



COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES

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LISA M. GARRETT
DIRECTOR OF PERSONNEL

July 28, 2020

To: All Department Heads

From: Lisa M. Garrett
Director of Personnel

RELIEF FOR SPENDING ACCOUNTS IN RESPONSE TO CORONAVIRUS (COVID-19)

This is to inform you that, due to the Coronavirus (COVID-19) pandemic, the Internal Revenue Service (IRS) made changes to the regulations that govern Health Care and Dependent Care Spending Accounts (HCSA and DCSA). COVID-19 has stopped most access to regular medical care and much of the need for day care; and many employees have few eligible expenses for which to use their spending accounts. The new regulations, released on May 12, 2020, *temporarily* allow changes to spending accounts during the 2020 Plan Year.

Introducing a New Life Event – Spending Account Special Enrollment:

Through September 23, 2020, employees may choose to decrease, increase, or stop their monthly contributions or enroll in a spending account using the new life event, "Spending Account Special Enrollment" at mylacountybenefits.com. Changes will be effective the first of the month following the enrollment date. Refer to the attached flyer and examples for more information.

Other permanent changes that IRS made due to COVID-19, include:

- **Over-the-counter medications** – Without a doctor's prescription
- **Menstrual care products** – Now eligible HCSA expenses
- **Increased HCSA carryover limit** – From \$500 to \$550 for funds remaining in a HCSA at the end of the Plan Year beginning in 2020

Should you have any questions, please contact me at (213) 974-2406 or your staff may contact Magdalena Martinez, Assistant Director, at (213) 351-2921 or by email at MMartinez@hr.lacounty.gov.

LMG:PAM:MGM
BAK:LMV:lz

Attachments

c: Each Supervisor
Executive Office, Board of Supervisors
Chief Deputies
Administrative Deputies
Departmental Human Resources Managers

To Enrich Lives Through Effective and Caring Service

Want to change or stop your Health Care or Dependent Care Spending Account Contribution?
Visit mylacountybenefits.com from July 23, 2020 through September 23, 2020

The Coronavirus pandemic has impacted access to doctors and dentists. Schools and day care centers are closed, and people are caring for their children at home. As a result, many people that enrolled in Health Care and/or Dependent Care Spending accounts (HCSA and DCSA) to help with those expenses have no way to spend those dollars. Fortunately, the Internal Revenue Service (IRS) released temporary rules governing HCSAs and DCSAs on May 12, 2020 that may allow you to make changes to your accounts.

- **Carry over more HCSA money (permanent as of 2020 Plan Year)** – The new rules increase the HCSA carryover limit from \$500 to \$550 for funds remaining at the end of the Plan Year.
- **Use mylacountybenefits.com and the new qualified life event, “Spending Account Special Enrollment.”** Through September 23, you may make the changes described below. They will be effective the first day of the month following your enrollment date.
- **Decrease or Stop Monthly Contributions** – Your spending account annual balance will be adjusted based on the monthly contributions you have already paid into the account when you elect to decrease or stop the monthly contribution. For example, if you contributed \$200 in an HCSA from January 2020 through July 2020, and stopped contributing on August 1, 2020, the total HCSA annual balance will be adjusted from \$2,400 to \$1,400 for the 2020 Plan Year.

If you have already had expenses reimbursed or you used your HCSA Visa Card, you will not be allowed to lower your contribution (or stop it) to an amount lower than those reimbursements. You must contribute enough to cover your past reimbursements.

If you choose a contribution that is too low, the Plan Administrator will not approve your new election. Instead, your contribution will be set at an amount to recover your 2020 Plan Year reimbursements through payroll deductions (in \$1 increments from \$10 to \$200) through the end of the Plan Year. You may visit mylacountybenefits.com for details.

