Advanced HSAs: Prevent This Year's FSA from Disqualifying Next Year's HSA Q&A – the following questions were asked during the two webinar sessions in March 2019

General Presentation Questions

Q: Can the slides be downloaded?

A: You can get a copy of the slide handouts on the webinar page at: http://www.ebcflex.com/Education/Webinars.aspx

Q: Will this presentation be eligible for CE credits toward PHR/SPHR, SHRM or HCRIS?

A: This webinar was not submitted for approval for outside association CE credits. We can however, upon request provide a certificate of attendance in order for you to pursue the CE credit on your own.

General HSA Questions

Q: Could you review the minimum deductible and maximum out-of-pocket limits for a qualified high deductible health plan for 2019? What does the out-of-pocket limit include?

A: For 2019, HSA qualified high deductible health plans must have a minimum deductible of $1,350 for single coverage and $2,700 for family coverage. Caution: for family coverage, with an aggregate deductible, the minimum is the minimum family deductible of $2,700. If an embedded deductible, the minimum PER PERSON would have to be equal to the minimum family deductible of $2,700.

For 2019, HSA qualified high deductible health plans cannot have an out-of-pocket (OOP) limit greater than $6,750 for single coverage and $13,500 for family coverage. In-network plan deductibles, coinsurance and copayments apply to the OOP limit. Caution: the maximum OOP limit for HSA qualified plans is different than the maximum OOP limit for health plans under ACA. ACA OOP limits for 2019 are: $7,900 for single coverage and $15,800 for family coverage. So it is possible that you have an ACA compliant plan that will not meet the criteria to be a HSA qualified HDHP.

Follow-up Question: So, a plan with a $15,000 OOP is not HSA qualified?

A: Correct, a plan that has a $15,000 OOP does not meet the requirements of a qualified HDHP.

Q: Can I have an HSA qualified HDHP and a standard health FSA and choose to not contribute to the HSA?

A: Yes, you can choose to have a standard health FSA rather than establishing an HSA. Many individuals will choose to do this for a variety of reasons, including the fact that they have other disqualifying coverage. For example, an employee who has Medicare is not eligible to contribute to an HSA. This individual can be enrolled in the HSA qualified HDHP medical plan and may choose to have a standard health FSA.

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General HSA Questions (cont.)

Q: Can you use HSA dollars to pay vision and dental expenses?

A: Yes, you can use tax free HSA dollars to pay vision and dental expenses associated with you, your spouse or your eligible tax dependents. Any § 213(d) expenses are eligible (which would include all items eligible through a standard health FSA). In addition, some premiums are eligible to be paid with tax free HSA dollars, including qualified long term care insurance, COBRA or USERRA leave premiums, to pay any health premium during period in which you receive unemployment compensation and if you are over age 65, health coverage other than a Medicare supplement (e.g., premiums for retiree coverage, Medicare premiums, Medicare Advantage, etc.).

Q: How is an HSA treated after the death of the account holder?

A: In the case of the death of an account holder, any unused funds are transferred to the account beneficiary.

If the beneficiary is a **spouse**, the spouse becomes the account holder and the funds are not taxed. If the spouse does not have an HSA in their name, they can establish one and have the funds transferred. If the spouse previously had their own HSA, funds could be transferred from one account to the other (in order to maintain only one account). These transfers are completed as a trustee-to-trustee transfer and would not be subject to contribution limits. The surviving spouse can only make additional contributions into the account if they remain covered by an HSA qualified HDHP.

If the beneficiary is **not a spouse**, the HSA will no longer be treated as an HSA. The fair-market-value of the account is passed onto your named beneficiary. The beneficiary receives these funds as taxable income. The taxable amount can be reduced by any qualified medical expenses that were incurred by the deceased and paid by the beneficiary within one year of death. The beneficiary will be eligible to include this in a deduction for estate taxes. The IRS Form 8889 would be completed to report this distribution.

If a beneficiary is **not named**, the value of your account is liquidated and transferred to your estate. You can also name your estate as your HSA beneficiary. In these cases, the fair-market-value of your account is included on the deceased HSA owner's final income tax return. The value of your HSA is not reduced based on qualified medical expenses that are paid within one year of death if the funds are going to the estate.

