

# RCUH Flexible Spending Accounts (FSA) for Healthcare & Dependent Care Expenses - Frequently Asked Questions (FAQ)

*The Flexible Spending Account is only for healthcare and dependent care expenses. For parking and bus pass, see PreTax Transportation Benefits Plan FAQ.*

## General Questions

1. Q: What is a Flexible Spending Account?

A: A Flexible Spending Account or FSA is an employer-sponsored employee benefit program that provides employees a way to pay for eligible healthcare expenses and/or dependent expenses with pre-taxed dollars. Employees access the funds from their NBS Account to reimburse themselves for eligible expenses they paid for out-of-pocket. RCUH's FSA is administered by National Benefit Services (NBS).

RCUH's FSA has two different accounts. Funds are non-transferrable between the FSA Healthcare and FSA Dependent Care accounts.

- FSA Healthcare – for eligible medical, dental, vision expenses only
  - The FSA Healthcare can be used to pay for (predictable and foreseeable) eligible out-of-pocket healthcare-related expenses for you, your spouse, and your (tax-dependent) children under the age of 26.
  - The IRS determines FSA eligibility of “qualified medical expenses” - must be for the primary purpose of diagnosing, treating, curing, mitigating, or preventing a medical condition. Allowable expenses include copayments and deductibles, qualified prescription drugs, insulin, and medical devices. Cosmetic expenses, things for general health (like gym memberships and multivitamins that are not for a medical condition), and insurance premium payments are not eligible. Certain medical products and services require a “letter of medical necessity” or LMN in order to be eligible. Be sure to take the time to research what is and is not eligible. See [The Complete FSA \(Healthcare\) Eligibility List](#), [IRS FAQ about medical expenses](#), and [Learn About Letter of Medical Necessity](#). Also see FSA Store’s [FSA Calculator](#) to estimate contributions for healthcare expenses.
- FSA Dependent Care – for eligible work-related childcare or daycare expenses only
  - The FSA Dependent Care can be used to pay for childcare expenses for your children under the age of 13 and/or day care expenses for your qualifying family member **who you claim as a tax dependent**.
  - The IRS determines eligibility of dependent care expense - must be a work-related expense and for the care of a qualifying person only if their main purpose is the person's well-being and protection. Allowable expenses include preschool, before and after school programs, and daycare. Education expenses (schooling for a child in kindergarten and above), child support payments, expenses that are not work-related (babysitting while you go to the movies) are not eligible. You must identify all persons or organizations that provide care for your child or dependent on Form 2441 when filing your taxes, so be sure to consult your tax advisor to see if you and your situation is eligible. RCUH will not be able to assist you with taxes. **Please note: Understand the Flexible Spending Account benefit vs. child tax credits.** See [IRS Publication 503](#), [IRS Child and Dependent Care Credit & and Flexible Benefit Plans](#), [IRS FAQ Child and Dependent Care Credit & Flexible Benefit Plans](#).

Questions? Contact us at [rcuh\\_benefits@rcuh.com](mailto:rcuh_benefits@rcuh.com) or (808) 956-6979 or (808) 956-2326.

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## RCUH FSA Healthcare & Dependent Care - FAQ *continued*

You will have to submit receipts (and possibly additional documentation) for reimbursement on the NBS Web Portal or mobile app, or use the NBS MasterCard Debit card (for healthcare expenses only) to pay for expenses as you go.

2. Q: Is an FSA the same as an HSA?

A: No. Health Savings Accounts or HSAs are associated with High Deductible Health Plans (HDHP). RCUH's health plan offerings do not have High Deductible Health Plans (HDHP). Although FSAs are a Use it or Lose it, they can still be a great way to save money on income taxes if used wisely.

**Helpful Tip!** Before enrolling into an FSA, check if your spouse has an HSA. By enrolling into an FSA, it may make them ineligible for their HSA. Once enrolled, cancellations are not allowed. We will not be able to undo or refund, absent extenuating circumstances. Consult with your tax advisor to see if an FSA is a good option for your situation.

3. Q: How do I enroll into an FSA?

A: **New employees:** During your new hire documents via the RCUH Electronic Hiring System (EHS).

**Current employees:** During the RCUH Annual Benefit Open Enrollment election period via your RCUH Employee Self-Service (ESS). The RCUH Annual Benefit Open Enrollment election period will be late April through mid May. Elections will be effective July 1<sup>st</sup> through June 30<sup>th</sup>.

