Health Care Flexible Spending Account (HCFSA) Plan

Frequently Asked Questions

General FSA Questions

What is a Health Care Flexible Spending Account (HCFSA) Plan?

The Health Care Flexible Spending Account (HCFSA) allows you to pay for eligible health care expenses not covered by your health care plans, such as prescription drugs, over-the-counter medicines prescribed by your doctor, co-insurance and deductibles with tax-free money. The expenses can be for you or your eligible dependents. By participating in HCFSA, you can lower your payroll taxes by setting aside money throughout the Plan Year to pay for predictable, planned health care expenses.

How does the HCFSA Plan work?

Deductions will be taken from every paycheck and put into your HCFSA, which is administered by UnitedHealthcare. After you or your eligible dependents receive services, you must submit claims to your or your eligible dependents' primary and secondary (if applicable) insurance plans to determine what will be paid for by the plans. You then submit a claim to UnitedHealthcare to request reimbursement from your account for any non-covered expenses.

Does the HCFSA Plan replace my medical plan?

No. This plan allows you to pay for eligible out-of-pocket health care expenses not covered by your health insurance
plans with pre-tax money.

**How much can I contribute to the Health Care FSA?**

You may contribute a minimum amount of $150 up to a maximum amount of $4,000 for the Plan Year (July 1, 2011–June, 30, 2012). Highly compensated employees are permitted to contribute the maximum of $4,000 for the Plan Year.

**What is a Plan Year?**

The Plan Year refers to Gap Inc.'s Benefit Plan Year which runs from July 1 through June 30.

**Who is considered a Highly Compensated Employee?**

The HCFSA Plan defines a Highly Compensated Employee as any employee in the top 25% of employees ranked by salary (including bonuses) in the previous calendar year.

The IRS periodically determines the definition of a Highly Compensated Employee. The information above is subject to change.

**When can I enroll in the HCFSA Plan?**

You can enroll in the HCFSA Plan within 60 calendar days of becoming a full-time employee or incurring a qualifying
life event change. You can also enroll during the Open Enrollment period for coverage to be effective July 1.

When is my HCFSA Plan enrollment effective?

Your enrollment is effective on the date you become full-time, the date of your qualifying life event, or July 1 if you enroll during Open Enrollment.

Can I change my HCFSA Plan election during the year?

You may be able to increase, decrease, or stop contributions to your account during the Plan Year if you have a qualifying life event change. This change must be requested within 60 days of the qualifying life event. Refer to the Summary Plan Description (SPD) for more information.

When will my HCFSA deductions from my paycheck start?

If you enroll during the Open Enrollment period, they will begin within two weeks after the start of the new Plan Year. If you are a new hire, they will begin within the next two pay periods after you enroll. If the deductions are not appearing on your paycheck, notify Employee Services immediately at (866)411-2772, x20600, options 1,2,1.

How often will my HCFSA contribution be deducted from my paycheck?
You will see an FSA deduction on every paycheck.

Can I adjust my deductions so that I get more money taken out now rather than wait until the end of the Plan Year to meet my goal amount?

No. IRS regulations do not permit the manipulation of deductions in that way. We divide your total contribution amount evenly throughout the Plan Year so that your HCFSA deduction comes out of every paycheck.

If I have both a Dependent Care Flexible Spending Account and a Health Care Flexible Spending Account, can I transfer money from one account to the other?

No. These are two separate accounts with different eligible expenses.

What happens to my HCFSA if I leave the Company?

If you leave the Company, your deductions will stop with your last paycheck. You can continue to submit claims for the remaining balance in your account until 9/30/2012 for claims incurred from 7/1/11 – 6/30/12, as long as the services were received while you were participating in the plan. If you expect to receive services after you leave the Company, you will need to continue your participation in the HCFSA through COBRA in order to submit claims incurred after your termination of employment to access the remaining balance in your account.

What happens to my HCFSA when I go on a Leave of Absence?

Your participation in HCFSA will continue while you are on a Leave of Absence. You will be reimbursed for any
eligible expenses incurred while you are on a leave. Your contributions will be suspended while you are on a Leave of Absence. When you return to active work, your contributions will automatically begin and the amount of your deductions will be recalculated to make up for any missed contributions to meet your goal amount for the Plan Year.

