

Health FSA Participant Termination Form



This form is to be completed when an employee terminates or loses eligibility in the health FSA. A participant who loses coverage under the health FSA component as a result of a qualifying event (i.e., termination of employment or reduction in hours of employment) may be entitled to elect coverage continuation under the health FSA to the extent required by federal law. A participant cannot be forced to repay or voluntarily repay the employer for any amounts exceeding his or her health FSA account balance. The plan cannot accept the additional contributions, as such a practice would be a violation of the Uniform Coverage rule. ***This is not a COBRA continuation form.***

Section 1: Employee Information (To be completed by the employer)

Employer _____

Remittance Address (if applicable) _____

Employee Name (Last, First, MI) _____

Birth Date _____ PSA Member ID _____

Event Date _____ Termination _____ Loss of Eligibility _____

Annual FSA Election \$ _____ Pretax Deductions to Date \$ _____ Remaining Balance \$ _____

Check all that apply:

Continuation in the health FSA is not available. See Section 2 for clients who do not offer FSA Premium Completion and/or have fewer than 19 full-time employees in prior year.

Continuation in the health FSA is available via Premium Completion Agreement. See Section 3 for clients who offer FSA Premium Completion.

Continuation in the health FSA is available via COBRA. See Section 4 for clients who had 20 or more full-time employees in the prior year. The employer or COBRA administrator should provide a COBRA continuation form to the employee. Additional information is provided in section 4.

Section 2: Health FSA Is Not Available

My health FSA eligibility will cease as specified in Section III: Participation in the Plan of the Summary Plan Description. Services incurred after my period of eligibility ends will not be eligible for reimbursement. I have read and understand the notification of rights on this form.

Employee Signature _____ Date _____

Section 3: Health FSA Premium Completion Options (To be completed by the employee)

In the event the employee terminates employment or otherwise ceases to be an eligible employee, then the employer can require the employee to waive his or her COBRA rights with respect to the health FSA as a condition to electing the voluntary Premium Completion Agreement to cover the health FSA premium for the balance for the current plan year.

The employer must discuss and give the participant the option to make a pretax, final paycheck salary reduction or self-pay on an after-tax basis any remaining contributions for the plan year to his or her health FSA. If the final paycheck does not cover the remaining contributions, an agreement can be made with the employer to voluntarily pay the remaining funds with after-tax dollars for coverage through the end of the current plan year.

If the grace period applies to the health FSA, the grace period would also apply to participants who are receiving coverage under the health FSA at the end of the plan year. In addition, if the carryover provision applies to the health FSA, the

carryover provision would also apply to participants who are receiving coverage under the health FSA at the end of the plan year, although the carryover provision would not last beyond the end of the coverage period that it rolled into.

Select **one** option and provide a signed copy of this form to your employer. Retain a copy for your records.

I elect Premium Completion Agreement via a pretax final paycheck salary reduction. As a condition to electing the voluntary Premium Completion Agreement to cover the health FSA premium for the balance for the current plan year, I agree to waive any COBRA rights with respect to the health FSA. Date of final pretax deduction _____. Amount of final pretax deduction \$ _____.

I elect Premium Completion Agreement via self-pay on an after-tax basis. Any remaining monthly contributions for the plan year will be paid to my employer and forwarded to PacificSource Administrators. As a condition to electing the voluntary Premium Completion Agreement to cover the health FSA premium for the balance for the current plan year, I agree to waive any COBRA rights with respect to the health FSA. Monthly after-tax amount \$ _____ due by _____.

I decline Premium Completion Agreement. My health FSA eligibility will cease as specified in Section III: Participation in the Plan, of the Summary Plan Description.

To file a claim for reimbursement after the termination date, you must submit a reimbursement form by mail or fax, or by uploading a claim to the FSA/HRA Portal. Debit cards are no longer available as a means of accessing the funds in the member's health FSA. I have read and understand the notification of rights on this form.

Employee Signature _____ Date _____

Printed Name (Last, First) _____

Section 4: Health FSA COBRA

Health FSA COBRA continuation coverage will be available if the employer normally employed 20 or more employees on a typical business day during 50% or more of the preceding calendar year. The COBRA administrator shall provide notice to the participant of his or her right to continuation coverage and shall administer continuation coverage hereunder in accordance with applicable law and regulations.

Employers subject to COBRA must offer health FSA COBRA coverage to qualified beneficiaries who lose their health FSA coverage as the result of a qualifying event when the account is underspent (taking into account all claims submitted and deductions due before the date of the qualifying event). An employer is not required to offer COBRA when accounts are overspent, but may choose to do so in a uniform manner.

The type of COBRA continuation obligation depends on whether the health FSA is considered to be a qualifying health FSA. If the health FSA is a qualifying health FSA, COBRA continuation coverage must be offered to all qualified beneficiaries but is subject to special limitations. This is called Special Limited COBRA continuation. If the Special Limited COBRA continuation is elected for the health FSA, it will be available only for the plan year in which the qualifying event occurs, with coverage for the health FSA ceasing at the end of the plan year, and no ability to re-enroll with a new election for the next plan year. In the event the qualified beneficiary experiences a secondary qualifying event, the COBRA continuation period may not be extended.

If the health FSA is not a qualifying health FSA, COBRA continuation coverage must be offered to all qualified beneficiaries for the maximum COBRA period which includes the rest of the plan year in which the qualifying event occurred, and, until the maximum COBRA period expires. Qualified beneficiaries may re-enroll for subsequent plan years during open enrollment with a new election. In addition, in the event the qualified beneficiary experiences a secondary qualifying event, the COBRA continuation period may be extended.

Regardless if the health FSA is considered qualifying or not, if the grace period applies to the health FSA, the grace period would also apply to participants who are receiving coverage under the health FSA at the end of the plan year. In addition, if the carryover provision applies to the health FSA, the carryover provision would also apply to participants who are receiving coverage under the health FSA at the end of the plan year, although the carryover provision would not last beyond the end of the 18-month or other applicable maximum COBRA coverage period.

A participant who elects health FSA COBRA continuation coverage will generally pay for coverage with after-tax dollars by writing a check to his or her employer each month. However, an agreement can be made with the employer to make payments with pretax dollars to his or her employer, generally on a monthly basis but only through the end of the plan year in which the qualifying event occurred.