



# **Flexible Benefits Plan**

**Plan Year**  
**July 1, 2025 through June 30, 2026**

# A Flexible Benefits Plan increases your spendable income!

A Flexible Benefits Plan, sometimes referred to as a cafeteria plan, flex plan, or a Section 125 plan, offers you the opportunity to pay health insurance premiums and out-of-pocket medical and dependent care expenses with pre-tax dollars. Even though your earnings remain the same, your taxes will be reduced, giving you more spending power in your paycheck.

## Here's how it works...

The Premium Conversion Plan, under IRS Section 125, allows you to avoid Federal Income Tax and State Income Tax on your payroll deduction for group health insurance premiums (Fresno City Employees Health & Welfare Trust Plan). If you are making a contribution for group health insurance coverage, Payroll will automatically adjust your payroll deduction for the health insurance premiums from an "after-tax" to a "pre-tax" basis. Your withholding taxes will decrease and your net take-home pay (spendable income) will increase.

**EXAMPLE:** Jim earns \$50,000 a year and the City deducts \$450 each month (\$5,400 per year) from his paycheck to pay the premiums for his group health insurance plan under the Health & Welfare Trust Plan.

Without Premium Conversion		With Premium Conversion	
Gross (taxable) Pay	\$ 50,000	Gross Pay	\$ 50,000
Taxes @ 25%	- \$12,500	Pre-tax Insurance Deduction	- \$5,400
Insurance Deduction	- \$5,400	Taxable Pay	\$ 44,600
		Taxes @ 25%	- \$11,150
<b>Net Take Home Pay</b>	<b>\$ 32,100</b>	<b>Net Take Home Pay</b>	<b>\$ 33,450</b>

Jim's take home pay has been increased by \$1350 per year (\$112.50 per month) by participating in the City's Section 125 Premium Conversion Plan!

The Reimbursement Account Programs offer you the opportunity to pay un-reimbursed out-of-pocket medical and dependent care expenses with pre-tax dollars.

The Un-reimbursed Medical Reimbursement Account allows you to pay many un-reimbursed medical expenses on a pre-tax basis. You can be reimbursed for medical, dental or vision care expenses that are not covered under your or your spouse's health insurance plan. You can set aside from **\$75 to \$3,300** in the Un-reimbursed Medical Reimbursement Account each plan year.

The Dependent Care Reimbursement Program works in the very same manner. By reducing your earnings each month by the amount of your dependent care expenses, you can experience a tax-savings and increase your take home, spendable income. You can set aside from **\$75 to \$5,000** in the Dependent Care Reimbursement Program each plan year.

The big advantage in putting before-tax dollars into a Flexible Benefits Plan is that your tax bill is reduced. When you pay less in taxes, you keep more of what you earn.

## Roll Over of Unused Funds...

If you contribute to the un-reimbursed medical reimbursement account and do not use all of the monies you deposit, you may roll over up to \$660 of the unused amounts to the following plan year. **Amounts in excess of \$660 or less than \$100 without a plan renewal will be forfeited.** If you contribute to the dependent care reimbursement program and do not use all of the monies you deposit, you will lose any balance remaining in the account at the end of the plan year.

# Step I: Your Options

There are three programs you can participate in with the City of Fresno Flexible Benefits Plan.

## I: Premium Conversion Plan

If you elect to make the Monthly Employee Contribution to full benefits under the Fresno City Employees Health & Welfare Trust Plan, under this program your contribution will automatically be paid with pretax dollars. These pretax dollars are subtracted from your gross earnings before taxes are taken out. Thus, when the contribution is paid before taxes, your taxable income is lower and your take home pay is higher.

## II: Un-reimbursed Medical Spending Account

The Un-reimbursed Medical Spending Account reimburses you for healthcare expenses not covered by insurance. You set aside money, tax-free, through regular payroll deductions. During the year, you can be reimbursed directly from your account for those qualified healthcare services provided that are not covered by insurance.