**Can I change my contribution amounts while I'm on a Leave of Absence?**

You may change your contribution amount if you experience a qualified life event while on a leave of absence during the Plan Year. You may be able to increase, decrease, or stop contributions. Your change must be submitted within 60 calendar days of the qualifying life event date.

**What happens if I don't have enough eligible expenses to meet my contribution amount?**

You will lose any money left in your Health Care Flexible Spending Account. Your leftover balance will not be refunded to you and will not rollover to the following Plan Year.

**What is the HEART ACT?**

The HEART ACT is an exception to the “use it or lose it” rule under the HCFSA for qualified reservists in the US Military. Reservists must be called to active duty for at least 180 days to be able to receive a full distribution of unused funds in their HCFSA account. If you qualify for this exception you need to complete the Qualified Reservist Distribution Form. This form must be completed by the employee and signed by Gap Inc. You can fax the form to 650-874-5507 or email it to Gap_Inc_Benefits@gap.com
Reimbursement Questions

What expenses are eligible for HCFSA reimbursement?

Contributions to your HCFSA can be used for a number of eligible expenses not paid for by your health insurance plans. The expenses must be received primarily for the prevention or treatment of a physical or mental defect or illness. Eligible expenses may include, but are not limited to prescribed medicines, co-payments/deductibles, chiropractic treatment, orthodontia services, dental exams/services, laser eye surgery and eye exams/glasses/contacts. Please click on HCFSA Expenses for a list of eligible health care expenses. For additional information, please review IRS Publication 502 on the www.irs.gov website, the Summary Plan Description for the Health Care Flexible Spending Account or contact UnitedHealthcare at 877-311-7849 or 888-633-0834. If you are enrolled in a UHC medical plan, you may also visit their website at www.myuhc.com.

How do I get reimbursed for HCFSA expenses?

After you or your eligible dependents receive the services, you will need to go through your or your eligible dependents' primary and secondary (if applicable) insurance plans to determine what will be paid for by the insurance plan. You must pay for any out-of-pocket expenses first. All eligible expenses not paid for by the insurance plan can be submitted to UnitedHealthcare for reimbursement. You will need to complete a UnitedHealthcare FSA/HRA claim form and attach documentation or receipts that include type of service, date of service, what has been paid for, and what has not been paid for. If you are enrolled in a UnitedHealthcare medical plan, you will automatically be enrolled in automatic reimbursement. In addition, you may also use your Consumer Accounts Card (CAC) to pay for eligible health care expenses such as prescription drugs, dental co-insurance and deductible, and vision expenses. The CAC cannot be used at a medical facility if you are a HRA member since the HRA dollars must be spent first.
Whose expenses are eligible for reimbursement under the HCFSA?

The HCFSA may be used to reimburse health care expenses for you, your spouse and anyone who is claimed as a dependent on your federal tax return. Your spouse and dependents do not have to be covered in any of the Gap Inc. medical plans.

I am divorced and my ex-spouse claims our child as a dependent at tax time. Can I still use my HCFSA to pay for my child's expenses?

Yes. The IRS considers an eligible child of divorced parents a dependent of both parents.

Are my domestic partner's health care expenses eligible for reimbursement from my HCFSA?

No. Health care expenses for a domestic partner are not eligible for reimbursement through a HCFSA, unless you claim your domestic partner on your federal tax return. Please visit the Domestic Partnerships page on the Plan Rules and Rates Benefits Portal for more information.

Can I request reimbursement from my HCFSA for services received before the Plan Year begins if I am not billed until after the Plan Year starts?

No. According to the IRS guidelines, a qualified expense is "incurred" at the time the service is provided, not when
you are billed or actually pay for the service.

**How are orthodontia expenses reimbursed?**

Orthodontia costs will be reimbursed based on the payment plan. If there is a monthly payment plan you may submit claims for reimbursements monthly. If you prepay the entire orthodontia costs up front, you may also be reimbursed at that time.

