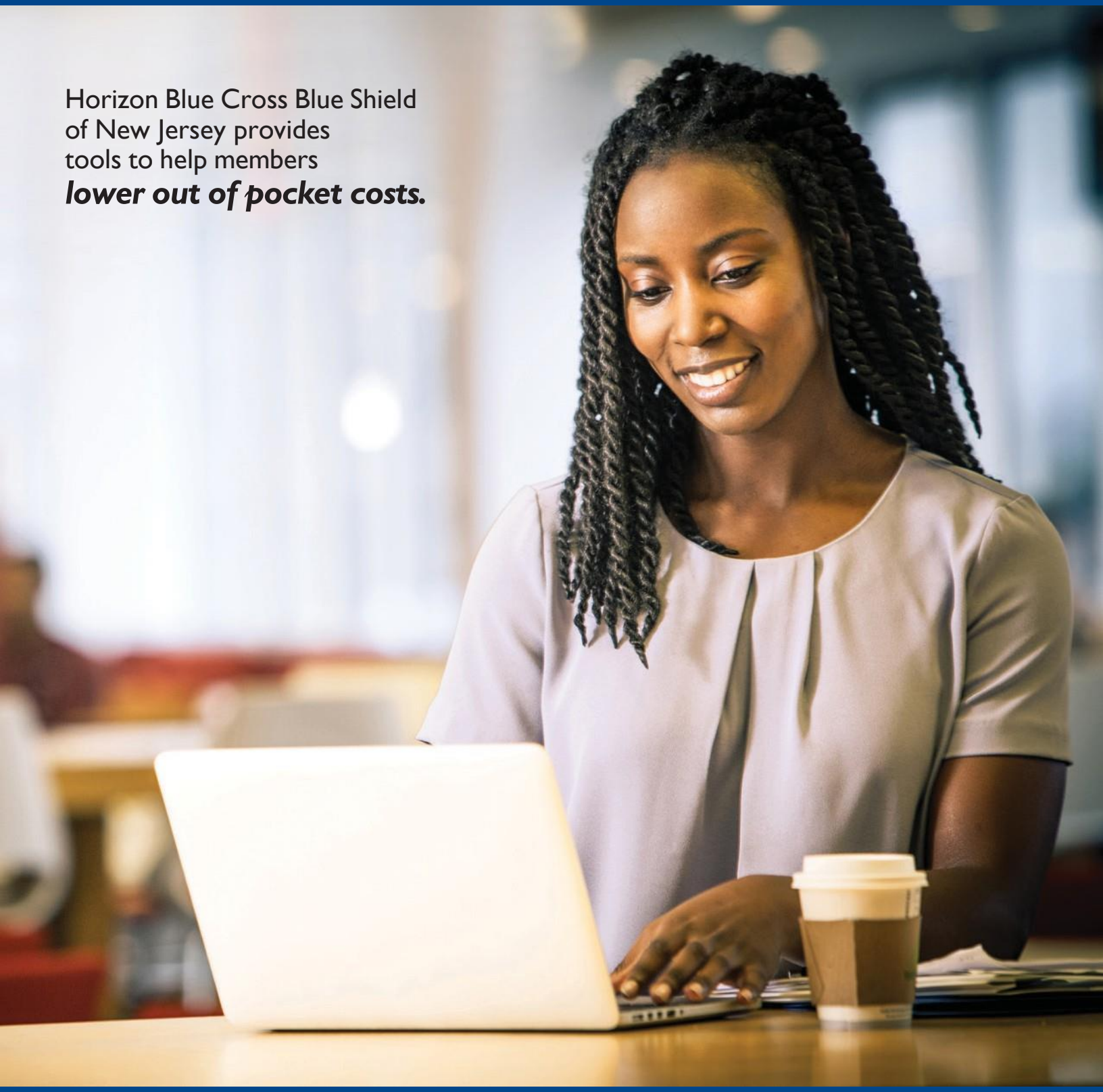
Horizon *MyWay*® FSA

Flexible Spending Account



Horizon Blue Cross Blue Shield of New Jersey provides tools to help members ***lower out of pocket costs.***

HorizonBlue.com



FSA Benefits:

Tax Advantages
Stays With the Company
Supplements an HSA

Introducing Horizon *MyWay* FSA

A Flexible Spending Account (FSA) is an account you can use to save and pay for out-of-pocket medical and dependent care expenses. Both you and your employer can contribute to FSAs pre-tax, and the funds can be used to pay for qualified expenses not paid for by your health plan. Depending on your tax bracket, an FSA can help you save as much as 10 to 40 percent on most of these costs.[1] FSAs are only available if your employer offers them and are not portable.

