period.

## Annual Cutoff Date – FSA plans

Effective October 1 through December 31 of each Plan year, actions listed below will not be allowed for the current plan year:

- Enrollment, whether due to a new hire event or a Qualified Family Status Change.
- Increases in contributions due to a Qualified Family Status Change.

## When Participation Begins

**New Employees:** For a newly-hired (or newly eligible) employee, participation begins the date you enroll within your 31-day eligibility period. Contributions will begin the pay period the employee enrolls. You must complete the enrollment process to participate.

Newly hired (or newly eligible) employees, that enroll in the HDHP and elect to participate in the HSA (or HRA overseas) during the year (during their eligibility period) will receive the applicable employer deposit to their HSA or HRA account once their election has been processed by Aetna. The employer contribution is not pro-rated based on date of hire or eligibility.

Employment in an eligible position or any eligible status changes (employment category and/or qualifying event) that occur after September 1 will require an FSA participation election before the October 1 annual cutoff date.

**Annual Enrollment:** Your annual election made during open enrollment period will go into effect on January 1.

## Making Changes

The IRS requires that your FSA elections stay in effect throughout the full Plan year. Once made, you can't change your election during the year unless you experience a "qualified life event change" as defined by IRS Reg §1.125.

### Defining a life event Status Change for Health Care and Dependent Care FSA

The following are examples of qualified status changes for the FSAs:

- Marriage
- Divorce
- Birth or adoption of a child
- Death of a spouse; child; or parent (providing that the parent is a qualified dependent and claimed on your Federal Tax Form)
- Termination of your spouse's employment
- Commencement on your spouse's employment
- Transition from part-time to full-time work, or from full-time to part-time work
- An unpaid leave of absence taken by you or your spouse
- If you do not make the family status changes within the 31-day period, you will not be allowed to make the change until the next FSA Annual Enrollment period.
- Change in daycare provider such as:
  - cost of care changes (unless care provider is a relative)
  - need for care changes due to a job change or change of work hours

## If You Have a Family Status Change

You have 31 days from the qualifying event to change your Health Care and/or Dependent Care FSA election. The change in your FSA election must be due to, and consistent with, the change in your family status. (For example, within 31 days of the birth or adoption of your child, you could enroll in the Health Care FSA if you were not already enrolled, or if you were enrolled, you could increase your current annual

election for the Health Care FSA but you could not stop your contributions). You should contact your Human Resources Office (HRO) immediately after the change takes place to make sure you allow yourself enough time to take the appropriate action. Your HRO will explain the procedure to you.

If you are enrolled in the HSA or HRA and have a qualifying family status change, your annual employer contribution will not change (increase or decrease) until the next plan year.

## Same Sex Spouse

The Department of Defense (DoD) does NOT recognize a Same Sex Domestic Partnership (SSDP) as eligible dependents. If an employee has a Same Sex Spouse, the DoD recognizes same sex marriages, provided the applicable marriage certificate (and IRS 1040) are provided at the time of enrollment – as is required for all marriage relationships. This applies to both Health and Dependent Care FSA plans.

## If You Take a Leave of Absence (FSA)

**Paid Leave of Absence:** Your participation in the FSAs will not be affected if you are granted a paid leave of absence. Payroll deductions will continue, and you can still use your FSAs to reimburse yourself for eligible expenses. You may elect a family status change, as explained in “Making Changes” if your change in election is consistent with the circumstances of your leave.

**Unpaid Leave of Absence (aka LWOP):** Your contributions and participation in the Health Care and/or Dependent Care FSA will stop on the first day of the LWOP absence. You can continue to be reimbursed from your Health Care and/or Dependent Care FSA for eligible expenses you incurred while you were actively at work and making FSA plan contributions, prior to LWOP. You will not be reimbursed for expenses incurred during the leave of absence.

Any balance in your account from contributions made before you leave can be used for claims incurred upon your return to work.

**Upon Return from an unpaid leave of absence:** When you return, the contributions required to meet your election for the Plan year will be recalculated (and therefore will increase) over the remaining pay periods in the year.

Health Care FSA (HFSA) - You will be reinstated fully in the HFSA Plan (retroactive to the date your absence began). After reinstatement, you may request reimbursement for expenses incurred at any time in the year when enrolled, provided premiums are paid.

Dependent Care FSA (DFSA) - You will be reinstated fully in the DFSA Plan as of the date of your return. You may request reimbursement for expenses incurred at any time in the year when actively participating, except those incurred during a period of unpaid leave of absence, provided premiums are paid.

