



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 \$640 of unused funds from 2024 into 2025 as long as a new 2025 MDEA election of at least the \$100 minimum is made and their full annual 2024 election has been contributed.

2. AM I ELIGIBLE FOR THE CARRYOVER?

You are eligible for the carryover from 2024 into 2025 if you have contributed your full annual election for the 2024 plan year, made a new 2025 election of at least the \$100 minimum election amount, and are a current benefit eligible employee as of January 1st, 2025. Contributions to your 2024 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 2024 MDEA as of January 1, 2025, will automatically have up to \$640 of the remaining balance carried over to a 2025 account. Any amount remaining in your 2024 plan year MDEA greater than the \$640 maximum at the end of the 2024 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 2025 MDEA election, in January 2025 your remaining 2024 balance of \$640 or less will be moved to a 2025 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 (\$640). Any funds remaining in the 2024 account greater than \$640 will be forfeited after the 2024 claims filing deadline. 2024 funds that do not carryover may only be used for 2024 expenses and those expenses must be submitted by the 2024 filing deadline of Friday, February 28, 2025.

The carried over funds can be used towards either 2024 expenses, if submitted no later than the claims filing deadline of Friday, February 28, 2025, or for 2025 expenses. NOTE: 2025 funds may not be used for 2024 expenses. Only the carried over amount is available to reimburse expenses incurred in 2024 during the run-out period (until Friday, February 28, 2025). Once your 2024 funds are depleted, no additional 2024 expenses may be reimbursed.

For those who have remaining funds in their 2024 MDEA and did not make a new 2025 MDEA election, your remaining 2024 balance after the end of the 2024 run out on Friday, February 28, 2025, will be forfeited.

Remember not to use your debit card in 2025 to pay for 2024 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 2024 contributions must also be made to qualify and you must be a current benefits eligible employee.



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6. WHAT HAPPENS TO THE CARRIED OVER AMOUNT IF I TERMINATE OR RETIRE IN 2025?

Carryover funds are combined with your new 2025 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, 2025, even if you make COBRA payments through December 2025. You must be an active employee to qualify for the carryover. Unused funds will be forfeited.

7. CAN I STILL ELECT THE 2025 MAXIMUM AND HAVE MONEY CARRIED OVER FROM 2024?

Yes. The amount that is carried over from 2024 is in addition to the 2025 MDEA election you make. For example, you can have the maximum allowed election for 2025 (2025 limit is \$3,300) added to your carryover amount (up to \$640) and have extra funds available for 2025 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 2024 ACCOUNT THAN THAT?

Going into the 2025 plan year, the carryover will be limited to \$640 (current IRS allowable maximum) for eligible participants. If your 2024 MDEA balance is greater than \$640, any funds remaining in the 2024 MDEA over \$640 after the end of the run-out period ending on Friday, February 28, 2025, will be forfeited.

10. IS THE CARRYOVER AMOUNT CUMULATIVE FROM YEAR TO YEAR? IF I CARRIED OVER FUNDS INTO 2024, AND DIDN'T USE THEM, CAN I THEN CARRY OVER MORE THAN \$640 INTO 2025?

No. \$640 is the allowable maximum that can be carried over into the 2025 plan year.

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

Carried over funds can be used during the 2025 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 2025 and have funds that can be carried over to 2025. 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 2025 Plan Year, the following must be met to qualify for the carryover:

- You must have fully contributed your 2024 election amount, AND
- You must elect a 2025 MDEA during Open Enrollment in the fall of 2024, AND
- You must be a current benefit eligible employee on January 1, 2025.
- The carryover will be limited to the IRS allowed maximum (currently \$640). Any funds remaining in the 2024 MDEA greater than the \$640 will be forfeited at the end of the 2024 plan year run-out period (Friday, February 28, 2025).

EXAMPLES FOR THE 2024 PLAN YEAR INTO THE 2025 PLAN YEAR:

Example 1:

You have made a new 2025 election. You have \$670 remaining in your 2024 MDEA. During the run-out period, \$640 of this amount could be used towards expenses for either 2024 or 2025 dates of service and \$30 can only be used towards 2024 dates of service. A reimbursement request is submitted for a date of service of December 15, 2024, for \$800. Since the remaining balance from 2024 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 2025 claims since you have been reimbursed the full amount from your 2024 MDEA.

During the run-out period if you submit a 2025 claim, it will be paid out of your 2025 election amount which includes your carryover from 2024. It is important to submit your 2024 claims first, to assure carryover funds are available to pay your 2024 claim.

Example 2 (if a 2025 election is made):

You have \$200 remaining in your 2024 MDEA and made a 2025 MDEA election of \$500. Your 2025 balance will show as \$700.

$$\$200 \text{ (2024 balance)} + \$500 \text{ (2025 election)} = \$700 \text{ available for 2025 expenses}$$

On February 20, 2025, you submit a claim for \$600 for a 2025 date of service. The claim will be paid out of your 2025 MDEA, reducing your 2025 available balance down to \$100. After the run-out period, if you have not submitted any other 2024 claims, the \$100 that was carryover from 2024 will be what is left in your 2025 MDEA, giving you an available balance of \$100 to be used on 2025 dates of service.

Since the 2025 claim you submitted is for an amount greater than your 2025 election, you will be paid out of the 2025 election amount first, and once that amount is depleted, you will be paid out of the funds that carried over from 2024. Once those funds are depleted, no additional claims from either 2024 or 2025 can be reimbursed.

Example 3 (if a 2025 election is NOT made):

You have \$200 remaining in your 2024 MDEA and did not make a 2025 MDEA election. On February 20, 2025, you submit a claim for \$100 for a 2024 date of service. The \$100 is paid out of the available 2024 plan year balance, reducing your available amount to \$100 that can be used towards other 2024 dates of service (for reimbursement submitted up until Friday, February 28, 2025). If no additional 2024 expenses are submitted, the \$100 balance will be forfeited.

Note: Going into the 2025 plan year and beyond, to qualify for the carryover, a new election of at least the \$100 minimum is required for the new plan year and all current plan year contributions must be made.

Remember: At the end of the 2024 plan year run-out period (Friday, February 28, 2025), any funds remaining in your 2024 MDEA in excess of \$640 will be forfeited. Any amount remaining that is \$640 or less in the 2024 MDEA can be carried over from 2024 as long as all contributions were made towards your 2024 election amount, and you have made the minimum \$100 MDEA election for 2025.