



DEPARTMENT OF THE NAVY  
Commander, U.S. Naval Forces, Japan  
Human Resources Office - Yokosuka  
PSC 472, Box 22  
FPO AP 96349-0022

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From: Chief Labor/Employee Relations and Services Division,  
Human Resources Office, COMNAVFORJAPAN  
To: Distribution

Subj: **FLEXIBLE SPENDING ACCOUNTS (FSA) NEW INFORMATION**

Encls: (1) HRSC Benefits Bulletin No.2003-6

1. The Open Season for the Flexible Spending Account (FSA) ends today. The Office of Personnel Management (OPM) has indicated there will be a yearly open season.
2. Enclosure (1) provides the latest information regarding Agency's funds to be used to pay employees fees.
3. Refer all FSA questions directly to the FSA Administrator by email: [fsafeds@shps.net](mailto:fsafeds@shps.net)
4. Please ensure widest dissemination to all serviced Federal employees.

ROBERT B. NOLAN

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**Department of the Navy  
Human Resources Service Center  
Benefits Bulletin No. 2003-6**

**Flexible Spending Accounts (FSA)  
New Information on Fees**

The FSA Administrator has begun accepting FSA enrollments and due to the delay in accepting enrollments, the Office of Personnel Management (OPM) has officially extended the FSA program Open Season until June 27, 2003. **Currently, the Department of Defense and the Department of the Navy have not made a decision about whether agency funds may be used to pay employee fees. It is unlikely that this decision will be made before the end of this initial FSA Open Season. Contact the FSA Administrator for updated information about fees, including what the employee may expect to pay, at the below FSA web link or telephone number.**

**WHAT IS A FLEXIBLE SPENDING ACCOUNT?**

The Federal Flexible Benefits Plan ("FedFlex") enables eligible employees to pay for benefits with pre-tax dollars. The initial FedFlex benefit, Premium Conversion, was implemented in October 2000. In this calendar year, OPM has enhanced FedFlex to include a second pre-tax benefit called Flexible Spending Accounts (FSAs). FEDFLEX will provide two FSAs:

- A Health Care FSA [HCFSA], allows pre-tax reimbursement of eligible medical costs not covered or reimbursed by insurance. Examples include FEHB plan deductibles, co-payments and coinsurance, dental and vision services not covered by FEHB plans, etc.
- A Dependent Care FSA [DCFSA], allows participants to be reimbursed on a pre-tax basis for child care or adult dependent care expenses that are necessary to allow the employee (and his/her spouse) to work or seek work.

Unlike Premium Conversion, participation in an FSA is not automatic; employees must make a voluntary election on an annual basis. If an employee does not make an election during the open enrollment they will not have an FSA in the new plan year. The benefit election is irrevocable once the plan year has begun, unless the employee experiences a qualifying "change in status" event. Additionally, if by the end of the plan year the money in an employee's account is not used, then the money will be forfeited.

**IMPORTANT TAX INFORMATION**

Please visit <https://www.fsafeds.com/fsafeds/faq.asp#irs> for specific tax information concerning FSA accounts. Also, you may wish to speak with your tax advisor if you have over withheld deductions from your FSA account.

**WHO DO I CONTACT IF HAVE QUESTIONS ON ENROLLING IN FSAs?**

**FSA Administrator.** As with the Federal Long Term Care Insurance Program, FLTCIP, individuals will enroll directly, with the FSA administrator to participate in one or both FSAs. OPM has awarded a contract to SHPS, based in Louisville, Kentucky, to serve as administrator of the new Federal FSA Program. To obtain information, please contact the FSA Administrator as noted below. OPM has contracted this program, therefore, please refer your questions to the FSA Administrator. **Your Human Resources Service Center (HRSC) should not be contacted.**

Civilian employees are able to access general program information, enroll, and manage their account either online or by telephone.

- **Online:** [www.fsafeds.com](http://www.fsafeds.com). The FSAFEDS Web site is always available for access to information at your convenience.
- **Toll Free: 1-877-372-3337.** Customer Service Representatives will be available between 9:00 AM and 9:00 PM, Eastern Standard Time, Monday through Friday, effective 19 May 2003.