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HSA Eligibility Questions

Q: If a husband and wife are on separate insurance plans:

- **The husband has a standard health FSA with single traditional group health insurance, and**
- **The wife has single coverage under an HSA qualified HDHP and wants to contribute to an HSA**

Can the wife contribute to an HSA or does that fact that the husband contributes to a standard health FSA disqualify her from contributing to an HSA?

A: If a husband has a standard health FSA, this would disqualify the wife from contributing to an HSA. By legal definition, the standard health FSA dollars can be used for the employee, the employee's spouse and/or dependents, including adult children to age 26. Even if the intent is that the husband would only use his FSA on his own claims – because he is ELIGIBLE to use his FSA dollars on his wife, it causes the wife to be disqualified. The wife would not be eligible to open an HSA, contribute to an HSA, or receive employer contributions to the HSA.

Q: Is an individual not eligible to contribute to an HSA if they are <u>enrolled</u> in Medicare, or if they are <u>entitled</u> to Medicare?

A: Individuals are not eligible to contribute to an HSA as of when they become entitled to Medicare. According to Notice 2004-50, 2004-2 CB 196, 07/23/2004, IRC Sec(s). 223: "The term "entitled to benefits under" Medicare means both <u>*eligibility and enrollment*</u> in Medicare."

So, for those individuals who have already applied for or are receiving Social Security benefits, they will be automatically enrolled in Medicare Part A. For these individuals, the date they become "entitled", "enrolled", and "eligible" are all the same date.

For those who are working beyond age 65 and who have not yet applied for Social Security benefits would need to file an application to become entitled to Part A benefits. These individuals can continue to contribute to an HSA until they apply. At that point, they would become both "entitled" and "enrolled".

Q: Is a participant able to contribute to an HSA if their spouse is entitled to Medicare?

A: An employee who participates in family HSA qualified HDHP coverage (covering a spouse who is entitled to Medicare) IS ELIGIBLE to continue to make HSA contributions up to the family limit. The spouse would not be able to contribute to an HSA under their own name.

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HSA Contribution Questions

Q: Can an employee contribute to their spouse's HSA? Can a spouse contribute to the employee's HSA? If so, how would each work?

A: For simplification in the response, I am going to refer to the **e**mployee as **E**ddie and the **s**pouse as **S**ammy. The answer as to whether or not each can contribute to the other's HSA will depend on how they are enrolled in the medical plans.

If both Eddie and Sammy are enrolled on a **family HDHP plan** and neither has any other disqualifying coverage, both Eddie and Sammy are eligible to establish an HSA in their own name (or they can choose to establish only one account in either of their names). The maximum contribution between the two accounts is the family limit. Eddie and Sammy can agree to distribute the family limit as they wish. (Example – they could contribute $6,000 to one account and $1,000 to the other.) Eddie would be eligible to make contributions to Sammy's HSA and Sammy would be eligible to make contributions to Eddie's HSA. As far as "how" this works; it will depend the employers' policies. Some employers may only allow pre-tax contributions into their own employees' accounts. Other employers may allow pre-tax contributions into any HSA. If Eddie and/or Sammy would like to make pre-tax contributions to each other's HSA, they should each discuss availability with their respective employers. Both Eddie and Sammy would be able to make post-tax contributions to the other's HSA. (Reminder: If both Eddie and Sammy establish HSAs, the combination of contributions to the two accounts cannot exceed the annual family contribution limit, plus any applicable catch-up contributions.)

- The above also applies if Eddie and Sammy have a child and they establish a family HDHP plan under one employer (1 parent and child) and a single HDHP plan under the other employer. Combined, they are still limited to the family contribution limit.
- In a case where Eddie and Sammy are both enrolled on a family HDHP plan under Eddie's employer, but Sammy has Medicare – Eddie would be eligible to still contribute up to the family limit (plus catch-up if applicable) – however, Sammy would not be eligible to make contributions to Eddie's HSA. While Sammy may have an HSA from prior to her Medicare entitlement, neither Eddie nor Sammy would be able to make any additional contributions to Sammy's HSA.

If both Eddie and Sammy are enrolled on **single HDHP plans** through their respective employers and neither has disqualifying coverage, both Eddie and Sammy would be eligible to establish an HSA in their own name. The most that can be contributed to either account is the single contribution maximum for the year (plus any applicable catch-up contributions). Eddie and Sammy are NOT allowed to decide to contribute $6,000 to one account and $1,000 to the other. Again, since both individuals are HSA eligible, they are able to contribute to each other's HSA.

