



County Of Sacramento Flexible Spending Accounts

Medical Reimbursement Account

Dependent Care Reimbursement Account

Information Packet

Employee Benefits Office

700 H Street, Room 6750

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<http://www.hra.saccounty.net/employ/ben/content.htm>



Fact Sheet for County Employees

Flexible Spending Accounts Medical Reimbursement Account & Dependent Care Account Questions and Answers

Q. WHAT IS A FLEXIBLE SPENDING ACCOUNT?

A. These accounts permit you to set aside money on a pre-tax basis, via payroll deduction, to pay for eligible medical and dependent care expenses. Examples of these are medical, dental, and vision expenses, certain over-the-counter medicines and supplies that are not covered by insurance or other benefit plans, or dependent care expenses for a dependent who is under age 13 or older if that dependent cannot physically or mentally care for him/herself.

Q. HOW DOES A FLEXIBLE SPENDING ACCOUNT WORK?

A. The amount that you elect to set aside is deducted from your paycheck before taxes are calculated and deducted. These monies are held in an account until you request reimbursement. After you have **incurred and paid** for an eligible medical or dependent care expense, you can request reimbursement using a claim form provided by the claims administrator. You may also be required to provide receipts with the date(s) of service and a description of the expenses. The claims administrator will issue checks on the following payday.

Q. HOW DO I JOIN THIS PROGRAM?

A. You may participate in this program if you complete and submit an enrollment form during Annual Enrollment (or within 30 days of a status change event).

Q. HOW MUCH MAY I SET ASIDE IN THIS PROGRAM?

A. You may set aside up to \$2,400 to pay for qualified medical expenses. You may set aside up to \$5,000 (\$2,500 if you are married and file separate tax returns) to pay for qualified dependent care expenses. Please note that these are separate accounts. You may elect to participate in one or both accounts. The money in one account cannot be used to pay for expenses related to the other account. Under IRS rules, you can be reimbursed up to your maximum election amount for qualified medical expenses even though you have not completed all of your contributions, however, you may only be reimbursed what you have contributed to date for qualified dependent care expenses.

Q. WHAT IS AN ELIGIBLE MEDICAL REIMBURSEMENT ACCOUNT EXPENSE?

A. An eligible expense is a health-related expense for you and/or eligible family members (according to the IRS, this does not include domestic partners or the children of domestic partners unless they are an IRS dependent), that is not paid or reimbursed by a benefit plan. This includes office visit and prescription drug co-payments, deductibles, coinsurance, and certain over-the-counter medicines and supplies. (For examples of eligible medical expenses see the "Examples of Medical Reimbursement Expenses" list in this packet).

Q. WHAT IS AN ELIGIBLE DEPENDENT CARE ACCOUNT EXPENSE?

A. An eligible expense is money that you pay to an individual, day care facility, preschool, or day camp to care for your child who is under the age of 13 (or a disabled dependent over the age of 13) so that you (and your spouse, if married) can work, look for work, or go to school full time. The day care provider cannot be a dependent on your tax return or your child under age 19. A domestic partner and/or the children of the domestic partner are not considered a spouse or a dependent for the purposes of this Plan.

Q. WHAT IS THE EFFECT ON MY PAYCHECK IF I PARTICIPATE IN THIS PROGRAM?

A. Since the deduction from your paycheck is on a pre-tax basis, the effect on your check will vary based upon your tax bracket. Here is an example of how before and after tax deductions work.

	AFTER-TAX DEDUCTION	PRE-TAX DEDUCTION
Gross Pay	\$1,000	\$1,000
Flexible Spending Account Deduction		\$ 400
Taxable Income	\$1,000	\$ 600
Taxes Withheld	\$ 250	\$ 150
Net Paycheck	\$ 750	\$ 450
Medical Expenses	-\$ 100	(-\$ 100 reimbursed from account)
Dependent Care Expenses	-\$ 300	(-\$ 300 reimbursed from account)
Net Income	\$ 350	\$ 450

Q. CAN I CHANGE MY DEDUCTION AMOUNT DURING THE YEAR?

A. According to the Internal Revenue Code, mid-year changes in your contribution amounts can only occur if you have a qualifying status change event (e.g. marriage, divorce, death, birth, adoption). The qualifying event must be consistent with the change you would like to make. You are required to notify Employee Benefits at (916) 874-2020 within **30 days** of the status change event, otherwise you will be unable to make any changes in relation to that qualifying event.

Q. IF I DON'T USE ALL OF THE FUNDS IN THE ACCOUNT CAN I USE THEM THE NEXT YEAR?

A. The Internal Revenue Code has special rules for this program. One of the rules is often referred to as the "use it or lose it" rule. According to the IRC, if there are funds left in your account at the end of the Plan year (for example you contributed \$2,000 for medical reimbursement, but only spent \$1,800), those funds will be forfeited. Therefore it is very important that you estimate your expenses accurately. However, under the "grace period" rule, eligible expenses that you incurred in the 2 ½ month period after the end of the plan year still qualify for reimbursement, providing you an additional opportunity to maximize your savings. The plan year is the calendar year. The grace period ends on March 15.