**Can I submit claims for the health care premiums deducted from my paycheck?**

No. Health care premiums are not considered an eligible expense and are not eligible for reimbursement.

**Are expenses that are reimbursed by the HCFSA eligible to be deducted on my tax return as medical expenses?**

No, because you have already received reimbursement with tax-free dollars. Only expenses that are not reimbursed through an insurance plan or the Health Care Flexible Spending Account may be claimed on your income tax return.

**How does the Automatic Reimbursement feature work?**

Some health care expenses may automatically be reimbursed through your HCFSA without submitting a claim form. If you are enrolled in a UnitedHealthcare medical plan and you pay out-of-pocket expenses, UnitedHealthcare will
automatically issue you a reimbursement check as long as your out-of-pocket expenses total $25 or more.

How do I enroll in or cancel Automatic Reimbursement?

You will automatically be enrolled in Automatic Reimbursement if you are enrolled in a UnitedHealthcare medical plan. However, at any time during the Plan Year, you can call UnitedHealthcare or log on to www.myuhc.com to turn Automatic Reimbursement on or off.

I have health coverage through Gap Inc., but I also have secondary coverage through another plan. How is that coordinated with the Automatic Reimbursement feature?

If you have secondary coverage through another plan, you should request to have the Automatic Reimbursement feature turned off to avoid being reimbursed from your secondary plan and from HCFSA for the same expense. You can call UnitedHealthcare or log on to www.myuhc.com to turn that feature off.

Claims Filing

Where can I get a claim form?

Please click here for the FSA/HRA Claim Form. You can print it out, complete it and mail or fax it to
UnitedHealthcare. The address and fax numbers are on the form. This form is also available on the Forms page.

**How often can I submit a claim?**

You can submit claims as often as you like. Each claim must total at least $25 except for the last month’s reimbursement.

**How long does it take for me to get my money after I submit a claim form?**

You can expect to receive your reimbursement check from UnitedHealthcare within three weeks of mailing the claim. You also have the option to enroll for direct deposit of funds into your bank account. Please visit www.myuhc.com or contact UnitedHealthcare at 877-311-7849 or 888-633-0834.

**I want to check on the status of my claim, who do I talk to?**

You can call UnitedHealthcare at 877-311-7849 or 888-633-0834 for the status of outstanding reimbursement claims, contributions made to-date or for your current account balance. You can also view your contribution amounts and current account balance at www.myuhc.com.

**What happens if I submit a claim for an amount greater than my HCFSA balance?**

You will be reimbursed up to the full amount of your Plan Year election, regardless of what has been contributed to
your HCFSA. Contributions will continue through payroll deductions through the Plan Year and claims will continue to be paid until your contribution maximum is met.

**When is the last day to file a claim?**

All eligible claims must be received by UnitedHealthcare on or before the following dates:

- 9/30/2011 – For claims with service dates from 7/1/2010 – 6/30/2011
- 9/30/2012 – For claims with service dates from 7/1/2011 – 6/30/2012

The claims you submit must be for expenses you incurred while you were participating in the HCFSA Plan.

**What about the 2-1/2 month grace period allowed by the IRS?**

The IRS allows flexible spending account (FSA) plans to have a 2-1/2 month grace period where expenses can be incurred 2-1/2 months after the end of the Plan Year and those expenses can be submitted for reimbursement. **At this time, Gap Inc.’s FSA plans do not allow a 2-1/2 month grace period.** Your expenses must be incurred on or prior to the end of the Plan Year to be eligible for reimbursement.

**Consumer Accounts Card Questions**

When you first enroll in either a Health Care FSA or Dependent Care FSA Plan, you will automatically receive a
Consumer Accounts Card from UnitedHealthcare, our FSA Claims Administrator. If you enroll in both the Health Care FSA and Dependent Care FSA, you will receive only one card which you can use for both plans. Keep in mind that these plans are entirely separate; therefore, funds cannot be transferred from one account to the other and the activity for each plan will be tracked separately.

**Important Note:** On the last day of the Plan Year, access to remaining funds in your Consumer Accounts Card ends at midnight, **east coast time**. If you are in a different time zone and lose access to funds in your Consumer Accounts Card before midnight, you will need to submit a manual claim form to request reimbursement for your eligible FSA expenses.

