

3 tips to help use remaining health account funds

December 17 2014, by Tom Murphy

Sunscreen may not top many shopping lists this time of year, but stocking up now can keep you from wasting money.

December is the final month for many people with employer-sponsored [health coverage](#) to spend the remaining balance in their health care flexible spending account. More than 15 million workers have these accounts, which gave customers a chance to set aside up to \$2,500 in pre-tax wages this year for health-related expenses not covered by insurance. But these accounts come with a big catch: Often you have to use the balance before the plan year ends or you lose it.

That mandate isn't as firm as it used to be, but it still pays to map out a strategy to ensure that no savings are left behind. Here are some important points to consider:

1. KNOW YOUR DEADLINES

Deadlines vary by company and can be confusing. Take some time to sort out the rules before settling on a plan for spending your balance.

Your company may require you to spend your money by the end of its benefits year or it may give you a grace period of up to two and a half months into the new year. That means if your plan year ends Dec. 31, you could have until March 15 to incur new expenses for that old plan balance.

Employers also can allow you to carry over a leftover balance of as much as \$500 into a new benefits year. Depending on the plan, employees could have the whole year to use that money or carry over another \$500 into the next year.

Don't rush to file your claim before Dec. 31.

You might be required to have the service provided or to incur the expense in 2014. But companies typically give workers a window in the new benefits year to submit claims for the past year. This window may last a month or several months, according to Kelsey Zelazny, vice president of TaxSaver Plan, which administers health and other benefits accounts for employers.

2. STRATEGIZE

It helps to think methodically through your health care needs in order to whittle your account balance.

Start by tackling any items on your [health care](#) to-do list. The co-payment for that annual eye exam that you've been putting off can help drain a leftover balance.

Then go through your medicine cabinet to look for anything that is expired or needs a refill. You may need a doctor's prescription in order to expense over-the-counter medicines like aspirin.

Don't buy too much of any one item. Some account administrators will reject claims that point to stockpiling. As a general rule, don't buy more than three of any one item, said Jeremy Miller, CEO of FSASore.com, a website that sells FSA-eligible products at bit.ly/1swcCk9.

Search your medical records for any overlooked expenses. Think beyond

the receipt you have from the doctor's office. For instance, transportation costs for a medical visit can be covered. That includes parking fees or miles traveled in your car.

3. CAST A WIDE NET

The list of acceptable expenses stretches well beyond doctor visits and medicine. Condoms, contact lens solution and sunscreen with an SPF of 15 or higher are all covered.

So are first-aid kits, hot and cold packs and crutches. Breast feeding supplies like pumps were added to the list a few years ago.

You can't use a flexible spending account to pay for baby diapers, but they can cover the cost of Depend underwear used by a patient diagnosed as being incontinent.

Eligible expenses generally have some connection to health, but that theme has its limits. You can't use the accounts to buy medical marijuana, or to pay for a CPR class or cover your gym membership just to stay in shape.

Check with your employer if you have questions about whether an expense may qualify.

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