

**LLNS
Health Care Reimbursement Account
(HCRA)
and
Dependent Care Reimbursement
Account
(DCRA)**

**Benefit Program Summary
Revised January 1, 2016**

IMPORTANT

This is a summary of highlights of the above-named Benefit Program, a component of the LLNS Health and Welfare Benefit Plan for Employees, ERISA Plan 501 (each a “Plan”). Receipt of this document and/or your participation in a Plan and any benefit programs under a Plan do not guarantee your employment or any rights or benefits under a Plan. LLNS reserves the right to amend or terminate each Plan or any benefit program(s) under a Plan at any time. Each Plan and the benefit programs referred to in this summary are governed by a Federal law (known as ERISA), which provides rights and protections to Plan participants and beneficiaries.

For more information on LLNS benefit programs, see the LLNS Health and Welfare Benefit Plan for Employees Summary Plan Description, as applicable, available from the LLNL Benefits Office at 925-422-9955. SPDs are also available electronically at <https://benefits.llnl.gov/>.

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General Information About the Reimbursement Accounts

This section provides general information about the Health Care Reimbursement Account (HCRA) as well as the Dependent Care Reimbursement Account (DCRA).

What is a Reimbursement Account?

The HCRA and the DCRA (collectively referred to as Reimbursement Accounts or Flexible Spending Accounts) are LLNS-sponsored programs that allow you to pay for eligible health care and dependent care expenses with pretax dollars. The programs provide tax savings because you are not taxed on the money used to pay for such expenses.

Contributions to the Reimbursement Accounts are deducted from your paychecks on a pretax (tax-free) basis—before federal, state, and Social Security (FICA) taxes are taken out. Your annual election amount(s) is divided equally and deducted equally from your paychecks throughout the year.

Amounts contributed to the HCRA may be used only for eligible health care expenses. Amounts contributed to the DCRA may be used only for eligible dependent care expenses.

How Do the Reimbursement Accounts Save Me Money?

The Reimbursement Accounts save you money on payroll and income taxes. For example, if you earn \$1,500 per pay check and contribute \$100 to a Reimbursement Account, you pay taxes on only \$1,400. The tax savings are reflected in each paycheck, all year. The savings depend on your particular tax situation. See Internal Revenue Service (IRS) Publications 502 and 503 (www.irs.gov) or consult your tax advisor for more details.

How Do I Enroll in a Reimbursement Account?

When you are first hired, you will be given a 31 day Period of Initial Eligibility (PIE) after your date of hire to enroll in one or both Reimbursement Accounts.

If you first become eligible after your date of hire, you will be given a 31 day PIE to enroll in one or both Reimbursement Accounts. For example, if you have a new baby, or you have a change in employment status that results in eligibility to participate in the Reimbursement Accounts, you may enroll mid-year. See *“When Can I Change My Election?”* below for more information about election changes.

In addition, each year at Open Enrollment, you may, if eligible, enroll in either or both Reimbursement Accounts.

Changes made during Open Enrollment are effective the following January 1. You can enroll only in the Reimbursement Accounts for one year at a time, so if you **do not** re-enroll during Open Enrollment, your participation in either or both Reimbursement Accounts will end on December 31.

If I Enroll in a Reimbursement Account, When Will My Election Become Effective?

Your participation in a Reimbursement Account will generally be effective the first pay period following enrollment, subject to the applicable payroll cutoff date.

Is There a Minimum Contribution Amount?

Yes. To participate in the HCRA, you must contribute a minimum of \$180 per year. To participate in the DCRA, you must contribute a minimum of \$180 per year.

When Can I Change My Elections?

You can generally change the amount of your annual HCRA election only during Open Enrollment. However, certain changes in your family or employment status allow you to start or stop participating or change the amount of your annual election during the plan year. In order to change your election, you must complete a “DCRA/HCRA Enrollment, Change, or Cancellation Salary Reduction Agreement.” Forms are available from the LLNS Benefits office.

For information about permissible election changes, see the *LLNS Health and Welfare Benefit Plan for Employees Summary Plan Description (SPD)*, Section 7, “Making Changes to Your Elections.”

What is ADP?

ADP is the vendor LLNS has hired to administer the Reimbursement Accounts. ADP maintains a Website <https://myspendingaccount.adp.com> with additional information. You may also contact ADP using its toll-free number at 866-334-4664.