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HSA Contribution Questions (cont.)

Q: An employee enrolls in an HSA qualified HDHP, but opts out of contributing to an HSA and elects to participate in a standard health FSA. The employee elects to make HSA contributions through their spouse's HSA qualified HDHP plan. Will they lose their HSA eligibility when they do their taxes at year end?

A: Because one of the spouses elected a standard health FSA, both spouses are not eligible to contribute to an HSA. If contributions were made by either spouse to an HSA in either of their names, these are ineligible contributions, classified as "excess contributions". The account holder has two options:

1. The individual removes the ineligible contributions from their HSA by the tax filing date for the year the contribution was made (April 15th most years) and declares those contributions as taxable income, **OR**
2. The individual pays regular taxes on the ineligible contributions plus an excise tax of 6% for each year the excess contributions remained in the account.

Q: An employee terminates employment and enrollment under a HSA qualified HDHP mid-year. The employee does not elect COBRA. If the employee had contributed the full annual HSA eligible contribution prior to termination, must they prorate their allowable contribution? Would the employee have to remove those funds from their HSA and would they be subject to penalties? How does the full contribution rule apply in this case?

A: Yes, if the employee terminates coverage under an HSA qualified HDHP prior to the end of the year – but had already contributed the full annual limit, they would have the same two options from the previous question. Remove excess contributions or pay income tax plus a 6% penalty on the excess. In this case, since the employee terminated the HDHP mid-year, they would not have been HSA eligible as of December 1st – therefore, the full contribution rule would not apply. The full contribution rule allows you to make a full year's contribution based on your HSA eligibility as of the last month of the tax year.

Full Contribution Rule

Q: With the full contribution rule, does the 12 month period begin December 1st (so therefore would go through November 30th of the following year), or does it begin January 1st (so would go through December 31st)?

A: The additional "12-months" is addressing that they would be subject to a 13-month "testing period". The testing period begins with the December for the year in which the contributions are made and ends on the last day of the 12th month following that December. In simple terms, for someone gaining eligibility in 2019, and depositing the full annual contribution for 2019 the account holder must remain HSA eligible **12/1/2019 – 12/31/2020**.

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Full Contribution Rule (cont.)

Q: Can FSA and HSA plans run on a benefit year, not calendar year? How does the HSA full contribution rule work with a non-calendar year plan?

A: FSAs can run on any benefit year and are not required to run calendar year.

HSA qualified high deductible health plans (HDHP) can also run on any benefit year and are not required to run on a calendar year, however, HSA limits are based on the calendar year. In addition, if a HDHP plan runs off-calendar year, there are additional items and challenges to consider.

Employees have to be more cautious during the first partial calendar year in which they are HSA eligible. During this year, they are able to contribute the full annual amount based on their coverage as of December, provided they remain HSA eligible for the 13-month testing period (that month plus the following 12 months after the tax year ends (the following calendar year)). If they are not able to maintain eligibility during this time, the most they are eligible to contribute during the partial year is a prorated amount of the annual limit. Below is an example to help illustrate this:

Wizard Academy has a July 1st plan year for their standard health FSA (no rollover or grace period) and medical plan coverage. On July 1, 2019, they begin offering an HSA qualified HDHP plan for their employees.

- *For employees who enroll in this plan 7/1/19 and have single HDHP coverage as of 12/1/2019 AND remain HSA eligible throughout all of 2020 (January – December) – they are eligible to contribute up to **$3,500** in 2019 + the annual maximum in 2020.*
- *For employees who enroll in this plan 7/1/19 with single coverage, but do not remain HSA eligible throughout all of 2020 (Jan – Dec) – the most they are eligible to contribute for 2019 is **$1,750** (the prorated limit based on 6 months of eligibility).*
- *In most cases, an employee may not know in advance if they will be eligible for an additional 12 months after the end of the tax year or not. If an employee would have contributed $3,500 in 2019 under the full contribution rule and lost HSA eligibility unexpectedly in 2020 – they would be subject to income tax on the excess amount plus an additional 10% tax. In this case, the excess would be $3,500 - $1,750 (amount eligible based on prorated amount) = $1,750.*
    - *This participant would be charged income tax on the $1,750 excess + $175 (10%) additional tax.*

Full Contribution Rule (cont.)

