

# health care and dependent care spending accounts

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## *for the 2020 plan year*



Spending accounts offer a great way to pay health care or dependent care expenses while saving money on taxes. In this booklet you will learn:

- How spending accounts work and their important rules
- Which health care and dependent care expenses are eligible
- How much the County contributes to your Dependent Care Spending Account
- How to submit claims for reimbursement

### **SPENDING ACCOUNT RESOURCES ARE AVAILABLE ONLINE**

Did you know you can check your Health Care and Dependent Care Spending Account balances, research eligible expenses, and file claims electronically? Log on to [mylacountybenefits.com](https://mylacountybenefits.com) and select “Spending Accounts” in the “my resources” menu.

# spending account highlights

Now that you have enrolled in either the Health Care Spending Account (HCSA), Dependent Care Spending Account (DCSA), or both, we want you to get the most from this benefit.

## How Spending Accounts Work

- 1.** Your monthly contribution is deducted from your paycheck, before taxes are withheld, and placed into your account. You never pay federal or state taxes on the money you contribute to spending accounts.
- 2.** When you need to pay eligible health care expenses not covered by your plan or dependent care expenses, like day care, the money in your account can help.

**Tip!** If you have an HCSA, WageWorks will send you a Visa card you can use to instantly pay most health care providers and pharmacies for eligible expenses. If you have a DCSA, you pay your provider then submit receipts to get reimbursed from your spending account.

- 3.** Getting reimbursed is easy, especially if you're using the WageWorks EZ Receipts app on your mobile device (see How to Submit a Claim on the back).

## Annual Contribution Limits

Type of Account	Annual Contribution Limit
Dependent Care Spending Account	\$4,800 married filing jointly \$2,500 married filing separately or single
Health Care Spending Account	\$2,400

**FOR DETAILED INFORMATION ABOUT THE SPENDING ACCOUNTS, READ THE SUMMARY PLAN DESCRIPTION AVAILABLE AT [MYLACOUNTYBENEFITS.COM](http://MYLACOUNTYBENEFITS.COM).**

## YOUR SPENDING ACCOUNT ADMINISTRATOR

WageWorks administers our spending accounts.

### Visit WageWorks Online

The WageWorks website has lots of tools and resources to help you get the most from your spending accounts. File a claim or check a claim status, order additional Visa cards, find answers to questions, and more.

Log on to [mylacountybenefits.com](http://mylacountybenefits.com) and click on the "Spending Accounts" link in the "my resources" menu on the homepage.

### Get the EZ Receipts App

You can manage your spending accounts using your mobile device.

Download the free WageWorks EZ Receipts app from the Apple App store or Google Play store so you can:

- Check your account balance
- View transactions
- File claims and upload documents or photos of your receipts
- Set up notifications and alerts

**Tip!** Use the app to take and submit photos of your receipt each time you use your card to make it easy to verify card transactions later.

### Contact By Phone

Contact WageWorks toll-free at **877-924-3967**, Monday through Friday, 5:00 a.m. to 5:00 p.m. Pacific time.

# health care spending account

The Health Care Spending Account (HCSA) helps you save tax dollars on eligible medical, dental, vision and hearing expenses for you, your spouse and your eligible federal tax dependents<sup>1</sup>, if those expenses are not covered by a benefits plan. You must incur expenses by December 31, 2020, and submit them for reimbursement by June 30, 2021. See below regarding the carry over amount.

You may contribute up to \$2,400 during the year to your HCSA to spend on qualified expenses, such as:

HEALTH CARE SPENDING ACCOUNT: EXAMPLES OF ELIGIBLE EXPENSES			
Medical Examples	Prescription Examples	Dental Examples	Vision Examples
Deductibles, copayments, routine physical exams, chiropractic care, and medical monitoring and testing devices	Prescribed medications, certain over-the-counter (OTC) medications prescribed by a doctor <sup>2</sup>	Deductibles, copayments, orthodontia treatment not covered by your dental insurance <sup>3</sup>	Prescription eyeglasses, contact lenses and solution, laser eye surgery, and nonprescription reading glasses

<sup>1</sup> Per IRS rules, domestic partners and their children are not considered federal tax dependents; you cannot file spending account claims for their expenses.

<sup>2</sup> You must include a copy of the prescription with your claim for reimbursement for over-the-counter medications.

<sup>3</sup> You can find more details about orthodontia reimbursements on the WageWorks website, which you can access by clicking on "Spending Accounts" at [mylacountybenefits.com](http://mylacountybenefits.com).

For a complete list of eligible and ineligible expenses, see Publication 502 at [www.irs.gov](http://www.irs.gov). Some expenses that qualify as medical expenses for tax purposes as described in Publication 502 (for example, medical insurance premiums) are not eligible for HCSA reimbursement.