## When Your Employment Ends

**HFSA:** If your employment ends during the year, your contributions to your HFSA end. However you can still be reimbursed for eligible expenses you incur up to your last day worked, provided your account balance is sufficient. You have until February 15 of the next year to submit paper claims. Your debit card will be suspended effective with your date of termination. Use of the debit card after termination will be considered an erroneous taxable distribution.

**DFSA:** If your employment ends during the year, your contributions to your DFSA end. However you can still be reimbursed for eligible expenses you incur up to your last day worked, provided your account balance is sufficient. You have until February 15 of the next year to submit claims.

If You Are Rehired: If you separate from employment and are rehired in an eligible Marine Corps NAF (MC NAF) position within the same calendar year, your bi-weekly election for your Healthcare FSA account will be reinstated. This includes employees rehired after the annual cutoff date. Automatic re-enrollment does not apply to Dependent care FSA.

**If you terminate employment and take a job with another NAF Service.** Portability rules do not apply to Flexible Spending Accounts. Your FSA will terminate (as well as account balances) on the date your employment ends with your NAF employer. If you are rehired into an eligible position by another NAF instrumentality (i.e. terminate Marine Corps NAF and take a job with Army MWR), you may be eligible to enroll in an FSA plan, provided they offer this benefit. Annual IRS limits apply and the employee is responsible to ensure compliance.

If you Transfer to or Accept an Appropriated Fund (APF) Position- Participation in the MC NAF Healthcare and/or Dependent Care FSA ceases at the time of your termination from NAF employment. FSA plans are not portable and do not transfer with you to an APF position. You will be eligible to request reimbursement of any eligible expenses incurred prior to your termination from NAF employment, until the annual reimbursement cutoff date (February 15<sup>th</sup> of the following year). Funds not reimbursed after the cutoff date will be forfeited. \*Expenses incurred after the date of NAF termination are not eligible for reimbursement.

HSA – if you terminate employment, your HSA funds are portable and are yours to keep and use – to include any employer contributions made to your account. You will no longer be eligible to receive the annual employer contribution after termination. You can roll over your HSA funds to another eligible HSA account.

HRA – if you terminate employment, your HRA funds are forfeited and remain with the plan. You will no longer be eligible to use the HRA funds after termination.

## How the Flexible Spending Accounts Work

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You fund your FSA(s) by directing a portion of your earnings to your account(s) on a pre-tax basis. You cannot deposit cash directly into your account(s). Once you decide how much you'll contribute for the year, you cannot change your election unless you have a qualified family status change, nor can you transfer money from one FSA to another.

### How Much You Can Contribute

You can contribute from \$200 to \$2,750\* to your HFSA each year and you can contribute \$200 to \$5,000 a year to your DFSA (married) \$2,500 for single participants. Anyone employed in an eligible position, or any eligible status changes (employment category and/or qualifying event) that occur after September 1 will require a participation election before October 1, the annual cutoff date.

Carefully calculate the amount you contribute to your Flexible Spending accounts. The IRS imposes a “use it or lose it”\* rule on FSA Plans: you forfeit any money that remains in your account after reimbursement of your eligible expenses for the year. See “Limits and Restrictions” (below) for more information. **\*Health Care FSAs may roll over up to \$550 of unreimbursed funds to the next Plan year.**

**Limits and Restrictions:** To preserve the favorable tax treatment of your contributions, there are several important limitations that you should understand before participating in the FSAs. First of all, an FSA is what is known as a “**use it or lose it**” arrangement, which means that if you do not spend all of the money



in your account, you lose the unspent balance. (Effective January 2021 the IRS amount that may be rolled over to the next plan year is \$550 of unreimbursed healthcare FSA funds). Second, you cannot fund your account as you go along, you must decide on an election amount for the year before each year begins, so you have to be careful in calculating your anticipated expenses for the coming year. Please use the Aetna Calculator at [www.payflex.com](http://www.payflex.com) if you need assistance in calculating how much money you should set aside for health expenses. Once you decide your election amount, you cannot change it during the year unless you experience a qualified family status change. So, you should plan to deposit only as much as you expect to spend in the upcoming year.

Having an HFSA limits your tax deductions for health care expenses. Keep in mind that you can deduct unreimbursed health care expenses from your federal income tax only if you itemize your deductions and they exceed the threshold established by the Internal Revenue Service.