When Can I Expect My Reimbursement?

Generally, claims of \$25 or more are processed within ten business days of receipt by ADP, and payments are released no later than the following day. If your claim is for less than \$25, ADP will process your claim but hold your reimbursement until you reach the minimum amount.

How Do I Keep Track of My Account Contributions?

ADP maintains a Website (<https://myspendingaccount.adp.com>) where you can check your HCRA and DCRA contributions. You can also get information on your HCRA by calling the ADP toll-free telephone number at 866-334-4664.

If you sign up with ADP to have your reimbursement automatically deposited to your bank account (“direct deposit”), ADP will send you an email each time a reimbursement is made (if you have provided your email address). If you choose to receive your reimbursement by paper check, you will receive an account statement with each check.

If you provide ADP with your e-mail address, you will receive a quarterly account statement electronically. If you do not provide your e-mail address, you will receive a paper statement once a year during the third quarter. If you do not receive your statement, contact ADP at 866-334-4664.

What Happens to Reimbursement Account Funds I Don’t Use?

The IRS requires you to forfeit any funds in your Reimbursement Accounts not used to reimburse eligible expenses incurred by December 31. You have until March 31 to submit reimbursement requests for expenses incurred through the prior December 31.

The Reimbursement Accounts can help you save on your taxes if you:

- Carefully estimate your health care or dependent care expenses.
- Adjust your annual Reimbursement Account election(s) during Open Enrollment to reflect your estimated expenses for the next plan year (January 1 – December 31).
- Experience a permitted change as described in the *LLNS Health and Welfare Benefit Plan for Employees SPD*, Section 7, “Making Changes to Your Elections” during the plan year, increase or decrease your annual election within 31 days of the Life Event.
- Submit claims on time. The deadline for filing Reimbursement Accounts claims is March 31 of the following plan year. See “**How Do I File Claims?**”

In accordance with IRC regulations, LLNS may use forfeited funds to pay administrative costs.

How Do the Reimbursement Accounts Affect My Social Security and Unemployment Insurance Benefits?

As discussed above, your Reimbursement Account contributions lower your earnings. Because your Social Security and unemployment insurance benefits are based on earnings, these benefits might be lower, depending on the amount you earn.

For example, if your annual earnings after your contributions to the Reimbursement Account are above the Social Security wage base (\$118,500 in 2016), there will be little or no effect on your Social Security benefits. However, if your earnings are below the wage base, your future Social Security benefits may be reduced if earnings from your years of participation in the Reimbursement Account are used to calculate your Social Security benefits. The amount of your Reimbursement Account contribution also reduces the earnings used to calculate your unemployment insurance benefits.

If ADP Accepts My Claims, Does This Assure the IRS Will, Too?

No. It is your responsibility to make sure that expenses you submit for reimbursement are eligible under the Reimbursement Accounts. You are responsible for taxes and penalties associated with any ineligible expenses in the event of an IRS audit.

Note that eligible expenses reimbursed from your Reimbursement Accounts cannot be included in itemized deductions on your income tax return.

Nondiscrimination Requirements

In order to prevent the programs from being characterized as discriminatory by the Internal Revenue Service and therefore ineligible for favorable tax treatment, LLNS may reject any elections or reduce contributions or benefits during the plan year. This means payroll deductions may be reduced or stopped as needed.

What If I Have Questions?

If you have questions, you can call ADP's toll-free number at 866-334-4664. Or, you can access your account information through the ADP website (<https://myspendingaccount.adp.com>). If your reimbursement check is not correct or if you do not receive it, please call ADP directly.

Please note that individual account information—contribution amounts, reimbursements, account balance, and claim status—are confidential. This information is available only to the LLNS employee who is the account participant.

Important Note

While care has been taken to develop this summary, it is not a guarantee. In particular:

- The terms and conditions of the Reimbursement Accounts may change at any time.
- The Reimbursement Accounts may be terminated or amended at any time.

Your employment relationship may be voluntarily or involuntarily changed or terminated.

The benefits ultimately payable to your eligible survivor(s) will be determined according to the rules of the applicable LLNS benefit program and applicable law.

Some special situations are not reflected in this summary.