## WageWorks HCSA Visa Card

When you elect to enroll in an HCSA, WageWorks will send you an HCSA Visa card. Once you activate your card, you can use your HCSA Visa card instead of cash or credit to instantly pay most health care providers and pharmacies for eligible expenses (when you swipe your card at checkout, choose credit). WageWorks may ask you for receipts, Explanation of Benefits, or other documentation for verification, so keep your receipts.

You can order additional HCSA Visa cards for yourself or your eligible dependents through the WageWorks website. If you lose your HCSA Visa card, or it is stolen, please report it to WageWorks immediately.

## HCSA: Carry Over up to \$500 Each Year

The IRS lets you carry over up to \$500 in unused HCSA funds to the next year. You will lose any remaining balance above \$500. This carryover rule does not affect your annual contribution limit for the next year. If you re-enroll in the HCSA for 2021, you can still elect up to the \$2,400 annual limit. Any money you carry over from 2020 will be added to that amount.

## WHEN YOUR HCSA ENDS

Participation in your HCSA ends when you stop making contributions to the account (e.g., due to reduced working hours, leave of absence without pay, or you terminate or retire from County service). The County will bill you for your monthly contribution and you pay the premium on an after-tax basis. If you pay the premium, your participation in your HCSA continues and you may submit claims for expenses incurred in the month.



# dependent care spending account

Your Dependent Care Spending Account (DCSA) will allow you to use non-taxable County contributions as well as pre-tax contributions deducted from your paycheck to pay for eligible dependent care expenses. If you are married and you would like to use this account, your spouse must also be currently employed, seeking employment, enrolled as a full-time student for at least five months of the year, or disabled and incapable of self-care.

You can use the account to pay eligible dependent care expenses for the following qualifying individuals:

- A dependent child under age 13 whom you may claim as an exemption on your federal income tax return. Generally, in the case of divorce or separation, the parent who has custody of a child for the greater portion of the calendar year may treat the child as a dependent for purposes of the spending account.
- Your spouse and any member of your household who is your dependent for federal tax purposes and who is physically or mentally incapable of caring for himself/herself. This person must live with you at least eight hours per day if his or her care is provided outside the home.

A qualifying child, spouse, or other dependent must live with you for at least half the year. Under federal tax rules, a domestic partner and his or her dependents who do not qualify as your federal tax dependents are not eligible for coverage under your DCSA.

## DEPENDENT CARE SPENDING ACCOUNT: EXAMPLES OF ELIGIBLE AND INELIGIBLE EXPENSES

Eligible Expenses	Ineligible Expenses
• Day care provided in your home	• Overnight camps
• Nursery school and preschool (if cost of schooling cannot be separated from cost of care)	• Babysitting so you can attend a social event
• Properly licensed day care centers that care for six or more children	• Education for a child in kindergarten or higher grade
• Care outside your home	• Tutoring or summer school
• Cost of transporting a qualifying individual by the care provider to or from the place care is provided	• Child care-related payments you make to: 1) someone you or your spouse may claim as a tax dependent; 2) your child who is under age 19; 3) your spouse; or 4) the other parent of your eligible dependent child
• After-school program or summer day camp	• Food, education, or entertainment expenses unless they are incidental to, and cannot be separated from, the cost of dependent care
• Specialty camps such as computer and soccer camps	• Dependents' health care expenses

For a complete list of eligible and ineligible expenses, see Publication 503 at [www.irs.gov](http://www.irs.gov).

### THE 'USE IT OR LOSE IT' RULE

You will forfeit any money in your DCSA that is not used to reimburse you for eligible expenses incurred during the year. This is known as the "use it or lose it" rule.

Expenses for your account must be incurred by December 31, 2020, and submitted for reimbursement by June 30, 2021.

Visit [mylacountybenefits.com](http://mylacountybenefits.com) for more information.

## Understanding the County Contribution

If you enrolled in the DCSA, the County will make a non-taxable contribution to your account based on your annual base pay as follows:

YOUR ANNUAL BASE PAY	COUNTY'S MONTHLY CONTRIBUTION
(Subject to Annual Cap on Contributions)	
Less than \$30,000	\$375
\$30,000 to \$34,999	\$300
\$35,000 to \$39,999	\$275
\$40,000 to \$44,999	\$200
\$45,000 to \$49,999	\$125
\$50,000 or more	\$75

**Important note:** The County caps total annual County contributions. If the cap is reached for 2020, the monthly contribution described above will be reduced pro rata for the month in which the cap is reached, and then will be stopped completely for the remainder of the Plan Year. Because of the cap, there is no guarantee that you will receive the full monthly contribution shown above during the entire Plan Year. You will be notified if the County contribution is reduced or stopped during the Plan Year. You will then have a one-time opportunity to increase your contribution for the remainder of 2020.

Your total contributions are subject to certain limits. Total contributions to a DCSA — yours, your spouse's and the County's — cannot exceed \$5,000 a year if married filing jointly, or \$2,500 if married filing separately (IRS limits).

The County's contribution to your DCSA counts toward these limits. For more information, see the Summary Plan Description (SPD) available at [mylacountybenefits.com](http://mylacountybenefits.com).