**What is a Consumer Accounts MasterCard® Card?**

A Consumer Accounts Card provides you with a convenient way to access funds from your Health Care Flexible Spending Account (HCFSA) and Dependent Care Flexible Spending Account (DCFSA).

**How does the Consumer Accounts Card work?**

You and your covered dependents can use your Consumer Accounts Card at approved locations that accept MasterCard® to pay for eligible expenses.

If you are enrolled in the HRA or HRA Plus Plan your Consumer Accounts Card cannot be used at a medical provider’s office since there are no co-pays. All claims should be submitted to UnitedHealthcare to deplete the HRA funds first. UHC will then draw from the FSA funds and send a check to you in order to pay the provider— or you can have the funds automatically deposited into your checking account by setting this up on myuhc.com. HRA members can use the Consumer Accounts Card for prescription drugs, dental and vision services.

The card is programmed with your personal account information, including the amount available under your plan. When you use your card to pay for eligible expenses at the time of service, you don’t have to pay out-of-pocket or
submit a claim for reimbursement.

Is there a fee to use the Consumer Accounts Card?

There is no cost to you to activate or use your card. UnitedHealthcare offers this card to you as an added convenience to access your FSA funds.

How do I activate my Consumer Accounts Card?

Review all information sent to you, including the Terms and Conditions. Sign the back of the Card and then call the toll-free number on the activation sticker affixed to the Card to complete the activation process. Additional Cards sent to you for your dependents are to be signed by them. Only one phone call is necessary to activate all cards. Your card will be ready to use one business day after your call. If you activate your card in June, your card will be ready to use on July 2, 2011.

What if I choose not to activate my Consumer Accounts Card?

If you decide not to activate your cards, you will need to complete and file an FSA/HRA claim form. For your protection, destroy your cards by cutting them up and discarding them.

Who can use the Consumer Accounts Card?
You and any covered dependent(s) can use your Consumer Accounts Card at approved locations that accept MasterCard. Two cards are sent to you for your convenience and additional cards may be requested by calling Customer Service at 866-755-2648.

**How long is my Consumer Accounts Card valid?**

The expiration date can be found on the face of the Card. It is valid for four (4) years from the date of issuance.

**How can I use my Consumer Accounts Card to pay eligible expenses?**

If the location has a bankcard terminal that accepts MasterCard®, you have money available in your account, and the expense can be authorized, you can use the card instead of paying out-of-pocket. When you are asked to select debit or credit, select credit, even though it says debit on your card. If you select debit, you will be asked for a PIN; however, your card does not require a PIN and the transaction will not authorize. Successful transactions transfer the money from your FSA directly to the provider, vendor or merchant. Before the transaction is complete, you will need to sign the receipt.

The Consumer Accounts Card will only authorize transactions at bankcard terminals programmed with valid merchant category codes that identify them as providers or businesses for approved services. If a device is not programmed with a valid code, your purchase will not be authorized. For example, you will not be able to use your card at an ATM or gas station, or at a valid location that does not have the correct merchant category codes programmed. UnitedHealthcare does not issue the bankcard devices and they have no control over how each is programmed.
What if I decide not to use my card anymore?

If you no longer wish to use your card, simply call UnitedHealthcare’s Cardholder Services at 866-755-2648. This number is printed on the back of your card and in your card materials.

What if my Consumer Accounts Card is rejected when I use it?

If your card doesn’t work at the time of purchase or a transaction is declined:

- Choose another payment method, such as cash or check;
- Save your receipt and submit your claim manually along with a [FSA/HRA claim form](https://myuhc.com) which is available in the Forms section of GapWeb or through myuhc.com.

What are some reasons why my Consumer Accounts Card transactions may be declined?