This is a summary of benefits. For additional information, please contact:

LLNS Benefits Office
P.O. Box 808, L-640
Livermore, CA 94551-0808
925-422-9955
<https://benefits.llnl.gov>

Health Care Reimbursement Account

This section describes information specific to the Health Care Reimbursement Account (HCRA).

What is the Health Care Reimbursement Account?

The LLNS HCRA allows you to pay on a pretax, salary reduction basis for eligible health care expenses not covered by your medical, dental, or vision plans, as described below.

The HCRA is established under Internal Revenue Code (IRC) §105, the LLNS Section 125 Plan and is part of the LLNS Health and Welfare Benefit Plan for Employees, ERISA plan number 501. It is the intention of LLNS that the HCRA qualify as a self-insured medical reimbursement plan within the meaning of §105(h) of the Internal Revenue Code of 1986, as amended, and the reimbursements which an employee receives under the Plan be eligible for exclusion from the employee's income under IRC §105(b) and IRC §125(a).

How Does the Health Care Reimbursement Account Work?

After you enroll, the HCRA works like this:

- The amount you specify when you enroll is taken from your pay and credited to your HCRA.
- When you have an eligible health care expense, you either 1) submit a claim form to ADP with either an Explanation of Benefits (EOB) statement or detailed receipt of services rendered, or 2) swipe your debit card. See “**How do I File Claims?**” for information.

Who Can Participate in the HCRA?

You may participate in the HCRA if you are eligible for Full, Mid-level, or Core Benefits. For more information about eligibility, refer to the *LLNS Health and Welfare Benefit Plan for Employees SPD*, Section 2, “Eligibility Requirements.”

Which Dependents Can be Reimbursed?

HCRA reimbursement is available for the expenses of the following dependents:

- Your legal spouse (as defined under federal law).
- A dependent such as a child/children, parent, sibling or in-law, if they qualify for tax-favored health coverage. For more information, refer to the *LLNS Health and Welfare Benefit Plan for Employees SPD*, Section 6, “Paying for Coverage” under “Federal tax rules for tax-favored health benefits.”

- Your domestic partner or your domestic partner's children, if they qualify for tax-favored health coverage. For more information, refer to the *LLNS Health and Welfare Benefit Plan for Employees SPD*, Section 6, "Paying for Coverage" under "Federal tax rules for tax-favored health benefits."

Which Expenses are Eligible for Reimbursement?

Health care expenses must generally meet the statutory requirements of IRC §213(d). More information about eligible expenses also can be found in IRS Publication 502 available on the IRS Website at www.irs.gov (follow the "Forms and Publications" link). Some basic guidelines for eligible HCRA expenses are:

- Expenses must be incurred during the plan year (January 1 through December 31).
- You incur expenses when the care is provided, rather than when you are billed or when you pay for the care.
- If you enroll in the HCRA midyear, expenses incurred before your effective date are not eligible. The effective date is the first pay period following enrollment, subject to the applicable payroll cutoff date.
- Expenses incurred after your participation in the HCRA ends aren't eligible. See "**What If I Go on a Leave of Absence**" or "**What if I Terminate from LLNS?**"

NOTE: Expenses reimbursed under the HCRA may not be deducted on your income tax return.

Eligible Expenses: A Partial List

The HCRA is generally used for health care expenses not paid by insurance.

Examples of expenses that generally meet the requirements of the HCRA include:

- Copayments, coinsurance and deductibles (but not premiums)
- Acupuncture
- Birth control pills
- Braille books and magazines
- Childbirth classes
- Chiropractic visits
- Dental care
- Detoxification or drug abuse centers
- Diabetic supplies
- Expenses that exceed medical, dental or vision plan limits
- Expense for services connected with donating an organ
- Eye exams, glasses, contact lenses and contact lens solution
- Guide dogs for the visually or hearing impaired
- Hearing aids
- Laser eye surgery
- Nicotine patches and gum
- Orthodontia (contact ADP for special payment procedures)
- Over-the-counter drugs, if prescribed by a physician
- Prescription drugs
- Psychotherapy
- Smoking cessation programs
- Specialized equipment for disabled persons
- Speech therapy
- Transportation expenses related to medical care
- Wheelchairs

Ineligible Expenses: A Partial List

Examples of ineligible health care expenses include:

