/NEXCOM

MISSION:YOU

Health Care Flexible Spending Account (HFSA)

Dependent Care Flexible Spending Account (DFSA)

IN THIS GUIDE: PAGE

Summary of Benefits 2

Eligibility 3

When You May Enroll 3

Making Annual Election(s) 3

Annual Cut-Off Date for Enrollment in Current Year 3

When Participation Begins 3

Making Changes 4

If You Take a Leave of Absence 5

When Your Employment Ends 5

How the Flexible Spending Accounts Work 6

How Much You Can Contribute 6

Limitations and Restrictions 6

Additional Limitations on Dependent Care FSA Contributions 7

The Tax Advantages 7

Impact on Other Benefits 8

Your Flexible Spending Account Statements 8

Your HFSA 9

Eligible Health Care Expenses 9

Ineligible Health Care Expenses 11

Your DFSA 12

Eligibility 12

Who Qualifies as a Dependent 12

Eligible Dependent Care Expenses 12

Ineligible Dependent Care Expenses 12

Claiming Reimbursement 13

Paying for HFSA Expenses 13

Information About Your Debit Card 14

When You Can File Claims 14

Where to Find Claim Forms 14

Documenting Your Claim 15

Reimbursement 15

Qualified Reservist Distributions 15

Year End Balances 16

How to Appeal a Denied Claim 16

General Information About the Plan 17

Amendment or Termination of the Plan 17

Plan Documents 17

Introduction

The Navy Exchange Service Command (NEXCOM) offers the opportunity for regular Associates to save on qualified out-of-pocket medical and dependent expenses through participation in the Health Care Flexible Spending Account (HFSA), the Dependent Care Flexible Spending Account (DFSA) or both.

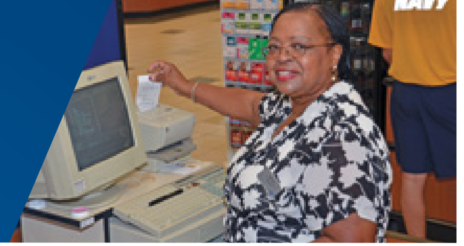
The FSA Plan is an important part of the comprehensive total compensation and benefits package that you are offered as a NEXCOM Associate.

One of the most important features of the Plan is that participation is an excellent way for you to save on health and dependent care costs while lowering your Federal income and Social Security (FICA) taxes.

We hope you are able to take advantage of this valuable benefit program.

Robert J. Bianchi
Rear Admiral, Supply Corps, USN (Ret.)
Chief Executive Officer
Navy Exchange Service Command

Summary of Benefits



A Flexible Spending Account (FSA) allows you to set aside a portion of your pay in a special account. You can then use the money in your account(s) to reimburse yourself for qualified health care and/or dependent care expenses. Your taxable pay is reduced by the amount you set aside in your account(s) so you pay lower income taxes and Social Security taxes. There are two types of FSAs.

Participation in the FSAs is voluntary. You decide whether you would like to participate and how much money you would like to set aside, within the minimums and maximums shown below.

	Health Care FSA (HFSA)	Dependent Care FSA (DFSA)
Your maximum annual contribution	$3,200	$5,000 See "Additional Limitations on Dependent Care FSA Contributions" on page 7
Your minimum annual contribution	$200	$200
Annual claim submission deadline	All claims incurred January 1 through December 31 must be received by PayFlex® by April 30 of the following year.	All claims incurred January 1 through December 31, including any grace period claims, must be received by PayFlex by April 30 of the following year.
Plan year	January 1 through December 31	January 1 through December 31
Grace period	No grace period.	January 1 through March 15 of the following year
Carryover	May carry over up to $640 each year	None

Eligibility

Regular full-time and part-time Associates are eligible to participate in NEXCOM's Flexible Spending Account(s). You do not need to be enrolled in a NEXCOM medical plan to participate. Participation is completely voluntary.

FSA(s) can be used to reimburse your tax-qualified dependents' eligible expenses, as well as your own.

When You May Enroll

Annual Enrollment: Enrollment in an FSA(s) is an annual event. During each Annual Enrollment Period, you should review your out-of-pocket expenditures, determine if you would like to participate in an FSA(s), and make an annual election for the upcoming year. The elections you make will be in effect for the following Plan year.

New Associates: You have 31 days from your date of hire or the date you are eligible to participate in the FSAs. Your election stays in effect until the end of that Plan year. If you do not enroll when initially eligible, you must wait until the Annual Enrollment Period.