Is an FSA right for you?

- **Medical:** You'd like to supplement your health care savings pretax to pay for qualified out-of-pocket medical expenses.
- **Dependent Care:** You have a qualifying child under 13 years old—or a relative who isn't physically or mentally capable of caring for themselves—who lives with you for more than half the year.

When you enroll:

- Plan to contribute only what you think you'll need within the plan year. Unused funds may be forfeited back to your employer, so plan wisely.
- Keep an eye out for your welcome kit in the mail.
- Watch for your Horizon *MyWay* Visa® Debit Card in the mail as well, if your employer includes it in your plan.

How a Medical FSA Works:

Decide how much you want to set aside for medical, dental and vision costs within the plan year.

Throughout the year, the amount you select will be withheld pretax from your pay and put into your FSA.

Your total FSA contribution is available from day one, even if it has not all been deposited into your account.

Pay your out-of-pocket medical bills using a Horizon *MyWay* Visa® Debit Card or by submitting a claim online.

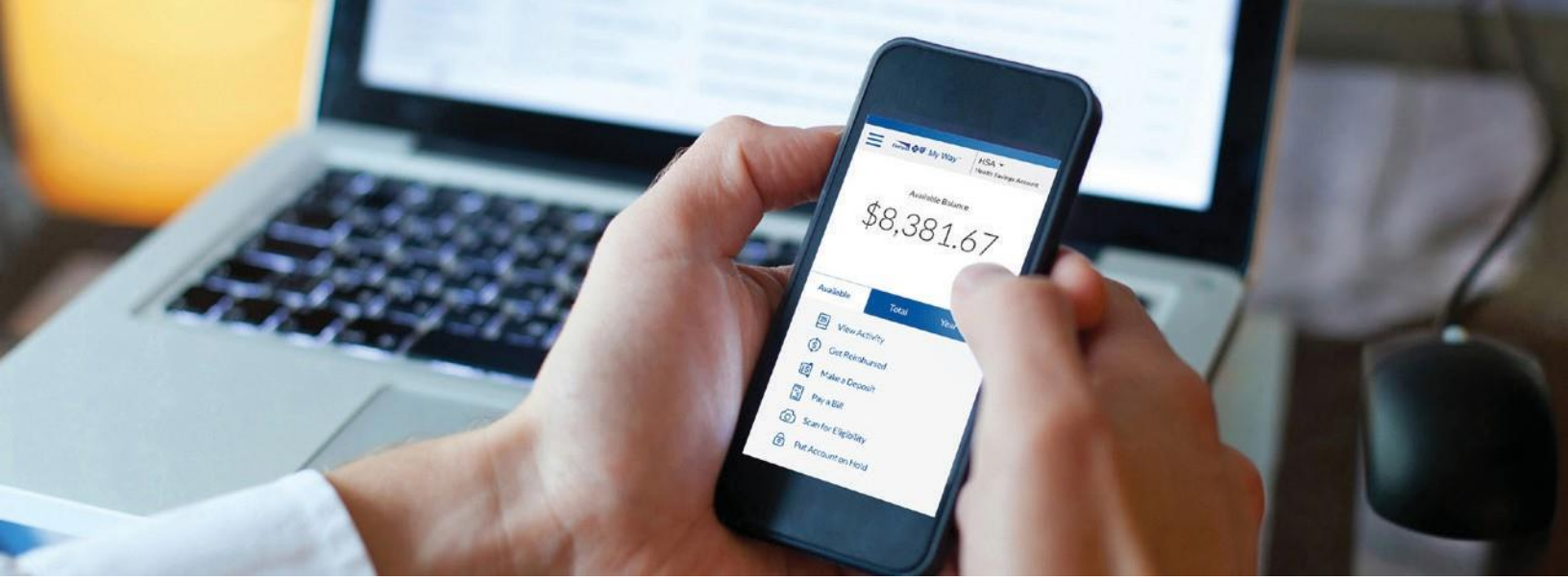
How a Dependent-Care FSA Works:

Decide how much you want to set aside for dependent-care costs within the plan year.

