



Q&A: HEALTH FSAs | WEDNESDAY, NOV. 1, 2017

Your questions answered by Pete Iverson, Esq., our in-house ERISA counsel

I'm told we have a "simple FSA." Do disclosure requirements apply? Form 5500?

- » I think they must mean they have a "simple cafeteria plan". I am guessing that does not impact the other regulations applicable to health plans such as ERISA, COBRA, HIPAA, but I will defer to Pete on how best to respond to this.

Am I correct that plans can have a carryover option for up to \$500?

- » A cafeteria plan may, at the employer's option, provide for a carryover to the immediately-following plan year of up to \$500 of any amount remaining unused as of the end of the plan year in a health FSA. The carryover may be used to pay or reimburse medical expenses under the health FSA incurred during the entire plan year to which it is carried over. The amount remaining unused as of the end of the plan year is the amount unused after medical expenses have been reimbursed at the end of the plan's run-out period for the plan year. The carryover does not count against or otherwise affect the indexed \$2,600 (2017, \$2,650 in 2018) salary reduction limit applicable to each plan year. **Note: a plan cannot have both a carryover AND a grace period.**

Do you have an HRCI number for this webinar?

- » No. CEs are not available for the webinar. Sorry!

The example was an employee who elected \$1,200 in FSA deductions left on June 30th. The example for when COBRA would not be offered stated the employee had already used \$1,000 and the \$500 available balance would be less than the COBRA premium. Should it not be \$200 available balance?

- » Yes. It would be \$200. Thank you for catching that typo!