Qualified Family Status Changes: If you have a "qualified family status change" (e.g., divorce, birth of a child, etc.), you may enroll in an FSA within 31 days of the event. Otherwise, you must wait until the next Annual Enrollment Period. See "Making Changes" section on page 4.

Making Annual Election(s)

Annual elections will be divided into 26 pay periods (e.g., $500 annual election = $19.23 per pay period), unless you are a newly hired Associate. Newly hired Associate's contributions will be based on the number of remaining pay periods in the year.

Your completed enrollment form authorizes NEXCOM to deposit a portion of your earnings into your FSAs before taxes are deducted. Federal law requires that whatever annual election you make cannot be changed throughout the applicable Plan year unless you have a "qualified family status change."

Annual Cut-Off Date for Enrollment in Current Year

Effective October 1 through December 31 of each Plan year, actions listed below will not be allowed for the current year:

- Enrollments due to a new hire event or a qualified family status change
- Increases in contributions due to a qualified family status change

When Participation Begins

New Associates

For a newly hired (or newly eligible) Associate, participation begins the date you enroll within your 31-day eligibility period.

Employment in an eligible position or any eligible status changes (employment category and/or qualifying event) that occur after September 1 will require a participation election before the October 1 annual cut-off date of the current year.

Contributions will begin the first day of the next pay period following enrollment. You must complete the enrollment process to participate.

Annual Enrollment

If you enrolled during the Annual Enrollment Period, your annual election will go into effect on January 1.

Eligibility

Making Changes

The IRS requires that your FSA elections stay in effect throughout the full Plan year. Once made, you can't change your election during the year unless you experience a "qualified family status change."

The following are examples of qualified family status changes:

- Marriage
- Divorce
- Birth or adoption of a child
- Death of a spouse, child or parent (providing that the parent is a qualified dependent and claimed on your Federal Tax Form)
- Termination of your spouse's employment
- Commencement of your spouse's employment
- Transition from part-time to full-time work, or from full-time to part-time work, by you or your spouse
- Loss of medical coverage
- An unpaid leave of absence taken by you or your spouse
- For Dependent Care Only: Change in cost of coverage, such as a significant increase or decrease in the charge by your current dependent care provider (unless the provider is a relative), or change in provider (i.e., going from paying a provider to not paying a provider or no longer needing a dependent care provider).

The change in your FSA election must be due to and consistent with the change in your family status. For example, within 31 days of the birth or adoption of a child, you could enroll in the Health Care FSA if you were not already enrolled or if you were enrolled, you could increase your current annual election for the Health Care FSA, but you could not reduce or stop your contributions. You should contact your local Human Resources Representative immediately after the change takes place to make sure you allow yourself enough time to take the appropriate action.

If you do not make the qualified family status change within the 31-day period, you will not be allowed to make the change until the next FSA Annual Enrollment Period.

If You Take a Leave of Absence

Paid Leave of Absence

Your participation in the FSAs will not be affected if you are granted a paid leave of absence. Payroll deductions will continue, and you can still use your FSAs to reimburse yourself for eligible expenses. You may elect a qualified family status change, as explained in "Making Changes," if your change in election is consistent with the circumstances of your leave.

Unpaid Leave of Absence

During an unpaid leave of absence: Your contributions and participation in the Health Care and/or Dependent Care FSA will stop on the first day of the absence. You can continue to be reimbursed from your Health Care and/or Dependent Care FSA for eligible expenses you incurred while you were actively at work. You will not be reimbursed for expenses incurred during the leave of absence. Any balance in your account from contributions made before your leave can be used for claims incurred upon your return to work.

Upon return from an unpaid leave of absence: When you return, the contributions required to meet your election for the Plan year will be recalculated (and therefore will increase) over the remaining pay periods in the year.

Health Care FSA (HFSA): You will be reinstated fully in the HFSA (retroactive to the date your absence began). After reinstatement, you may request reimbursement for expenses incurred anytime in the year when enrolled.

Dependent Care FSA (DFSA): You will be reinstated in the DFSA as of the date of your return. You may request reimbursement for expenses incurred anytime in the year when actively participating, except those incurred during a period of unpaid leave of absence.

When Your Employment Ends

HFSA

If your employment ends during the year, your contributions to your HFSA end. However, you can still be reimbursed for eligible expenses you incur up to your last day worked, provided your account balance is sufficient. You have until April 30 of the next year to submit claims.

DFSA

If your employment ends during the year, your contributions to your DFSA end. However, you can still be reimbursed for eligible expenses you incur up to your last day worked, provided your account balance is sufficient. You have until April 30 of the next year to submit claims.

