

Employee FAQ

Limited Flexible Spending Accounts

What is a Limited FSA?

A healthcare limited flexible spending account (LFSA) is an employer-sponsored benefit that allows you to set aside pre-tax dollars into an account to be used for eligible vision and dental expenses only.

This account is set up in conjunction with an HSA. To be eligible to participate in a LFSA you must be enrolled in an HSA-eligible High Deductible Health Plan (HDHP).

You may choose to contribute to an HSA as well as a LFSA. The HSA funds may be used to reimburse your dental and vision expenses. Some participants prefer to set LFSA funds aside to cover these two expenses when pairing with their HSA.

Why should I participate?

Contributions to the LFSA are deducted from your paycheck on a pre-tax basis, reducing your taxable income. You can increase your spendable income by an average of 30% of your annual contribution with the tax savings.

How do I contribute money to my LFSA?

Your annual election will be divided by the number of pay periods in your plan year. This amount will be deducted from your paycheck before taxes are assessed.

Who is eligible under a LFSA?

Funds are available for yourself and all of your dependents that are not covered under another non-HDHP.

What expenses are eligible for reimbursement?

Dental care, eyeglasses, and vision expenses are covered.

How do I access the LFSA funds?

If a mypreTax Benefits Card is offered by your employer, you will use your card at the point of service. You can also file a claim documenting the type of service provided, date of service, and the amount. Once approved, HR Simplified will reimburse you via check or direct deposit.

How much can I elect for the LFSA?

Per IRS regulations, the annual election for a LFSA is \$2,750 per individual.

What happens if I do not spend all of my LFSA funds by the end of the plan year?

Any unused funds at the end of the plan year will be forfeited to your employer. Some employers offer a \$500 carry over option so be sure to check with your employer of their plan design during open enrollment.

When can I start spending my LFSA funds?

Your entire annual election amount is available on the first day of the plan year.

Can I change my election amount mid-year?

Elections can only be altered if you experience a change in status as defined by IRS regulations, such as marriage, divorce, birth, or death in your immediate family.

What happens to the funds if my employment is terminated?

Participation in your LFSA is also terminated. This means that only expenses that were incurred prior to your termination from the plan are eligible for reimbursement. Check with your employer upon terming.

What is the deadline for submitting claims?

You can submit claims anytime during your plan year. Check with your employer to verify if a grace period (additional time to incur expenses) or run out period (additional time to submit claims) is offered.

Can I still reimburse dental and vision expenses using my HSA funds?

Yes, but only for expenses that were not reimbursed by your LFSA.