### IMPORTANT RULES FOR BOTH ACCOUNTS

**Expenses are incurred at the time of service.** You incur an expense on the date you receive a service (e.g., go to the doctor or take your child to day care). Expenses are not incurred on the day you receive or pay a bill for the service.

**You are eligible for reimbursement only for those months in which you are an active participant.** You are considered an active participant during any month that a contribution is made to the account. If the contribution amounts stop (e.g., due to reduced working hours, leave of absence without pay, you terminate or retire from County service, or nonpayment of HCSA COBRA premiums), you are not considered an active participant for that month in which contributions stop, and you will not be reimbursed for expenses incurred in the same month.

**You have until June 30, 2021, to claim eligible 2020 expenses for both accounts.**

- **HCSA** claims are reimbursed up to your annual contribution amount, even if you have only contributed a portion of it at the time your claim is processed. You do not have to wait until the contributions are actually in your account to receive reimbursements for eligible expenses.
- **DCSA** claims are reimbursed up to the amount you have in your account at the time your claim is processed. If your claim exceeds your current account balance, the remainder of your reimbursement will be held until you or the County deposits enough money to cover it.

**Balances cannot be transferred between health and dependent care accounts.** Tax laws do not allow you to use money in your HCSA for dependent care expenses and vice versa.

**Contribution levels are fixed for the year.** During the year, you may not change contribution amounts to a HCSA or DCSA unless you have a qualifying life event, such as a marriage, birth or adoption, or the County reaches its annual contribution cap. Any change made to either type of account must be made within 90 days from the qualifying life event and be consistent with its changes.

**Enrollment is required each year.** Spending account elections do not roll over from year to year, even if you have a rollover amount. You must enroll and elect contribution amounts during each Annual Benefits Enrollment.

# how to submit claims

When you have a claim under either your HCSA or DCSA, you must complete and submit a claim form and include an itemized bill or receipts for each expense (except when using the HCSA Visa card). Canceled checks will not be accepted.

## Submitting Claims

**EZ Receipts App:** Use your mobile device to download WageWorks EZ Receipts app to file claims anytime 24/7. The app registration process will require you to establish a User ID and password. You can also use the EZ Receipts app to check your balance, file claims, take photos of your receipts, upload documents, and change your communication preferences.

**Online:** Use your smartphone, tablet, or computer to submit your claims anytime 24/7.

- Open your internet browser and log on to [mylacountybenefits.com](http://mylacountybenefits.com).
- Click on “Spending Accounts” under “my resources.” You will be navigated to the WageWorks website.
- Click on the “Submit Receipt or Claim” button, then select to either upload your receipts or file a claim. Follow the instructions until you have submitted your information.

## Mailing or Faxing Claim Forms

You may fax your completed Pay Me Back Claim Form and documentation (itemized bill, receipt, or Explanation of Benefits, etc.) toll-free to **877-353-9236**.

You may mail copies (not the originals) of your completed Pay Me Back Claim Form and documentation (itemized bill, receipt, or Explanation of Benefits, etc.) to:

Spending Account Plan Administrator  
P.O. Box 14053  
Lexington, KY 40512

Additional claim forms, to download and print, are available at [mylacountybenefits.com](http://mylacountybenefits.com).

## Reimbursement

WageWorks processes claims as they receive them. You will either receive a check in the mail or your reimbursement will be deposited directly into your bank account. To initiate direct deposit of your reimbursements:

- Log on to [mylacountybenefits.com](http://mylacountybenefits.com), click on “Spending Accounts”
- Click on “Profile”
- Click on “Reimbursement Method” and select “Direct Deposit”
- Enter and save your direct deposit information

Each time you submit a claim, you will receive a statement that shows the amount of your reimbursement and your current account balance. Every three months, you will receive an additional statement to help you monitor your account balance. Review these statements carefully.

## REQUIRED INFORMATION

### Health Care Spending Account

Your itemized bill or receipt must include all of the following items:

- Name of provider
- Patient's name
- Date of service
- Description of service
- Charge for service

### Dependent Care Spending Account

If you are not including bills or receipts, you must provide the following information on your claim form:

- Provider signature
- Provider address
- Provider Social Security number or Tax Identification Number
- Date of service
- Amount paid

## TIMING FOR CLAIM FILING

You must submit your claims for all eligible expenses incurred while you are a participant during the Plan Year by June 30 of the following year. If you submit a DCSA claim that is postmarked after this date, the claim will not be paid and you will forfeit any money left in your spending account. If your HCSA claim is postmarked after this date, the claim will not be paid and any amount over the allowed “carryover amount” will be forfeited.

If you leave County service during the Plan Year, you may continue to submit claims for eligible expenses incurred during the Plan Year until June 30 of the following year. However, these claims must be for eligible expenses incurred during the Plan Year while you were actively participating in the applicable spending account (the months you made contributions to your account).