If You Are Rehired

If you separated from employment and are rehired within the same calendar year, your bi-weekly election for your FSA(s) will be reinstated. This includes associates rehired after the annual cut-off date.

How the Flexible Spending Accounts Work

You "fund" your FSA(s) by directing a portion of your pay to your account(s) on a pre-tax basis. You cannot deposit cash directly into your account(s). Once you decide how much you'll contribute for the year, you cannot change your election unless you have a qualified family status change, nor can you transfer money from one FSA to another.

How Much You Can Contribute

You can contribute from $200 to $3,200 to your HFSA each year and you can contribute from $200 to $5,000 a year to your DFSA. Anyone employed in an eligible position, or any eligible status changes (employment category and/or qualifying event) that occur after September 1 will require a participation election before October 1, the annual cut-off date.

Food for Thought

If you have funds remaining in your HFSA at year end, you may rollover up to $640 to the following year. Subject to IRS limits.

Limitations and Restrictions

In addition to the yearly limits on what you can direct to your FSAs, the Internal Revenue Service requires Plans to prove that they don't favor "highly compensated" employees. If NEXCOM's FSAs do not pass this test, the contributions made by highly compensated employees may have to be reduced or reclassified as after-tax contributions. If this happens, NEXCOM will notify those affected.

Establishing an FSA may have an impact on your cash flow until you receive reimbursement. First, your contributions to your account are deducted (pre-tax) from your paycheck. If you do not use your PayFlex Debit Card (for HFSA only), you must send in a claim form with proof that you either paid for or incurred an eligible expense. Proof of payment would be a detailed receipt, and proof of incurring would be something showing that you (or your dependent) received or were rendered the care or service (e.g., Explanation of Benefits), and that you have a responsibility to pay for it. You should send in claim reimbursements as soon as possible after you pay for or incur an expense, to reduce your overall cash outflow. Please consider this timing when deciding on your election amount.

HFSA Limitations and Restrictions

The NEXCOM HFSA does not have an end of year grace period. However, if you have not spent all of your HFSA contributions by the end of the year, you may carry over up to $640 into the next Plan year without it being forfeited. You do not need to be in the HFSA plan during the next Plan year to use this carryover money.

You have until April 30 to file claims with PayFlex for expenses incurred during the Plan year. HFSAs with balances over $640 will forfeit monies over this amount per IRS regulations.

Setting up an HFSA limits your income tax deductions for health care expenses. Keep in mind that you can deduct unreimbursed health care expenses from your Federal income tax only if they exceed the annual threshold established by the IRS.

Expenses reimbursed under your HFSA cannot be reimbursed under any other Plan or program. Expenses reimbursed under an HFSA may not be deducted when you file your tax return.

To be eligible for reimbursement from the HFSA, the expenses must be for you, a spouse or a tax-qualified dependent. A tax-qualified dependent is someone for whom you can claim a tax exemption.

Note: For HFSA participants who are enrolled in the Department of Defense (DoD) Non-Appropriated Fund (NAF) Aetna health Plan or a Health Maintenance Organizations (HMO), certain expenses can be reimbursed or paid automatically and will not require a claim form. See "Paying for HFSA Eligible Expenses" in the Claiming Reimbursement section, page 13.

How the Flexible Spending Accounts Work

Additional Limitations on Dependent Care FSA Contributions

Having a DFSA limits the tax credits you may be able to take for dependent care expenses on your tax return. To be eligible for reimbursement from the DFSA, the expenses must be for qualified dependents. See "Who Qualifies as a Dependent" on page 12. You can use both the DFSA and tax credit, provided you do not claim the same expenses for both. However, Federal regulations require that your dependent care tax credit be reduced dollar for dollar by whatever you put into your DFSA. You should ask your tax advisor to help you choose the right alternative for your tax bracket.

The NEXCOM DFSA has an end of year grace period. This means that if you have any funds remaining in your DFSA on December 31, you will have until March 15 of the following year to draw down your account to a $0 balance. If you do not use all of the funds in your account by this date, the Internal Revenue Code's "use it or lose it" rule applies. PayFlex must receive your claims for reimbursement by April 30.

Debit cards are not authorized for use with the DFSA.