*Common expenses that qualify for reimbursement are doctor visits, deductibles, co-payments, prescriptions, mental health care, dental services and orthodontics, chiropractor services, eye exams, glasses and contacts, hearing aids, special medical equipment, public transportation to receive medical care, and over the counter medications used to alleviate or cure the symptoms of an illness or injury. A more detailed listing is attached.*

## III: Dependent Care Reimbursement Account

The dependent care spending account reimburses you for daycare expenses for eligible children and adults. Through regular payroll deductions, you set aside a part of your income to pay for these expenses on a tax-free basis. To qualify, your dependent(s) must be:

- A child under the age of 13, or,
- A child, spouse or other dependent that is physically or mentally incapable of self-care and spends at least 8 hours a day in your household.

*Qualified expenses for reimbursement include – adult and child daycare centers, preschool and before/after school care.*

If you participate in the Dependent Care Reimbursement Plan, you cannot claim credits on your income tax return for the same expenses. Also, amounts reimbursed under this plan will reduce the amount of other dependent care expenses that you can claim for purposes of tax credits. Before you sign up, evaluate very carefully whether or not taking federal income tax credit will save you more money than a dependent care spending account.

*Although there is a \$6.35 per month administration fee required for participation in the Spending Accounts, **for Plan Year 2025/2026, participants will be required to pay only \$2.60 per month.** The balance of the fee will be paid by the Plan. The fee will be deducted from your paycheck once a month on a pre-tax basis and paid to Personify Health.*

# Step II: Determine your Reimbursable Expenses

By gathering together information from the last plan year about what you spent for deductibles, co-payments, eye exams, braces, and other un-reimbursed health expenses, you can calculate your estimated annual reimbursable expenses for the next plan year. Be sure to take into consideration the services to be provided during the upcoming year for you and your dependents. Estimate carefully the amount you want to set aside, and only set aside dollars you know will be used before the end of the plan year. A worksheet is attached to help you with the calculations.

# Step III: Enroll During Open Enrollment

To participate in the Flexible Spending Account programs available under the City of Fresno Flexible Benefits Plan, you will need to complete the online Flexible Benefits Plan Election screen during your Open Enrollment process through www.healthcomp.com. Election Forms can also be found at the City of Fresno Personnel Department if necessary. All new elections must be completed no later than 5:00 pm on June 1, 2025. If you currently participate in either of the Flexible Spending Account programs and wish to continue to participate for Plan Year July 1, 2025 through June 30, 2026, **you will need to re-enroll during this annual Open Enrollment Period**. These programs require an election each and every year and are not automatically rolled over for the next plan year.

# Frequently Asked Questions

## What is a Flexible Benefits Plan?

A benefit provided by the City of Fresno that lets you pay group health insurance premiums and out-of-pocket medical and dependent care expenses with pre-tax dollars.

## What is a Reimbursement Account Program?

A benefit provided by the City of Fresno that lets you set aside a certain amount of your paycheck into an account **before paying income taxes**. Then, during the year you can be directly reimbursed from your account for qualified healthcare and daycare expenses.

## Why should I participate in the Healthcare Reimbursement Account when I already have health insurance?

This account is used to pay for expenses not covered by insurance. For example: deductibles, co-payments, eye exams, glasses, orthodontics, prescription drugs, and hospital care to name a few. You can set aside up to **\$3,300** each plan year.

## If I set aside part of my pay, won't I make less money?

No. Your net take-home pay will increase by the amount of taxes you did not pay. An example of how it may work for you is detailed on the second page of this brochure.

## Can I change my contributions during the year?

Only if you have a qualified change in status such as: marriage, birth, adoption, or a change in your, your spouse's or your dependent's employment status. If you have a qualifying change in status, you may change your election within 30 days of the date of the qualifying event.

## Do I have to wait for the money to be deposited in my account in order to make a claim for reimbursement?

The annual amount you have allocated for the Un-Reimbursed Medical Spending Account is available to you at any time throughout the plan year. The amount available to you from your Dependent Care Reimbursement Account is the amount you have contributed to date.