- **Increase Monthly Contributions or Enroll in a New Account** – You may elect to contribute \$10 to \$200 in an HCSA, and \$10 to \$400 (including the DCSA County subsidy, if applicable) in a DCSA. If you enroll in a new spending account, you may **only** submit claims for expenses starting from the effective date of your enrollment through December 31, 2020. If you elect to increase your monthly contribution, your spending account annual balance will be adjusted based on your new election. You may visit mylacountybenefits.com for details.
- **Make Claims through the 2020 Plan Year** – The temporary rules allow you to make claims for the rest of 2020, even if you’ve stopped contributing, because you are still considered an active participant and new expenses are eligible. If you submitted a claim for eligible health care or daycare expenses and were denied by the Spending Account Administrator prior to this letter because you were not considered an active participant, please resubmit your claim.

How to Make Changes:

To take advantage of this opportunity to make changes to your spending account, log on to mylacountybenefits.com, click on the “Enroll or Make Changes” button, click on “Life Events,” and select the life event link, “**Spending Account Special Enrollment**” from the drop-down menu. Remember, this life event will only be available through September 23, 2020.

Should you have questions, you may call the Benefits Hotline at (213) 388-9982, Monday through Friday, 8:00 a.m. to 4:00 p.m.

Spending Account Special Enrollment Scenarios

Starting July 23, 2020 through September 23, 2020

Decrease Your Monthly Contribution:

| Decrease HCSA Contributions | |
|---|--------------|
| For 2020, you chose a monthly contribution of \$50 towards your HCSA, with a target annual balance of \$600. Monies you contributed to your account from January through July total \$350. On July 28, 2020, you choose to reduce your monthly contribution from \$50 to \$20 to be effective on August 1. You have not filed any claims for reimbursement for the 2020 Plan Year. | |
| Original Annual Balance for 2020 | \$600 |
| Year to Date Contributions (Jan. - Jul.) (\$50 x 7 months) | \$350 |
| Decreased Contribution (Aug. - Dec.) (\$20 x 5 months) | \$100 |
| New Adjusted Annual Balance for 2020 | \$450 |
| Effective August 1, your annual balance in an HCSA is adjusted to \$450 for the Plan Year. You will have \$450 available in your HCSA to submit claims for eligible expenses incurred between January 1, 2020 and December 31, 2020. | |

| Decrease DCSA Contributions | |
|---|--------------|
| For 2020, you chose a monthly contribution of \$50 towards your DCSA, in addition to the County subsidy of \$75. The County subsidy ended in May 2020. On July 28, 2020, you choose to decrease your monthly contribution from \$50 to \$40 to be effective on August 1. You have not filed any claims for reimbursement for the 2020 Plan Year. | |
| Year to Date Contributions (Jan. - Jul.) (Yours + County Subsidy) | \$636 |
| Decreased Contribution (Aug. - Dec.) (\$40 x 5 months) | \$200 |
| New Adjusted Annual Balance for 2020 | \$836 |
| Effective August 1, your annual balance in a DCSA is adjusted to \$836 for the Plan Year. You will have \$836 available in your DCSA to submit claims for eligible expenses incurred between January 1, 2020 and December 31, 2020. | |

| Decrease HCSA Contributions – Claims Filed | |
|--|----------------|
| For 2020, you chose a monthly contribution of \$200 towards your HCSA, with a target annual balance of \$2,400. Monies you contributed to your account from January through July total \$1,400. In February 2020, you were reimbursed \$2,000. On July 28, 2020, you choose to reduce your monthly contribution from \$200 to \$100 to be effective on August 1. | |
| Original Annual Balance for 2020 | \$2,400 |
| Year to Date Contributions (Jan. - Jul.) (\$200 x 7 months) | \$1,400 |
| Decreased Contribution (Aug. - Dec.) (\$100 x 5 months) | \$500 |
| New Adjusted Annual Balance for 2020 | \$1,900 |
| Total Claims Reimbursed to Date | \$2,000 |
| Overpaid | \$100 |
| Since your adjusted annual balance cannot be lower than the total amount of reimbursed claims, the Plan Administrator will reenroll you in an HCSA with a monthly deduction of \$25 from September through December to recover the overpaid amount. | |