If Your Spouse Also Contributes to a DFSA

The IRS sets additional limits on your contributions if you're married and your spouse has a DFSA through his or her employer as follows:

- You are limited to a combined DFSA contribution of $5,000 in a calendar year. This limit applies whether you have one or more dependents receiving care.
- If you file separate Federal income tax returns, the most you can contribute is $2,500 a year.
- If you file a joint return, you can't contribute more than you earn (or what your spouse earns).

If Your Spouse Is Either Disabled or a Full-Time Student

The IRS considers your spouse's earnings to be $250 a month if you have one eligible dependent and $500 if you have more than one eligible dependent.

The Tax Advantages

Establishing an FSA can affect your tax strategy when you file your income tax return. You should consult with a tax advisor before signing up for the FSAs.

The Internal Revenue Code allows NEXCOM to take the money you direct to your FSAs out of your pay before Federal and Social Security (FICA) taxes are deducted. That lowers your taxable income so you pay less Federal income tax and Social Security tax. Depending on where you live, your tax savings could be even greater since most states recognize the tax-free status of FSA funds. What's more, any reimbursements you receive from your FSAs are free from Federal tax as long as you have not taken (or do not intend to take) a tax deduction or credit for related expenses when you file your Federal tax return.

Impact on Other Benefits

Employer-Sponsored Benefits

While you are "reducing" your pay for tax purposes, your pay-related benefits (for example, any employer-sponsored life and pension benefits) are not reduced. Your benefits from these Plans will be based on your compensation before any amounts are deducted.

Social Security

Since your Social Security (FICA) taxes are based on your reduced pay, your future Social Security benefits may be slightly lower.

Your Flexible Spending Account Statements

You will be able to access account information, including outstanding balance amounts, through Aetna Navigator®, which can be accessed at www.aetna.com.

From Aetna Navigator, you can link out to your PayFlex employee portal to access FSA information. On the PayFlex website, you can:

- View real-time account information
- Submit claims for reimbursement
- Order debit cards for spouse/dependents
- View a listing of eligible expenses
- Read articles — legislative changes, account-specific updates and quick tips
- View and customize account alerts — web and e-mail

The Explanation of Payment (EOP) that PayFlex issues with each reimbursement is also a good source of information. The EOP details the amount reimbursed and your current account balance. You can access information about your account status 24 hours a day, 7 days a week using Aetna Navigator. Access Aetna Navigator through the Aetna home page at www.aetna.com. In addition to finding information about your account(s), you can register to have paper EOPs suppressed and receive an e-mail notification and an electronic EOP each time an FSA claim is paid.

PayFlex also has an app for your smartphone called PayFlex Mobile™. In order to start using the app, you must first register on the PayFlex web portal. Go to www.aetna.com and click on your Flexible Spending Account. It will redirect you to the PayFlex site. Once there, go to My Dashboard. On the left hand side you will see PayFlex Mobile.

Your HFSA

You do not have to be enrolled in the DoD Aetna Health Plan or an HMO to enroll in the HFSA.

The HFSA lets you pay many of your otherwise unreimbursed health care expenses with tax-free dollars. Since not every health care expense you incur is eligible for reimbursement through your FSA, it is important to know which are reimbursable and which are not.

If an expense is covered under any other Plan(s), you cannot submit it for reimbursement under your HFSA until the expense has been considered by the other Plan(s).

Eligible Health Care Expenses

You will be able to access account information, including outstanding balance amounts, through Aetna Navigator, which can be accessed at www.aetna.com.

From Aetna Navigator, you can link out to your PayFlex employee portal to access FSA information. On the PayFlex website:

You can use your HFSA to reimburse yourself for health care expenses that are considered "medical care" under section 213(d) of the Internal Revenue Code, as long as the expenses are not reimbursed by any health care plan. Tax rules change so you should check with your tax advisor about the eligibility of specific expenses.

You can find additional information about eligible health care expenses from IRS Publication 969 "Health Savings Accounts and Other Tax-Favored Health Plans," or Publication 502, "Medical and Dental Expenses," available from your local IRS office and on the IRS website at www.irs.gov.