## How do I know how much is available in my accounts?

Each time you are reimbursed you will receive a statement attached to your reimbursement check that shows the dollar amount you have set aside as well as the amount you have been paid to date. Contact the plan administrator, Personify Health, for further options.

## What happens to my accounts if I terminate my employment?

You will be able to request reimbursement for healthcare and daycare expenses for services provided prior to your termination date.

## What if I don't use all of the money I set aside in my accounts?

Up to **\$660** of the medical spending contributions that are not used may be rolled over to the next plan year. Any dependent care contributions that are not used during the plan year may not be paid to you in cash or used in a later plan year. Those funds are forfeited and returned to the Plan.

## How do I benefit by participating?

Your biggest advantage is the tax savings. Every dollar you set aside in your account reduces your income taxes, and you can be reimbursed for qualified expenses that you are already paying for!

## How do I become a participant?

To participate in the Flexible Spending Account programs available under the City of Fresno Flexible Benefits Plan, you must complete an Election Form during the Open Enrollment Period for the new plan year. The IRS does require a new election each and every plan year. A Flexible Benefits Plan Election Form for Plan Year July 1, 2025 – June 30, 2026 is enclosed with this material.

## When do I have to turn in my completed Flexible Benefit Plan election form?

The completed election form must be turned in to the Personify Health FSA Unit by no later than 5:00 pm on June 1, 2025.

## How do I get the funds out of my FSA?

- **Benefit Card:** You will receive a benefit card if you elect to participate in the health care FSA, unless using the Auto Import function.
- **Manual Claims:** Claim forms are available from Personify Health or via the Internet by going to Personify Health's website [www.healthcomp.com](http://www.healthcomp.com). You can also obtain claim forms from the City of Fresno Personnel Services Department at City Hall. Simply complete the form, attach a copy of the healthcare or dependent care bill, and mail, fax or upload the form to the plan administrator, Personify Health.
- **Direct Deposit:** You can sign up to have your reimbursements sent to you via direct deposit into your bank account.

**How does the Benefit Card work?**

It works like a MasterCard® with the balance of your account(s) stored on it. When you have eligible expenses at a business that accepts MasterCard, you simply use your card. The amount of the eligible purchases will be automatically deducted from your account and the pre-tax dollars will be electronically transferred to the provider or merchant for payment. If you attempt to use the Benefit card for non-qualified expenses, the transaction will be declined. Your card will be loaded with the new elected amount at the start of each plan year. However, Benefit cards expire after 3 plan years so at that time you will be sent a new Benefit card.

**If asked, should I select “Debit” or “Credit”?**

Your Benefit Card is a prepaid card and you should select “credit” when you make a purchase. You do not need a PIN and cannot get cash with your Benefit Card.

**What if I swipe my card for something that is later determined to be not eligible?**

In the event that an expense is ineligible, you will receive a letter requesting a refund. You can send a check or money order to Personify Health for the amount indicated in the letter so it can be credited back to your FSA account.

**Can I use the Benefit Card for prescriptions ordered prior to activating the Card?**

No. The card must be activated prior to the order and/or purchase date of prescriptions. In some cases, members need to wait one business day after activating the card to purchase prescriptions at their pharmacy.

**What are some reasons that the Benefit Card might not work at point of sale?**

The most common reasons why a card may be declined at the point of sale are:

- The card has not been activated.
- The card has been used before the 24-hour waiting period after the card is activated.
- You have insufficient funds in your benefit account to cover the expense.
- Non-eligible expenses have been included at the point-of-sale. (Retry the transaction with the eligible expense only.)
- The merchant is encountering problems (e.g. coding or swipe box issues).
- The pharmacy or retail store cannot identify FSA-eligible items at checkout according to IRS regulations.

**What if the Benefit Card is lost or stolen?**

You should call Personify Health to report a card lost or stolen as soon as you realize it is missing. Personify Health will turn off your current card(s) and issue replacement card(s). There is a \$10 fee for each replacement card.