If your card is rejected, it may be because:

- Your card has not been activated.
- One business day has not passed since activation.
- The transaction is not for an eligible service or it does not match a pre-defined benefit, co-pay amount, as required by your plan.
- There are insufficient funds in your FSA to cover the expense.
- The bankcard device where your card was swiped is not programmed with a valid merchant category code.
- There is a problem with the merchant’s card terminal.
- The transaction cannot be substantiated in real time at your pharmacy.
- Your card cannot be used for medical expenses if you are enrolled in a HRA plan. All claims must be
submitted to UHC and if HRA dollars have been exhausted, the funds will be taken from the HCFSA. A check will be sent to you for paying the medical provider.

**What do I do if I have a charge that exceeds the amount available in my FSA?**

If you attempt to use your Card for an amount that is greater than the available balance in your FSA, the entire transaction will be declined. Fund balances are available online at [www.myuhc.com](http://www.myuhc.com), or by calling the number on your Consumer Accounts Card.

**Can I have a negative balance in my FSA?**

Yes. The transaction information for the Consumer Accounts Card is updated daily. However, there could be an instance when the card is used on the same day that a manual claim is received and the amounts of both services combined results in a negative balance in your account. If this occurs, UnitedHealthcare will contact you to advise you of overpayment procedures.

**When are funds available in my FSA?**

If you have a HCFSA, the full amount of your annual contribution is available to you at the beginning of the Plan Year. For example, if you elect to have $500 contributed to your HCFSA, you can use that amount for eligible expenses at any time during the Plan Year.
What if my Consumer Accounts Card is lost or stolen and someone uses my funds?

If your card is lost or stolen, call the number on your Consumer Accounts Card immediately (1-866-755-2648). If you report the incident within four (4) business days, you will not be liable for fraudulent use. You may be liable, for a maximum of $50, if you fail to report the loss within four business days. It is your responsibility to monitor your account activity and report any unusual or fraudulent transactions to UnitedHealthcare.

When you report a lost or stolen card, it will be deactivated immediately and new cards will be reissued.

What type of records am I responsible for keeping when I use my Consumer Accounts Card?

Always keep a copy of your itemized receipts for all card transactions. The receipt must show the date the expense was incurred (not the paid date), the amount of the expense for which you are responsible, the provider of service, and a description of the service and/or expense. The IRS requires you to keep all documentation associated with reimbursement from your FSA in the event you are audited by the IRS. In addition, UnitedHealthcare may determine a particular transaction made with your Consumer Accounts Card requires additional review. If so, you will need to provide UnitedHealthcare with the same information you would supply to the IRS to prove that you used your Consumer Accounts Card for eligible expenses.

Will I receive a statement or report to detail my Consumer Accounts Card transactions?

You will receive a paper statement detailing the activity in your Flexible Spending Account on a semi-annual basis to your home. These reports are also available online at www.myuhc.com.
What if I need to see if activities on my Consumer Accounts Card were posted correctly before the paper statement is sent to me?

You can view your account activity via [www.myuhc.com](http://www.myuhc.com) or by calling the customer service number on the back of your Consumer Accounts Card.

How quickly can I see my account activity?

It takes 3 business days to settle the card transaction. Once the card transaction is received at UnitedHealthcare, the information is made readily available to you.

What if I don’t have access to the internet to view my online statements?

You may call the customer service number on the back of your card to obtain details about your Consumer Accounts Card activities.

Can I use the Consumer Accounts Card to pay for a bill I receive in the mail?

Yes. If your merchant or provider accepts MasterCard, simply provide the Card number, expiration date, and any other information requested to pay eligible expenses. Be sure the charged amount is correct prior to providing your Card number for billed expenses at medical, dental or vision providers. Review your Explanation of Benefits (EOB) and make sure the charge on the bill matches the patient responsibility indicated on the EOB.
What if I have questions about my Consumer Accounts Card or my FSA?

Visit [www.myuhc.com](http://www.myuhc.com) for answers to your questions about your Consumer Accounts Card and to obtain extensive information to help you manage your FSA, such as:

- Account balance information
- Recent transactions
- Instructions on Card use
- Eligible expenses
- Details about your specific plan

You may also call the toll-free number on your Consumer Accounts Card (1-866-755-2648) for:

- Card balance information
- Card transaction information
- Reporting a lost or stolen card
- Questions about a charge that appears on your card statement
- Questions about the card not working at a merchant
- Ordering additional cards

Can I continue to use the Automatic Reimbursement feature in addition to using my Consumer Accounts Card?

