



Natural Resources Conservation Service
1203 College Park Drive, Suite 101
Dover, Delaware 19904-8713

Phone: 302-678-4160
FAX: 302-678-0843
www.de.nrcs.usda.gov

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DELAWARE BULLETIN NO. DE-360-5-3

SUBJECT: PER – Federal Flexible Spending Account Program (FSAFEDS) Open Season

Purpose: To notify employees of the 2005 FSAFEDS Open Season.

Expiration Date: December 14, 2004

The Federal Flexible Spending Account Program (FSAFEDS) Open Season began on Monday, November 8, 2004 and runs through Monday, December 13, 2004. These are the same dates as the Federal Employees Health Benefits (FEHB) Program Open Season. This will be the only time Federal employees may enroll in the FSAFEDS Program for 2005, outside of a qualified status change.

Unlike FEHB enrollments, enrollments in FSAFEDS do not carry over from year to year. Employees wishing to enroll in FSAFEDS for 2005 must make a positive enrollment during Open Season, even if you are currently enrolled in the Program.

Types of FSAFEDS Accounts

FSAFEDS offers two types of flexible spending accounts: a health care flexible spending account (HCFSA) and a dependent care flexible spending account (DCFSA). Employees may enroll in neither, one or both types of accounts.

An HCFSA pays for qualified medical expenses for the employee (and all eligible family members) that are **not** covered or reimbursed by an FEHB plan or any other type of insurance. Insurance premiums, including premiums for long term care insurance, are not qualified medical expenses. Employees may elect a minimum annual amount for an HCFSA of \$250 up to a maximum annual amount of \$4,000.

A DCFSA pays for childcare or adult dependent care expenses that are necessary to allow the enrolled employee and his/her spouse (if married) to work, look for work, or attend school full-time. The DCFSA minimum annual amount is \$250 and the maximum annual amount is \$5,000. Both accounts allow employees to pay for qualified expenses with pre-tax dollars -- money that is deducted from the employee's paycheck before taxes are taken out.

Use-It-Or-Lose-It and Non-Cancellation

Employees lose any money in their accounts for which they did not submit a claim by April 30 following the end of the Plan Year, for eligible expenses incurred during the Plan Year. This is known as the "use-it-or-lose-it" rule.

Enrollments in FSAFEDS cannot be cancelled or changed after their effective date, unless the employee experiences a qualified status change (QSC). The FSAFEDS website at <https://www.fsafeds.com/fsafeds/index.asp> has more information on QSCs.

Who Can Enroll

Active Federal employees of Executive Branch agencies are eligible to participate for one or both accounts. Eligible participants for the HCFSAs are those Federal employees eligible to enroll in the FEHB program (whether or not they are actually enrolled). All Federal employees may participate in the DCFSAs except intermittent employees whose appointment is six months or less.

How to Enroll

Eligible employees who wish to enroll during this Open Season for the 2005 Plan Year may do so in one of two ways:

- Through the website at <https://www.fsafeds.com/fsafeds/index.asp> by clicking on the "Enroll" link; or
- By contacting an FSAFEDS benefits counselor Monday through Friday from 9:00 a.m. to 9:00 p.m. Eastern time at 1-877-FSAFEDS (372-3337), TTY 1-800-952-0450.

FSAFEDS enrollments are received and processed by the Program's third-party administrator, SHPS, Inc.

When to Enroll

Enrollments will be accepted on the web and by phone starting on November 8, 2004, through December 13, 2004.

Effective Date of Open Season Enrollments

Timely Open Season enrollments are effective on January 1, 2005, for the Plan Year that runs from January 1 through December 31, 2005.

Belated Enrollments

Employees who wish to make a belated enrollment after Open Season due to extenuating circumstances that prevented them from making a timely enrollment during Open Season must complete a Belated/Absentee enrollment form. The form can be downloaded from the "Forms" section of the FSAFEDS website at <https://www.fsafeds.com/fsafeds/index.asp>.

Regardless of circumstances, no enrollments or qualified status changes (QSCs) are permitted after October 1 of any Plan Year.

Belated enrollments are NOT effective at the same time as timely enrollments. Belated enrollments are effective the day after FSAFEDS receives the employee's Belated/Absentee enrollment form.

MISCELLANEOUS INFORMATION

FSAAs and HSAs/HRAs/HDHPs

This year OPM has introduced a new option under the FEHB Program -- High Deductible Health Plans (HDHP) with either a Health Savings Account (HSA) or Health Reimbursement Account (HRA). Employees who enroll in an HDHP with an HSA cannot participate in an HCFSA under FSAFEDS, but may still participate in a DCFSA if they are otherwise eligible for such account. More information on these new options is available at <http://www.opm.gov/hsa>.

Additional Information on FSAFEDS

In addition to the enrollment feature, the FSAFEDS website at <https://www.fsafeds.com/fsafeds/index.asp> contains a wealth of information regarding the FSAFEDS program. Site features include an overview of FSAs; a calculator to help estimate how much to put into either an HCFSA or DCFSA; Frequently Asked Questions (FAQs); a "juke box" listing eligible expenses including over-the-counter medicines and products; information on paperless reimbursement; and much more.

Please visit the FSAFEDS website or contact a benefits counselor by phone (1-877-372-3337, TTY 1-800-952-0450) to become more familiar with the FSAFEDS program during the FSAFEDS Open Season. Additionally, you may email any questions about FSAFEDS to FSAFEDS@shps.net.

If you have any questions, please call Karen Stubbs, Human Resources Specialist, at (302) 678-4173.

/s/

GINGER L. MURPHY
State Conservationist

DIST: AE