*Should you have additional questions or want more information about the City of Fresno Flexible Benefits Plan and how it works, feel free to contact the City of Fresno Benefits Manager at (559) 621-6992.*



Eligible Health Care Expenses (See IRS Publication 502)	Ineligible Health Care Expenses (See IRS Publication 502)
Eligible medical care expenses include amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. <b>In some cases, you may be asked to provide a letter of medical necessity from your attending physician to substantiate your claim.</b>	Expenses for solely cosmetic reasons generally are not expenses for medical care and are not eligible. Expenses that are merely beneficial to one's general health are not expenses for medical care.
Abortion	Adoption fees
Acne Treatment, may include over-the-counter acne medications	Baby-sitting, childcare or nursing services for a healthy baby
Acupuncture	Battery-powered or electric toothbrush
Alcoholism treatment	Breast pump
Allergy treatments	Childbirth expenses (Lamaze or childbirth classes, doula services)
Alternative healers, professional fees of	Completing claim forms, fees for
Ambulance service	Controlled substances (marijuana, laetrile, etc.)
Artificial insemination	Cord blood storage for future use
Artificial limb/teeth	Cosmetic surgery or procedures;
Autoette (wheelchair)	Cosmetic prescription drugs such as Renova, Propecia, etc.
Automobile modifications (if medically necessary)	Counseling (marriage, family counseling)
Birth control pills (Norplant, ovulation kits)	Dancing lessons
Blood pressure monitoring devices	Dental veneers or bonding, or teeth whitening for cosmetic reasons
Body scans for diagnostic purposes	Diaper service
Bone density testing	Divorce expenses
Braille books and magazines: the cost that is more than the cost of regular printed editions	Domestic help
Breast reconstruction surgery following a mastectomy for cancer	Ear piercing
Childbirth expenses (physician, midwife)	Electrolysis or hair removal
Chiropractor professional fees	Exercise equipment for general health
Cholesterol testing	Exercise/Fitness programs for general health
Christian Science Practitioner fees	Expenses that have been reimbursed elsewhere, or that may be reimbursable under any other source
Co-insurance and co-pay amounts	Expenses not incurred during your period of coverage
Contact lenses, saline solutions, and cleaning solutions	Facelifts or other similar cosmetic treatments (dermabrasion, chemical peels, etc.)
Contraceptives (birth control pills, condoms, spermicides)	Funeral expenses
Cosmetic surgery and procedures to correct congenital abnormality or treat injury resulting from accident	Hair transplant
Counseling (for treatment of specific medical condition)	Health club membership dues
Crutches	Herbal supplements (dietary and nutritional supplements, vitamins, natural medicines, etc.)
Deductibles	Household help
Dental treatment (includes exams, x-rays, fillings, root canals, gum disease treatment, crowns, bridges, dentures, implants, and orthodontia; <b>does not include cosmetic treatments such as teeth whitening, dental veneers, bonding, etc.</b> )	Illegal operations and treatments
Diabetic supplies (insulin, syringes, testing strips, glucometers)	Insurance premiums
Diagnostic services and tests	Lactation consultant for general instruction
Diapers (if required due to medical condition)	Laetrile
Doula: to the extent the doula provides medical care for the mother or child	Lifetime care fees
Drug dependency treatments	Liposuction or other similar cosmetic treatments
Drugs: prescription drugs, insulin; over-the-counter drugs/medicines; does not include cosmetic drugs (e.g., Renova, Propecia)	Long term care services
Dyslexia treatment	Marriage, family counseling
Eye surgery (cataract, LASIK, corneal rings, etc.)	Massage therapy (unless recommended as medically necessary to treat a specific injury or illness; does not include therapy for stress or tension reduction)