The following are examples of eligible expenses for reimbursement under the HFSA:

- Acupuncture
- Ambulance service
- Artificial limbs
- Auto equipment such as special hand controls to assist the physically disabled
- Braille books and magazines
- Chiropractic care
- Cold/flu remedies, ibuprofen, sinus and allergy
- Contact lenses needed for medical reasons
- Crutches
- Dental treatment
- Drug abuse inpatient treatment
- Certain over-the-counter (OTC) items such as bandages, contact lens solution, first aid kits, hot and cold packs, and thermometers. To get reimbursed for OTC drugs and medicine, you will need a written prescription from your doctor.
- Eye exams, lenses and frames
- Feminine hygiene products
- Procedures such as in vitro fertilization (including temporary storage of eggs or sperm), and infertility surgery, including an operation to reverse a prior sterilization procedure
- Guide dog or other animal used by a visually impaired or hearing-impaired person
- Health care copayment, deductible and coinsurance amounts
- Health care expenses that are above the customary charge or health care plan maximums
- Hearing exams and hearing aids
- Hospital services
- Laboratory fees
- Laser eye surgery
- Lead-based paint removal to protect a child who has, or who has had, lead paint poisoning from continued exposure
- Legal fees directly related to committing a mentally ill person
- Lodging while you receive medical care away from home. Care must be provided by a doctor in a licensed hospital or treatment facility, and the lodging must be primarily for, and essential to, medical care.
- Long term care services required by a chronically ill person, if provided in accordance with a plan of care prescribed by a licensed health care practitioner

- Medical information plan that maintains your medical information so it can be retrieved from a medical data bank for your medical care
- Medical services and supplies
- Mental health care
- Organ donor expenses
- Osteopathic services
- Oxygen and oxygen equipment
- Prescription drugs
- Psychiatric care
- Smoking cessation programs
- Specialized equipment for the disabled, including:
  - Cost and repair of special telephone equipment that allows a hearing-impaired person to communicate over a regular telephone, and equipment that displays the audio part of television programs as subtitles for hearing-impaired people.
  - Sterilization surgery
  - Termination of pregnancy
  - Transportation expenses if primarily for, and essential to, medical care
  - Wheelchairs

If you have any questions about what's considered an eligible expense under the HFSA, you can call Aetna FSA Member Services at 1-800-416-7053 or visit www.payflexdirect.com.

You can also contact your local IRS office or visit the IRS website at www.irs.gov.

Ineligible Health Care Expenses

Just as important as understanding what is eligible for reimbursement through your HFSA is knowing what is not generally eligible, including the following:

- Expenses for which you have already been reimbursed by other health care plans (including Medicare, Medicaid and NEXCOM's or any other Medical, Dental and Vision Care Plans)
- Expenses incurred by anyone other than you or your qualified dependents
- Expenses that are not deductible on your Federal income tax return
- Babysitting, child care and nursing services for a healthy baby. This includes the cost of a licensed practical nurse (LPN) to care for a healthy newborn.
- Controlled substances
- Cosmetic dental work
- Cosmetic surgery (any procedure to improve the patient's appearance that does not meaningfully promote the proper function of the body, or prevent or treat illness or disease)
- Custodial care in an institution
- Diaper service
- Electrolysis
- Funeral and burial expenses
- Health care plan contributions, including those for Medicare, your spouse's employer's plan or any other private coverage(s)
- Health club dues
- Household help even if such help is recommended by a physician
- Illegal medical services or supplies
- Maternity clothing
- Medical Savings Account (MSA) contributions
- Over-the-counter health aids that do not treat a specific medical condition including those recommended by your physician
- Over-the-counter drugs that are beneficial to health, but are not prescribed for medical care (for example: vitamins, weight loss aids)
- Nutritional supplements unless obtained legally with a physician's prescription
- Personal use items unless the item is used primarily to prevent or alleviate a physical or mental defect or illness
- Prescription drugs for cosmetic purposes
- Weight-loss programs not prescribed by a doctor
- Special schooling for a special needs child even if the child may benefit from the course of study or disciplinary methods
- Transportation to and from work even if a physical condition requires special means of transportation
- Up-front patient administration fees paid to a physician's practice
- Vitamins or minerals taken for general health purposes

Your DFSA

You can use the DFSA to reimburse yourself with tax-free funds for certain dependent care expenses incurred because you (and your spouse, if you are married) work or are looking for work. Tax rules change so you should check with your tax advisor about the eligibility of specific expenses, and any tax forms.

You can get additional information about DFSAs from IRS Publication 503 "Child and Dependent Care Expenses," which is available from your local IRS office and on the IRS website at www.irs.gov.

Eligibility

If you are married, you may participate in the DFSA only if your spouse: is currently working (full time or part time); is actively looking for work; has no earned income for the year and is a full-time student for at least five months of the year; or is incapable of caring for himself or herself or for the dependent.