Q: If an individual made the maximum contribution but then ended up not being eligible for the full 13-month testing period, would they have a certain amount of time in which to remove the overpayment from their account, so as not to be penalized, or would they be taxed on the overpayment regardless?

A: If an individual does make the maximum contribution based on the full contribution rule and then loses HSA eligibility during the 13-month testing period, they would be subject to a 10% penalty on the amount of the overage (difference between the contribution made and what their prorated limit would have been).

The amount of the overage would be included in gross income for failing to remain HSA eligible during the testing period. (**They are taxed on the overpayment regardless**.) This overage, based on failing the testing period, is not able to be classified as an "excess contribution" – therefore, would not apply to the 6% excess contribution penalty and cannot be withdrawn in order to avoid a penalty. Withdrawing this overage will actually result in double taxation because the amount would be subject to the 10% failure of the full contribution rule as well as have an additional 20% penalty for a non-medical distribution.

Catch-up Contribution Questions

Q: Is the catch-up contribution limited to an employee at age 55, or is their spouse eligible as well?

A: The HSA catch-up contribution is available to any HSA eligible individual age 55 or older. If both spouses of a married couple are HSA eligible and are age 55 or older, they both are eligible to make a $1,000 catch-up contribution, provided they each have their own HSA and make the catch-up contributions to each respective account.

Q: When an HSA account holder turns age 65, does both the annual and the catch-up contribution limits get prorated, or just the annual limit?

A: When a participant turns 65 mid-year, both the maximum annual limit AND the catch-up contribution limits would be prorated by number of eligible months. This assumes that the participant becomes entitled to Medicare as of the 1st of the month of their 65th birthday. If a participant delays their Medicare entitlement – the participant would be able to contribute making HSA contributions after their 65th birthday. For these individuals, the date of their actual Medicare entitlement (enrollment) would be used as of the date they lose eligibility to contribute to the HSA. The annual limit and catch-up contributions would be prorated based on this date. For example, if someone enrolls in Medicare effective 7/1, they would be eligible for 6/12ths of the annual contribution and catch up contribution for that year.

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Catch-up Contribution Questions (cont.)

Q: Once an HSA account holder turns age 55, how does the $1,000 catch-up contribution get calculated, i.e. is it prorated?

A: According to the IRS Publication 969 for use in preparing 2018 returns, when a participant turns age 55 mid-year, even if December 31st, the participant is able to increase their contributions by $1,000 for that year. Note, if a participant at age 55 first becomes eligible for an HSA mid-year, they are then subject to either the full contribution rule or the prorated limit by month.

Employer Contribution Questions

Q: Are employers able to contribute to an HSA based on matching what the employee contributes?

A: Yes, employers are able to make contributions to employees' HSAs based on matching the employee contributions – however, this would not pass the *comparability rules*. Therefore, in order to avoid the 35% tax on contributions, the HSA contributions MUST be made as part of a cafeteria plan. Any HSA contributions made under the cafeteria plan however, will be subject to annual nondiscrimination testing.

Q: Please discuss comparability rules when employer and employee contributions are made through a cafeteria plan.

A: The comparability rules only apply to employer contributions made outside of a cafeteria plan. If the employer contributions are made through a cafeteria plan, they are not subject to the comparability rules, but will be subject to the cafeteria plan nondiscrimination testing.

If an employer is making contributions outside of a cafeteria plan, permissible contribution methods include:

- Same dollar amount or same percentage of the HDHP deductible
- Permit differences based upon tiers of coverage as long as everyone in the tier is treated the same
- Exclude collectively bargained employees
- Permit more generous treatment of non-highly compensated

Any other employer contributions (such as: matching contributions, different contributions between salaried and hourly employees, differences based on employment at different worksites, locations or divisions, differences based on age or years of services, differences based in wage rates) would not be permissible under the comparability rules and would be subject to a 35% excise tax penalty on its contributions for the calendar year.

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Employer Contribution Questions (cont.)

Q: What options does an employer have if an employee doesn't have an HSA bank account and can't get one. In this case, what does the employer do if they make contributions to employee's HSAs?

A: The HSA dollars must be held by an HSA custodian like a bank. If the employee does not have an HSA established because they are not HSA eligible, the employer would not be able to make tax free contributions on their behalf.

An alternative option that some employers consider is establishing an HRA with eligibility based on being enrolled in the qualified HDHP plan, but are not HSA eligible. This provides a way for the employer to contribute tax free funds for the employee, however the rules of the HRA, like claims substantiation will apply.

