

health care and dependent care spending accounts

for the 2021 plan year



Spending accounts offer a great way to pay health care or dependent care expenses while saving money on taxes. Read this booklet to find out:

- How spending accounts work
- 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

EXPLORE SPENDING ACCOUNTS ONLINE

You can learn more about eligible expenses, calculate how much you could save by contributing to a spending account, and so much more. Log on to mylacountybenefits.com and select “How Spending Accounts Work” in the “my financial security” menu.

spending account highlights

Now that you have enrolled in 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. Contribute. Your monthly contribution is deducted from your monthly benefits allowance — before taxes are withheld — and deposited into your account. You never pay federal or state taxes on your contributions.

2. Spend. As you incur expenses through December 31, you can pay for them out of pocket then get reimbursed. Or, use the HCSA Visa Card to pay directly from your HCSA.

Tip! If you have an HCSA, HealthEquity will send you an HCSA Visa card so you can instantly pay most health care providers and pharmacies for eligible expenses. If you have a DCSA, you pay your provider out of pocket, then submit receipts to HealthEquity to get reimbursed.

3. Get Reimbursed. The EZ Receipts mobile app is the most convenient way to submit claims and upload documents. You can also submit claims and documents online, by mail, or by fax. See “getting reimbursed” on the back page.

Annual Contribution Limits

Type of Account	Annual Contribution Limit
Dependent Care Spending Account	\$4,800
Health Care Spending Account	\$2,400

Note: Total contributions to a DCSA — yours, your spouse’s, and the County’s — cannot exceed \$5,000 a year if you are single or married filing jointly; or \$2,500 if married filing separately (IRS Limits).

FOR DETAILS ABOUT THE SPENDING ACCOUNTS, READ THE SUMMARY PLAN DESCRIPTION AVAILABLE AT MYLACOUNTYBENEFITS.COM.

YOUR SPENDING ACCOUNT ADMINISTRATOR

HealthEquity administers our spending accounts.

Visit HealthEquity Online

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

Log on to mylacountybenefits.com and click on the “Spending Accounts” link in the “my resources” menu on the homepage.

Get the EZ Receipts Mobile App

Manage your spending accounts from the palm of your hand:

- **Check** your account balance
- **Look** up transactions
- **File** claims
- **Upload** documents or photos of itemized receipts
- **Set up** notifications and alerts

Download the free EZ Receipts app from the Apple App Store or Google Play.

Tip! Use the app to take and submit a photo of your receipt each time you use your HCSA Visa card. This will make it easy to verify HCSA Visa card transactions later (if necessary).

Contact By Phone

Call HealthEquity toll-free at **877-924-3967**, 5 a.m. to 5 p.m. PT, Monday – Friday.

health care spending account

The Health Care Spending Account (HCSA) helps you save tax dollars on eligible out-of-pocket medical, dental, vision, and hearing expenses for you, your spouse, and your eligible federal tax dependents.¹ You must incur expenses by December 31, 2021, and submit them for reimbursement by June 30, 2022. See below for carryover amount.

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

EXAMPLES OF ELIGIBLE EXPENSES			
Medical	Pharmacy	Dental	Vision
Deductibles, copays, chiropractic care, and medical monitoring and testing devices	Prescriptions, over-the-counter (OTC) medications, and menstrual care products	Deductibles, copays, orthodontia treatment not covered by your dental insurance ²	Prescription eyeglasses, contact lenses and solution, laser eye surgery, and nonprescription reading glasses

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

² You can find more details about orthodontia reimbursements on the HealthEquity website at mylacountybenefits.com; click "Spending Accounts."

For a complete list of eligible and ineligible expenses, see Publication 502 at 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.

HealthEquity HCSA Visa Card

When you enroll in the HCSA, HealthEquity will send you an HCSA Visa card. You can use it to pay most providers and pharmacies for services during the current year, rather than paying out of pocket and getting reimbursed.

Even though it's a debit card, when you swipe it at the checkout, choose "credit."

