Flexible Spending Account (FSA)

A flexible spending account (FSA) allows you to set aside money pre-tax to pay for certain designated expenses. This saves you, on average, 28% of every dollar you contribute. The State offers three types of FSA accounts: a Medical FSA, a Dependent Care FSA, and a combination FSA if you enroll in an HSA. **You must elect an FSA each year you wish to participate.**

MEDICAL FSA	DEPENDENT CARE FSA

• Use this FSA to pay for qualified medical, prescription, dental, and vision care costs.
• **Contribute up to $3,400 per year, per employee.**
• Eligible expenses include:
  • Copays, deductibles, and coinsurance
  • Prescriptions
  • Glasses
  • Contacts and solution
  • Dental expenses
  • LASIK eye surgery
  • Medical equipment
  • And more
• You have until September 14, 2027, to spend the funds or incur claims. You have until October 28, 2027 to submit claims.
• Any eligible employee may elect this account. But, if you are enrolled in an HDHP with an HSA, the account will function as a **combination FSA** until you meet your deductible. Employees who opt out of health insurance coverage may only choose a combination FSA. Learn more on page 31.
	• Use this FSA to pay for childcare and adult-dependent care expenses.
	• **Contribute up to $7,500 per year, per family.**
	• Eligible expenses include:
	  • Childcare for kids under age 13, including before and after-school care and summer day camp.
	  • Transportation furnished by daycare providers
	  • Adult daycare for a disabled spouse or IRS tax dependent.
	  • Custodial elder care and more.
	• You have until September 14, 2027, to spend the funds or incur claims. You have until October 28, 2027, to submit claims.
	• Any employee with eligible dependents may elect this account.
	• If you elect Dependent Care FSA and get paid automatically (recurring payments), you will need to set this up each new plan year.

USE IT OR LOSE IT! If you do not spend all the money in your FSA by the time periods noted above, unused dollars will be forfeited and you will not be reimbursed. If you leave State employment, you will have 60 days to submit a claim incurred while you were actively employed.

Questions? To learn more about your FSA benefits, visit https://sd.gov/bhra/ and click on Benefits.

Combination FSAs

FSAs and HRAs are generally used by people with low deductible health plans to save for qualified expenses. But there is some opportunity for employees on high deductible health plans (HDHP) to take advantage of FSAs, too, with combination accounts.

Combination FSA: If you are enrolled in an HDHP and you have a health savings account (HSA), you may elect a medical FSA during open enrollment. The medical FSA then becomes a combination FSA, meaning it can only be used for vision and dental expenses until your health plan deductible has been met.

Once you meet your deductible, you can submit the deductible verification form to begin using your FSA for medical and pharmacy expenses, as well. To download the form, go to https://sd.gov/bhra/ and click on Benefits.

Remember: FSAs are "use it or lose it" accounts. You have until September 14, 2027, to spend the funds or incur costs, and you have until Oct. 28, 2027, to submit claims. If you do not spend all the money in your FSA, the unused dollars will be forfeited and you will not be reimbursed.

Please Note: State employees who choose to opt out of health care coverage may only elect a combination FSA. They may no longer elect a full FSA.

Questions? For more information on combination FSAs and HRAs, please visit wexinc.com.