Who Qualifies as a Dependent

You can use your DFSA to cover the expenses of dependents, which are defined as:

- Children who are under age 13 when the care is provided and for whom you can claim an exemption on your Federal income tax return
- Your spouse who is mentally or physically incapable of self-care
- Your dependent who is physically or mentally incapable of self-care and for whom you can claim an exemption (or could claim as a dependent if he or she didn't have a gross annual income of $3,000 or more)

You can use your DFSA to pay expenses for a qualifying child for whom you have joint custody if you pay more than half of the child's support and have custody during the year longer than the other parent. The costs associated with caring for the elderly also qualify for reimbursement if they live in your home at least eight hours a day and are completely incapable of caring for themselves.

Eligible Dependent Care Expenses

The DFSA is strictly monitored by the IRS, and only those expenses that comply with Section 129 of the Internal Revenue Code of 1986 are covered. Keep in mind that the expenses must be work related to qualify as eligible expenses. The IRS considers expenses "work related" only if they meet both of the following rules:

- They allow you (and your spouse) to work or look for work; and
- They are for the care of a qualified person.

You can pay the following work-related expenses through your DFSA:

- Wages paid to a baby sitter, unless you or your spouse claims the sitter as a dependent. Care can be provided inside or outside of your home.
- Services of a Dependent Care Center (such as a day care center or nursery school) if the facility: provides care for more than six individuals (other than those who reside there); receives a fee, payment or grant for providing its services; and complies with all applicable state and local laws and regulations.
- Cost for adult care at facilities away from home such as family day care centers, as long as your dependent spends at least eight hours at home.
- Wages paid to a housekeeper for providing care to an eligible dependent. Household services, including the cost to perform ordinary services needed to run your home which are at least partly for the care of a qualifying individual, are covered as long as the person providing the services is not your dependent under age 19 or anyone you or your spouse claim as a dependent for tax purposes.

If you have any questions about what's considered an eligible expense under the DFSA, you can call Aetna FSA Member Services at 1-800-416-7053.

You can also contact your local IRS office or visit the IRS website at www.irs.gov.

Ineligible Dependent Care Expenses

You cannot use your DFSA to reimburse yourself for services that:

- Allow you to participate in leisure-time activities
- Allow you to attend school part-time
- Enable you to attend educational programs, meetings or seminars
- Are primarily medical in nature (such as in-house nursing care)

Claiming Reimbursement

Paying for HFSA Eligible Expenses

Participants in the HFSA (regardless of whether you are enrolled in the Aetna Plan, an HMO or no Medical Plan) will receive a PayFlex debit card to pay for eligible HFSA expenses. The debit card can be used at qualified merchants where MasterCard® is accepted. This includes doctor and dental offices, hospitals, pharmacies (including mail-order prescriptions), and hearing and vision centers. You may also use your card at some discount and grocery stores. These stores must have a system that can process health care debit cards.

When you use your debit card for NEXCOM-sponsored Medical Plan (e.g., Aetna, HMO) office visits, urgent care and walk-in clinic copays, the claim will be automatically filed to your HFSA account. This is because your HFSA knows these "flat" or "set" dollar amounts. When you use it to pay for prescriptions at pharmacies, your claim will be filed automatically for any location that is an IIAS-certified merchant. Nearly all pharmacies are IIAS-certified merchants but a few may not be.

When using your debit card to pay for things that are not "set" or "flat" dollar amounts (such as coinsurance and dental or vision expenses) or because you have medical coverage with another company, you may need to provide a receipt/documentation for the purchases made when filing a claim. This is called substantiation. Substantiation is the process of providing the receipt/claim to support that the charges to the debit card are HFSA eligible expenses. Substantiation can be done by mail, e-mail through the employee portal that is accessed via Aetna Navigator, fax or through the PayFlex Mobile app.

If you pay for an eligible expense with cash, check or personal credit card, you can submit a claim for reimbursement online or through the PayFlex Mobile app. You can also fill out a paper claim form and mail or fax it to PayFlex. You can also e-mail it through the employee portal that is accessible through Aetna Navigator. You must include supporting documentation when you submit your claim.

You are not required to use the debit card to pay for your expenses.

Claiming Reimbursement

Information about Your Debit Card

The use of the debit and/or credit for payment of Medical Expenses are subject to the following terms:

(a) Card only for medical expenses. You should not pay any medical expense with the card which has already been reimbursed by any other plan covering health benefits and that you will not seek reimbursement from any other plan covering health benefits.

(b) Card issuance. Card shall be issued upon your Effective Date of Participation and will be automatically cancelled upon your termination of employment, or if you have a change in status that results in your withdrawal from the HFSA.

