



## FREQUENTLY ASKED QUESTIONS

# Medical/Dental Expense Account (MDEA) and the Carryover



### 1. WHAT IS THE MDEA CARRYOVER?

The State of MN's MDEA and Limited MDEA (for dental and vision expenses only) include a carryover feature. This added benefit allows eligible participants to carry over unreimbursed money up to an IRS allowed maximum from the current plan year to the following plan year.

Eligible participants are allowed to carry over up to \$610 of unused funds from 2023 into 2024 as long as a new 2024 MDEA election of at least the \$100 minimum is made and their full annual 2023 election has been contributed.

### 2. AM I ELIGIBLE FOR THE CARRYOVER?

You are eligible for the carryover from 2023 into 2024 if you have contributed your full annual election for the 2023 plan year, made a new 2024 election of at least the \$100 minimum election amount, and are a current employee. Contributions to your 2023 account can be made through payroll or payments on billing (on an after-tax basis), whichever is applicable to you.

### 3. DO I SIGN UP FOR THE CARRYOVER?

No. The carryover is automatic for eligible participants. Eligible participants with a balance remaining in their 2023 MDEA as of January 1, 2024, will automatically have up to \$610 of the remaining balance carried over to a 2024 account. Any amount remaining in your 2023 plan year MDEA greater than the \$610 maximum at the end of the 2023 plan year run out period will be forfeited. See the prior question for eligibility requirements.

### 4. HOW DOES THE CARRYOVER WORK?

For those who are eligible for the carryover and had made a new 2024 MDEA election, in January 2024 your remaining 2023 balance of \$610 or less will be moved to a 2024 MDEA. Carryover funds are added to the new plan year election, and both carryover funds and new elections have the same requirements in terms of eligible service dates, restrictions upon separation/retirement, and filing deadlines.

The carryover amount will be limited to the IRS allowed maximum (\$610). Any funds remaining in the 2023 account greater than \$610 will be forfeited after the 2023 claims filing deadline. 2023 funds may only be used for 2023 expenses and those expenses must be submitted by the 2023 filing deadline of Thursday, February 29, 2024.

The carried over funds can be used towards either 2023 expenses, if submitted no later than the claims filing deadline of Thursday, February 29, 2024, or for 2024 expenses. NOTE: 2024 funds may not be used for 2023 expenses. Only the carried over amount is available to reimburse expenses incurred in 2023 during the run-out period (until Thursday, February 29, 2024). Once your 2023 funds are depleted, no additional 2023 expenses may be reimbursed.

For those who have remaining funds in their 2023 MDEA and did not make a new 2024 MDEA election, your remaining 2023 balance after the end of the 2023 run out on Thursday, February 29, 2024, will be forfeited.

**Remember not to use your debit card in 2024 to pay for 2023 expenses. You must submit a reimbursement claim.**

### 5. DO I NEED TO MAKE A NEW ELECTION IN ORDER TO PARTICIPATE IN THIS?

Yes. A new MDEA election of at least the \$100 minimum must be made to qualify for the carryover. All 2023 contributions must also be made to qualify and you must be a current employee.



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### 6. WHAT HAPPENS TO THE CARRIED OVER AMOUNT IF I TERMINATE OR RETIRE IN 2024?

Carryover funds are combined with your new 2024 election and have the same rules as the new election amount.

- Your participation in the MDEA will end when you are no longer employed with the state. Any expenses must be incurred by your separation or retirement date to be considered for reimbursement. The amount you carried over is treated the same as the new election and faces the risk of forfeiture if you do not have enough in expenses to submit against the funds contributed to your account.
- You may elect to continue participation in the MDEA plan through COBRA by making monthly contributions to the account on an after-tax basis. COBRA is available through the end of the plan year. This will extend the eligible dates of service of when expenses can be incurred and reimbursed through the MDEA.
- Funds will not be available for services after December 31, 2024, even if you make COBRA payments through December 2024. You must be an active employee to qualify for the carryover. Unused funds will be forfeited.

### 7. CAN I STILL ELECT THE 2024 MAXIMUM AND HAVE MONEY CARRIED OVER FROM 2023?

Yes. The amount that is carried over from 2023 is in addition to the 2024 MDEA election you make. For example, you can have the maximum allowed election for 2024 (\$3,200) added to your carryover amount (up to \$610) and have extra funds available for 2024 expenses.

### 8. DOES IT APPLY TO THE DEPENDENT CARE EXPENSE ACCOUNT (DCEA)?

No. Carryover only applies to the MDEA and Limited MDEA.

### 9. HOW MUCH CARRIES OVER TO THE NEW PLAN YEAR? WHAT IF I HAVE MORE REMAINING IN MY 2023 ACCOUNT THAN THAT?

Going into the 2024 plan year, the carryover will be limited to \$610 (current IRS allowable maximum) for eligible participants. If your 2023 MDEA balance is greater than \$610, any funds remaining in the 2023 MDEA over \$610 after the end of the run-out period ending on Thursday, February 29, 2024, will be forfeited.