Throughout the year, the amount you select will be withheld pretax from your pay and put into your FSA.

Once the money has been deposited, it's ready to use. Simply submit receipts for dependent-care costs and get reimbursed up to the available balance in your account.

[1] See your tax advisor with questions.



Pay for health care expenses tax-free

Use your Medical FSA to pay for:

- Medical expenses that your plan doesn't cover, including:
  - Out-of-pocket expenses until you reach your deductible
  - Copayments, coinsurance and prescription drugs
- Dental and vision care not covered by your health plan

You can't use your Medical FSA to pay for:

- Health insurance monthly premiums
- Expenses that aren't related to medical treatment or care as defined by the IRS

Use your Dependent Care FSA to pay for:

- Costs related to the care of qualifying dependents

Heads up!

For both Medical and Dependent Care FSAs, it's important to save all your receipts and explanation of benefits (EOB) statements to validate expenses, as required by the IRS.

We're Here for You

When you partner with Horizon *MyWay* you'll get 24/7 support:

Friendly Portals – Enjoy a simple user experience when you sign in.

Mobile App – Manage your account from the palm of your hand.

Expert Assistance – Enjoy access to a dedicated team of experts every step of the way.

Starting **July 1**, you can download the Horizon *MyWay* app. To do so, search for Horizon *MyWay* in the App Store® or Google Play™, which you will use alongside your existing **Horizon Blue app**. If you haven't set up a Horizon account yet at Horizonblue.com or through the **Horizon Blue app**, you'll need to create one.

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EC001286 (1225)

Horizon *MyWay*® FSA
Flexible Spending Account



Easy access. Superior service.
Affordable health care.

Horizon *MyWay* makes FSAs easy for you—and your employees

Offer your employees a tax-advantaged way to save for out-of-pocket medical and dependent care expenses.

How It Works

Elections: At the beginning of each plan year, employees choose how much they'd like to contribute to their FSA. This amount can't be changed, except during open enrollment or in case of a qualifying event. Employers can also contribute to their employees' FSAs.

Contribution: Contributions are withheld pre-tax from each employee paycheck. Any employer contributions are tax deductible.

2027 Contribution Limits

Medical $3,500 Dependent Care $7,500

Source: IRS.gov

Employer dictates group-specific limits.

Documentation: To use their FSA funds to pay for medical or dependent care expenses, employees must submit receipts and documentation for review.

Payments: If the expense qualifies, it can be paid directly through the member's account or with their Horizon *MyWay* Visa® Debit Card if they have one.

Who Qualifies

There are no eligibility requirements for setting up an FSA, unless it will be used for dependent care.

Dependent Care

If any employee wants to set up a dependent-care FSA, their dependent must be a qualifying child under 13 years old, or a relative who isn't physically or mentally capable of caring for themselves, who lives with them for more than half the year.