(c) Maximum dollar amount available. The dollar amount of coverage available on the card shall be the annual amount that you elected and the maximum dollar amount of coverage available shall be the maximum election amount for the Plan Year.

(d) Debit card is only available for use with certain service providers. The cards shall only be accepted by such merchants and service providers as have been approved following IRS guidelines.

(e) Card use. The cards shall only be used for Medical Expense purchases at these providers, including, but not limited to, the following:

(1) Copays for doctor and other medical care;

(2) Purchase of drugs prescribed by a health care provider, including over-the-counter medications as allowed under IRS regulations;

(3) Purchase of medical items such as eyeglasses, syringes, crutches, etc.

(f) Substantiation. Purchases by the cards shall be subject to substantiation, usually by submission of a receipt from a service provider describing the service, the date and the amount. The Administrator will follow the requirements set forth in Revenue Ruling 2003-43 and Notice 2006-69. All charges shall be conditional pending confirmation and substantiation.

(g) Correction methods. If a purchase is later determined to not qualify as a Medical Expense, one of the following correction methods will be used to make the Plan whole. Until the amount is repaid, the Administrator shall take further action to ensure that further violations of the terms of the card do not occur, up to and including denial of access to the card.

(1) Claims substitution or offset of future claims until the amount is repaid;

(2) Repayment of the improper amount by the Participant;

(3) Withholding the improper payment from the Participant's wages or other compensation to the extent consistent with applicable Federal or State law; and

(4) If subsections (1) through (3) fail to recover the amount, consistent with NEXCOM's business practices, NEXCOM may treat the amount as any other business indebtedness.

When You Can File Claims

Only expenses incurred during the Plan year and the grace period (for DFSA only) are reimbursable through your FSA for that year. You have until April 30 of the following year to submit a claim for expenses incurred the year before. Claims must be received at PayFlex by April 30 to be eligible for reimbursement.

Where to Find Claim Forms

Claim forms are available from www.aetna.com, www.nafhealthplans.com, the Aetna FSA website at www.aetnafsa.com or from your local Human Resources office. You may also call Aetna FSA Member Services at 1-800-416-7053 for assistance in obtaining a form.

Remember you do not need to be enrolled in the Aetna Health Plan or a NEXCOM sponsored HMO to submit a claim.

Important Note:

If you are eligible for coverage under another Health Care Plan, the other Plan(s) must also consider any expense before it is submitted for reimbursement by your HFSA. Therefore, you should not use your debit card for these purchases. The best approach for this situation is to pay up front and submit for reimbursement through the paper claim process (detailed on page 15).

Claiming Reimbursement

Documenting Your Claim

Health Care Expenses

When you submit a claim for reimbursement from your HFSA, you must provide a copy of:

- The Explanation of Benefits (EOB) you received from your (or your dependent's) Health Care Plan showing how much, if any, of your claim was paid; or
- Itemized bills from suppliers for expenses not covered by any Health Care Plan. The itemized bill should include the following information:
  - Patient name
  - Diagnosis
  - Service or service provided
  - Amount charged
  - Date of service

Your claim will not be accepted if the required information is not provided. You can use the "Flexible Spending Account Health Care Reimbursement" form to ensure that your claim submission contains all of the required information. Copies of the form are available from Aetna FSA Member Services, www.nafhealthplans.com, on Aetna's website (visit the Forms Library on Aetna Navigator), and from your local Human Resources representative.

Your HFSA includes a minimum reimbursement of $20. If your claim for reimbursement is less than this, the claim will be processed, but reimbursement will not be issued until:

- You submit additional covered expenses, and the accumulated total reaches the Plan's minimum; or
- The end of the Plan year.

Dependent Care Expenses

To file a claim for reimbursement, complete the "Dependent Care Reimbursement" form. Copies of the form are available from Aetna Member Services, on the Aetna website at www.aetna.com, at www.nafhealthplans.com, from the NEXCOM HUB and from your local HR representative. You must provide the following information in your claim submission:

- Dependent's name
- Provider's name, address and tax ID (or Social Security) number
- The cost, nature and place of the service(s) performed
- Proof of payment*
- An indication of whether the provider is related to you and, if so, how (if the provider is your child, you must also include the child's age)
- You can ask your dependent care provider to sign the claim form as verification of payment. Detailed bills or receipts are also considered acceptable documentation for dependent care expenses.

You are also required to report your provider's taxpayer identification number or Social Security number when you file your tax return.

Reimbursement

PayFlex processes FSA claims as they are received, and issues FSA claim payments daily.

