

health care and dependent care spending accounts *for the 2013 plan year*



Spending Accounts offer a great way to pay health care and/or dependent care expenses while saving money on taxes. Use this booklet to learn:

- What health care and dependent care expenses are eligible.
- How the County makes contributions to Dependent Care Spending Accounts.
- How to use the spending accounts to reimburse yourself for eligible expenses.
- How to use online claims tools and speed your reimbursement.
- Whom to call if you have questions.

Spending Account Resources Available Online

Did you know you can check your Health Care and Dependent Care Spending Account balances, research eligible expenses, and file claims electronically? Just log on to mylacountybenefits.com and select "Spending Accounts" in the "my tools" menu.

spending account highlights

Now that you've enrolled in either the Health Care Spending Account or Dependent Care Spending Account (or both), we want you to get the most from this benefit. By participating in a spending account, you never pay federal or state taxes on the money you contribute to your account. That means you can save 10% to 30% or more (depending on your tax bracket) when you use your account to pay for eligible expenses.

How Spending Accounts Work

1. The monthly contribution you elected will be deducted from your paychecks before taxes are withdrawn.
2. When you have an eligible expense during the year, complete a claim, either online at mylacountybenefits.com, or by using a paper form that you submit to the spending account administrator via mail or fax.
3. The administrator sends you a reimbursement check or makes a direct deposit in your specified account.
 - Dependent Care Spending Account claims are reimbursed up to the amount you have in your account at the time your claims are processed. If your claim exceeds your current account balance, the remainder of your reimbursement will be held until you or the County has deposited enough money to cover it.
 - Health Care Spending Account claims, however, are reimbursed up to your annual contribution amount, even if you have only contributed a portion of it at the time your claims are processed. You don't have to wait until the contributions are actually in your account to receive reimbursements for eligible expenses.

Important Rules

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

Use it or lose it. You will forfeit any money in your Health Care and/or Dependent Care Spending Accounts that is not used for expenses incurred by December 31, 2013. Account balances do not "roll over," even if you elect a spending account for the next year. You have until June 30, 2014, to claim eligible 2013 expenses.

Balances cannot be transferred between health and dependent care accounts. Tax laws do not allow you to use money in your Health Care Spending Account 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 Health Care or Dependent Care Spending Account 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 of the event and be consistent with it.

Enrollment is required each year. Health Care and Dependent Care Spending Accounts elections do not roll over from one year to the next. You must enroll and elect contribution amounts during each annual benefits enrollment.

health care spending account

The Health Care Spending Account helps you save tax dollars on eligible medical, dental, vision, and hearing expenses for you, your spouse* and your eligible federal tax dependents, if those expenses are not covered by any benefit plan.

* A "spouse" is defined uniformly for all federal laws as a person of the opposite sex who is a husband or wife.