- Cosmetic services
- Expenses you claim on your income tax return
- Some expenses that are not tax-deductible
- Expenses reimbursed by other sources, such as insurance plans
- Fees for exercise or health clubs, unless medically necessary
- Hair transplants
- Illegal treatments, operations or drugs
- Insurance premiums
- Postage and handling fees
- Weight loss programs that are not medically necessary
- Long term care

Be aware that expenses submitted for reimbursement from the HCRA must meet IRC regulations. If your health care expenses are not clearly eligible, ADP may ask you to submit additional information to help determine whether the reimbursement is allowed. In some cases, you may need a statement from your medical doctor verifying that the expense in question is eligible for reimbursement.

Information on eligible and ineligible health care expenses can be found on ADP's Website (<https://myspendingaccount.adp.com>). For additional information, consult your tax advisor.

Note that there are differences in expenses that are eligible for tax deductions and expenses that are eligible under the HCRA. **You are responsible for making sure all expenses submitted for reimbursement under this benefit program are eligible.**

How Much Can I Contribute to My HCRA?

You may contribute up to \$2,550 to the HCRA per plan year. If both you and your spouse are LLNS employees, you may each contribute up to \$2,550 per plan year. It's important that you estimate your health care expenses carefully. **You forfeit any contributions you don't claim for reimbursement.** See "What Happens to Health Care Reimbursement Funds Money I Don't Use?"

How Do I File Claims?

You have several options for filing HCRA claims, as described below.

ADP Spending Account Card

You and your dependents may pay for health care expenses directly from your HCRA using the ADP Spending Account Card. The Spending Account Card works like a credit card, except that the funds are deducted directly from your HCRA. Using the Spending Account Card reduces or eliminates the need to file claims for reimbursement.

You'll automatically receive a Spending Account Card when you enroll in the HCRA. You can also request additional cards for your spouse or dependents. Details will be provided with your card.

Important!

Use the Spending Account Card for eligible items only! Only HCRA-eligible expenses may be purchased with the Spending Account Card. You should pay for non-qualified health care expenses separately. For example, if you're purchasing a prescription along with personal items such as toothpaste you'll need to pay for the personal items separately using a different form of payment. Also, if you cannot use the card, because the merchant does not accept it, or the merchant is not categorized as an allowable service provider, pay using the paper or fax submission methods below.

Save all of your receipts and other documentation! The IRS requires that all debit card transactions be validated to ensure that they are being used for eligible health care expenses. In most instances, ADP is able to automatically validate your purchase, but in certain circumstances you may be required to provide a copy of your receipt. *Failure to submit requested receipts could result in suspension of your card or a requirement to return the funds to your HCRA.* So remember to save your receipts in case of a request by ADP.

For more information about filing claims go to <https://myspendingaccount.adp.com>.

Paper or Fax Submissions

You can complete a claim form online, print it out, sign it, and then mail it or fax it, along with the appropriate documentation, to the address or fax number on the form. You can get a copy of the claim form at the ADP Website (<https://myspendingaccount.adp.com>). You can also get a claim form by calling ADP's toll-free number at 866-334-4664. The fax number is 866-643-2219.

You must submit claims yourself — claims submitted by a spouse or other family member will be returned. With your claim, include a **copy** of the health plan's EOB (Explanation of Benefits) or detailed receipt of services rendered. Be sure to submit copies only. ADP does not return or keep copies of bills or receipts. ADP will not accept cancelled checks in lieu of a bill or receipt. You must certify on the claim form that your expenses are eligible under the HCRA.

With the HCRA, you have access to the total amount you elected for the plan year as soon as eligible expenses are incurred.

Is There a Claim Appeal Process for HCRA Benefits?

Yes. See the *LLNS Health and Welfare Benefit Plan for Employees SPD*, Section 8, "Claims and Appeals Procedures" for information about filing claims and appeals under the HCRA.

What if I Go on a Leave of Absence Without Pay or am Laid Off?

If you go on a leave of absence without pay or are laid off, your contributions to the HCRA stop. Your participation generally ends at the end of the pay period in which your last HCRA contribution was made. While on leave, you may continue to submit claims for eligible expenses incurred before your participation ended. Expenses incurred during the leave after your participation ended are not eligible for reimbursement.