Benefits

TAX ADVANTAGES

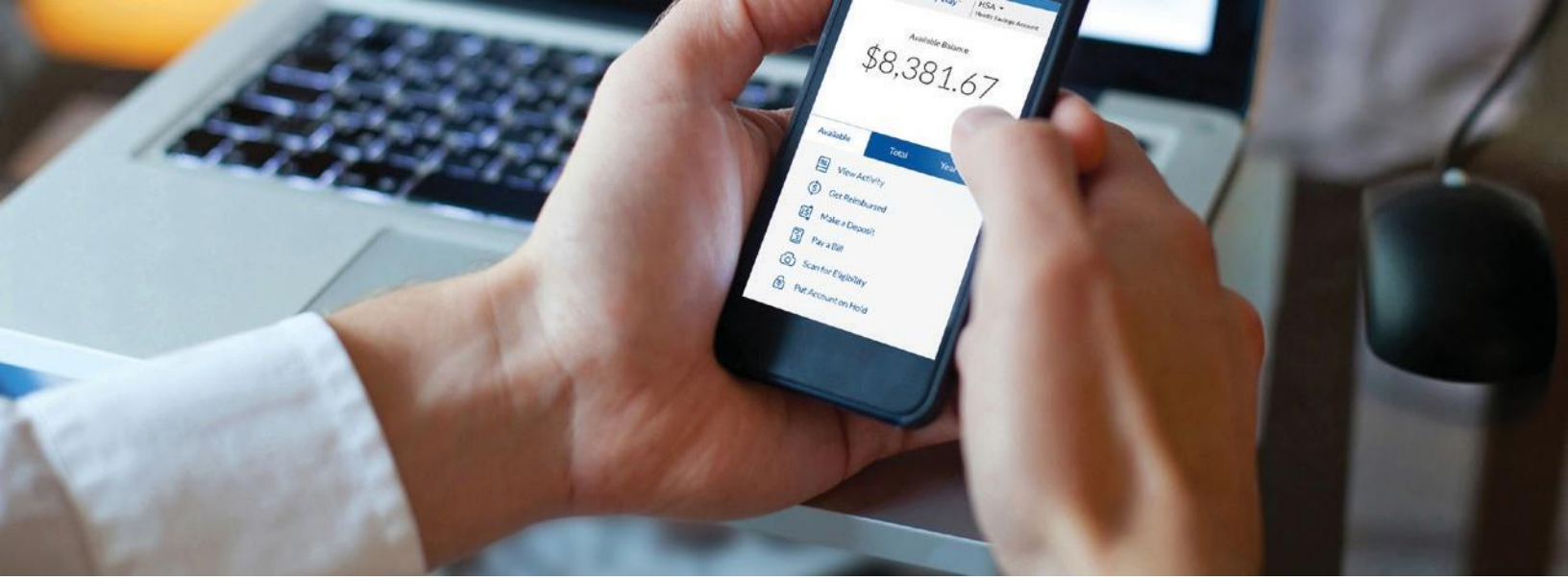
Employees contribute on a pre-tax basis, which means lower FICA and FUTA costs for employers as well as income and interest tax savings for employees. Any employer contributions are tax deductible.

STAYS WITH THE COMPANY

FSA funds can roll over each year, but only at the discretion of the employer. If an employee leaves the company, any unused balance stays with the employer unless COBRA is elected.

SUPPLEMENTS AN HSA

If a member already has an the employer can add a Limited Purpose FSA at their discretion — which exclusively covers dental and vision expenses or dependent care — to supplement their savings.



User-friendly tools for seamless FSA management, 24/7

When you choose Horizon *MyWay* as your FSA provider, you and your employees will get:

Friendly Portals – Enjoy a simple user experience when you sign in.

Mobile App – Manage your account from the palm of your hand.

Debit Card – Withdraw funds from your FSA account without any fees.

24/7 Support – Access your account anytime, anywhere.

Training Sessions – Become a pro in your health saving and spending options.

Expert Assistance – Enjoy access to a dedicated team of experts every step of the way.

Together, we'll make sure your administration process is seamless—and that your employees feel empowered when it comes to their health care.

Starting **July 1**, you can download the new Horizon *MyWay* mobile app, which you will use alongside your existing **Horizon Blue app**. If you haven't set up a Horizon account yet at Horizonblue.com or through the **Horizon Blue app**, you'll need to create one.

Employee Account Features	FSA
Employees can use it to pay their deductibles or copays.	✓
Employees can use the money in the account before it is fully funded.	✓
Employees own the account.	✓
Employers own the account.	×
Contributions are made pre-tax.	✓
Employees can invest funds toward retirement.	✓
A debit card may be available at the employer's discretion.	×

The Horizon BCBSNJ Difference

When you partner with Horizon Blue Cross Blue Shield of New Jersey (BCBSNJ), you'll be working with health care experts committed to providing superior, innovative products and programs for you and your employees. Even better, we always put your needs first—and that makes all the difference.

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EC001285 (1025)

Horizon *MyWay*® FSA

Flexible Spending Accounts Fact Sheet

Q: What is an FSA and how does it work?

A: An FSA is an employer-sponsored spending account that allows employees to set aside pretax earnings to pay for eligible health care or dependent care expenses. Pretax funds are deducted from each paycheck and automatically deposited into an FSA account. Employees decide how much to contribute, tax-free, for the year.