**Helpful Tip!** Do not submit the IslandFlex form. This form is not applicable to RCUH employees and may cause delays. Contact the RCUH Employee Benefits Section if you need assistance.

4. Q: When will my FSA begin?

A: **New employees:** Your FSA will begin the 1<sup>st</sup> of the month following your date of hire, through June 30<sup>th</sup>. Those who are hired during March – June may want to consider opting out during their new hire documents and enroll during the RCUH Annual Benefit Open Enrollment instead. Unless you have foreseeable expenses that will occur by June 30<sup>th</sup>.

**Current employees:** If you enrolled during the RCUH Annual Benefit Open Enrollment, your FSA will begin July 1<sup>st</sup> through June 30<sup>th</sup>.

5. Q: What is a “plan year?”

A: The RCUH plan year for FSA runs from July 1<sup>st</sup> through June 30<sup>th</sup>. At the end of the plan year (June 30<sup>th</sup>), any unused funds will be forfeited. Funds may not be carried over into the next plan year.

6. Q: What do you mean by “Use it or Lose it?” What happens to my FSA funds if I don’t use it all by June 30<sup>th</sup>?

A: The FSA Healthcare and FSA Dependent Care are a “Use It or Lose It” qualified benefit in accordance with the IRS code. Under IRS regulations, any money remaining in either FSA accounts will be forfeited. This means if you do not spend your balance by the end of the plan

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year (by June 30<sup>th</sup>), you will forfeit any remaining balance and lose all access to these funds. Our employer plan does not allow for any carryover. Therefore, it is important to plan carefully! Your total estimated payroll deductions for either the FSA Healthcare or FSA Dependent Care should not exceed the amount of your estimated predictable and foreseeable expenses for the upcoming plan year.

7. Q: Do all of my receipts have to be turned in by the end of the plan year (June 30<sup>th</sup>)?

A: No. You may still submit manual claims for reimbursement up to 90 days after the plan year, so long as the expense was incurred during the applicable plan year. Once the 90-day grace period to submit manual claims for the applicable plan year is over, you will not be able to submit reimbursement and access to any unused funds will be cut off and balances will be forfeited.

8. Q: Once I enroll in an FSA, will I always be enrolled?

A: No. If you want to continue, you must re-enroll into the FSA each plan year during the Annual Benefit Open Enrollment to remain a plan participant. Re-enrollment is not automatic. Re-enrolling into an FSA in the next plan year will not reactivate any forfeited funds from the previous plan year.

9. Q: Can I enroll into an FSA if I did not enroll during the RCUH Annual Benefit Open Enrollment or upon new hire?

A: If you did not enroll during Open Enrollment or upon new hire, you will have to wait until the next RCUH Annual Benefit Open Enrollment.

10. Q: Once I enroll, can I stop participating (cancel my contributions)?

A: No. Once you enroll into one or both FSA accounts, the IRS requires you to remain a participant throughout the entire plan year. However, you may make changes if you have a valid Family Status Change event. Any changes must be consistent with your Family Status Change and must be submitted within 30 days of the event. Changes submitted after the 30-day deadline will not be accepted, absent extenuating circumstances.

11. Q: Can I transfer money between my FSA Healthcare and FSA Dependent Care accounts (or to my PreTax Transportation Benefits Plan)?

A: No. The IRS prohibits the transfer of money from one plan account to another.

12. Q: How do I know how much money is in my NBS account?

A: You can check your available balance on your [NBS Web Portal](#) or [NBS Mobile App](#).

13. Q: I do not remember how much I am contributing. Where can I find this information?

A: You can log into your [Employee Self-Service](#) (ESS) > Benefits > Benefits Summary.

FSA Healthcare = Medical Expense Reimbursement

FSA Dependent Care = Dependent Expense Reimbursement

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## RCUH FSA Healthcare & Dependent Care - FAQ *continued*

14. Q: When do these deductions occur?

A: Semi-monthly (or every pay period).

- **FSA Healthcare Expense:** If you log into your [Employee Self-Service](#) (ESS) > Payroll and Compensation > View Pay Statement – under Before-Tax Deductions it will appear as Medical Expense Reimbursement.
- **FSA Dependent Care Expense:** If you log into your [Employee Self Service](#) (ESS) > Payroll and Compensation > View Pay Statement – under Before-Tax Deductions it will appear as Dependent Expense Reimbursement.

