






City of New York Tax-Favored Benefits Program




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This chart will give you basic information on the Health Care Flexible Spending Account (HCFSA) Program, Dependent Care Assistance Program (DeCAP) and the Medical Spending Conversion (MSC) Health Benefits Buy-Out Waiver Program. If you would like to receive detailed information and enrollment forms, or if you would like to send an e-mail to the Flexible Spending Accounts (FSA) Program, please visit our Web site. If you would like to make an appointment to see a counselor, please contact the FSA Program Administrative Office.

Feature	HCFSA 	DeCAP 	MSC 
What is the program about?	HCFSA is a way to pay for eligible medical expenses (not covered by insurance), dental, vision, and hearing expenses (not covered by the Welfare Fund) with before-tax dollars.	DeCAP is a way to pay for expenses to care for your child(ren) or other dependents, with before-tax dollars, while you and your spouse work or attend school full-time.	MSC allows City employees to receive an annual incentive payment in exchange for waiving their City health benefits when other non-City group coverage is available to them.
When and how can I enroll?	Each year, the Open Enrollment Period for the following calendar year will generally be held from September to November. New employees may enroll within 30 days after becoming eligible to receive City health benefits. Employees must complete the FSA Enrollment Form on an annual basis.	Same as HCFSA.	Same as HCFSA except employees must complete the Health Benefits Application to waive City health benefits and the MSC Enrollment/Change Form to receive the incentive payments. Annual re-enrollment is not necessary for continuing participation in the program.
How can I benefit by joining the program?	You plan for anticipated expenses but also reduce your gross salary for federal and Social Security tax purposes. The end result is that your expenses are lower and you save on taxes.	Same as HCFSA.	An employee will receive \$1,000 annually for waiving family health coverage or \$500 annually for waiving individual health coverage. Payments are made semi-annually in June and December and will be taxable to the recipient. No retroactive participation is allowed.
How do the programs work?	<ol style="list-style-type: none"> 1. Estimate your pre-tax contribution to your account for the Plan Year, 2. Your account is funded through automatic payroll deductions, 3. Reimbursement is directly deposited into your bank account after you submit a claim or you may choose to have reimbursement checks sent to your address on file. 	Same as HCFSA.	Once you have completed both the MSC Form and Health Benefits Application, you must submit both forms to your benefits office for approval. Your benefits office will forward the forms to the FSA office and you will receive the incentive payments on a semi-annual basis in your regular paycheck.
What is the Grace Period?	There is a Grace Period following the end of the Plan Year to submit claims for services incurred from January 1 st through March 15 th , using the remaining balance from the previous Plan Year (if any).	There is no Grace Period.	N/A
What is the Claims Run-Out Period?	There is a Claims Run-Out Period from January 1 st until May 31 st following the end of the Plan Year to submit claims for services performed during the previous Plan Year or Grace Period.	There is a Claims Run-Out Period until the end of February following the close of the Plan Year to submit claims for services performed during the previous Plan Year.	N/A

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What is the “Use It or Lose It” rule?	According to IRS rules, amounts not used by the end of the HCFSA Grace Period will be forfeited.	Amounts not used by the end of the Plan Year will be forfeited.	N/A
Who can be covered or who is eligible?	You, your spouse, and your eligible dependents.	Eligible dependents are child(ren) under age 13 and any dependent who is mentally or physically incapable of caring for himself/herself and spends at least half of the year in your home.	Any employee who is eligible to receive City health benefits may participate. Employees may waive their health benefits if they are insured through a spouse’s/ domestic partner’s or parent(s)’ employer-provided, non-City group health plan or a group health plan available through other employment.
What types of expenses are covered & reimbursable?	Medical, dental, vision & hearing expenses, including deductibles, co-insurance, over-the-counter drugs prescribed by a doctor, physicals, psychologist’s fees, braces, prescription drugs, prescription eyeglasses, frames/contact lenses, among other out-of-pocket eligible health care expenses.	Baby-sitting, nursery school, pre-school, summer day camp, before-and after-school care, child care centers that provide day care and other dependent care that is necessary for you and your spouse to work or attend school full-time.	N/A
How much can I put aside in my spending accounts?	The minimum annual contribution is \$260 and the maximum annual contribution is \$5,000.	The minimum annual contribution is \$500 and the maximum annual contribution is \$5,000.	N/A