

## **CY2024 Flexible Spending Account (FSA) Questions & Answers (Q&A)**

**1. Who do I contact regarding questions about FSA claims and substantiating documentation that I have or may still need to submit?**

The HealthEquity|WageWorks Customer Service Center should always be your first point of contact. They can be reached at 877-924-3967, Monday through Friday, 8:00 a.m. - 8:00 p.m. Their customer service staff has detailed information regarding your account and can confirm what documentation has been received, processed, and/or identify any outstanding issues. You can also log into your HealthEquity|WageWorks account ([www.HealthEquity.com/WageWorks](http://www.HealthEquity.com/WageWorks)) to confirm whether you have any claims that require substantiating documentation.

**2. How do I benefit from a Limited Purpose Health Care (LPHC) FSA?**

Internal Revenue Service rules do not allow you to contribute to an HSA if you have a General Purpose Health Care (GPHC) FSA. By limiting FSA reimbursements to dental and vision care expenses, you remain eligible to participate in both an LPHC FSA and an HSA, maximizing your savings and tax benefits. The State offers a LPHC FSA that is compatible with an HSA and allow enrollees in a High Deductible Health Plan (HDHP) with HSA to put aside additional pre-tax funds for eligible dental and vision expenses.

If you do not have an HSA, but want a Health Care FSA, you should enroll in the standard GPHC FSA instead of the LPHC FSA to maximize the eligible expenses you can seek reimbursement for.

**3. How does enrollment in an HDHP with HSA affect my ability to enroll in a Health Care FSA?**

Employees who enroll in an HDHP with HSA mid-year can elect the LPHC FSA. If an employee has elected a standard GPHC FSA for the 2024 plan year and later experiences a qualifying life event (QLE) allowing midyear enrollment in an HDHP with HSA, they cannot transition from the GPHC FSA to an LPHC FSA, and cannot make or receive contributions to their HSA for the remainder of that calendar year.

**4. If I experience a mid-year qualifying life event (QLE) that allows me to enroll in an HDHP with HSA, can I switch my GPHC FSA to an LPHC FSA?**

No. Enrolling in an HDHP with HSA would not allow you to change or cancel your GPHC FSA election to establish HSA eligibility or to enroll in an LPHC FSA. Per Internal Revenue Service Notice 2005-86, an individual who is covered by a GPHC

FSA is ineligible for HSA contributions for the individual's entire period of coverage under the GPHC FSA , even after the individual has completely exhausted the GPHC FSA balance. Coverage in a GPHC FSA will render the participant ineligible to make or receive contributions to the HSA for the entire plan year.

**5. If I experience a mid-year qualifying life event (QLE) that allows me to disenroll from an HDHP with HSA and I'm currently enrolled in an LPHC FSA, can I switch to a GPHC FSA at that time?**

No. In accordance with Internal Revenue Service rules, you would be required to remain in the LPHC FSA for the remainder of that plan year.

**6. If I'm currently enrolled in a GPHC FSA and I elect an LPHC FSA, will I receive a new Card from HealthEquity|WageWorks?**

No. Your current HealthEquity|WageWorks Health Care FSA Card can be used; their system is set up to link your Card to the plan you're enrolled in. For 2023, if you elect an LPHC FSA, then only eligible dental and vision transactions will be approved on the Card.

**7. When is my Health Care FSA Carryover balance available to use?**

The Carryover amount is available to reimburse 2024 expenses during the 2024 plan year run-out period (through March 31, 2025) and 2025 expenses until your Carryover balance is exhausted. Expenses incurred in the 2025 plan year will pay first from your 2024 Carryover balance, and second from any 2025 election.

**8. What happens if I have a Carryover balance, but I do not elect a Health Care FSA the following year?**

If you do not re-enroll in a Health Care FSA and have a remaining balance, you may carry over up to \$640 for one year. If you do not re-enroll after one year, the balance is forfeited. However, if you do re-enroll after one year, those funds can continue to carry over.

**9. Do Health Care FSA Carryover funds affect my new plan year election?**

No. If you are eligible for the Health Care FSA Carryover (if you have a remaining balance and did not forfeit the Carryover), you will have the available Carryover balance transferred into the current plan year as an adjustment - without impacting your current plan year election.