15. Q: Where can I find information on setting up my online account with National Benefit Services?

A: See [NBS Web Portal Login Instructions](#) and [NBS Mobile App](#).

16. Q: What happens to my FSA if I terminate/separate employment with RCUH?

A: You will have access to your available funds through the end of the month of when you terminate. Thereafter, any remaining unused funds will automatically be forfeited and you will lose access to those funds.

For the FSA Healthcare only, there may be a COBRA option if the amount contributed exceeds the amount expended. Please contact the RCUH Benefits Employee Section prior to termination.

17. Q: What happens if I go on extended Leave Without Pay (LWP) status (Leave of Absence, Family Leave Without Pay, Military Leave Without Pay, or Leave Without Pay Workers' Compensation)?

A: FSA Healthcare only: You will still have access to your FSA Healthcare. Upon your return, RCUH will back-collect contributions for the plan year that weren't collected while you were on extended LWP status.

FSA Dependent Care only: You will still have access to whatever funds you have in your account that was already deducted. However, no additional funds will be deducted since you will be on LWP and will have no earnings. Upon your return (if still within the applicable plan year that you are enrolled for), RCUH will continue deductions but going forward (RCUH may back-collect the amount while you were on leave in limited circumstances – please contact RCUH Employee Benefits section to inquire).

18. Q: What can I do if NBS denied my claim for reimbursement?

A: If your claim is denied, NBS is required to provide you with a written notice within 5 business days of the denial detailing the reason. If you are unsatisfied with the reason, you may file an appeal in writing directly to NBS within 60 days after receipt of your denial notice.

### FSA Healthcare

19. Q: How do I get reimbursed for expenses from my FSA Healthcare account?

A: You can use the National Benefit Services (NBS) MasterCard Debit card or submit manual claims for reimbursement on the NBS Web Portal or mobile app.

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## RCUH FSA Healthcare & Dependent Care - FAQ *continued*

- NBS debit card – Upon enrollment, you will receive a plain white envelope from NBS to your mailing address on file on your Employee Self-Service. This envelope will contain your NBS MasterCard Debit card. This card will have your entire contribution amount of the current plan year fully loaded by the employer. Contact the RCUH Employee Benefits Section if you did not receive your card within 10 business days.

Example: If you elected \$10 per pay period during Open Enrollment:

$\$10 * 24 \text{ pay periods} = \$240$  commitment for the whole Plan Year

Your debit card will have \$240 available to use on July 1<sup>st</sup>. You could use all \$240 on July 1<sup>st</sup>, then throughout the year RCUH will deduct \$10 per pay period to pay back the employer.

If the merchant or service provider accepts MasterCard, there's no need to pay cash up front and then wait for reimbursement. Funds are deducted directly from your NBS FSA Account. If they do not accept MasterCard, then you can submit manual claims for reimbursement.

It is important to know your balance. Purchases that exceed your available funds will result in your card declining.

- Or submit manual claims for reimbursement – log onto your NBS Web Portal or mobile app and complete the reimbursement claim form (“add expense”). Attach a copy of your paid itemized receipt for healthcare expenses from the doctor, hospital, pharmacy, etc. You will receive the reimbursement as a manual check (within 10 business days) or direct deposit (requires set up).

20. Q: I have a child (under age 26) who attends college and dorms. Can I use my FSA Healthcare for their healthcare expenses?

A: As long as you claim them as a dependent on your federal tax return, then they are an eligible dependent.

21. Q: I am/My eligible child is getting braces to correct a bite problem. I can either pay as a one-time lump sum payment or monthly installments. How does the FSA Healthcare work?

A: For each plan year, the first claim for orthodontic expenses needs to be submitted with a copy of the contract. The contract must include the beginning date of service, the approximate length of service, total cost of service (including discounts if any), x-ray fees, initial fee (down payment) and date paid, payment amount and due date, and total insurance coverage (if applicable).

Orthodontics is an ongoing treatment and the IRS prohibits pre-payment of these services. For payment schedules that differ with dates of service, please contact National Benefit Services directly.

22. Q: Can I use the NBS MasterCard Debit card at Costco to pay for eligible healthcare items?

A: U.S. Costco warehouses accept FSA MasterCard Debit cards at Pharmacies, Optical and Hearing Aid Departments. You will need your card's PIN. Log into your NBS Web Portal or

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## RCUH FSA Healthcare & Dependent Care - FAQ *continued*

mobile app > click on your Profile Account (top right) > Cards > Click on the Card > View PIN

23. Q: I forgot to use my NBS MasterCard Debit card. Can I still submit a reimbursement?

A: Yes. You can submit the receipt for manual claim reimbursement on the NBS Web Portal or mobile app.