Q: What expenses are eligible?

A: Any out-of-pocket and unreimbursed medical expenses allowed under section 213(d) of the Internal Revenue Code, except health insurance premiums and long-term care services. FSAs can also be used for day care or other dependent care expenses required to allow an individual to work. A complete list can be found at **HorizonBlue.com/myway**.

Q: How is an FSA funded?

A: Employees make pretax contributions through automatic payroll deductions. Employers can also decide to contribute, up to a maximum amount.

Q: What are the benefits to employees?

A: Pretax contributions lower taxable income, and reimbursements are made tax-free from the employee's account. In addition, with a Medical FSA, an employee has access to the entire elected amount on the first day of the plan year.

Q: How do employers save money?

A: FSA programs can lower employers' FICA taxes on employee payroll and possibly what is paid for other benefit plans, such as workers' compensation and disability, that are based on employees' taxable income.

Q: What types of FSAs are available?

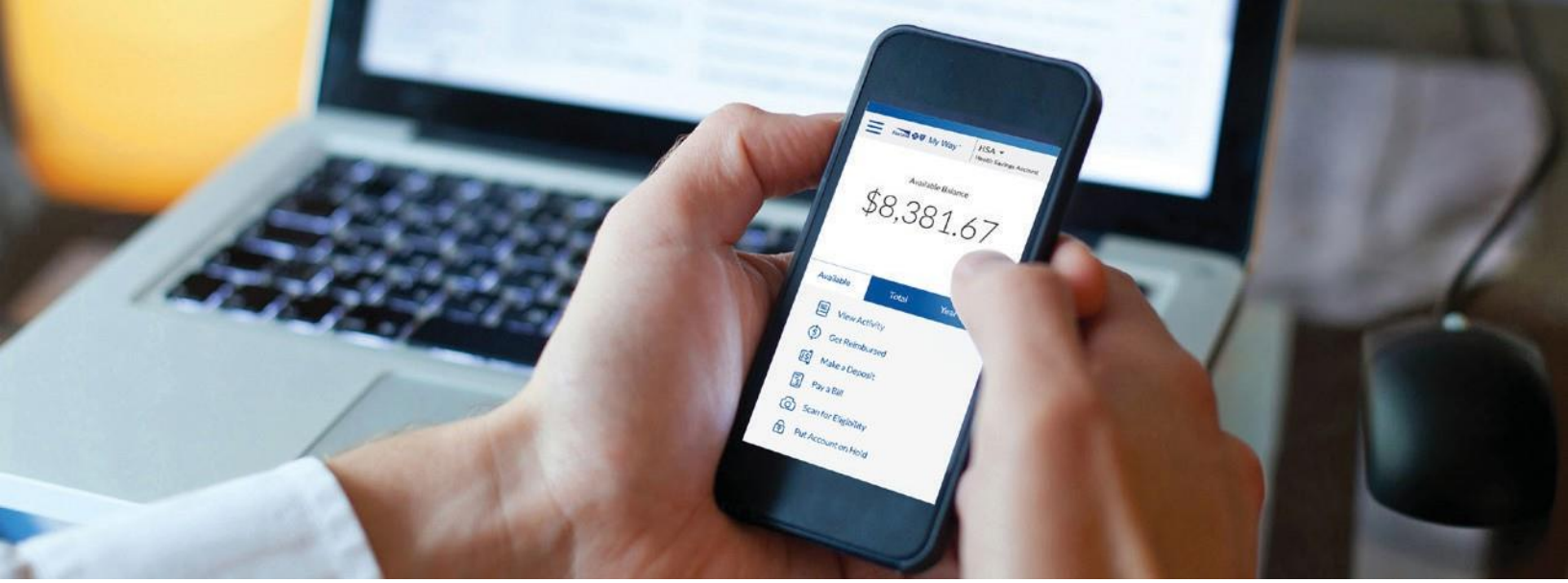
A: There are two types of FSAs employers can offer to employees. Employees can participate in one or both.