To be eligible for reimbursement from the HFSA, the expenses must be for you or for anyone eligible for coverage under the medical and/or dental plans.

Having a DFSA limits the tax credits you may be able to take for dependent care expenses. To be eligible for reimbursement from the DFSA, the qualified expenses must be for qualified dependents. See “Who Qualifies as a Dependent” on page 10. The federal income tax credit lets you subtract a percentage, based on your taxable income, of your expenses for dependent care from the federal taxes you owe. You can use both the FSA and tax credit, provided you do not claim the same expenses for both. However, federal regulations require that your dependent care tax credit be reduced dollar for dollar by whatever you put into your FSA. You should ask your tax advisor to help you choose the right alternative for your tax bracket.

Establishing an DFSA may have an impact on your cash flow until you receive reimbursement. First, your contributions to your account are deducted (pre-tax) from your paycheck. Then to receive a reimbursement\* from your account, you must send in a claim form with proof that you either paid for or incurred an eligible dependent care expense. Proof of payment would be a receipt, and proof of incurring an expense (such as an invoice) related to eligible dependent care or service, and that you have a responsibility to pay for it. You should send in claim reimbursements as soon as possible after you pay for or incur an expense to reduce your overall cash outflow. Please consider this effect when deciding on your election amount.

You cannot transfer funds between the Health Care and Dependent Care FSAs.

Under current tax rules, you cannot carry over unclaimed FSA balances from one year to the next and unused balances cannot be refunded to the participant, with the exception that up to \$550 of unreimbursed healthcare FSA funds may rollover to the next plan year (rollover amount is subject to change by on IRS regulations) . Any funds remaining in your HFSA and/or DFSA on December 31 or by the date of termination of employment (if applicable and before the end of the plan year), or date of APF portability (if applicable and before the end of the plan year) will be forfeited unless they are used to cover expenses incurred during the Plan year, and PayFlex receives your claim for reimbursements by February 15 the next year. This is a reason employees need to be conservative in their estimate of how much money to allocate to the FSA plan(s). (Note: Reimbursable Health Care FSA Claims are only required to be filed with PayFlex when the debit card is NOT used. Debit card substantiation must be provided when indicated).

The “use it or lose it” rule is located in several sections of the Code, Section 125 of the Internal Revenue Code (IRC) (26 CFR 1.125). \$550 rollover opportunity does NOT apply to Dependent Care FSA.

You can't transfer unclaimed balances to another employer, including APF positions within the same employer.

In addition to the yearly limits on what you can direct to your FSAs, the Internal Revenue Service requires Plans to prove that they don't favor "highly compensated" employees. If the MC NAF FSAs do not pass this test, the contributions made by highly-compensated employees may have to be reduced or reclassified as after-tax contributions. If this happens, you will be notified.

## Additional Limits on Dependent Care FSA Contributions

**If Your Spouse Also Contributed to a Dependent Care FSA:** The IRS sets additional limits on your contributions if you're married and your spouse has a Dependent Care FSA through his or her employer as follows:

- You are limited to a **combined** Dependent Care FSA contribution of \$5,000 in a calendar year. This limit applies whether you have one or more dependents receiving care.
- If you file **separate** federal income tax returns, the most you can contribute is \$2,500 a year.
- If you file a **joint return**, you can't contribute more than you earn (or what your spouse earns, if it is less than what you earn for the year) with a \$5,000 limit.

**If Your Spouse is Disabled or a Full-Time Student:** The IRS considers your spouse's earnings to be \$250 a month if you have one eligible dependent and \$500 if you have more than one eligible dependent.

If you are deemed to be a highly compensated employee (HCE) your limit may be required to be reduced as a result of IRS required non-discrimination testing.

**How Participating in the HSA or FSAs Affects Taxes and Other Benefits:** Establishing an HSA or FSA can also affect your tax strategy when you file your income tax return. You should consult with a tax advisor before signing up for the HSA or FSAs. You cannot change your election once you've made it, unless you have a qualified family status change (as explained in "Making Changes" on page 4).

## The Tax Advantages

The Internal Revenue Code allows your employer to take the money you direct to your HSA and FSAs out of your pay before federal and Social Security (FICA) taxes are deducted, thus lowering your taxable income, so you pay less federal income tax and Social Security tax. Depending on where you live, your tax savings could be even greater, since many states recognize the tax-free status of HSA and FSA funds. What's more, any reimbursements you receive from your HSA or FSAs are free from federal tax as long as you have not taken (or do not intend to take) a tax deduction or credit for related expenses when you file your federal tax return.