24. Q: Do I need to keep receipts if I use my NBS MasterCard Debit card?

A: Yes. Keep your receipts in case of an audit.

25. Q: Why did NBS notify me that I got audited?

A: NBS conducts periodic random audits. If this happens, submit a copy of your receipt (or additional documentation) of your healthcare expense.

### FSA Dependent Care

26. Q: Can I enroll in FSA Dependent Care if I claim child tax credits?

A: You should consult with your tax advisor on which is a better option for your situation. If utilizing both you should consult with your tax advisor to ensure you are following IRS regulations and avoid double-dipping. RCUH will not be able to refund or undo FSA Dependent Care deductions, absent extenuating circumstances. If enrolling in this benefit, you will be responsible for researching IRS regulations and eligibility requirements. RCUH will not answer any questions regarding taxes and will not give tax advice.

27. Q: How do I get reimbursed for expenses from my FSA Dependent Care account?

A: You can submit manual claim reimbursements on the NBS Web Portal or mobile app.

- Submit manual reimbursement – log onto your NBS online account or the NBS mobile app and complete the reimbursement claim form (“add expense”). Attach a copy of your paid itemized receipt for dependent care expenses.

28. Q: I paid my child’s after school care in one lump sum amount in August. The lump sum payment covered the entire school year – September through May. My receipt covers the entire period. Do I have to ask for the receipt to be broken up by monthly to claim for dependent care reimbursement every month?

A: No. You may make copies of the one receipt and turn in a copy monthly with a complete claim form. Or you can submit the receipt once and set up recurring monthly reimbursements.

29. Q: I paid my child’s summer day care in one lump sum and it covers the months of June and July. I only have one receipt. Since the receipt covers two different plan years, do I have to ask for two receipts?

A: No. You may make copies of the one receipt and turn in a copy each month. Since the period covers two plan years, be sure to turn in two claim forms – one for June and one for July. Also, remember that you must enroll again during the RCUH Annual Benefit Open Enrollment to claim the July expense.

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30. Q: Can I get reimbursed for babysitting services under the FSA Dependent Care?

A: Yes, as long as your child is under 13 years of age and the babysitter:

- i. Is not your dependent, spouse, or child under age 19; and
- ii. Provides you with a receipt that includes their name and social security number

Note: Reimbursements are limited to the amount of funds available in your FSA Dependent Care account at the time your claim is received and are required to be for services rendered. Example: If you elected \$50 per month to be deducted and only two months have been deducted, your FSA Dependent Care account will only have \$100 in it. If you are trying to reimburse for services exceeding \$100 at that time, then you will be insufficient funds to cover.

31. Q: Will my FSA Dependent Care funds be available upfront like the FSA Healthcare?

A: No. Funds will be available as they are deducted. Therefore, reimbursements may only be made as deductions are added to your account.

Example: You enrolled during Open Enrollment and elected \$100 per pay period. You want to reimburse a \$1000 day care receipt. You may either reimburse \$100 at a time, or you will need to wait at least 10 pay periods for your account to accumulate \$1000.

*\$100 x 10 pay periods = \$1000 in your NBS account*

*10 pay periods from July 1<sup>st</sup> will be end of November. In the example above, you may have to wait until December to reimburse the full \$1000 receipt.*

32. Q: Will I receive an NBS debit card (MasterCard) for FSA Dependent Care?

A: No.

33. Q: I have an NBS debit card but why did it decline when I tried to charge for dependent care expenses?

A: If you received an NBS debit card, it is because you are either currently or previously were enrolled in the FSA Healthcare. If the dependent care-related merchant is set up in the system to accept the NBS debit card, then the dependent care charge will go through successfully and will draw down from your FSA Dependent Care account. Typically, most dependent care-related merchants are not set up in the system, so you will most likely need to submit for reimbursement manually via the NBS Web Portal or mobile app.

34. Q: Do I have to file IRS Form 2441 if I am enrolled in the RCUH FSA Dependent Care?

A: Yes. You should consult your tax advisor on filing Form 2441, in addition how to calculate your annual Child and Dependent Care Expenses tax credit when also enrolled in the RCUH FSA Dependent Care benefit. RCUH will not be able to assist with this.