Q. WHAT IF I HAVE ADDITIONAL QUESTIONS?

A. If you have additional questions, you may contact:
Employee Benefits Office
700 H Street, 6th Floor,
Phone: (916) 874-2020, 8 a.m. to 5 p.m., Monday through Friday
E-mail: PSDBenefits@saccounty.net
Website: <http://www.hra.saccounty.net/employ/ben/content.htm>
Or:
Flex Plan Services, Inc.
P O Box 70366
Bellevue, WA 98007
Phone: (800) 669-3539, 8 a.m. to 5 p.m., Monday through Friday
E-mail: flexplan@flex-plan.com
Website: <http://www.flex-plan.com>

EXAMPLES OF MEDICAL REIMBURSEMENT EXPENSES

Eligible for reimbursement if not paid by insurance

ELIGIBLE HEALTH CARE EXPENSE

Ace bandages	Contact lens solution	Lab work	Prenatal vitamins
Acupuncture	Cortaid	Lactose intolerance pills	Preparation H
Actifed	Cough medicine	Lamisil	Prescription drugs
Allergy medication	Crowns	LASIK	Primatine Mist
Ambulance fees	Crutches	Lotrimin	Prilosec
Advil	Dayquil	Laxatives	Psychotherapy
Aleve	Deductibles	Little Colds	Reading glasses
Alka Seltzer	Desenex	Little Noses	Riopan Plus
Antacids	Desitin	Maalox	Robitussin
Anacin	Dimetapp	Marazine	Roloids
Anti-diarrhea medicine	Diabetic supplies	Micatin	Root canals
Bactine	Diaper rash ointments	Midol	Rubbing alcohol
Balmax	Doctor visits	Midwives	Saline solution
Bayer	Dulcolax	Mentholatum	Simply Cough
Bandage tape	Dramamine	Milk-o-Magnesia	Sinus medication
Band-Aids	Drixoral	Monistat	Sudafed
Ben Gay	Excedrin	Mylanta	Surgery
Benadryl	Ex-Lax	Motrin	Syrup of Ipecac
Bufferin	Eye drops	Naturopathic Dr. Visits	Sterilization procedures
Burn creams	Eye exams	Neosporin	Sunscreen
Blood pressure monitor	Fillings	Nicoderm	Tagamet
CPAP Machine	First Aid creams	Nicorette	Thera-Flu
Calamine	First Aid kits	Nicotrol	Thermometers
Caladryl	First Aid supplies	Nicotine gum/patch	Tiger Balm
Chiropractic	Flexall	Nyquil	Tinactin
Chlor-Trimitron	Gauze	Orthodontia	Triaminic
Chloraseptic	Gaviscon	Orajel	Tums
Claritin	Gas-X	Pamprin	Tylenol
Copays	Glasses	Pain relievers	Vaccinations
Cold medicine	Gyne-Lotrimin	PediaCare	Vagisil
Compound W	Hearing aids	Pepcid AC	Visine
Condoms	Hemorrhoid medication	Pepto-Bismal	Vicks
Contact	Hydrocortisone	Physical exams	X-Rays
Contraceptive foams	Immodium AD	Physical therapy	Zantac
Contacts	Kaopectate	Pregnancy tests	

INELIGIBLE HEALTH CARE EXPENSE

These expenses are not reimbursable through a Health Care FSA.

Airborne	Family counseling	Insurance premiums	Shoe Insoles
Birthing coach	Gender Reassignment	Marriage counseling	Sonicare products
Breast pumps	Health club dues	Marijuana	Special shoes
Cosmetic surgery	Humidifiers	Shampoo	Toiletries
Dental bleaching	Hygiene products	Naturopathic medicines	Weight loss
Dental Veneers	Hypoallergenic linens	Neck support pillows	meals/bars/shakes
Electrolysis	Hypoallergenic pillows	Rogaine	

DOCUMENTATION REQUIRED

Certain medical expenses are not reimbursable under a Health Care Flexible Spending Arrangement unless a licensed health care professional states that the service or product is medically necessary.

Acne treatment	Custom Orthotics	Massage therapy	Vitamins
Adult diapers	Herbs	Specialty foods	
Air purifiers	Hormone therapy	Supplements	



MEDICAL REIMBURSEMENT ACCOUNT

WORKSHEET

ESTIMATED MEDICAL EXPENSES (not reimbursed by insurance)

Health insurance deductible	\$ _____
Co-Insurance (insurance paid 80%, you pay 20%)	\$ _____
Routine exams/physicals	\$ _____
Immunizations	\$ _____
Insulin	\$ _____
Laboratory	\$ _____
Therapy treatments	\$ _____
Wheelchair, crutches, splints, corrective devices	\$ _____
Prescription drugs	\$ _____
Office visits	\$ _____
Chiropractic visits	\$ _____
Other	\$ _____
Subtotal	\$ _____