## Impact on Other Benefits

**Employer-Sponsored Benefits:** While you are "reducing" your pay for tax purposes, your pay-related benefits (for example, any employer-sponsored life and pension benefits) are not reduced. Your benefits from these Plans will be based on your compensation before any amounts are deducted.

**Social Security:** Since your Social Security (FICA) taxes are based on your reduced pay, your future Social Security benefits may be slightly lower.

## Your Flexible Spending Account Statements

In June and December, Aetna will send you a statement showing the status of your FSAs. The statement will display accrued amounts and any account activity.

You can access information about your FSA account status 24 hours a day, 7 days a week using Aetna Navigator®. Access Aetna Navigator through the Aetna Internet website home page at [www.aetna.com](http://www.aetna.com) or directly via [www.aetnavigators.com](http://www.aetnavigators.com). FSA participants that are not Aetna health plan participants can access their FSA plan(s) via PayFlex directly at [www.payflex.com](http://www.payflex.com) or by telephone at 888-678-8242.

# The following applies to HCFSA

You do not have to be enrolled in the Aetna Medical/Dental Plan or a MC NAF sponsored Health Maintenance Organization (HMO) to enroll in the HFSA.

If you are enrolled in another employer's medical plan that includes a Health Savings Account (HSA) you may NOT be eligible to enroll in the Marine Corps Healthcare FSA plan. The IRS restricts FSA participation with HSAs. Review your health plan summary.

The HFSA lets you pay many of your otherwise unreimbursed health care expenses with tax-free dollars. Since not every health care expense you incur is eligible for reimbursement through your FSA, it is important to know which are reimbursable and which are not.

If an expense is covered under any other plan(s), you cannot receive reimbursement under your HFSA or use your health care FSA debit card for those charges, until the expense has been considered by the other plan(s).

## Eligible Health Care Expenses

You can use your HFSA to pay for health care expenses that are considered "medical care" under section 213(d) of the Internal Revenue Code, as long as the expenses are not reimbursed by any health care plan. Tax rules change, so you should check with your tax advisor about the eligibility of specific expenses.

You can find additional information about eligible health care expenses\* from IRS Publication 969 "Health Savings Accounts and Other Tax-Favored Health Plan," or Publication 502, "Medical and Dental Expenses," available from your local IRS office and on the IRS website at [www.irs.gov](http://www.irs.gov). (list is subject to change)

Acupuncture	Learning Disability
Ambulance Services	Legal Fees for committing a mentally ill person
Bandages	Lodging for medical care away from home
Birth Control Pills	Nursing Home and Nursing Services
Braille Books and Magazines	Organ Donors/ Transplants
Chiropractor	Osteopathic Services
Crutches	Oxygen & Equipment
Dental Treatment	Prosthesis
Disabled Dependent Care Expenses	Psychiatric Care
Drug & Alcohol Addiction Treatment	Psychoanalysis
Eyeglasses/ Contact Lenses/ Optometrist	Psychologist
Eye Surgery/ Vision Correction Surgery	Special Education
Fertility Enhancement	Smoking Cessation Programs (with prescriptions)
Guide Dog or Other Service Animal	Termination of Pregnancy
Hearing Aids & Hearing Exams	Wheelchair
Hospital Services	*This list is subject to change and is not a promise of reimbursement.
Special Home for Intellectually & Developmentally Disabled	
Lead-Based Paint Removal to protect a child that has/had lead paint poisoning from exposure	

If you have any questions about what is and is not considered an eligible expense under the HFSA, you can call FSA Member Services at 1-800-416-7053, visit the IRS website at [www.irs.gov](http://www.irs.gov), or contact your local IRS office. Or via PayFlex directly at [www.payflex.com](http://www.payflex.com) or 888-678-8242.