What if I Go on an Approved FMLA Leave?

If you are on an approved leave under the federal Family and Medical Leave Act (FMLA), you may have several options as described below.

If You Take a Paid FMLA Leave

If your salary continues during some or all of your FMLA leave, you can continue making contributions to your HCRA as if you were not on leave, and you can be reimbursed for claims incurred during your leave. If you decide to stop contributing to your HCRA while you're on leave, you cannot be reimbursed for expenses you incur during the leave — you only can be reimbursed for those eligible expenses incurred before your leave began.

If You Take an Unpaid FMLA Leave

If you take an **unpaid** FMLA leave you have three choices regarding your HCRA:

- You can **cancel** your participation after your leave begins. If your participation is cancelled, you **cannot** be reimbursed for any expenses incurred during your leave, even though you may have a balance in your HCRA; or
- You can **continue** your participation by making a lump-sum contribution – equaling the remaining required contributions for the length of the unpaid leave of absence (or through the end of the calendar year, if less) – on a **pretax basis** from the last paycheck before your leave begins. You can then be reimbursed for eligible expenses incurred during your leave; or
- You can **continue** to make contributions during your leave on an **after tax basis**. If you continue to participate, you can be reimbursed for eligible expenses incurred during your leave. If you make contributions, you'll need to send your checks directly to LLNS Benefits. If you stop sending your contributions, you cannot be reimbursed for expenses incurred after you stop making contributions.

In order to continue participation in the HCRA during your leave, you must complete a “Enrollment, Change, Cancellation or Opt Out” form *before* your leave begins. If you do not complete the form before your leave begins, your participation will be cancelled as described above. Forms are available from the LLNS Benefits office or on the *LLNL Benefits Website for Employees*: <https://benefits.llnl.gov/>.

What If I Go on a USERRA Leave?

If you take a military leave of absence under the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”), you have several options as described below.

If You Take a Paid USERRA Leave

If your salary continues during some or all of your USERRA leave, you can continue making contributions to your HCRA as if you were not on leave, and you can be reimbursed for claims incurred during your leave. If you decide to stop contributing to your HCRA while you're on leave, you cannot be reimbursed for expenses you incur during the leave — you only can be reimbursed for those eligible expenses incurred before your leave began.

If You Take an Unpaid USERRA Leave

If you take an **unpaid** USERRA leave, you have three choices regarding your HCRA:

- You can **cancel** your participation after your leave begins. If your participation is cancelled, you **cannot** be reimbursed for any expenses incurred during your leave, even though you may have a balance in your HCRA; or
- You can **continue** your participation by making a lump-sum contribution – equaling the remaining required contributions for the length of the unpaid leave of absence (or through the end of the calendar year, if less) – on a **pretax basis** from the last paycheck before your leave begins. You can then be reimbursed for eligible expenses incurred during your leave; or
- You can **continue** to make contributions during your leave on an **after tax basis**. If you continue to participate, you can be reimbursed for eligible expenses incurred during your leave. If you make contributions, you'll need to send your checks directly to LLNS Benefits. If you stop sending your contributions, you cannot be reimbursed for expenses incurred after you stop making contributions.

In order to continue participation in the HCRA during your leave, you must complete a “Enrollment, Change, Cancellation or Opt Out” form *before* your leave begins. If you do not complete the form before your leave begins, your participation will be cancelled as described above.

You may continue participation in the HCRA up to 24 months, or the day after the date you fail to apply for or return to work on a timely basis after military leave, whichever occurs first.

Forms are available from the LLNS Benefits office or on the *LLNL Benefits Website for Employees*: <https://benefits.llnl.gov/>.

What Happens When I Return to Work Following a Leave of Absence?

If your participation in the HCRA was cancelled while you were on a leave of absence and you return to work within the same plan year, you may re-enroll in the HCRA for the remainder of the plan year. You must re-enroll within 31-days after you return from a leave.

If you return to work within the same plan year, the length of time you were on leave will affect your re-enrollment options, as follows:

- If you were on leave less than 31 days, your contribution must be the same as before you were on leave.*
- If you were on leave for 31 days or more or you may select a new contribution.