HEALTH CARE SPENDING ACCOUNT: EXAMPLES OF ELIGIBLE AND INELIGIBLE EXPENSES	
Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> • Medical and dental plan deductibles and copayments 	<ul style="list-style-type: none"> • Nonprescription dietary supplements or vitamins
<ul style="list-style-type: none"> • Routine physical exams 	<ul style="list-style-type: none"> • Electrolysis
<ul style="list-style-type: none"> • Orthodontia treatment not covered by your dental insurance* 	<ul style="list-style-type: none"> • Cotton balls, rubbing alcohol, Vaseline, toothpaste, cosmetics
<ul style="list-style-type: none"> • Vision care—including prescription eyeglasses, contact lenses and solution, laser eye surgery, and nonprescription reading glasses 	<ul style="list-style-type: none"> • Diaper service (unless medically necessary)
<ul style="list-style-type: none"> • Certain over-the-counter (OTC) medications and drugs prescribed by a doctor 	<ul style="list-style-type: none"> • Cosmetic surgery and procedures, including teeth whitening (unless medically necessary)
<ul style="list-style-type: none"> • Special equipment prescribed by a doctor for family members with mental or physical disabilities 	<ul style="list-style-type: none"> • Expenses reimbursed by any other health care plan, including Medicare or Medicaid
<ul style="list-style-type: none"> • Hearing aids and tests 	<ul style="list-style-type: none"> • Health club dues (unless membership is prescribed by a doctor for a medical condition)
<ul style="list-style-type: none"> • Smoking-cessation programs 	<ul style="list-style-type: none"> • Health foods and herbal remedies
<ul style="list-style-type: none"> • Nicotine patches and nicotine gum prescribed by a doctor 	<ul style="list-style-type: none"> • Insurance premiums, including long-term care insurance premiums
<ul style="list-style-type: none"> • Acupuncture 	<ul style="list-style-type: none"> • Long-term care services
<ul style="list-style-type: none"> • Crutches (purchase or rental) 	<ul style="list-style-type: none"> • Dependent care expenses
<ul style="list-style-type: none"> • Chiropractic care 	<ul style="list-style-type: none"> • Nonprescription sunglasses
<ul style="list-style-type: none"> • Lactation supplies, such as a breast pump 	<ul style="list-style-type: none"> • Weight-loss medications, non-prescribed weight-loss/control programs
<ul style="list-style-type: none"> • Medical monitoring and testing devices 	<ul style="list-style-type: none"> • Funeral expenses
<ul style="list-style-type: none"> • Prescribed medications and drugs 	

*Further details regarding Orthodontia reimbursements can be found by accessing mylacountybenefits.com, and selecting "Spending Accounts" in the "my tools" menu. Once you reach the Benefit Concepts, Inc. website, select "Documents" and "Orthodontia Reimbursement Requirements".

For a complete list of eligible and ineligible expenses, go to www.irs.gov and search for Publication 502 (Medical and Dental Expenses). Please note that some expenses that qualify as medical expenses for tax deduction purposes as described in Publication 502 (for example, medical insurance premiums) are not eligible for reimbursement from your Health Care Spending Account.

IMPORTANT REMINDER

Over-the-counter medications are only eligible for reimbursement from your Health Care Spending Account if they were prescribed by a doctor. You must include a copy of the prescription with your claim for reimbursement.

IMPORTANT: Your participation in the Health Care Spending Account terminates when you stop making contributions to the account, for example, if you terminate from County service and you elect not to continue your coverage under COBRA. Expenses incurred when you are not a participant are not eligible for reimbursement.

dependent care spending account

Your Dependent Care Spending Account will allow you to use non-taxable County contributions as well as pretax contributions deducted from your salary to pay for eligible dependent care expenses so you (and your spouse*) can work or attend school full-time.

You can use the account to pay for 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* (as defined under federal law) 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 of the year.

DEPENDENT CARE SPENDING ACCOUNT: EXAMPLES OF ELIGIBLE AND INELIGIBLE EXPENSES	
<i>Eligible Expenses</i>	<i>Ineligible Expenses</i>
<ul style="list-style-type: none"> • Day care provided at your home 	<ul style="list-style-type: none"> • Overnight camps
<ul style="list-style-type: none"> • Nursery schools and preschools (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 a higher grade
<ul style="list-style-type: none"> • Care outside the 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"> • Payments you make to: 1) someone you or your spouse may claim as a 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, including specialty camps 	<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"> • Dependents' health care expenses

For a complete list of eligible and ineligible expenses, go to www.irs.gov and search for Publication 503.

* A "spouse" is defined uniformly for all federal laws as a person of the opposite sex who is a husband or wife.

QUESTIONS

If you have questions about the Health Care or Dependent Care Spending Accounts, or if you want to file or check on the status of a claim, log on to mylacountybenefits.com and click the "Spending Accounts" link in the "my tools" menu on the home page, or contact the Spending Account Plan Administrator (Benefit Concepts, Inc.) toll-free at 1-866-629-6436.