## Ineligible Health Care Expenses

Just as important as understanding what's eligible for reimbursement through your HFSA is knowing what is generally excluded, including the following:

Baby Sitting, Childcare, and Nursing Services for a Normal, Healthy Baby  
Controlled Substances  
Cosmetic Surgery (any procedure that does not meaningfully promote the proper function of the body or prevent or treat illness or disease.)  
Dancing Lessons/ Swimming Lessons (without prescription)  
Electrolysis or Hair Removal  
Funeral Expenses  
Future Medical Care  
Hair Transplant  
Health Club Dues

Household Help, even if recommended by a physician  
Illegal Operations, Treatments, or Controlled Substances  
Maternity Clothes  
Medicines and Drugs from Other Countries  
Nonprescription Drugs & Medicines (Except for insulin)  
Nutritional Supplements taken for general health purposes  
Personal Use Items  
Teeth Whitening  
Veterinary Fees

If you have any questions about what is and is not considered an eligible expense under the HFSA, you can call FSA Member Services at 1-800-416-7053, visit the IRS website at [www.irs.gov](http://www.irs.gov), or contact your local IRS office.

Health Coverage Tax Credit

Weight-Loss Program

## The following applies to DCFSA

You can use the Dependent Care FSA to reimburse yourself with tax-free funds for certain dependent care expenses incurred because you (and your spouse, if applicable) work or are looking for work. Tax rules change, so you should check with your tax advisor about the eligibility of specific expenses, and any tax forms.

You can get additional information about Dependent Care FSAs from IRS Publication 503 "Child and Dependent Care Expenses," which is available from your local IRS office and on the IRS website at [www.irs.gov](http://www.irs.gov).

### Eligibility

If you are married, you may participate in the DFSA only if your spouse:

- Works full-time or part-time
- Is actively looking for work
- Has no earned income for the year and:
  - is a full-time student for at least five months of the year; or
  - is incapable of caring for himself or herself or for the dependent.

### Who Qualifies as a Dependent

You can use your DFSA to cover the expenses of dependents, which are defined as:

- Children who are under age 13 when the care is provided and for whom you can claim an exemption on your federal income tax return;
- Your spouse who is mentally or physically incapable of self-care; and
- Your dependent who is physically or mentally incapable of self-care, and for whom you can claim an exemption (or could claim as a dependent if he or she didn't have a gross annual income of \$3,000 or more).

You can use your DFSA to pay expenses for a qualifying child for whom you have joint custody if you pay more than half of the child's support and have custody during the year longer than the other parent. The costs associated with caring for the elderly also qualify for reimbursement if they live in your home at least eight hours a day and are completely incapable of caring for themselves.

## **Eligible Dependent Care Expenses**

The DFSA is strictly monitored by the IRS, and only those expenses that comply with Section 129 of the Internal Revenue Code of 1986 are covered. Keep in mind that the expenses must be work-related to qualify as eligible expenses. The IRS considers expenses "work-related" only if they meet both of the following rules:

- They allow you (and your spouse) to work or look for work; and
- They are for the care of a qualified person.

You can pay the following work-related expenses through your DFSA:

- Wages paid to a baby sitter, unless you, your spouse claim the sitter as a dependent. Care can be provided in, or outside of, your home.
- Services of a Dependent Care Center (such as a daycare center or nursery school) if the facility:
  - Provides care for more than six individuals (other than those who reside there),
  - Receives a fee, payment or grant for providing its services, and
  - Complies with all applicable state and local laws and regulations.
- Cost for adult care at facilities away from home, such as family daycare centers, as long as you're dependent spends at least 8 hours at home.
- Wages paid to a housekeeper for providing care to an eligible dependent. Household services, including the cost to perform ordinary services needed to run your home which are at least partly for the care of a qualifying individual, are covered as long as the person providing the services is not your dependent under age 19 or anyone you or your spouse claim as a dependent for tax purposes.
- If you are a civilian employee (and are not married to an active duty military member) utilizing a Department of Defense (DoD) child development center (CDC) for your dependent care, you may want to consult your tax advisor to ensure the CDC subsidy and your contributions to the DCFSA don't exceed the annual IRS exemption allowance. Because the IRS code considers the CDC subsidy as "cash income" the subsidy is included in the tax exempt total annual allowance, along with the DCFSA contributions.

## **Ineligible Dependent Care Expenses**

You cannot use your DFSA to reimburse yourself for services that:

- Allow you to participate in leisure-time activities;
- Allow you to attend school part-time;
- Enable you to attend educational programs, meetings or seminars; or
- Are primarily medical in nature (such as in-house nursing care).

## **If you have your child in a government Child Development Center (CDC)**

- If you are a civilian employee (and are not married to an active duty military member) utilizing a Department of Defense (DoD) child development center (CDC) for your dependent care, you may want to consult your tax advisor to ensure the CDC subsidy and your contributions to the DCFSA don't exceed the annual IRS exemption allowance. Because the IRS code considers the CDC subsidy as "cash income" the subsidy is included in the tax exempt total annual allowance, along with the DCFSA contributions.