*Except, if you cancelled your HCRA coverage during your FMLA or USERRA leave, when you return from the FMLA or USERRA leave, you have the right to choose to:

- resume the contributions in effect before your FMLA or USERRA leave (and your coverage will be reduced); or
- increase your contributions from those in effect before your FMLA or USERRA leave (and resume coverage in effect before your FMLA or USERRA leave).

In order to re-enroll in the HCRA after your return from your leave, you must complete a “Enrollment, Change, Cancellation or Opt Out” form within 31 days of your return to active pay status, or you will not be able to re-enroll. Forms are available from the LLNS Benefits office or on the *LLNL Benefits Website for Employees*: <https://benefits.llnl.gov/>.

What If I Terminate from LLNS?

Your automatic contributions to the HCRA continue only as long as you remain on active pay status. If you terminate from LLNS, your participation in the HCRA ends at the end of the pay period in which your last HCRA contribution was made unless you continue participation under COBRA. See “**Can I Elect COBRA If I Stop Working for LLNS?**”

You may submit claims for eligible expenses incurred through the last day of participation in the HCRA. Expenses incurred after this date are not eligible for reimbursement.

What If I Return to Work at LLNS After Termination?

If you are rehired by LLNS and choose to re-enroll in the HCRA for the remainder of the plan year, you may do so within 31 days of your return to work.

If you return to work within the same plan year, the length of your break in service from LLNS will affect your re-enrollment options, as follows:

- If you were terminated from LLNS less than 31 days, your contribution must be the same as before you were on leave.
- If you were terminated from LLNS for 31 days or more, you may select a new contribution.

In order to re-enroll in the HCRA, you make your election in LAPIS as part of the new hire benefit enrollment within 31 days of your return to work, or you will not be able to re-enroll.

Forms are available from the LLNS Benefits office or on the *LLNL Benefits Website for Employees*: <https://benefits.llnl.gov/>.

Can I Elect COBRA for HCRA If I Stop Working for LLNS?

Yes. If you leave LLNS employment during the plan year, you may continue participation in the HCRA until the end of the plan year if you elect to continue coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

Conexis, LLNS' COBRA administrator, will send you a COBRA election notice explaining the procedure for continuing your participation under COBRA. If you don't receive this notice, please contact Conexis at 877-775-9393.

With COBRA, by making direct, after tax payments to your account, you and your eligible family member can continue your participation through the end of the current plan year (December 31). See "**Which Expenses are Eligible?**"

You might consider COBRA if, for instance, you have an account balance when you leave LLNS employment and you have planned a surgery for later in the year. Remember, you can claim only those expenses you incur while participating in the plan. So, in this example, continuing participation through COBRA would allow you to claim eligible surgery-related expenses.

Dependent Care Reimbursement Account

This section describes information specific to the Dependent Care Reimbursement Account (DCRA).

What is the Dependent Care Reimbursement Account?

The LLNS DCRA allows you to pay on a pretax, salary-reduction basis for eligible dependent care expenses, as described below.

The DCRA is established under Internal Revenue Code (IRC) §129 and the LLNS Section 125 Plan. It is the intention of LLNS that the DCRA qualify as a self-insured dependent care reimbursement plan within the meaning of §129 of the Internal Revenue Code of 1986, as amended, and the reimbursements which an employee receives under the Plan be eligible for exclusion from the employee's income under IRC §129(a) and IRC §125(a) of the Internal Revenue Code.

How Does the Dependent Care Reimbursement Account Work?

After you enroll, the DCRA works like this:

- The amount you specify when you enroll is taken from your pay and credited to your DCRA.
- When you have an eligible expense, you submit to ADP a DCRA claim form and have the provider of service complete the affidavit section of the claim form or include a detailed receipt of services rendered. See **“How Do I file Claims?”** for contact information.
- ADP sends you a reimbursement payment, either by direct deposit to your bank account or by check.

Who can Participate in the Dependent Care Reimbursement Account?

You may participate in the DCRA if you are eligible for Full, Mid-level, Core, or Limited (SE and SG classifications only) Benefits . For more information about eligibility, refer to the *LLNS Health and Welfare Benefit Plan for Employees SPD*, Section 2, “Eligibility Requirements.”

In addition, to participate in the DCRA you must be:

- Single or divorced and working (or looking for work); or
- Married and:
 - Both you and your spouse work (or looking for work); or
 - You work and your spouse is a full-time student and attends classes outside the home at least five months a year.