If an employee has not established their HSA due to any reason other than not being eligible for the HSA, the employer should provide timely, written notice to all such employees that it will make comparable contributions based on certain criteria. This step is necessary, particularly if the employer is making the contributions outside of a cafeteria plan and is subject to comparability rules. *(More on this as well as additional requirements and model notices can be found in Q&A 14 of the Federal Register on Employer Comparable Contributions, Reg § 54.4980G-4 Calculating comparable contributions.* *https://www.federalregister.gov/documents/2007/06/01/E7-10529/employer-comparable-contributions-to-health-savings-accounts-under-section-4980g)*

Q: Can an employer recoup a contribution that was made prior to notification of termination of an HDHP plan due to a qualifying event and the payroll contribution was made within the allowed 30-days to notify? How would this apply to an employee pre-tax contribution?

Example: Employee terminated from HDHP plan effective 2/1/2019, but HR was not notified until the end of February and March payroll was already processed. So do I leave this contribution as is since the EE/ER contributions do not go over the prorated allowed amount?

A: It is very unlikely that this type of contribution could be reversed unless there is clear and convincing evidence that there was an administrative "error" that caused the contribution to be deposited in error.

Yes, to be on the safe side, it would be best to leave this contribution to the HSA. If an individual loses eligibility mid-calendar year, IRS officials have indicated that the individual may continue to contribute so long as they do not exceed the maximum contribution allowed based on their eligibility to contribute for the year.

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HSA Interaction with FSA

Q: Can an employee choose to forfeit standard health FSA money left in their account in order to enroll in an HSA?

A: Generally, an employee cannot voluntarily forfeit their standard health FSA mid-year to become HSA eligible. Their annual standard health FSA election is irrevocable.

From an IRS perspective, an employer could amend their plan to allow individuals to waive their rollover so that they could be HSA eligible on the first of the following year. At this time, this is not an available option under the Employee Benefits Corporation Service Agreement. We can offer some other HSA compatible design features, which include the set-up of a limited health FSA with the auto-convert option. This allows employees to retain access to their rollover funds, without the need to forfeit these amounts and allows employees to be HSA eligible.

Q: In your presentation, you covered limitations for when an employee changes from a standard health FSA to an HSA. Are there limitations for employees who are on an HSA that convert to a standard health FSA?

A: When an employee is on an HSA qualified HDHP plan and contributes to an HSA makes a change in either the underlying plan, or simply decides at open enrollment to elect a standard health FSA, there is minimal disruption. As of the effective date of the standard health FSA, the individual can no longer contribute to the HSA for the entire standard health FSA plan year and any grace or rollover periods that may apply. At that time, the HSA will remain open. The account holder can continue invest the account balance or can use the account balance tax free to pay for qualified medical expenses. The HSA will remain open until the balance is exhausted.

Depending on the employer's policy – when an employee terminates participation under the employer's HSA qualified HDHP plan or elects disqualifying coverage through the employer, the employer may choose to no longer cover any applicable account administration fees. At this time, the account holder would be notified if any fees would begin to be drafted on a regularly scheduled basis from their account.

Q: For employees that have a standard health FSA with a grace period and are moving to an HSA: If an employee cannot contribute until 4/1, can they then take a distribution to reimburse themselves for a claim incurred between 1/1 and 3/31?

A: Generally, no. Qualified medical expenses include expenses incurred after the HSA has been established.

If the employee had previously had an HSA established (from a prior plan year or prior employer) that is still an open account, then the employee would be able to reimburse themselves with tax free dollars for the expenses. This would apply even if the HSA balance is not enough to cover the expenses. They would be eligible to make additional contributions and then reimburse themselves later in the year.

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HSA Interaction with FSA (cont.)

Q: This question is in regard to a plan that has a standard health FSA with the grace period. If an employee is not eligible to contribute to an HSA until 4/1 (assuming a calendar year plan) based upon a standard health FSA account balance as of 12/31, would the employer also not be able to contribute to that employee's HSA until 4/1? If so, could the employee receive any missed employer contributions once they are HSA eligible?

A: The employer would not be able to make any HSA contributions to this employee's HSA until 4/1. As far as determining if an employee can receive any missed employer contributions, this will be determined based on the employer contribution language in your plan document. As a general rule of thumb, it would be good practice to treat these individuals the same way your plan would treat a mid-year new hire.