| Decrease DCSA Contributions – Claims Filed | |
|--|----------------|
| For 2020, you chose a monthly contribution of \$200 towards your DCSA, in addition to the County subsidy of \$75. The County subsidy ended in May 2020. The monies you contributed from January through July total \$1,700. You have been reimbursed \$1,500. On July 28, 2020, you choose to decrease your monthly contribution from \$200 to \$50 to be effective on August 1. | |
| Year to Date Contributions (Jan. - Jul.) (Yours + County Subsidy) | \$1,700 |
| Decreased contribution (Aug. - Dec.) (\$50 x 5 months) | \$250 |
| New Adjusted Annual Balance for 2020 | \$1,950 |
| Total Claims Reimbursed to Date | \$1,500 |
| Available Balance | \$450 |
| Effective August 1, your annual balance in a DCSA is adjusted to \$1,950 for the Plan Year. Because you were reimbursed \$1,500, you will have \$450 available in your DCSA to submit claims for eligible expenses incurred between January 1, 2020 and December 31, 2020. | |

Stop Your Monthly Contribution:

| <u>Stop HCSA - No Claims Filed</u> | |
|--|---------|
| For 2020, you chose a monthly contribution of \$200 towards your HCSA, with a target annual balance of \$2,400. On July 28, 2020, you choose to stop your monthly HCSA contribution to be effective on August 1. You have not filed claims for reimbursement for the 2020 Plan Year and the monies you contributed from January through July total \$1,400. | |
| Original Annual Balance for 2020 | \$2,400 |
| Year to Date Contributions (Jan. - Jul.) (\$200 x 7 months) | \$1,400 |
| New Adjusted Annual Balance for 2020 | \$1,400 |
| Effective August 1, your annual balance in an HCSA is adjusted to \$1,400 for the Plan Year. Because you have not submitted any claims, you will have \$1,400 available in your HCSA to submit claims for eligible expenses incurred between January 1, 2020 and December 31, 2020. | |

| <u>Stop DCSA - No Claims Filed</u> | |
|--|---------|
| For 2020, you chose a monthly contribution of \$200 towards your DCSA, in addition to the County subsidy of \$75. The County subsidy ended in July 2020. On July 28, 2020, you choose to stop your monthly DCSA contribution to be effective August 1. You have not filed claims for reimbursement for the 2020 Plan Year and the monies you contributed from January through July total \$1,846. | |
| Year to Date Contributions (Jan. - Jul.) (Yours + County Subsidy) | \$1,846 |
| New Adjusted Annual Balance for 2020 | \$1,846 |
| Effective August 1, your annual balance in a DCSA is adjusted to \$1,846 for the Plan Year. Because you have not submitted any claims, you will have \$1,846 available in your DCSA to submit claims for eligible expenses incurred between January 1, 2020 and December 31, 2020. | |

| <u>Stop HCSA - Claims Filed</u> | |
|--|---------|
| For 2020, you chose a monthly contribution of \$100 towards your HCSA, with a target annual balance of \$1,200. From January through July, you have contributed a total of \$700 in the account. In February 2020, you were reimbursed \$852 for eligible expenses. On July 28, 2020, you choose to stop your monthly HCSA contribution to be effective on August 1. | |
| Original Annual Balance for 2020 | \$1,200 |
| Year to Date Contributions (Jan. - Jul.) (\$100 x 7 months) | \$700 |
| New Adjusted Annual Balance for 2020 | \$700 |
| Total Claims Reimbursed to Date | \$852 |
| Overpaid | \$152 |
| Since your adjusted annual balance cannot be lower than the total amount of reimbursed claims, the Plan Administrator will reenroll you in an HCSA with a monthly deduction of \$38 from September through December to recover the overpaid amount. | |