Yes, you can rely on this feature in addition to using your card; however, if you are on a HRA plan, all claims should
be submitted to UnitedHealthcare to deplete the HRA funds first. UHC will then draw from the FSA funds and send a check to you in order to pay the provider – or you can have the funds automatically deposited into your checking account by setting this up on myuhc.com. HRA members can use the Consumer Account Card for prescription drugs, dental and vision services.

**Can I use my Consumer Accounts Card to pay for the entire bill at my doctor's or dentist’s office?**

The HRA Plans are restricted from using the CAC card to pay for medical services since all claims must be submitted first and taken from the HRA account. *You cannot use your card to pay for any portion of the charge for your portion of medical coinsurance or deductibles but you can use your card for dental charges.*

Your Consumer Accounts Card gives you convenient access to your funds to pay for eligible co-pays. These co-pay amounts are not covered by your medical or dental plan, but covered under your FSA. Your doctor or dentist will bill your medical or dental plan for reimbursement. You can use your Consumer Accounts Card to cover any eligible co-pays you owe for dental but your Consumer Accounts Card cannot be used to pay for medical co-insurance or deductibles. If you are enrolled in automatic reimbursement, let the automatic reimbursement process the claims through your account and you will be sent a check from UnitedHealthcare; you can then pay your doctor for your portion of co-insurance with a check or a personal credit card.

**What expenses are eligible for use with my Consumer Accounts Card?**

If you are enrolled in a HRA plan, you can use your Consumer Accounts Card for prescription drugs, dental co-insurance and deductibles as well as vision expenses. If you are enrolled in an HMO or the Hawaii PPO plan, your Consumer Accounts Card can be used for co-pays for office visits, co-insurance and deductibles as well as prescription drugs, dental co-insurance and vision expenses. The Consumer Accounts Card can only be used for certain over-the-counter (OTC) medical items such as bandages and contact lens solution that do not require a
doctor’s prescription.

*For a list of eligible expenses, please refer to the www.irs.gov website, the Summary Plan Description or contact UnitedHealthcare at 877-311-7849 or 888-633-0834. Using the Consumer Accounts Card does not change your eligible expenses. You are responsible for making sure that you use the card only for those services or items covered by your plan.

Can I use my card to purchase over-the-counter (OTC) drugs?

The Consumer Accounts Card can only be used at drug stores for certain over-the-counter (OTC) medical items that do not require a doctor’s prescription. OTC drugs prescribed by a doctor such as cold remedies and pain relievers cannot be purchased with the Consumer Accounts Card. These items require a claim form to be submitted for reimbursement.

What if I use my Consumer Accounts Card to pay for a prescription drug co-pay, but I am also purchasing a non-prescription item, such as shampoo or an over-the-counter drug, in the same transaction?

With new technology in place, you can use your Consumer Accounts Card to pay for prescription co-pays and over-the-counter items that do not require a doctor’s prescription at the same time. If you are purchasing personal items such as shampoo, you will have to pay that separately.

Remember, it is your responsibility to use the card only for qualified expenses covered by your FSA and to keep all of your receipts. Each time you present your Consumer Accounts Card for a payment, you will sign a receipt. Your signature acknowledges that the charges represent qualified FSA expenses.
Can I use my Consumer Accounts Card at online pharmacies or for mail-order prescriptions?

Yes. Enter your Consumer Account Card number online or on the order form. Over-the-counter drugs or eligible medical items that require a prescription cannot be purchased online using the Consumer Accounts Card. Remember, if you do not have enough money in your Health Care FSA, your transaction will be denied.

How do I use the Consumer Accounts Card at the pharmacy?

Present your Card at the drug store to pay the amount you owe for your prescription. Sign the receipt to show your agreement with the charge and to acknowledge that you are using your card for an eligible expense. Funds will automatically transfer from your Health Care FSA directly to the pharmacy, assuming there are adequate funds in your account. Keep a copy of the receipt for your records. You will need to present them in the event you are audited by the IRS.