

FSA COBRA Eligibility Handout — Employers

DETERMINING FSA COBRA ELIGIBILITY

COBRA eligibility for Medical FSA plans is determined by the cash balance available in the Medical FSA at the time of the COBRA qualifying event. Reviewing each participant's Medical FSA balance in your online account can determine if the Medical FSA plan should be offered through COBRA after a participant experiences a qualifying event. The following steps will walk through the process of checking the funds in a participant's Medical FSA.

This means that to determine if a participant is eligible to continue their Medical FSA through COBRA, you'll first need to determine if they have funds remaining in their Medical FSA at the time of a COBRA qualifying event by following the steps below.

Step 1: From your online account, select the employee in question from the Employees drop-down menu. Once that employee's account is displayed, click "Balances."

Step 2: Under that employee's "Active Accounts" section, locate their Medical FSA.

Step 3: By looking at the Cash Balance column, you can determine if the participant has remaining funds in the FSA. If the participant has a negative cash balance in the FSA, the participant has more paid or pending claims than they have contributed and the Medical FSA does not need to be offered under COBRA. If the participant has a positive cash balance, they have contributed more than their paid/pending claims and will be eligible for the FSA under COBRA.

Active Accounts		
Health FSA 01/01/2024-12/31/2024		
Jan 1, 2024 - Dec 31, 2024		Available balance: \$2,510.00 Eligible Amount: \$2,510.00
Available balance	Eligible Amount	Plan year balance
\$2,510.00	\$2,510.00	\$500.00
Cash balance		
\$2,510.00		
CLAIM SUMMARY		
Submitted claims	Pending	Paid
\$7.00	\$0.00	\$700.00
Denied	Refunded	
\$0.00	\$0.00	
View enrollments View all claims		

Calculating COBRA Premiums

Monthly COBRA premiums for the Medical FSA are typically calculated using the following formula:

$$\frac{(\text{Total Annual Election Amount}) - (\text{Total Amount Contributed through Payroll Deductions to Date})}{\text{Number of Remaining Months in FSA Plan Year}}$$

Note: This calculation does not include the 2% admin fee for COBRA.

Example: An active employee enrolls in the Medical FSA and elects \$1,000 for the year, then contributes \$350 to the account via payroll deductions before experiencing a COBRA qualifying event. He then elects the Medical FSA through COBRA and contributes the remaining \$650 through his monthly COBRA premiums. Only the first \$350 will be contributed on a pre-tax basis.