## **Highly Compensated Employees (HCEs)**

Some employees deemed to be Highly Compensated Employees (HCEs) may have their DFSA allowable deferral limit reduced/ceased if the Plan nondiscrimination testing determines the DFSA favors HCEs over

non HCEs. If deferrals are not reduced, HCEs may be subject to declare a portion of their deferral as taxable income.

## CLAIMING REIMBURSEMENT

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### When You Can File Claims

Only expenses incurred during the year (January 1st through December 31st) are reimbursable through your FSA for that year. You have until February 15th of the following year to submit a paper claim for expenses incurred the year before (when the PayFlex debit card wasn't used for eligible healthcare expenses). Claims must be received at Aetna by February 15th to be eligible for reimbursement. Claims submitted after the cutoff date will have no action taken.

### Qualified Reservist Distributions

The Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008, H.R. 6081 provides a special rules for unused benefits for healthcare flexible spending accounts.

### Where to Find Claim Forms

Claim forms are available from the Aetna Navigator at [www.aetna.com](http://www.aetna.com), or (for those not enrolled in Aetna medical and/or dental) at [www.PayFlex.com](http://www.PayFlex.com). You may also call PayFlex FSA Member Services at 1-888-678-8242 for assistance in obtaining a form. Remember you do not need to be enrolled in the Aetna Health Plan or a MC NAF sponsored HMO to submit a claim.

### Auto-Debit for Prescription Drug Reimbursement – Eliminated 1 January 2014

The Auto-Debit feature, available in prior years to Aetna medical plan participants, was eliminated with the introduction of the Health Care FSA PayFlex debit card effective January 1, 2014. When you use your PayFlex FSA debit card at IIAS merchant pharmacies you pay nothing out of your pocket at the time you purchase the prescription. You may have to provide substantiation for some/all of your incurred expenses – you will receive notification when substantiation is required. Additional information on substantiation can be found on page 4 and page 14. Streamline claim adjudication was eliminated January 1, 2014 with the implementation of the debit card.

Additional information on substantiation can be found on page 4 and page 14. Streamline claim adjudication was eliminated January 1, 2014 with the implementation of the debit card.

### Documenting Your Claim

**Health Care Expenses:** When you submit a paper claim for reimbursement from your Health Care FSA, you must provide a copy of:

- The Explanation of Benefits (EOB) you received from your (or your dependent's) health care plan showing how much, if any, of your claim was paid; or should include the following information:
  - Patient name
  - Diagnosis
  - Service or service provided
  - Amount charged and
  - Date of service

Your claim will not be accepted if the required information is not provided. You can use the "Flexible Spending Account Health Care Reimbursement" form to ensure that your claim submission contains all of the required information. Copies of the form are available from Member Services, on Aetna's website (visit the Forms Library on Aetna Navigator), and on the employee intranet site.

Your HFSA includes a minimum (refer to the Summary of Benefits). If your claim for reimbursement is less than the Plan's minimum, the claim will be processed, but reimbursement will not be issued until:

- You submit additional covered expenses, and the accumulated total reaches the Plan's minimum;

Or

- The end of the Plan year

**Substantiation:** When you are required to submit substantiation for a healthcare expense after using your PayFlex debit card you can do so via mobile app (using PayFlex mobile app), on line web submission or via mail or FAX. You will need to submit the detailed receipt for the charges requiring substantiation. The detailed receipt must include:

- Merchant/provider name
- Patient's name
- Date of service
- Service or items received
- Amount of service purchased
- Insurance payment (if applicable)

**Failure to substantiate could result in the amount in question being declared a taxable distribution which will be reflected on your W2 or amended W2, as regulated by IRS regulations.**

## Dependent Care Expenses

To file a claim for reimbursement, complete the "Dependent Care Reimbursement" form. Copies of the form are available from Aetna Member Services, on the Aetna website and on the employee intranet site. You must provide the following information in your claim submission:

- Dependent's name
- Provider's name, address and tax ID (or Social Security) number
- The cost, nature and place of the service(s) performed
- An indication of whether the provider is related to you and, if so, how (if the provider is your child, you must also include the child's age)
- Proof of payment\*

\*You can ask your dependent care provider to sign the claim form as verification of payment. Detailed bills or receipts are also considered acceptable documentation for dependent care expenses.