Some examples to demonstrate various plan language:

Example 1: *The employer will contribute $50 per pay to employees enrolled in a high deductible health plan and are HSA eligible.*

In this case, the employer should not provide employees with any missed contributions.

Example 2: *The employer will contribute up to $500 per year to employees who enroll in the high deductible health plan and are HSA eligible.*

In this case, the employer could provide any missed contributions, as the employer contribution statement does not specify when the contributions are made. If the employer does this, they should do it consistently for all participants.

Q: What happens if the plan year for the standard health FSA is not aligned with the medical plan renewal and an HSA qualified HDHP is newly offered at renewal? (Example: Standard health FSA 1/1, medical 7/1). If employees are in the standard health FSA, can they convert to limited health FSA mid-year (7/1)?

A: When an HSA qualified HDHP is implemented mid-year (of the cafeteria plan and or standard health FSA plans), any employee who previously elected the standard health FSA would not be eligible to establish an HSA, in this case on 7/1. The employees themselves do not have an option to voluntarily convert from a standard health FSA to a limited health FSA mid-year.

If the employer knows in advance that they will be offering an HSA eligible plan, they could offer the standard health FSA on a short plan year (1/1 – 6/30) so that the FSA will begin to reset at the same time as the medical plan. If they do not, the employer can amend the plan to convert their ENTIRE standard health FSA to a limited health FSA as of 7/1. Please note: they would not be able to only convert this for employees who elect the HDHP. It must be done for all employees.

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Other Questions

Q: What would be an employer's/employee's options under the following example:

In 2018, Bob has waived medical coverage through his employer and is covered by his partner. Bob has a standard health FSA with rollover through his employer. At the end of the year, he has a balance that rolls into 2019. For 2019, Bob again waives medical coverage and makes a new election for this standard health FSA. In January, Bob submits two claims for his standard health FSA. The first was a medical claim that had been incurred in 2018. The second was for contact lenses that he purchased in 2019. In February 2019 Bob finds out he was dropped from his domestic partner's medical plan effective January 1, 2019. Bob contacts his own employer and his employer's medical plan allows him to join the HSA qualified HDHP effective January 1, 2019. The questions are:

1. **Is Bob eligible for HSA contributions in 2019?**

   No, he is not eligible for HSA based upon the standard health FSA

2. **Knowing that the only 2019 FSA claim was for a vision expense, can Bob convert his standard health FSA to a limited health FSA since he is now part of an HDHP that is eligible for HSA contributions?**

   No, a change to the standard health FSA is not permitted based upon type of medical insurance plan you have.

Before expanding on the brief answers to the questions above, I want to address a problem within the case study. If Bob's partner's employer terminated Bob's coverage effective 1/1/2019 – the permitted election period that would have resulted (allowing Bob to enroll in his employer's coverage) has closed prior to February (assuming the employer's plan includes the standard 30-day notice period). Allowing Bob to enroll effective 1/1/2019 is in violation of the plan. The enrollment onto the medical plan should not have been permitted. For the purposes of this case study, I am going to assume that Bob was notified on January 28th (within the 30-day window). He would then be eligible to be enrolled on his employer's plan effective 2/1/2019. *(Reminder, per DOL Regulations, for special enrollment rights resulting from marriage or loss of eligibility for other coverage, the new coverage will begin on the 1st of the month following the enrollment request. This can result in a gap in coverage, as in the example above.)*

Since both partners are working adults, it is highly unlikely that one domestic partner would classify as a tax-dependent of the other. Because of this, one is not a "dependent" of the other based on the IRS definition of dependent. While Bob would be eligible to enroll in the medical plan due to a loss in other coverage, there is not a permitted election change for the FSA. <u>No change to the FSA would be permitted.</u>

<u>Other Questions (cont.)</u>

Q: If an employer contributes to a standard health FSA they have to offer to all benefit eligible employees not just those enrolled in the FSA eligible plans, correct?

A: Employees should offer the same benefits to the same class of employees. There is flexibility in how a class of employee is defined. For example, you could offer an FSA contribution to:

- All benefits eligible employees.
- All benefits eligible employees who waive medical coverage.
- All benefits eligible employees who participate in employer sponsored medical coverage.
- All employees enrolled in our HDHP plan, who do not open an HSA.
- If employer is matching contributions: All employees who elect a contribution for the standard health or limited health FSA.

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