Which Dependents' Expenses are Eligible for Reimbursement?

The DCRA provides reimbursement for the eligible expenses of dependents who are, in general, your tax dependents and who:

- Live with you more than half of the year;
- Rely primarily on you for his or her support; and
- Are under age 13, or are physically or mentally unable to care for himself or herself, regardless of age. This could include care for a disabled spouse or for parents living with you that you are able to claim as dependents on your tax return.

Special rules apply to children of divorced or separated parents. You can find more information about the rules relating to children of divorced or separated parents in IRS Publication 503, available at your local IRS office or on the IRS Website at www.irs.gov (follow the “Forms and Publications” link).

In addition, if your child day care or adult care provider is your own child or relative, the charges are eligible for reimbursement only if you do not claim the person as a dependent on your income tax return and, in the case of your child, he or she is at least age 19 before the end of the calendar year in which claims were incurred.

Which Expenses are Eligible for Reimbursement?

Dependent care expenses must meet the statutory requirements of IRC §129. More information about eligible expenses also can be found in IRS Publication 503 available at the IRS Website at www.irs.gov (follow the “Forms and Publications” link). Generally, expenses listed in IRS Publication 503 are eligible expenses under the DCRA.

Some basic guidelines for eligible DCRA expenses are:

- Expenses must be incurred during the plan year (January 1 through December 31). You must submit all claims incurred by March 31 of the following year.
- You incur expenses when the care is provided, rather than when you are billed or when you pay for the care.
- If you enroll in the DCRA midyear, expenses incurred before your effective date are not eligible. The effective date is the first pay period following enrollment, subject to the applicable payroll cut off date.
- Expenses incurred after your participation ends aren't eligible. See “**What If I Go on a Leave of Absence**” or “**What If I Terminate from LLNS?**”

NOTE: Expenses reimbursed under the DCRA may not be deducted on your income tax return.

Eligible Expenses

The primary purpose of the DCRA is to provide assistance for the well-being and protection of one or more eligible dependents so that you can work.

Some specific examples of eligible DCRA expenses are:

- In-home services provided by a babysitter;
- Services provided by a housekeeper or maid, if that person is responsible for the care of an eligible dependent during the day;
- Services provided by a day care facility for children, including summer day camp (the facility must be licensed if it provides care for more than six individuals who do not normally reside there);
- Services provided by a day care facility for adults (the facility must be licensed if it provides care for more than six individuals who do not normally reside there);
- Care provided outside your home (if the eligible dependent is over age 13, he or she must be unable to care for himself or herself and spend at least eight hours per day in your home); and
- Any taxes you pay as the employer of a dependent care provider.

Ineligible Expenses

Examples of ineligible DCRA expenses are:

- Payments to any individual who is your or your spouse's dependent under the age of 19 at the end of the calendar year in which the expense is incurred or paid;
- Expenses for which you have claimed the dependent care tax credit under IRC §21;
- Expenses incurred before you became a participant in the DCRA;
- Amounts paid to provide food, clothes or education (certain exceptions may apply);
- Services outside your home at a camp where your child, disabled spouse or dependent stays overnight;
- Transportation to and from the place where care is provided;
- Educational expenses for dependent children in kindergarten or above; and
- Expenses incurred for care of your domestic partner or domestic partner's child.

Be aware that expenses submitted for reimbursement to the DCRA must meet IRC regulations. If your dependent care expenses are not clearly eligible, ADP may ask you to submit additional information to help determine whether the reimbursement is allowed. Information on eligible and ineligible expenses can be found on ADP's Website (<https://myspendingaccount.adp.com>). For additional information, consult your tax advisor.

You are responsible for making sure all expenses submitted for payment under the DCRA are eligible for reimbursement.

How Much Can I Contribute to My Dependent Care Reimbursement Account?