Eligible Health Care Expenses (See IRS Publication 502)	Ineligible Health Care Expenses (See IRS Publication 502)
Eyeglasses, prescription (includes prescription sunglasses; also includes over-the-counter reading glasses)	Marijuana
Eye examinations	Maternity clothes
Fertility treatments (in vitro fertilization, surgery or operations to reverse a prior surgery that prevents you from having children)	Mattress
Flu shots	Meals while traveling to obtain medical care
Fluoridation device (if medically necessary)	Medical newsletters
Genetic testing	Medical savings account
Guide dog or other animal used to assist persons with physical disabilities	"No Show" doctor or dentist visits, charges for
Health institute: fees you pay for treatment only if prescribed by a physician and the physician issues a statement as to medical necessity	Nursing services for health baby
Health screening (cholesterol checks, bone density testing, blood pressure testing, hearing exams)	Nutritional supplements (vitamins, herbal and dietary supplements, natural medicines, etc.)
Hearing aids and batteries	Paternity testing
Home health care	Personal use items (items ordinarily used for personal, living or family purposes)
Hospital services	Prepayment for services not yet provided
Immunizations	Prescription drug discount programs, fees for
Inclinators	Recliner chair
Infertility treatments	Safety glasses
Insulin and syringes	Storage fees for embryo, sperm or umbilical cord blood, long term storage
Laboratory fees	Student health fees
Lamaze Classes	Sunglasses, clip on
Language training for child with dyslexia or disabled child	Surrogate expenses
Laser eye surgery (cataract, LASIK, corneal rings, etc.)	Swimming lessons
Lead-based paint removal	Tanning salons and equipment
Learning disability caused by mental or physical impairment, or nervous system disorders (treatment must be recommended by physician – see IRS Publication 502, - Special Education)	Tattoo removal
Legal fees (fees you pay that are necessary to authorize treatment for mental illness)	Teeth bleaching/whitening for cosmetic purposes
Lodging primarily for and essential to medical care	Tax Equity and Fiscal Responsibility Act (TEFRA)
Mastectomy-related special bras (the cost over & above the cost of a normal bra)	Vacuum cleaner for allergies
Meals (only as part of inpatient hospital care)	Varicose veins, treatment of
Medic-alert bracelet	Vision service agreements or lens replacement insurance
Medical conference admission and transportation to/from (if concerns chronic medical condition of you, spouse or child)	Warranties/service contracts
Medical equipment (crutches, wheelchairs, walkers)	Weight loss programs for general health or appearance; diet foods for weight loss
Medical information plan	
Medical monitoring and testing devices	
Medical records charges	
Medical services provided by physicians, surgeons, specialists or other medical practitioners	
Medical Supplies (bandages, band-aids, gauze pads, thermometers, hot/cold packs, heating pads, nasal strips, etc.)	
Medicines/Drugs (prescription drugs and over-the-counter drugs, or insulin; <b>does not include cosmetic drugs</b> )	
Mentally handicapped, special home for person adjusting from life in mental institution to community living	
Norplant insertion and removal	
Nursing home (if necessary for medical care and only the portion for medical services)	
Nursing services	

<b>Eligible Health Care Expenses</b> (See IRS Publication 502)	
Nutritionist's professional expenses (if treating a specific medical condition; not for weight loss for general health)	
Obstetrical expenses	
Occlusal guards to prevent teeth grinding	
Operations (legal operations that are not cosmetic in nature)	
Optometrist fees	
Oral surgery	
Orthodontia	
Orthopedic devices	
Orthopedic shoes (to the extent the cost exceeds that of normal shoes)	
Osteopath fees	
Over-the-counter Drugs/Medicines, such as acne medications, allergy medicines, antacids, anti-diarrhea, anti-fungal ointments and creams, antiseptic ointments and creams, cold medicines including sore throat sprays, lozenges, nasal sprays, cough syrups, cough drops, vapor rubs; eye drops, first-aid and antibiotic creams and ointments, gas relief medicines, hemorrhoid ointments and creams, laxatives, lice treatments, motion-sickness pills, pain relievers including arthritis pain, head/back pain, menstrual pain, muscle or joint pain, e.g. aspirin, ibuprofen; sleep aids, yeast infection products; <b>does not include cosmetic items</b>	
Ovulation monitor	
Oxygen	
Patterning exercises	
Physical exams, routine physicals	
Physical therapy	
Physicians fees	
Pregnancy test, over-the-counter	
Prosthesis	
Psychiatric care	
Psychoanalysis	
Psychologist fees	
Radial keratotomy (corrective eye surgery)	
Schools and education, special (for mentally impaired or physically disabled person – see IRS Publication 502)	
Sick-child care facility (for medical care only)	
Sleep disorder and treatment	
Speech therapy	
Sterilization procedures (vasectomy or tubal ligation)	
Stop-smoking programs, including hypnosis	
Storage fees for embryo or sperm (fees for temporary storage of eggs or sperm only to extent used for immediate conception in current plan year)	
Storage fees for umbilical cord blood (fees for temporary storage only to extent used for medical condition in current plan year)	
Sunglasses (only if medically required due to specific medical condition & obtained at direction of physician)	
Sunscreen with a SPF of 30+	
Surgical fees (for legal operations not cosmetic in nature)	
Taxes charged for medical services and products	
Telephone consultations with a health care provider	
Telephone or Television for hearing-impaired persons, special equipment for	
Therapy, physical or speech	
Transplants (donor expenses, if you pay those expenses)	
Transportation and related travel expenses for person seeking treatment (See IRS Publication 502 - Transportation and Trips)	
Usual and customary, charges in excess of	

