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Frequently asked questions medical spending account

Item Type	Text
Publisher	South Carolina State Library
Rights	Copyright status determined to be in the public domain on April 27, 2020 by United States Supreme Court ruling (Georgia et al., Petitioners v. Public.Resource.Org, Inc. : 590 U.S.__(2020))
Download date	2024-10-03 23:22:23
Link to Item	https://dc.statelibrary.sc.gov/handle/10827/52879



Frequently asked questions | Medical Spending Account

General information

What is a Medical Spending Account (MSA)?

A Medical Spending Account is an IRS tax-favored account that allows you to set aside money from your paycheck pretax to pay for out-of-pocket health care expenses such as copayments, coinsurance and deductibles.

How does an MSA work?

You estimate what you will spend for out-of-pocket health care expenses for the upcoming calendar plan year. Then, you contribute pretax money each pay cycle to your account. As you incur qualifying expenses, you can submit a claim to request reimbursement from your account. The money is not taxed when it goes into the account and is not taxed when paid to you for qualifying expenses. You will also have a debit card, the TASC Card, that can be used to pay at the point-of-service.

What is the advantage of an MSA?

An MSA is a tax-free account that allows you to pay for expenses with pretax money. You can set aside money for eligible expenses before your employer deducts taxes from your paycheck. This means the amount of income on which your taxes are based will be lower. Here's an example:

	With MSA	Without MSA
Annual income	\$50,000	\$50,000
Annual pretax MSA contribution	\$2,000	\$0
Annual taxable income	\$48,000	\$50,000
Annual tax withholdings (estimated 30%)	\$14,400	\$15,000
Total annual savings (approximately \$300 for every \$1,000 withheld in the MSA per year)	\$600	\$0

Who can participate in an MSA?

All insurance-eligible employees can participate in an MSA, provided the employee and their spouse are not making contributions to a Health Savings Account (HSA). Employer contributions to an HSA also prohibit an employee from participating in an MSA. To participate, you must enroll or re-enroll each year during open enrollment or within 31 days of becoming eligible. Employees who refuse health coverage are still eligible to participate in a Medical Spending Account.

What types of health care expenses are eligible?

Eligible expenses are those incurred by you, your spouse or eligible dependents. Eligible expenses include:

- Medical: copayments, coinsurance, deductibles, prescription drugs, physician and hospital charges and mileage expenses to obtain health care.
- Dental: cleanings, X-rays, fillings, crowns, bridges, dentures, implants, orthodontia, mouth guards and prescriptions for dental care.
- Vision care: eye exams, eyeglasses, prescription sunglasses, over-the-counter reading glasses, contact lenses and solutions, LASIK surgery and prescriptions for vision care.
- Over-the-counter health care products: bandages, braces/supports, birth control, breast pumps, denture adhesives, diabetic supplies, feminine hygiene products, first aid kits, hearing aid batteries, blood pressure monitors, pill holders/splitters, sunscreen (15+ SPF and broad spectrum), thermometers, canes, crutches, walkers, etc.

What types of health care expenses are not eligible?

Ineligible expenses include cosmetic treatments, expenses incurred prior to or after your coverage dates, insurance premiums, pretreatment estimates, family or marriage counseling, personal use items such as toothpaste or shampoo, expenses incurred for general good health such as vitamins or exercise classes, or expenses incurred for services not yet provided.

What does “incurred” mean?

Incurred means that you have received the health care service or supply for an expense, regardless of when you were charged or billed, or when you paid for the expense.

Where can I find more information about eligible and ineligible expenses?

Visit www.SCMoneyPlus.com to see the eligible expense listing and IRS Publication 502 for more information. You can also visit beneshop™ from the website to learn about and purchase eligible over-the-counter health care items.

Enrollment and contributions

When can I enroll in the MSA?

You can enroll or re-enroll each year during annual open enrollment or within 31 days of becoming eligible. Otherwise, you may be able to enroll mid-year if you have a qualifying change in status event.

How much can I contribute to my MSA each year?

You can contribute up to \$3,050 in 2024. This amount is subject to change at any time by the IRS. If your spouse is eligible for an MSA through their place of employment, your spouse can also enroll in their own MSA up to the plan maximum. Note, however, that you cannot double-dip and submit the same expenses to both accounts.

How do I access my MSA funds?

Your entire contribution amount is available to you on your coverage effective date. As you have eligible expenses, you can use your TASC Card or submit claims for reimbursement. In some cases, you may be asked to submit documentation to substantiate card transactions.

Can I change my election amount during the plan year?

Your MSA contribution is fixed once you make your election during open enrollment or initial enrollment. However, there are qualifying status changes for which you may be eligible to change your contribution amount.

If I do not enroll during open enrollment, can I change my mind and enroll later?

If you do not enroll in the MSA during open enrollment, you may enroll if you have a qualifying change in status during the plan year. Otherwise, you will have to wait until the next open enrollment to enroll.

What happens to my MSA if I terminate employment or retire mid-year?

You have until March 31 of the following year or until you exhaust your account, whichever is sooner, to submit eligible MSA expenses incurred before the first of the month following the last day worked. Any funds still in your account will not be returned to you.

If you have a positive balance in your account when you leave employment, you may qualify to continue MSA coverage under federal COBRA regulations. Upon termination, TASC will mail a COBRA qualifying event election notice to your home to explain the premium amount due if you wish to continue coverage under COBRA.

If you return to employment with an employer who participates in PEBA-administered insurance within 30 days, your original MSA elections will be reinstated. If you return to employment with an employer who participates in PEBA-administered insurance after 30 days, you cannot participate in an MSA for the remainder of the plan year. You can, however, re-enroll during open enrollment for the next plan year.

Claim filing and reimbursement

How do I submit claims and use my MSA funds?