### 10. IS THE CARRYOVER AMOUNT CUMULATIVE FROM YEAR TO YEAR? IF I CARRIED OVER FUNDS INTO 2023, AND DIDN'T USE THEM, CAN I THEN CARRY OVER MORE THAN \$610 INTO 2024?

No. \$610 is the allowable maximum that can be carried over into the 2024 plan year.

### 11. WHEN DO I NEED TO USE THE FUNDS THAT CARRY OVER?

Carried over funds can be used during the 2024 plan year as long as your MDEA is active. You must be making contributions to the MDEA either through payroll or on an after-tax basis for your account to remain active. The MDEA becomes inactive and cannot be used when contributions cease, including when there are insufficient funds in your paycheck to make contributions.

### 12. HOW DOES THE CARRYOVER WORK WITH HEALTH SAVINGS ACCOUNTS (HSA)?

There are special rules regarding accessing funds in an MDEA and contributing to an HSA during the same calendar year. Please contact BRI Participant Services for assistance if you (or your spouse or an eligible dependent) will be contributing to an HSA in 2024 and have funds that can be carried over to 2024. Remember that if you, your spouse, or eligible dependent contribute to an HSA, you cannot contribute to a general purpose MDEA. You can only contribute to a limited purpose MDEA (limited to dental and vision reimbursement) without tax consequences.



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## CARRYOVER EXAMPLES

### IMPORTANT NOTES:

Going into the 2024 Plan Year, the following must be met to qualify for the carryover:

- You must have fully contributed your 2023 election amount, AND
- You must elect a 2024 MDEA during Open Enrollment in the fall of 2023, AND
- You must be a current employee on January 1, 2024.
- The carryover will be limited to the IRS allowed maximum (currently \$610). Any funds remaining in the 2023 MDEA greater than the \$610 will be forfeited at the end of the 2023 plan year run-out period (Thursday, February 29, 2024).

### EXAMPLES FOR THE 2023 PLAN YEAR INTO THE 2024 PLAN YEAR:

#### Example 1:

You have made a new 2024 election. You have \$640 remaining in your 2023 MDEA. During the run-out period, \$610 of this amount could be used towards expenses from either 2023 or 2024 dates of service and \$30 can only be used towards 2023 dates of service. A reimbursement request is submitted for a date of service of December 15, 2023, for \$800. Since the remaining balance from 2023 was only \$640 total, \$640 of this claim will be processed and the rest of the claim cannot be reimbursed since there are no funds remaining. There will be no carryover funds available to use towards 2024 claims since you have been reimbursed the full amount from your 2023 MDEA.

During the run-out period if you submit a 2024 claim, it will be paid out of your 2024 election amount which includes your carryover from 2023. It is important to submit your 2023 claims first, to assure carryover funds are available to pay your 2023 claim.

#### Example 2 (if a 2024 election is made):

You have \$200 remaining in your 2023 MDEA and made a 2024 MDEA election of \$500. Your 2024 balance will show as \$700. On February 20, 2024, you submit a claim for \$600 for a 2024 date of service. The claim will be paid out of your 2024 MDEA, reducing your 2024 available balance down to \$100. After the run-out period, if you have not submitted any other 2023 claims, the \$100 that was carryover from 2023 will be what is left in your 2024 MDEA, giving you an available balance of \$100 to be used on 2024 dates of service.

$\$200$  (2023 balance) +  $\$500$  (2024 election) =  $\$700$  available for 2024 expenses

If the 2024 claim you submitted is for an amount greater than your 2024 election, you will be paid out of the 2024 election amount first, and once that amount is depleted, you will be paid out of the funds that carried over from 2023. Once those funds are depleted, no additional claims from either 2023 or 2024 can be reimbursed.

#### Example 3 (if a 2024 election is NOT made):

You have \$200 remaining in your 2023 MDEA and did not make a 2024 MDEA election. On February 20, 2024, you submit a claim for \$100 for a 2023 date of service. The \$100 is paid out of the available 2023 plan year balance, reducing your available amount to \$100 that can be used towards other 2023 dates of service (for reimbursement submitted up until Thursday, February 29, 2024). If no additional 2023 expenses are submitted, the \$100 balance will be forfeited.

**Note:** Going in to the 2024 plan year and beyond, to qualify for the carryover, a new election of at least the \$100 minimum will be required for the new plan year and all prior plan year contributions must be made.

**Remember:** At the end of the 2023 plan year run-out period (Thursday, February 29, 2024), any funds remaining in your 2023 MDEA in excess of \$610 will be forfeited. Any amount remaining that is \$610 or less in the 2023 MDEA can be carried over from 2023 as long as all contributions were made towards your 2023 election amount and you have made the minimum \$100 MDEA election for 2024.