Understanding the County Contribution

If you enrolled in the Dependent Care Spending Account, 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
<i>(Subject to Annual Cap on Contributions)</i>	
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 2013, 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 and you will have a one-time opportunity to increase your contribution for the remainder of 2013..

Your total contributions are subject to certain limits. The maximum annual amount you can contribute to your Dependent Care account is \$4,800, or \$2,400 if you are married and filing separately. The IRS imposes additional restrictions based on marital status, tax-filing status, and spousal income.

The County's contribution to your Dependent Care Spending Account counts toward these limits. For more information see the Summary Plan Description (SPD) available online at mylacountybenefits.com.

The "Use It or Lose It" Rule

You will forfeit any money in your Health Care and Dependent Care Spending Accounts 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 both types of spending accounts must be incurred by December 31, 2013, and submitted for reimbursement by June 30, 2014.

Visit mylacountybenefits.com for more information.

FOR DETAILED INFORMATION ABOUT THE SPENDING ACCOUNTS, READ THE SUMMARY PLAN DESCRIPTION AVAILABLE ONLINE AT MYLACOUNTYBENEFITS.COM.

submitting your spending account claims

To receive reimbursement for your eligible expenses, you must submit a claim to the spending account administrator. Here's how.

For the 2013 Plan Year, expenses must be incurred by December 31, 2013, and submitted for reimbursement by June 30, 2014. Expenses are incurred when a service is provided or a product is received, not when the bill is sent or paid.

Using the Online System

Log on to mylacountybenefits.com, and select "Spending Accounts" in the "my tools" menu to reach the spending account administrator's (Benefit Concepts, Inc.'s) website.

- From the homepage, select "Submit Claims." Select the "Service Description" and "Date of Service" and click on "GO" in the green box to start a claim.
- Complete the claim by entering the required information, including Provider's Name, Recipient, Relationship, and Expense Amount. Then click on "Add to Claim List Below" and repeat this process for each claim you have.
- Once you enter all your claims, select "Submit Claims."
- You can scan your receipts for eligible expenses and include them with your online claims for faster reimbursement. Click on the red "I Want To" tab and select "Upload Substantiation" to upload your scanned receipt.
- If you are not able to upload your receipts, select "Print Forms" to view your Reimbursement Account Claim Transmittal. Print, sign and date this document and mail or fax it (along with your receipts) to the spending account administrator using the instructions below.

Using a Claim Form

- Complete the appropriate claim form (for example, a Health Care Spending Account Claim Form or a Dependent Care Spending Account Claim Form) included in this kit. You may download additional forms from the administrator's website. (Instructions for accessing the website are outlined above.)
- **FAX** the completed claim form and copies of your receipts to 1-866-629-6390 or **MAIL** them to Spending Account Administrator, P.O. Box 67128, Los Angeles, CA 90067. Do not send in your original receipts.

Reimbursement

Claims are processed as they are received. You will receive a reimbursement check in the mail or, if you completed the Direct Deposit Authorization Form, your reimbursement will be deposited directly into your bank account. To initiate direct deposit of your reimbursements, complete the *Direct Deposit Authorization Form* in this kit and fax it toll-free to 1-866-629-6390. Alternatively, you can mail your completed form to Spending Account Plan Administrator, P.O. Box 67128, Los Angeles, CA 90067. The form can also be used to cancel or change existing direct deposit instructions.



REQUIRED INFORMATION FOR CLAIMS AND RECEIPTS

For the Health Care Spending Account, you must submit itemized bills or receipts from the provider of the services and/or items/products, and the Explanation of Benefits (EOB) statement you received from your health plan for each claim you are submitting. Canceled checks will not be accepted.

An itemized bill or receipt must include all of these items:

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

For the Dependent Care Spending Account, you must include itemized bills or receipts as proof of each expense. Canceled checks will not be accepted. If you are not including bills or receipts, you must provide the following information on your reimbursement form:

- Provider signature
- Provider address
- Provider Social Security number or tax identification number
- Amount paid
- Date of service