You can submit claims using the TASC mobile app, online through your secure TASC account or by mailing/faxing a completed claim form along with documentation of your expense. You can also use your TASC Card at the point of service. Keep in mind that although the card provides an easy way to pay, it is not paperless, and you may be required to submit documentation afterward. Each time you use the card, you are responsible for requesting an itemized statement of the service in case it is needed.

What types of documentation must I submit with my claim?

Acceptable documentation includes:

- If covered by insurance: The insurance plan explanation of benefits (EOB) or an itemized statement of the service provided.
- If not covered by insurance: An itemized statement of the service showing the provider's name/address, date the service was provided, patient name, type of service (office copay, eye exam, crown, etc.) and dollar amount.
- Prescriptions: The pharmacy prescription, itemized list of prescriptions from your pharmacy or an itemized mail-order receipt.
- Over-the-counter drugs/medicines: The itemized merchant receipt.
- Over-the-counter health care items: The itemized merchant receipt.

Canceled checks, credit card receipts, balance forward or paid on account statements or pretreatment estimates are not acceptable documentation.

Can I submit claims for more than my account balance?

Yes. Your annual election amount is available to you on your coverage effective date. You can submit claims for expenses incurred, up to your annual election amount plus any carryover amount from the previous plan year, if the services have already been provided. You cannot be reimbursed for more than your annual election amount plus any carryover amount from the previous plan year.

How are reimbursements issued to me?

TASC will deposit reimbursements into your MyCash account, usually within 24-48 hours. You can access your MyCash funds three ways.

1. Swipe your TASC Card at any merchant that accepts Mastercard.
2. Withdraw funds at an ATM (with a PIN) using your TASC Card. Fees may apply.
3. Transfer funds to a personal bank account via the mobile app or online.

You will receive reimbursement payments via MyCash unless you establish direct deposit through your online account.

How does TASC communicate with me?

You will receive communications from TASC via email to the email address on file. You can also sign up to receive text alerts by calling TASC Customer Care at 888.276.3147. Your messages from TASC will be available in your participant portal under Alerts, too.

If I have funds remaining in my MSA at the end of the plan year, do those funds carry over into the next plan year?

You can carry over up to \$610 of unused funds into the next plan year. For example, if you have \$610 of unused funds as of December 31, 2024, you can carry over that amount into the 2025 plan year. You do not have to re-enroll in an MSA to access the \$610 carryover amount as long as you remain eligible. If you do re-enroll, the \$610 is added to your new election amount. See the FAQs regarding the \$610 MSA carryover below for more information.

What is the deadline to submit claims?

The deadline to submit claims is March 31 of the following year for expenses incurred in that plan year. For example, you have until March 31, 2025, to file claims for expenses incurred January 1, 2024, through December 31, 2024.

Can I be reimbursed from my MSA and also take a tax deduction for the same expenses?

No. You can be reimbursed from your MSA for qualifying expenses provided you have not been reimbursed from any other source and certify that you will not seek reimbursement from any other source.

\$610 MSA carryover

What is the \$610 carryover?

The carryover allows you to carry over up to \$610 of unused funds from one plan year into the next plan year.

Who is eligible for the carryover feature?

Active employees with an MSA who have unused funds in their MSA as of December 31 each year will be eligible to carry over up to \$610 into the following year.

Is the carryover available for MSAs, Limited-use MSAs and Dependent Care Spending Accounts (DCSA)?

The carryover is available for both MSAs, but it is not available for DCSAs. See FAQs regarding the DCSA grace period for more information.

How does the carryover provision work?

To explain the carryover provision, here is an example.

You enroll in an MSA for plan year 2024, which begins January 1, 2024, and elect to contribute \$2,000. As of December 31, 2024, you spent only \$1,300 and you have \$700 remaining in your account. If you have no further claims to submit for the 2024 plan year, you will carry over \$610 into an MSA for the new plan year, which begins January 1, 2025. You will forfeit the remaining \$90 of unused funds.

Do I need to re-enroll in an MSA and make a new 2025 plan year election to receive the carryover amount?

No. If you do not make a new election for the 2025 plan year, you can still use your MSA if you remain eligible. Your 2025 MSA will include your carryover funds up to \$610.

If I anticipate high expenses during the 2025 plan year, and elect the maximum of \$3,050 for 2025, can I still use the carryover funds?

Yes. In this case, you would have a 2025 account balance of \$3,660 if you carried over the full \$610 from 2024.

What happens to my MSA if I have a balance as of December 31, 2024, and have enrolled in the Savings Plan and an HSA beginning January 1, 2025?

You may carry over up to \$610 of your remaining MSA plan balance. It will be automatically converted to a Limited-use MSA on January 1, 2025. You can continue to use the carryover funds in the Limited-use MSA for dental and vision expenses incurred in 2025.

When are the carryover funds available to me in the new plan year?

Because you have until March 31 of the new plan year to submit claims incurred during the previous plan year, the carryover amount is determined as of April 1. For example, you have a balance of \$610 in your MSA as of December 31, 2025, and you submit a \$100 claim in February for a 2024 expense. You will be reimbursed for that claim and your actual carryover amount will be \$510 on April 1, 2025.

How soon do I need to use the carryover funds?

You can use your current year's funds to pay claims submitted by the March 31, claim filing deadline. If you have funds remaining as of March 31, 2024, for example, those funds will become available for use for plan year 2025 expenses and can no longer be used to pay 2024 expenses.

How long are the carryover funds available?

The carryover funds, up to \$610, are available to you indefinitely. There is no limit to the number of years in which you can carry over funds if you remain eligible for an MSA.

Are the carryover funds loaded to my TASC Card?

Yes. You can access all your MSA funds, including carryover funds, from your TASC Card.