| <u>Stop DCSA - Claims Filed</u> | |
|--|---------|
| For 2020, you chose a monthly contribution of \$325 towards your DCSA, in addition to the County subsidy of \$75. The County subsidy ended in July 2020. The monies you contributed from January through July 2020 total \$2,721. You have been reimbursed \$2,250. On July 28, 2020, you choose to stop your monthly DCSA contribution to be effective on August 1. | |
| Year to Date Contributions (Jan. - Jul.) (Yours + County Subsidy) | \$2,721 |
| New Adjusted Annual Balance for 2020 | \$2,721 |
| Total Claims Reimbursed to Date | \$2,250 |
| Available Balance | \$471 |
| Effective August 1, your annual balance in a DCSA is adjusted to \$2,721 for the Plan Year. Because you were reimbursed \$2,250, you will have \$471 available in your DCSA to submit claims for expenses incurred between January 1, 2020 and December 31, 2020. | |

Increase Your Monthly Contribution:

| <u>Increase HCSA Contribution</u> | |
|--|----------------|
| For 2020, you chose a monthly contribution of \$100 towards your HCSA, with a target annual balance of \$1,200. On July 28, 2020, you choose to increase your monthly HCSA contribution from \$100 to \$200 to be effective on August 1. | |
| Original Annual Balance for 2020 | \$1,200 |
| Year to Date Contributions (Jan. - Jul.) (\$100 x 7 months) | \$700 |
| Increase contribution (Aug. - Dec.) (\$200 x 5 months) | \$1,000 |
| New Adjusted Annual Balance for 2020 | \$1,700 |
| Your new annual balance is adjusted to \$1,700 for the Plan Year. Assuming you have not filed claims for reimbursement in 2020, you may submit claims for eligible expenses incurred between January 1, 2020 and December 31, 2020, not to exceed the new annual balance of \$1,700 for the Plan Year. | |

| <u>Increase DCSA Contribution</u> | |
|--|----------------|
| For 2020, you chose a monthly contribution of \$50 towards your DCSA, in addition to the County subsidy of \$75. The County subsidy ended in May 2020. On July 28, 2020, you choose to increase your monthly DCSA contribution from \$50 to \$200 to be effective on August 1. | |
| Year to Date Contributions (Jan. - Jul.) (Yours + County Subsidy) | \$636 |
| Increase contribution (Aug. - Dec.) (\$200 x 5 months) | \$1,000 |
| New Adjusted Annual Balance for 2020 | \$1,636 |
| Your new annual balance is adjusted to \$1,636 for the Plan Year. You may submit claims for eligible expenses incurred between January 1, 2020 and December 31, 2020, not to exceed the new annual balance of \$1,636 for the Plan Year. | |

Enroll to Make Monthly Contributions:

| <u>New HCSA Enrollment</u> | |
|---|---------|
| On July 28, 2020, you enroll in an HCSA and choose to contribute \$200 per month to be effective on August 1. Based on the effective date of your enrollment, you will contribute \$200 starting in August through December 2020. | |
| New Annual Balance for 2020 (\$200 x 5 months, Aug. - Dec.) | \$1,000 |
| Effective August 1, you will have \$1,000 available in your HCSA and may submit claims for eligible expenses incurred between August 1, 2020 and December 31, 2020. | |

| <u>New DCSA Enrollment</u> | |
|---|---------|
| On July 28, 2020, you enroll in a DCSA and choose to contribute \$400 per month to be effective on August 1. Based on the effective date of your enrollment, you will contribute \$400 starting in August to December 2020. | |
| New Annual Balance for 2020 (\$400 x 5 months, Aug. - Dec.) | \$2,000 |
| Effective August 1, your new annual balance is adjusted to \$2,000 for the Plan Year. You may submit claims for eligible expenses incurred between August 1, 2020 and December 31, 2020. | |