Your maximum annual contribution to the DCRA depends on your marital and income tax filing status, as indicated below. For single participants, the maximum contribution is generally \$5,000 per year. For married participants, the maximum contribution is generally \$5,000 per year if filing tax returns jointly, and \$2,500 per year if filing tax returns separately. See the chart below for more details. *Note that spouses who both work (for LLNS or another employer) may contribute no more than \$5,000 per year per couple to the DCRA.*

If You Are....	You May Contribute <i>the lesser of ...</i>
Single	\$5,000; or your annual income
Married, filing a joint tax return	\$5,000; or your annual income; or your spouse's annual income
Married, filing separate tax returns	\$2,500; or your annual income; or your spouse's annual income
Married and your spouse is physically or mentally incapable of caring for him/herself <i>or</i> is a full-time student for at least 5 calendar months per year	\$250 per month (up to \$3,000 per year) for <i>one</i> qualifying dependent; or \$500 per month (up to \$5,000 per year) for <i>two or more</i> qualifying dependents

It's important that you estimate your dependent care expenses carefully, as you will forfeit any contributions you can't claim as described in the "**General Information About Reimbursement Accounts**" section.

How Do I File Claims?

You can complete a claim form online, print it out, sign it, and then mail it or fax it, along with the appropriate documentation to the address or fax number on the form. You can get a copy of the claim form from the ADP Website (<https://myspendingaccount.adp.com>) or by calling ADP's toll-free number at 866-334-4664.

You must submit claims yourself — claims submitted by a spouse or other family member will be returned. The claim form must be signed by you, and must include the date of the service, the name of your dependent, and the provider's tax identification number. You must certify on the claim form that your expenses are eligible under the program and have not been submitted for reimbursement under any other program.

With your claim, include a receipt of services rendered from the provider. Be sure to submit copies only. ADP does not return or keep copies of bills or receipts. ADP will not accept cancelled checks in lieu of a bill or receipt.

With the DCRA, you have access to the total amount you have contributed year-to-date, less reimbursements previously made. *This is different from the HCRA, which permits you to access your entire annual election amount regardless of your contributions to date.*

Is there a Claim Appeal Process for Dependent Care Reimbursement Account Benefits?

For information about claim appeals under the DCRA contact ADP at 866-334-4664.

What If I Go on a Leave of Absence?

If you go on leave of absence, your contributions to the DCRA stop. Your participation ends at the end of the pay period in which your last DCRA contribution was made.

While on leave, you may continue to submit claims for eligible expenses incurred before your participation ends. Expenses incurred during the leave after your participation ends are not eligible for reimbursement.

What Happens When I Return to Work Following a Leave of Absence?

If your participation in the DCRA ends during a leave of absence and you return to work within the same plan year, you may re-enroll in the DCRA for the remainder of the plan year. You must re-enroll within 31-days after you return from a leave.

If you return to work within the same plan year, the length of time you were on leave will effect your re-enrollment options, as follows:

- If you were on leave less than 31 days, your contribution must be the same as before you were on leave.
- If you were on leave for 31 days or more, you may select a new contribution.

In order to re-enroll in the DCRA when you return from leave, you must complete a “Enrollment, Change, Cancellation or Opt Out” form within 31 days of your return to active pay status, or you will not be able to re-enroll.

Forms are available from the LLNS Benefits office or on the *LLNL Benefits Website for Employees*: <https://benefits.llnl.gov/>.

What If I Terminate from LLNS?

Your automatic contributions to the DCRA continue only as long as you remain on active pay status. If you terminate from LLNS, your participation in the DCRA ends at the end of the pay period in which your last DCRA contribution was made. You may submit claims for eligible expenses incurred through the last day of participation in the DCRA. Expenses incurred after this date are not eligible for reimbursement.

What If I Return to Work at LLNS After Termination?

If you are rehired by LLNS and choose to re-enroll in the DCRA for the remainder of the plan year, you may do so within 31 days of your return to active pay status.

If you return to LLNS within the same plan year, the length of your break in service from LLNS will effect your re-enrollment options, as follows:

- If you were terminated from LLNS less than 31 days, your contribution must be the same as before you were on leave.
- If you were terminated from LLNS for 31 days or more, you may select a new contribution.

In order to re-enroll in the DCRA, you make your election in LAPIS as part of the new hire benefit enrollment within 31 days of your return to work, or you will not be able to re-enroll.

Forms are available from the LLNS Benefits office or on the *LLNL Benefits Website for Employees*: <https://benefits.llnl.gov/>.

Can I Elect COBRA Continuation for DCRA If I Stop Working for LLNS?

No. You cannot continue your participation in the DCRA through COBRA.