

Flexible Spending Account Cancellation Rule

Item 7B – Group Insurance Board

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Office of Strategic Health Policy





Action Needed

ETF requests the Board approve modifying the cancellation coverage rule for the FSAs to be effective on the last day of the month in which a participating member cancels or terminates employment beginning January 1, 2023

Background



ETF provided information back in May of 2019



Employers were not ready for the change



ConnectYourCare did not have a recommendation

Current FSA Cancellation Rule

Last day of the month in which FSA contribution occurs

Continues to create administrative challenges

Some payroll systems have limitations with configurations

FSA election amount are funded at the beginning

Proposed Change

FSA cancellation rule to the end of the month in which the employee terminates from position or cancel coverage

Ease administrative work for stakeholders

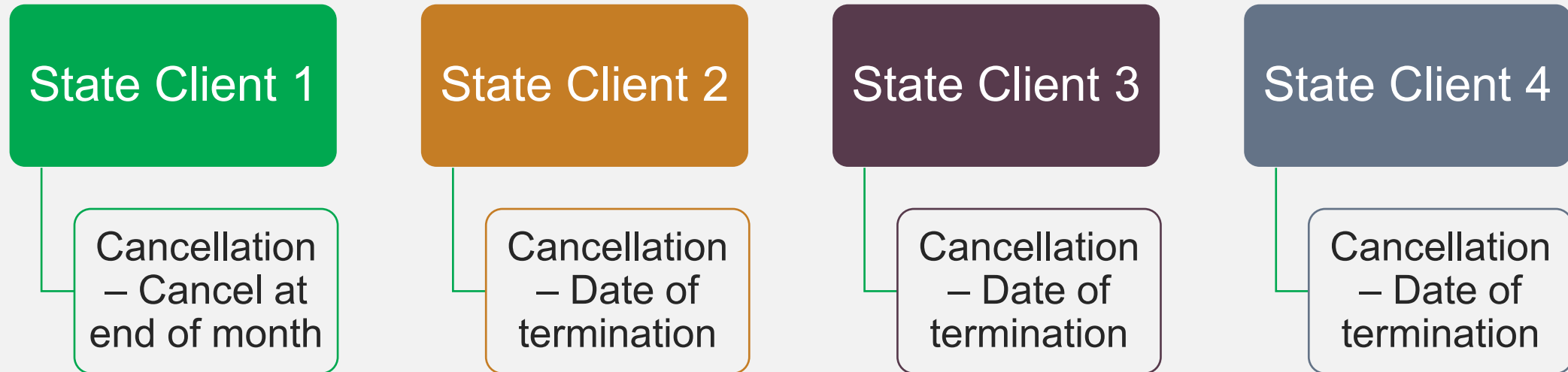
Improve data quality between employers and Optum

Simplify cancellation rules to be consistent with other benefit plans

Other States and Federal Agency

Illinois	Michigan	Minnesota	Office of Personnel Management
Date of termination	Last day of pay period	Date of termination	Date of termination

Clients of Optum



Framework and Development

The date of termination can be additional take-away for members

Does not require employers to perform any development or changes

No concerns to this proposal as it would standardize the cancellation rule

No significant challenges in administering this change

Communication Strategy

May 18, 2022
Group Insurance
Board

**June 2022 –
December 2022**
Employers/Members
Outreach

January 1, 2023
FSA Cancellation
Rule Effective Date



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Questions?

Thank you



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