

CY2023 Health Care FSA With Carryover Frequently Asked Questions (FAQ)

A Health Care Flexible Spending Account (FSA) with Carryover is a Health Care FSA feature that allows you to roll over up to \$610 of your account balance from one plan year to the next. Employees enrolled in a General Purpose Health Care (GPHC) FSA or a Limited Purpose Health Care (LPHC) FSA may carry over up to \$610 of unused funds to the following plan year. Any unused funds in excess of \$610 will be forfeited.

1. Does a LPHC FSA allow Carryover for unused funds?

Yes. Employees may carry over up to \$610 of unused Health Care FSA funds into the following plan year.

2. How does Carryover differ from a Grace Period for the Health Care FSA?

Carryover will allow you to roll over up to \$610 of your remaining Health Care FSA balance from plan year 2023 into a plan year 2024 Health Care FSA, after all eligible claims have been submitted by the March 31, 2024 run-out deadline. Unlike a Grace Period, you have the entire year to spend the amount of the Carryover.

The State of Michigan will continue the Grace Period for the 2023 Dependent Care FSA, which is January 1st through March 15th, following the end of a plan year on December 31st. Balances remaining in the Dependent Care FSA may be used to reimburse eligible expenses incurred during this period or in the prior year. Claims must be submitted by March 31, 2024 to be applied to 2023 account balances or they will be forfeited.

There is no Grace Period for the 2023 Health Care FSAs, as the Internal Revenue Service allows employers to provide a Grace Period or a Carryover for a Health Care FSA, but not both.

3. What is the run-out period?

The run-out period allows additional time to submit requested documentation to substantiate your prior plan year FSA claims. The State of Michigan's run-out period ends on March 31st, meaning you have until March 31st to submit requested receipts and documentation for the prior plan year.

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

The Carryover is available to pay 2023 expenses during the 2023 plan year run-out period (through March 31st, 2024) and 2024 expenses after your 2024 election amount is exhausted. Expenses incurred during the 2024 plan year will

pay first from your 2024 account balance, and any Carryover from 2023 will pay second.

5. 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 \$610 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.

6. Can I use my HealthEquity|WageWorks Health Care FSA Card to pay for expenses from the previous plan year?

The HealthEquity|WageWorks Health Care FSA Card cannot be used to pay for expenses from the previous plan year. You must submit previous year's claims using the Pay Me Back or Pay My Provider claim forms during the runout period by following either of the steps below:

a. Pay Me Back Claim

Submit a Health Care FSA Pay Me Back Claim online by logging into your account at www.HealthEquity.com/WageWorks and selecting Submit Receipt or Claim. You also have the option to mail or fax a [claim form](#) to HealthEquity|WageWorks.

b. Pay My Provider

Use this payment option to submit a claim to make a payment directly to your provider; log in to your HealthEquity|WageWorks account and click on your Health Care or Dependent Care account and then click > Pay Provider and then follow the instructions. You can request a one-time payment or recurring monthly payment for eligible services (e.g., chiropractic, orthodontia, etc.).

7. 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.

8. Does the Health Care FSA Carryover amount count against the maximum contribution limit applicable to each plan year?

No. You can still choose to contribute up to the yearly maximum even if you carry over a balance from the previous plan year. Carryover funds are in addition to the maximum federal cap on salary reduction elections.

9. Is there a maximum amount allowed for Health Care FSA Carryover?

The State of Michigan has chosen the Carryover maximum. This allows a Carryover of any amount up to \$610 per participating employee per plan year.

10. How long can Health Care FSA funds be carried over? Are multiple year Carryovers permissible?

Funds may be carried over indefinitely if you remain enrolled in the Health Care FSA plan. If you do not re-enroll for the next plan year, you are able to carry over up to \$610 for one year, but if you do not re-enroll for two consecutive years, you will forfeit any remaining Carryover funds.

11. If I have a Health Care FSA balance that carried over to the next plan year and I depart mid-year, can I take the funds with me?

If you elect COBRA [Health Care Flexible Spending Account Continuation of Coverage](#) (CS-1814) continuation of coverage for your Health Care FSA, you may use any remaining funds in the FSA during the current plan year. You may use up to \$610 of Carryover funds to pay qualified expenses incurred during the next plan year, limited to the applicable COBRA continuation period. If you do not elect COBRA continuation of coverage, Health Care FSA Carryover funds are non-transferable, and you cannot carry over any health care FSA funds to pay qualified expenses incurred in the next plan year. Funds will be forfeited if not submitted by the "Claim It By" date for expenses incurred prior to the plan year end date. You must be an active participant or COBRA beneficiary on the last day of the plan year in order to have funds carried over to the next plan year.

12. If I am rehired or recalled and my Health Care FSA is reinstated, does it affect my Carryover balance?

No. Employees rehired or recalled within 30 days of their departure and within the same plan year who had a Health Care FSA must maintain their original Health Care FSA Annual Goal elected unless there is a qualifying life event.

There will be no lapse in coverage; contributions will be re-calculated, and your Health Care FSA Carryover balance will not be affected.

13. 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 \$610), 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.

14. Is there a timeframe every year for my Health Care FSA Carryover funds to be used?

No. The Carryover funds can be used at any time for expenses incurred in the new plan year (in addition to your new plan year elections). If any funds remain at the end of the current plan year, up to \$610 is carried over into the subsequent year.

15. 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.

16. If I have an HSA and a LPHC FSA for 2023, will any remaining funds carryover to a GPHC FSA in 2024?

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

17. If I'm enrolled in an HDHP with HSA and LPHC FSA for plan year 2023 and have LPHC FSA funds carry over to plan year 2024, will those funds stay in an LPHC FSA regardless of whether I remain enrolled in the HDHP with HSA for plan year 2024?

Those funds, up to the Carryover maximum of \$610, would be carried over to a LPHC FSA for plan year 2024. If you do not enroll in an HDHP with HSA for plan year 2024, you could enroll in a GPHC FSA to ensure the 2023 Carryover funds are placed in the 2024 GPHC FSA. If you don't re-enroll in a Health Care FSA for plan year 2024, you can contact HealthEquity|WageWorks to request that the Carryover balance be transferred to a GPHC FSA effective January 1, 2024.

18. If I didn't enroll in the State HDHP with HSA and had a GPHC FSA in 2023 with Carryover into 2024 and elect the State HDHP with HSA effective January 1, 2024 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 2024 HSA contributions being received. The contributions sent to the HSA would trigger the change to convert the GPHC FSA to the LPHC FSA.

19. If I enrolled in a GPHC FSA for plan year 2022, don't re-enroll for plan year 2023, and have funds that carry over to 2023, can I still access those funds if I enroll in an HDHP with HSA for plan year 2023?

Yes. In this scenario, if the HDHP with HSA enrollment took effect January 1, 2023, 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 2023 HSA contributions being received.