You can order extra cards for your dependents from the HealthEquity website. If your card is lost or stolen, please report it to HealthEquity immediately.

Keep itemized receipts because HealthEquity may ask you to provide them for HCSA Visa card purchases.

HCSA: Carry Over up to \$550 Each Year

The IRS lets you carry over up to \$550 in unused HCSA funds to the next year. You will lose any balance above \$550. This carryover rule does not affect your annual contribution limit for the next year. If you re-enroll in the HCSA for 2022, you can still contribute up to the \$2,400 annual limit; any money you carry over from 2021 will be added to that amount.

Note: You must be an active participant on December 31 to be eligible for the carryover.

WHEN YOUR HCSA ENDS

Your HCSA participation ends when your contributions stop because:

- Your working hours are reduced,
- You go on an unpaid leave of absence, or
- You leave the County or retire.

If one of these events happens, you cannot file claims for eligible expenses for that month and beyond; your HCSA Visa card will be suspended.

You may continue your participation in your HCSA by electing COBRA coverage. The County will send you a monthly billing notice for your contributions. Keep in mind, when you pay your COBRA contributions, you will be paying with after-tax dollars. Your COBRA HCSA coverage ends when you stop paying HCSA contributions.

To learn more, see "How Spending Accounts Work" at mylacountybenefits.com.

dependent care spending account

A Dependent Care Spending Account (DCSA) allows you to use non-taxable County contributions and the pre-tax contributions deducted from your paycheck to pay eligible dependent care expenses. If you are married, your spouse must 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 DCSA to pay eligible dependent care expenses for:

- A dependent child under age 13 whom you may claim as a dependent on your federal income tax return. Generally, in the case of divorce or separation, the parent who has custody of a child for at least half 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.

EXAMPLES OF ELIGIBLE AND INELIGIBLE EXPENSES

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none">• Day care provided in your home	<ul style="list-style-type: none">• Overnight camps
<ul style="list-style-type: none">• Nursery school and preschool, if cost of schooling cannot be separated from cost of care	<ul style="list-style-type: none">• Babysitting so you can attend a social event
<ul style="list-style-type: none">• Properly licensed day care centers that care for six or more children	<ul style="list-style-type: none">• Education for a child in kindergarten or higher grade
<ul style="list-style-type: none">• Care provided outside your home	<ul style="list-style-type: none">• Tutoring or summer school
<ul style="list-style-type: none">• Cost of transporting a qualifying individual by the care provider to or from the place care is provided	<ul style="list-style-type: none">• 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
<ul style="list-style-type: none">• After-school program or summer day camp	<ul style="list-style-type: none">• Food, education, or entertainment expenses unless they are incidental to, and cannot be separated from, the cost of dependent care
<ul style="list-style-type: none">• Specialty camps such as computer and soccer camps	<ul style="list-style-type: none">• Dependents' health care expenses

For a complete list of eligible and ineligible expenses, see Publication 503 at www.irs.gov.

THE 'USE IT OR LOSE IT' RULE

Per IRS rules, you must spend all DCSA funds by December 31, 2021. You have until June 30, 2022, to file claims for reimbursement. You'll lose any funds left in your account after that date. This is called the "use it or lose it" rule.

To learn more, see "How Spending Accounts Work" at mylacountybenefits.com.

Understanding the County Contribution

The County will make a non-taxable contribution to your DCSA based on your annual base pay:

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 2021, the monthly contribution will be reduced pro rata for the month in which the cap is reached, then stopped completely for the remainder of the Plan Year. Because of the cap, there is no guarantee you will receive the full monthly contribution 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 2021. Instructions will be provided in the notification you receive at that time.

Your total contributions are subject to certain limits. Total contributions to a DCSA — yours, the County's, and your spouse's, if married — cannot be more than \$5,000 a year if single or 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.

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 the months contributions are made to the account. If contributions stop (e.g., reduced working hours, leave of absence without pay, you leave or retire from County service, or nonpayment of HCSA COBRA premiums), you are not considered an active participant for the month in which contributions stop, and you will not be reimbursed for expenses incurred in that month.