Eligible Health Care Expenses (See IRS Publication 502)	
Vaccines, vaccinations	
Vasectomy	
Varicose Veins, treatment of: a medical practitioner must recommend it to treat a specific medical condition	
Vitamins ( <b>only by prescription and only if necessary to treat a specific medical condition</b> )	
Weight-loss program (only if medically necessary to treat existing disease, such as heart disease, and undertaken under physician's direction)	
Wheelchair	
Wigs (if purchased upon advice of physician for mental health of patient who has lost all of his or her hair from disease)	
X-ray fees	

## **Unreimbursed Health Care Expenses**

This worksheet will help you estimate your unreimbursed annual health care expenses for the upcoming plan year.

### ***Medical expenses not covered by insurance***

	<b>Annual Estimate</b>
Deductibles, co-pays, co-insurance	\$ _____
Physician visits	\$ _____
Prescription drugs	\$ _____
Over-the-counter drugs and medicines (including sales tax)	\$ _____
Insulin and syringes	\$ _____
Chiropractic treatments	\$ _____
Other medical expenses	\$ _____

***Total Medical expenses:*** \_\_\_\_\_

### ***Dental expenses not covered by insurance***

	<b>Annual Estimate</b>
Check ups and cleanings	\$ _____
Fillings	\$ _____
Root canals	\$ _____
Crowns, bridges and dentures	\$ _____
Oral surgery	\$ _____
Orthodontia	\$ _____
Other dental expenses	\$ _____

***Total Dental expenses:*** \_\_\_\_\_

### ***Vision and Hearing Care expenses not covered by insurance***

	<b>Annual Estimate</b>
Exams	\$ _____
Eyeglasses	\$ _____
Prescription sunglasses	\$ _____
Contact lenses and cleaning solutions	\$ _____
Corrective eye surgery (LASIK, cataract, etc.)	\$ _____
Hearing exams, aids and batteries	\$ _____
Other vision or hearing expenses	\$ _____

***Total Vision and Hearing expenses:*** \_\_\_\_\_

***Total Unreimbursed Health Care expenses:*** \_\_\_\_\_

## **Dependent Care Expenses**

This worksheet will help you estimate your annual expense for dependent care for the upcoming plan year. Keep the following in mind when estimating your expenses:

- Amounts you pay for dependent care while you are off work due to vacation, holidays, illness or injury are **not** eligible expenses.
- If your dependent is a student, your expense may be different during the months when school is not in session.
- Your or your spouse's work schedule may affect your total expenses.

Estimate your expenses on a monthly basis since the amounts may fluctuate throughout the plan year.

	<b>Monthly Estimate</b>
July	\$ _____
August	\$ _____
September	\$ _____
October	\$ _____
November	\$ _____
December	\$ _____
January	\$ _____
February	\$ _____
March	\$ _____
April	\$ _____
May	\$ _____
June	\$ _____

***Total Dependent Care expenses:*** \_\_\_\_\_