- **Medical FSA** — This type of FSA allows employees to pay for eligible expenses that are not covered by the health plan, such as deductibles, coinsurance, dental care, orthodontia and vision care. The total amount the employee chooses to contribute is available to them on the first day of the plan year, even if they have not actually contributed that much yet.
- **Dependent Care FSA** — This type of FSA allows employees to pay for daycare expenses for their children under age 13 or for older dependents not capable of self-care needed to allow an employee to work. With a dependent care FSA, the money must be in the employee's account before you can request reimbursement.

2027 Contribution Limits

Medical FSA	Dependent Care FSA
Covers medical costs, orthodontic care, dental, and vision.	Covers daycare for children under age 13 and other dependents not capable of self-care.
Employee contribution maximum: **$3,500**	Employee contribution maximum: **$7,500**

Depending on an employee's tax bracket, an employee can save nearly 30 percent on most medical, health and child or elder care expenses. An employee earning $30,000 with a $2,000 FSA contribution can save an estimated $600 in taxes.



Q: What is the main difference between an FSA and an HSA?

A: With both an HSA and a FSA, account holders make tax-deductible contributions. HSAs are individually owned while FSAs are owned by the employer. Employers, family members and any other individuals can contribute to an HSA account. An FSA must be funded exclusively through employer contributions or employee pre-tax contributions. HSA balances continue forward until spent and an employee can take the account with them should they leave the company or retire. With an FSA, funds remaining at the end of the plan year are forfeited to the employer.

Q: What happens to funds at the end of the year?

A: Unused money in an FSA account is handled in one of three ways based on the plan design:

- Forfeited at the end of the plan year

Q: Is a debit card available?

A: Yes. A Horizon *MyWay* Visa® Debit Card is available for eligible medical expenses, and can be used at the point of purchase or after care.

The Horizon BCBSNJ Difference

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EC001573 (1025)

Horizon *MyWay*® FSA

Flexible Spending Account Worksheet

Horizon Blue Cross Blue Shield of New Jersey wants to make sure you have the information you need to get the most out of your benefits. Use this worksheet to help you plan your Horizon *MyWay* FSA so you can keep your out-of-pocket costs low.

Any unused funds at the end of the year or grace period will be returned to your employer, so it's important to estimate how much you'll need for the year. Use the chart below to estimate how much you should set aside for your FSA.

Estimate your medical expenses

(The IRS allows a maximum contribution of **$3,500** per individual)

Estimate your annual cost for out-of-pocket medical expenses	
▪ Out-of-pocket costs up to your deductible, along with co-pays or co-insurance	$
▪ Prescription drugs	$
▪ Medical supplies (i.e., insulin and diabetic supplies)	$
Out-of-pocket dental, vision and hearing expenses	
▪ Checkups and cleanings	$
▪ Fillings, X-rays, crowns, bridges, dentures, inlays	$
▪ Orthodontia	$
▪ Eye exams	$
▪ Prescription eyewear – glasses, contact lenses and cleaning solution	$
▪ Corrective eye surgery – LASIK, cataract, etc.	$
▪ Hearing aids and batteries	$
Estimated total out-of-pocket health care expenses	**$**

Estimate your annual tax savings from a Medical FSA

Enter your estimated total out-of-pocket health care expenses from above	$
Enter your tax rate[1] and multiply	x %
This is your estimated annual tax savings by using a Medical FSA	**$**

Estimate your dependent care expenses

(The IRS allows a maximum contribution of **$7,500**)

Dependent care expenses	
▪ Licensed day care, nursery or preschool	$
▪ Before and after school care[2]	$
▪ Summer day camps (not overnight camp)[2]	$
▪ Eldercare[3]	$
▪ Other:	$
Estimated total out-of-pocket dependent care expenses	**$**

Estimate your annual tax savings from a Dependent Care FSA

Enter your estimated total out-of-pocket health care expenses from above	$
Enter your tax rate[1] and multiply	x %
This is your estimated annual tax savings by using a Dependent Care FSA	**$**

[1] Depends on your tax filing status. Please consult your tax advisor with questions.

[2] Before and after school care by a licensed provider are considered child care by the IRS. Summer day camps also count as child care. Expenses for overnight summer camps and tuition for kindergarten and first grade (or higher) generally do not qualify for dependent care credit.

[3] When an elderly or disabled parent is considered a dependent on your taxes and you are covering more than 50% of their maintenance costs.

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