You are also required to report your provider's taxpayer identification number or Social Security Number when you file your tax return.

## Reimbursement

Aetna processes FSA claims as they are received, and issues FSA claim payments weekly on Friday. FSA health plan participants should use their PayFlex debit card whenever possible to avoid having to submit claims for reimbursement.

You can be reimbursed through your HFSA for qualifying health care expenses up to the annual amount you elected at enrollment – even if all of it hasn't been deducted from your paychecks.

You can be reimbursed for dependent care expenses only up to the amount in your Dependent Care FSA when you file a claim. Any unpaid amounts still due will be processed in the next claim cycle when (and if) you have enough money in your DFSA to cover them.

You will receive an Explanation of Payment (EOP), which reflects the status of your account, each time you receive a reimbursement (for example, the amount of the claim, how much of it is eligible for reimbursement, what's been paid to date from your FSA, any amounts still payable, and any balance remaining in your Account).

If you have any questions about your HFSA or DFSA claims, call FSA Member Services at 1-800-416-7053 or at PayFlex 888-678-8242.

## **Appeals**

**HCFA Claims:** If you think your claim has been wrongfully denied, you have 180 days after receiving the written denial to request a review. Your request for a review, called an appeal, must be submitted to Aetna in writing. Be sure to explain why you think you are entitled to reimbursement, and attach any documentation that will support your claim. You may have a qualified person represent you at your own expense, and you have the right to examine the relevant portions of any documents that Aetna referred to in its claim processing. If Aetna denies your claim, you also may request a review by Headquarters, U.S. Marine Corps (MRG) within 30 days of receiving the Aetna denial letter. MRG will provide you a written response within 60 calendar days. If a longer period is required, you will be notified in writing. The decision of MRG on appeal of denied claims is final and binding. You can also follow this procedure if you do not receive any response to your claim within 30 days after you've initially filed it with Aetna.

**DCFA Claims:** If you think your claim has been wrongfully denied, you have 60 days after receiving the written denial to request a review. Your request for a review, called an appeal, must be submitted to Aetna in writing. Be sure to explain why you think you are entitled to reimbursement, and attach any documentation that will support your claim. You may have a qualified person represent you at your own expense, and you have the right to examine the relevant portions of any documents that PayFlex referred to in its claim processing. If PayFlex denies your claim, you also may request a review by Headquarters, U.S. Marine Corps (MRG) within 30 days of receiving the Aetna denial letter. Normally, MRG will provide you a written response within 60. If a longer period is required, you will be notified in writing. The decision of MRG on appeal of denied claims is final and binding. You can also follow this procedure if you do not receive any response to your claim within 30 days after you've initially filed it with PayFlex.

If you have any questions regarding the claims appeal process, or if you need assistance filing your appeal, contact FSA Member Services at 1-800-416-7053 or 888-678-8242.

**Please note:** If your paper FSA claim is not processed because information is missing from your claim submission, PayFlex will notify you in writing of the specific information needed to complete processing. This is not considered a denied claim.

Additional information on the HSA and/or HRA can be found in the FAQs at [www.nafhealthplans.com](http://www.nafhealthplans.com)



# GENERAL INFORMATION ABOUT THE PLANS

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Employer/Plan Sponsor	Headquarters, U.S. Marine Corps (MRG) 3044 Catlin Avenue Quantico, VA 22134-5103
Plan Year	The Plan Year runs from January 1 <sup>st</sup> to December 31 <sup>st</sup>
Plan Administrator	PayFlex. P.O. Box 4000 Richmond, KY 40476-4000 888-678-8242

## Amendment or Termination of the Plan

Headquarters, U.S. Marine Corps (MRG) has the right to amend or terminate the Plans, in whole or in part, at any time, consistent with DoD policy. If a change is made, you will be notified.

The establishment of an employee benefit plan does not imply that employment is guaranteed for any period of time or that any employee receives any non-forfeitable right to continued participation in any benefits plan.

## Plan Documents

This Plan description covers the basic features of the Flexible Spending Account, Health Savings Account, Health Reimbursement Arrangement plans administered by PayFlex/Aetna Life Insurance Company. The Plan description has been designed to provide a clear and understandable summary of the Plan, and serves as the Summary Plan Description (SPD). However, in the event of any discrepancy between the booklet and the Contract, the Contract will control.

Receipt of this document does not entitle you to a benefit for which you may not otherwise be eligible.



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