You have until June 30, 2022, to claim eligible 2021 expenses for both accounts.

- **HCSA:** You can get reimbursed at any time — up to your annual contribution amount — even if you haven't contributed the full amount at the time HealthEquity processes your claim. This means you don't have to wait until your contributions are actually in your account to get reimbursed. If you spend more from your HCSA than you contribute before you leave the County, you should enroll in COBRA coverage to continue your HCSA for the remainder of the Plan Year.
- **DCSA:** If your claim is more than your account balance, HealthEquity will only reimburse you for the amount in your account. The next time you or the County contributes to your DCSA, you will automatically be reimbursed until the claim is paid in full, or until:
 - You have used all your funds for the Plan Year, or
 - You stop contributing to your account and have no remaining funds

Balances cannot be transferred between health and dependent care accounts. Per IRS rules, you cannot transfer money between spending accounts.

Contribution levels are fixed for the year. You cannot change your contribution amounts during the year unless you have a qualifying life event such as a marriage, birth or adoption, or the County reaches its annual contribution cap. You may change your DCSA contribution if you experience a Cost Change Life Event such as your dependent care provider changes your monthly costs, you change day care providers, your child reaches age 13, or your provider changes or stops their services. You will be required to fill out a DCSA Change in Cost Affidavit.

Enrollment is required each year. Your spending account enrollment does not automatically continue year to year. You must enroll each year during the County's annual benefits enrollment.

getting reimbursed

Getting reimbursed for your expenses is easier than ever with the HealthEquity website and EZ Receipts app.

EZ Receipts App

Download the app from the Apple App Store or Google Play, and set up a User ID and password. Once you do that, you can check your balance, file claims, take photos of and submit your receipts, upload documents, and change your communication preferences.

Submitting DCSA receipts: Your provider can sign the electronic receipt on your phone or tablet so you don't need to submit a claim form.

After you log in to the app, follow the "Submit New Receipt" prompts:

- Enter provider's name
- Add your dependent's name
- Choose date and type of service
- Enter the amount you paid

This creates the electronic receipt your provider signs with their finger. After they sign, you click submit, and that's it!

Online

To submit claims from your computer or mobile device (if you do not have the app):

1. Log on to mylacountybenefits.com.
2. Choose "Spending Accounts" under "my resources" to be navigated to the HealthEquity website.
3. Click the "Submit Receipt or Claim" button. Follow the instructions until you've submitted your information.

Mail or Fax

Submit these documents by mail or fax:

- A completed HCSA or DCSA claim form
- Other documentation: Itemized bill or receipt, Explanation of Benefits, etc.

Fax: 877-353-9236 (toll-free)

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

Important! Mail *copies* of documents, not originals. Keep the originals in your files in case the copies get lost in the mail.

How HealthEquity Reimburses Your Claim

Once HealthEquity processes your claim, they will mail you a check or make a direct deposit.

To set up direct deposit, log on to mylacountybenefits.com, click on "Spending Accounts" under "my resources," choose "Profile," and follow the instructions.

You will receive an email confirming your claim is submitted, processed, and paid. HealthEquity will send you an account statement every three months to help you track your balance. For more information, log in to your HealthEquity account at mylacountybenefits.com.

REQUIRED INFORMATION

HCSA

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

- Provider's name
- Patient's name
- Date of service
- Type of service
- Charge for service

DCSA

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

- Provider's name
- Service dates
- Dependent's name and relationship to you
- Type of service
- Amount billed

Provider's signature is not required, but it can replace need for other proof of service (receipts, etc.)

IMPORTANT DEADLINES!

You have until June 30, 2022, to submit claims for all eligible expenses incurred during 2021. HealthEquity will not pay claims uploaded or postmarked after that date, and:

- You will lose any money left in your DCSA
- You will lose any HCSA balance that is more than the allowed \$550 carryover amount

If you leave County service during the Plan Year: You have until June 30, 2022, to submit claims for eligible expenses you incur during the months you contribute to your account (actively participated).