

FAQs for Healthcare FSAs and Dependent Care Accounts

1) Can employees either increase or decrease their Health Care FSA election amounts due to COVID-19?

ANSWER: Due to guidance issued in May 2020, LAUSD's Health Care Flexible Spending Account (FSA) is now allowing mid-year changes to employee's elections. From now until July 31, 2020, employees may choose to:

- *Make a new Health Care FSA election (if they previously declined)*
- *Revoke or reduce a previous Health Care FSA election (limited to the 2020 FSA amount contributed or spent to date, whichever is greater)*
- *Increase an existing Health Care FSA election (up to total 2020 Health Care FSA maximum of \$2,700)*

If you have questions, employees should contact the District's benefits office for more information.

2) Was there a change in product(s) eligible for Healthcare FSA reimbursement?

ANSWER: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into effect on March 27, 2020, and expands the list of eligible items.

Retroactive to January 1, 2020, the CARES Act allows participants to purchase the following items and services, pre-tax, using their FSA:

- *Over-the-counter medicines (these treatments no longer require a prescription)*
- *Menstrual care products (e.g., pads, tampons, liners, and related items)*

Please keep in mind that merchants will need some time to get their point-of-sale systems and inventory updated with the expansive list of more than 20K newly eligible products. Please save your receipts for manual claim submission and reimbursement in case your payment card does not work.

3) How does the closure of day care institutions due to COVID-19 impact participants' dependent care contributions?

ANSWER: LAUSD's dependent care flexible spending account program (also known as a "dependent care assistance program") is allowing changes to employee's elections for qualifying situations.

Due to recent events, participants may be eligible to increase, decrease or term their dependent care FSA elections for situations they may be experiencing, including:

- *Change of day care provider*
- *Cost of care changes (unless care provider is a relative)*
- *Need for care changes due to a job change or change of work hours*

Employees typically have 30 days from the date of the event to submit their request. Employees should contact the District's benefits office for more information, or to change elections.

4) Are payments to childcare providers that are closed/not providing services reimbursable from the participants' dependent care account?

ANSWER: This might qualify as a hold the spot fee or a deposit fee, which might be reimbursable. These fees are charged by a provider to "hold a spot" for a qualifying individual during a period when care is not needed (e.g. while an older child is home during a parent's maternity leave). It might qualify under the rules for indirect expenses if it must be paid in order to obtain care from the provider when care is resumed. However, the fee should not be reimbursed unless and until care with the provider is resumed. A deposit/hold the spot fee that is forfeited (e.g., because the employee uses a different provider) will not qualify for reimbursement.

5) Are manually submitted claims reimbursed via paper check or direct deposit?

ANSWER: Participants will receive reimbursements based on how they're setup within ConnectYourCare's (CYC) system for reimbursement, regardless of how they submit the claim. If they have elected direct deposit and entered their correct banking info, they will receive a direct deposit. If not, they will receive a live check.

6) What is the average current lag time for receipt of the reimbursement via each method?

ANSWER: Once CYC receives the manual claim and it has been approved, the participant with direct deposit set up should receive the funds within 3 business days, or depending upon how quickly his/her banks posts those funds. Also, once a manual claim has been approved, a live check has to be generated and mailed. Therefore, the participant should expect to receive the check within 5-7 business days. The actual reimbursement is initiated the business day morning following the claim approval.