

Understanding Your Medical Flexible Spending Account: Carryover Funds, Run-Out Period and Your Debit Card

How Does Medical FSA Carryover work?

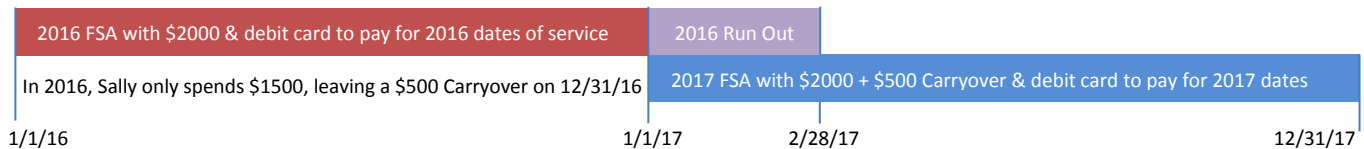
Sally's Medical FSA has a January through December plan year and allows participants to carryover up to \$500 of unused election dollars at the end of the plan year. Sally also has a debit card for her Medical FSA.



Sally elected \$2,000 on January 1, 2016, and by December 31, 2016 she used \$1,500 of her funds. Sally is allowed, under the Carryover provision that her employer adopted, to "carryover" the remaining \$500 into the 2017 plan year. \$500 is automatically deposited into her 2017 FSA and is available right away. It gets added to the new \$2000 election she made effective January 1, 2017.

How do the Carryover dollars work at the end of the plan year and the Run-out period?

Sally's plan also has a "run-out period" of 60 days after the end of the plan year. Sally has until February 28, 2017 to submit any expenses incurred during 2016. **During the 60 day run-out Sally's \$500 carryover is available for BOTH 2016 and 2017 dates of service!**



Now it's 2017 – How can Sally pay for a 2016 Expense?

On February 1, 2017, Sally receives a \$150 bill for lab work done on December 29, 2016. She has \$500 Carryover she can still use toward 2016 expenses, as long as she seeks reimbursement before the 60-day run-out period ends on February 28, 2017. Sally also has a Medical FSA Debit Card.

Question: *Can Sally use her FSA Debit Card in February 2017 to pay the lab bill incurred in December 2016?*

Answer: *No, she cannot!*

Federal rules require that the FSA debit card only be used for expenses incurred in the current plan year. Sally's \$150 lab bill is eligible for reimbursement, but not via her FSA Debit card. Sally can submit her 2016 claim before the Run-Out expires on February 28, but she must submit it using one of the following methods: On-line via the participant portal; use the GDI Mobile App from her phone or tablet; complete a Reimbursement Request form and submit it to Group Dynamic, Inc. via e-mail, fax or mail. She can pay the lab bill using a personal check or personal credit card, but not her FSA Debit Card.