ESTIMATED DENTAL EXPENSES (not reimbursed by insurance)

Dental insurance deductible	\$ _____
Co-Insurance (insurance paid 80%, you pay 20%)	\$ _____
Examinations and cleanings	\$ _____
Fillings, crowns, and bridges	\$ _____
Dentures (including replacement)	\$ _____
Implants, in-lays, x-rays	\$ _____
Orthodontia	\$ _____
Other	\$ _____
Subtotal	\$ _____

ESTIMATED VISION EXPENSES (not reimbursed by insurance)

Vision insurance deductible	\$ _____
Co-Insurance (insurance paid 80%, you pay 20%)	\$ _____
Vision Examinations	\$ _____
Lenses and frames	\$ _____
Contacts	\$ _____
Other	\$ _____
Subtotal	\$ _____

TOTAL ESTIMATED EXPENSES \$ _____

PER PAY PERIOD AMOUNT = _____ ÷ _____ = _____
Estimated Annual Expense Number of Pay Periods Per Pay Period Amount



DEPENDENT CARE REIMBURSEMENT ACCOUNT

WORKSHEET

The Dependent Care Reimbursement Account may be used to pay for dependent care services which allow you (and your spouse, if married) to work, look for work, or go to school full time. Your dependent must be under the age of thirteen (13) or over the age of 13 if the dependent is physically or mentally incapable of caring for himself/herself and can be claimed as a deduction on your Federal income taxes. The maximum amount you may elect is \$5,000 per calendar year if you are married and filing a joint return (or \$2,500 if you are single or if you are married filing separate tax returns). In the case of divorced parents, the child must qualify as a custodial parent's dependent. The maximum reimbursement you can claim will be your annual earned income, or your spouse's annual earned income, if less than yours. If your spouse is a full-time student or is physically or mentally incapable of caring for himself/herself, or medically disabled, he/she shall be deemed to have an annual earned income of \$3,000 if you have one dependent and \$6,000 if you have two or more dependents.

ESTIMATED DEPENDENT CARE EXPENSES:

January	\$
February	\$
March	\$
April	\$
May	\$
June	\$
July	\$
August	\$
September	\$
October	\$
November	\$
December	\$
TOTAL	\$
Divide by number of pay periods (24 in the year)	\$ Bi-weekly payroll deduction

In calculating your deduction amount please take into consideration that you should not claim non-work related expenses.

DEPENDENT CARE TIPS AND GUIDELINES

The Dependent Care Reimbursement Account may be used to reimburse you for the expenses associated with providing care and services for your dependents while you are at work.

WHO IS A QUALIFIED DEPENDENT?

- Your dependent under the age of 13 and whom you claim as an exemption on your Federal tax return.
- Your dependent over the age of 13 and whom you claim as an exemption on your Federal tax return if the dependent is physically or mentally disabled and cannot care for himself/herself.
*Domestic partners are not considered a spouse or dependent. Children of a domestic partner are not considered a dependent for purposes of this Plan.

WHAT ARE ELIGIBLE EXPENSES?

- Day care expenses enabling you (and your spouse if married) to work, look for work, or attend school full time.
- Babysitters, dependent care centers, pre-kindergarten/nursery schools, after-school care or extended day programs, summer day-camps (if the primary purpose of the expense is custodial in nature and not educational).

WHAT EXPENSES CANNOT BE REIMBURSED?

- Any expense that you intend to claim as a credit for Federal tax purposes.
- Educational expenses for a child in kindergarten or higher grade.
- Food, clothing, shelter, insurance, medical treatment, transportation, or extra charges for diaper changing (if charged separately from dependent care expenses).
- Expenses that are incurred when you (or your spouse, if married) miss work due to illness, vacation, or paid holidays.
- Day care expenses if you are married and your spouse is not working or a full-time student.
- Overnight camp expenses.
- Babysitting amounts paid to your child under the age of 19 or any relative who can be claimed as a tax dependent on your Federal tax return.

UNDER WHAT CIRCUMSTANCES CAN YOU CHANGE YOUR ELECTION?

- Marriage, divorce, legal separation, or annulment.
- Death of a spouse or the covered dependent.
- Birth, adoption, or placement for adoption or foster care of a dependent.
- Change in employment status of the employee, spouse, or dependent that affects eligibility (commencement of employment, termination of employment, change in hours, strike or lockout, or change in worksite).
- Gain or loss of dependent status (e.g. dependent becomes eligible or ineligible due to a change in age, gain/loss of student status, marriage or similar circumstance).
- Change in residence of employee, spouse, or dependent that affects eligibility.
- FMLA leave (some other medical leaves may qualify for an election change).

Notes: The qualifying status change event must be consistent with the change you make in your election. The Employee Benefits Office must be notified and the forms completed within 30 days of the qualifying status change event.

These are guidelines for the Plan. The Plan Document and the Internal Revenue Code will dictate the actual plan operations.