**10. To be eligible for Health Care FSA Carryover funds, do I have to actively re-enroll for a Health Care FSA in the new plan year?**

No. If you do not actively enroll in a Health Care FSA for the next plan year, but you still have funds available to carry over (up to \$640), you will be automatically enrolled in a Health Care FSA for the new plan year but your election amount will be set to \$0 prior to the carry over occurring.

*You are only able to carry over funds for one year if you do not re-enroll in a Health Care FSA.*

**11. How will HealthEquity|WageWorks provide confirmation to me that I have a Health Care FSA Carryover balance?**

HealthEquity|WageWorks displays Dialog box under your account balance/submission/election information when you log in to your online HealthEquity|WageWorks account that details the Carryover feature available on that account. View the information displayed under “Spend it by” for the timing. Once enrolled in a new plan year that supports your Health Care FSA Carryover funds, you will receive all the standard communications regarding the new plan year account that you received during the previous plan year as an active, contributing participant.

**12. If I have an HSA and a LPHC FSA for 2024, will any remaining funds carryover to a GPHC FSA in 2025?**

Those funds would carry over to a LPHC FSA, up to the Carryover limit for the plan.

**13. If I'm enrolled in an HDHP with HSA and LPHC FSA for plan year 2024 and have LPHC FSA funds carry over to plan year 2025, will those funds stay in an LPHC FSA regardless of whether I remain enrolled in the HDHP with HSA for plan year 2025?**

Those funds, up to the Carryover maximum of \$640, would be carried over to a LPHC FSA for plan year 2025. If you do not enroll in an HDHP with HSA for plan year 2025, you could enroll in a GPHC FSA to ensure the 2024 Carryover funds are placed in the 2025 GPHC FSA. If you don't re-enroll in a Health Care FSA for plan year 2025, you can contact HealthEquity|WageWorks to request that the Carryover balance be transferred to a GPHC FSA effective January 1, 2025.

**14. If I didn't enroll in the State HDHP with HSA and had a GPHC FSA in 2024 with Carryover into 2025 and elect the State HDHP with HSA effective January 1, 2025 will my funds carry over to a GPHC FSA or LPHC FSA?**

The funds will carry over to a LPHC FSA, up to the limit set by the plan. The system will automatically update the Health Care FSA to limited purpose based on 2025 HSA contributions being received. The contributions sent to the HSA would trigger the change to convert the GPHC FSA to the LPHC FSA.

**15. If I enrolled in a GPHC FSA for plan year 2023, don't re-enroll for plan year 2024, and have funds that carry over to 2024, can I still access those funds if I enroll in an HDHP with HSA for plan year 2024?**

Yes. In this scenario, if the HDHP with HSA enrollment took effect January 1, 2024, the GPHC FSA Carryover amount would transfer to an LPHC FSA.

HealthEquity|WageWorks' system will automatically update the GPHC FSA to LPHC FSA plan based on the 2024 HSA contributions being received.

**16. What is an FSA Grace Period and how does it differ from Carryover?**

Internal Revenue Service Notice 2005-42 permits a plan to establish a Grace Period of two months and 15 days following the end of each plan year during which unused contributions in your 2024 plan year **Dependent Care FSA** may be reimbursed for qualifying expenses incurred during the grace period. The State of Michigan has established this Grace Period for the Dependent Care FSA.

Since the State of Michigan's FSA plan years end on December 31st, you may incur qualified eligible expenses through March 15th of the following year to use any remaining funds from your Dependent Care FSA, as long as your employment hasn't ended. The Grace Period should not be confused with the run-out period. The run-out period allows you additional time to submit requested substantiating documentation for your prior plan year FSA. The State of Michigan's 2024 plan year run-out period ends on March 31st, meaning you will have until March 31st to submit requested receipts and documentation for the prior plan year.

Carryover will allow you to roll over up to \$640 of your remaining Health Care FSA balance from plan year 2024 into a plan year 2025 Health Care FSA, after all eligible claims have been submitted by the March 31, 2025 run-out deadline. Unlike a Grace Period, you have the entire year to spend the amount of the Carryover.

The Internal Revenue Service allows employers to provide a Grace Period or a Carryover for a Health Care FSA, but not both.