



City of Bakersfield

Flexible Spending Accounts Overview

Plan Year: January 1st through December 31st

What is Flexible Spending Accounts?

Flexible Spending Accounts (FSA) offers you a way to save money on your health care and/or dependent care expenses using tax-free dollars. Your annual election is deducted from your paycheck in equal amounts and you reimburse yourself with tax-free dollars.

Health Care FSA—up to \$2,000

For 2017, you can set aside up to \$2,000 maximum in pre-tax dollars in a health care spending account. This allows you to pay for qualifying out-of-pocket health care expenses for you and your dependents. The amount you choose to contribute will be deducted from your pay in equal installments throughout the year. You cannot change this amount unless you have a Qualified Life Event.

How to estimate your savings with an FSA

One of the most important decisions you will make about participating in an FSA is how much to contribute each year. We have provided a sample below to give you an idea of the potential tax savings and a worksheet to help guide you through estimating your eligible expenses.

	With FSA	Without FSA
Annual Gross Earnings	\$ 40,000.00	\$ 40,000.00
Annual pre-tax contributions	\$ 2,500.00	\$ -
Annual taxable earnings	\$ 37,500.00	\$ 40,000.00
Federal Tax (15%)	\$ 5,625.00	\$ 6,000.00
State Tax (5%)	\$ 1,875.00	\$ 2,000.00
State Disability (1.2%)	\$ 450.00	\$ 480.00
Social Security (6.2%) *	\$ 2,325.00	\$ 2,480.00
Medicare (1.45%)	\$ 544.00	\$ 580.00
Annual post-tax expenses	\$ -	\$ 2,500.00
Net income after taxes and expenses	\$ 26,681.00	\$ 25,960.00
Monthly Savings	\$ 60.08	
Annually Savings	\$ 721.00	

**Rates may be subject to a payroll change dependent upon the passage of legislation.*

Over the counter medications

In compliance with Health Care Reform, over-the-counter medications are not considered eligible expenses for Flexible Spending Accounts. This includes any drugs or medicines with the exception of insulin. Employees will still be allowed to submit expenses if prescriptions are obtained from your physician. While the law limits over-the-counter medications, medical supplies will still be allowed for reimbursement. Samples of items are below:

NOT Covered	Covered
<ul style="list-style-type: none"> • Acid Relievers • Allergy & Sinus Remedies • Baby Rash Ointments/Creams • Cold Sore Remedies • Cough, Cold & Flu Remedies • Feminine Anti-Fungal Remedies • Laxatives • Pain Relief Medication (e.g., Aspirin) • Sleep Aids & Sedatives 	<ul style="list-style-type: none"> • Adhesive Bandages • Birth Control • Braces & Supports • Catheters • Contact Lens Supplies & Solutions • Diagnostic Tests & Monitors • First Aid Supplies • Insulin & Diabetic Supplies • Reading Glasses

Dependent Care FSA—up to \$5,000

The IRS allows families to set aside up to \$5,000 maximum pre-tax each year to pay for eligible dependent care expenses. Eligible expenses are those you pay for dependent care so that you and your spouse can work; or, if your spouse is attending school full time or actively seeking employment. If your spouse also contributes to a Dependent Care FSA, your total contributions cannot exceed \$5,000. If you already contributed through another employer, you need to make sure the total amount for the calendar year does not exceed \$5,000 combined.

Married couples that file taxes separately are limited to \$2,500 each. Eligible expenses include the following: babysitter or nanny through age 12, pre-K or nursery school, before-or after-school care through age 12, day camp through age 12, daycare for a disabled adult or child and elder daycare for a parent or dependent, as long as they reside in your home.

Enrollment

If you wish to participate in a flexible spending account for healthcare or dependent care spending you must re-enrolled each year, per IRS guidelines. Outside of open enrollment, you will only be able to change your benefits if you have an IRS qualified status change such as; marital status, having or adopting a child, or change in your spouse's employment.

Reimbursements

The City issues you your reimbursement. Previously, physical checks were generated and mailed to your home address by HealthComp. However, you will still need to submit your claims for reimbursement to HealthComp. HealthComp will adjudicate your claims for reimbursement. When submitting physical claims, you must complete a form and attach the appropriate receipts. In addition, there is a \$20 required minimum dollar. Any claim submitted that is less than \$20 will be processed and pended until the minimum is met.

2 ½ Month Grace Period

The Plan allows you to be reimbursed from unused amounts remaining in your Health FSA Account and/or Dependent Care Account up to 2 ½ months following the end of the Plan Year. The Grace Period will begin on January 1st and will end on March 15th. Claims for reimbursements with bills and receipts need to be submitted and received no later than March 31st.

Use it or Lose It

When determining how much to contribute, plan carefully. The IRS has imposed a "use it or lose it" rule. Any amounts remaining in your health care spending account and/or dependent care spending account at the end of the plan year's 2 ½ month grace period and not claimed by the filing deadline of March 31st will be forfeited, as required by law.

Online Account Access

HealthComp is excited to provide you with online Flex account access through **HCOOnline**, our secure online web portal. Your **HCOOnline** account will allow you to access your Flex elections, deposits, view claim history, and much more, 24 hours a day, 7 days a week. It is easy and fast!

HCOOnline Flex Features:

- Summary of accounts showing total election, total deposits to date, total claims paid, and remaining election.
- List of claims paid during the plan year.
- List of deposits made thus far during the plan year.
- List of checks approved. Clicking on the check number will list the claims paid on that check.
- View EOB by clicking on the claim number.
- File a claim.



HCOOnline mobile application enables members access from their smartphone.

Accessing Your HCOOnline Flex Account:

- In Internet Explorer, browse to www.healthcomp.com
- Click on **Members** after entering website
- Click on **HCOOnline** from the drop down menu
- Click **Member** under the **New User Registration**
- Complete **New User Registration**
 - **Verification**
 - Enter your **Social Security Number** (omitting dashes) in the field
 - **Date of Birth** (MM/DD/YYYY)
 - **Home Zip Code** (#####)
 - **User Account**
 - Email address
 - Username
 - Password
 - Select security question
 - Answer security question
 - Click **Create New User**
 - Go to your email to confirm your registration



If you require assistance, please contact **HealthComp's** customer service team at: 800.442.7247 or hconline@healthcomp.com