You can be reimbursed through your HFSA for qualifying health care expenses up to the annual amount you elected at enrollment (and unreimbursed funds from the previous year up to $500), even if all of it hasn't been deducted from your paychecks.

You can be reimbursed for dependent care expenses only up to the amount in your DFSA when you file a claim. Any unpaid amounts still due you will be processed in the next claim cycle when (and if) you have enough money in your DFSA to cover them.

You will receive an Explanation of Payment (EOP), which reflects the status of your account, each time you receive a reimbursement (for example, the amount of the claim, how much of it is eligible for reimbursement, what's been paid to date from your FSA, any amounts still payable and any balance remaining in your account).

Qualified Reservist Distributions

The Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008, H.R. 6081 provides a special rule for unused benefits in HFSAs for individuals called to active duty (if criteria apply as defined by the law).

Claiming Reimbursement

Year End Balances

For HFSAs, balances up to $570 (subject to change) will automatically be carried over to the next year regardless of whether you are enrolled in an HFSA or not. Balances above $570 (subject to change) will be forfeited if claims go unreimbursed after April 30. For DFSAs, if there is a balance left in your account at the end of the grace period, and claims for that balance are not received by PayFlex by April 30 of the following year, the remaining balance will be forfeited to the Plan (except in approved cases in compliance with USERRA, HEART of 2008, H.R. 6081).

If you have any questions about your HFSA or DFSA claim, call Aetna FSA Member Services at 1-800-416-7053.

How to Appeal a Denied Claim

If your claim is entirely or partially denied, the reason(s) for the denial will appear on the Explanation of Payment (EOP) you receive from PayFlex.

Important Note:

If PayFlex does not process your FSA claim because information is missing from your claim submission, PayFlex will notify you in writing of the specific information required to complete processing. This is not considered a denied claim.

HFSA Claims

If you think your claim has been wrongfully denied, you have 180 calendar days after receiving the written denial to request a review. Your request for a review, called an appeal, must be submitted to PayFlex in writing. Be sure to explain why you think you are entitled to reimbursement, and attach any documentation that will support your claim. You may have a qualified person represent you at your own expense, and you have the right to examine the relevant portions of any documents that PayFlex referred to in its claim processing. If PayFlex denies your claim, you also may request a review by the NEXCOM Review Board within 30 days of receiving the PayFlex denial letter. NEXCOM will provide you a written response within 60 calendar days. (If a longer period is required, you will be notified in writing.) NEXCOM's decision is final and binding.

You can also follow this procedure if you do not receive any response to your claim within 30 days after you've initially filed it with PayFlex.

DFSA Claims

If you think your claim has been wrongfully denied, you have 60 calendar days after receiving the written denial to request a review. Your request for a review, called an appeal, must be submitted to PayFlex in writing. Be sure to explain why you think you are entitled to reimbursement and attach any documentation that will support your claim. You may have a qualified person represent you at your own expense and you have the right to examine the relevant portions of any documents that PayFlex referred to in its claim processing. If PayFlex denies your claim, you also may request a review by NEXCOM within 30 days of receiving the PayFlex denial letter. NEXCOM will provide you a written response within 60 calendar days. (If a longer period is required, you will be notified in writing how much longer it will take.) NEXCOM's decision is final and binding.

You can also follow this procedure if you do not receive any response to your claim within 30 days after you have initially filed it with PayFlex.

If you have any questions regarding the claims appeal process, or if you need assistance filing your appeal, contact Aetna FSA Member Services at 1-800-416-7053.

General Information About the Plan

Employer/Plan Sponsor	Navy Exchange Service Command 3280 Virginia Beach Boulevard Virginia Beach, VA 23452-5724
Plan Year	The Plan Year runs from January 1 to December 31
Plan Grace Period	January 1 to March 15 of following year (for DFSA only)
Plan Administrator	Aetna, Inc. P.O. Box 4000 Richmond, KY 40476-4000 1-800-416-7053

Amendment or Termination of the Plan

NEXCOM has the right to amend or terminate the Plan, in whole or in part, at any time. If a change is made, you will be notified.

The establishment of an employee benefit plan does not imply that employment is guaranteed for any period of time or that any employee receives any non-forfeitable right to continued participation in any benefits plan.

Plan Documents

This employee booklet covers the major features of the Flexible Spending Account program administered by Aetna Life Insurance Company, effective January 1, 2023. This employee booklet has been designed to provide a clear and understandable summary of the Plan. However, in the event of any discrepancy between the booklet and the Contract, the Contract will control.