

# MIAMI UNIVERSITY FLEXIBLE SPENDING ACCOUNT GRACE PERIOD

## Grace period for Incurring Eligible Healthcare or Dependent Care Expenses

Effective 01/01/2006, the Plan has been amended to allow you to be reimbursed from unused amounts remaining in your Healthcare or Dependent Care Account at the end of a plan year for eligible Healthcare or Dependent Care Expenses incurred during the grace period following the end of the plan year. Grace periods will begin on January 1 and will end on March 15.

In order to take advantage of the grace period, you must be:

- A participant in the plan with Healthcare Account or Dependent Care Account coverage that is in effect on the last day of the plan year to which the grace period relates (December 31), or
- A qualified beneficiary who is receiving COBRA coverage under the Healthcare Reimbursement Account Program on the last day of the plan year to which the grace period relates (December 31).

The following additional rules will apply to eligible Healthcare or Dependent Care Expenses that are incurred during a grace period or are submitted after the close of the plan year in which they were incurred:

- Expenses incurred during a grace period and approved for reimbursement will be paid first from available amounts that were remaining at the end of the preceding plan year and then from any amounts that are available to reimburse expenses incurred during the current plan year. For example, assume that \$200 remains in your Healthcare Account at the end of the 2006 plan year and that you have also elected \$2,400 of Healthcare Reimbursement Account coverage for 2007. If you submit a \$500 Healthcare Expense that was incurred on January 15, 2007, \$200 of your claim will be paid out of the unused amounts remaining in your Healthcare Account from the 2006 plan year and the remaining \$300 will be paid out of the amounts that are available to reimburse you for Healthcare Expenses incurred in the 2007 plan year. Claims will be paid in the order in which they are approved.
- Once paid, a claim will not be reprocessed or otherwise recharacterized so as to change the plan year from which funds are taken to pay it. For example, using the same facts as in the example in the preceding paragraph, assume that a few days after being reimbursed for the \$500 grace period expense, you discover \$200 of 2006 Healthcare Expenses that have not been submitted for reimbursement. You cannot be reimbursed for the newly discovered expenses because no amounts remain to reimburse you for 2006 expenses. The plan will not reprocess the \$500 grace period expense so as to pay it entirely from your 2007 Healthcare Account amounts. Dependent Care Expenses will be paid in the same manner. For this reason, if you have Flexible Spending Account Plan coverage for both the prior and current years, you may want to wait to submit eligible Healthcare and Dependent Care Expenses you incur during the grace period until you are sure you have no remaining unreimbursed expenses from the prior plan year.

- Eligible Healthcare and Dependent Care Expenses incurred during a plan year or its grace period must be submitted by the last day of the runout period (March 31) following the close of the plan year in order to be considered for reimbursement from amounts remaining at the end of that plan year. Unused amounts remaining in a Participant's Healthcare Account or Dependent Care Account at the end of a plan year and its related grace period that are not applied to pay expenses submitted on or before the March 31 deadline will be forfeited.

Remember that unused amounts remaining in your Healthcare Account may not be used to reimburse Dependent Care expenses, nor may unused amounts remaining in your Dependent Care Account be used to reimburse Healthcare expenses.

For more information, contact Chard Snyder at 1-800-982-7715 or [www.chard-snyder.com](http://www.chard-snyder.com)