Limited Purpose Flexible Spending Account (LPFSA) FAQs

1. **What is the advantage of participating in a LPFSA?**

By limiting health FSA reimbursements to dental and vision care expenses, you remain eligible to participate in both a LPFSA a HSA. Participating in both plans allows you to maximum your savings and tax benefits. You can withdraw your full annual LPFSA election anytime regardless of how much you have deposited to date. This gives you accessible cash to pay for your dental and vision expenses now and pay the plan back on a per pay basis throughout the benefit plan year.

1. **What expenses are eligible under a LPFSA?**

A limited purpose health FSA covers qualified out of pocket expenses for dental and/or vision care provided to you, your spouse, or dependents. Typical eligible expenses include:

* Dental and vision deductibles and copays
* Dental cleaning
* Dental x-rays, fillings, crowns and other orthodontia work
* Dentures
* Vision exams and screening tests
* Vision correction procedures
* Contact lenses and contact lens solution
* Eyeglasses
1. **What expenses are not covered under a LPFSA?**

Expenses that are not approved are called “ineligible expenses.”  Ineligible LPFSA expenses include:

* Medical expenses, including deductibles, coinsurance, and copays
* Prescription medicines
* Over-the-counter medicines and items
* Medical equipment
* Cosmetic procedures
* Expenses for services incurred after the coverage period ends
* Expenses reimbursed by an insurance provider or other health plan
* Personal use items, such as toothpaste, razors, and shampoo
* Dental whitening procedures and kits
* Insurance premiums

These are only a few of the examples of expenses that aren’t covered by a LPFSA.

1. **What happens if I have funds in the full purpose health FSA at the end of the benefit plan year and elect a LPFSA for the new benefit plan year?**

Up to $500 of unspent full purpose health FSA monies will automatically carry over to the new benefit plan year.  During the run-out period (90 days following the end of the benefit plan year), you may be reimbursed for eligible medical, prescription, dental and vision expenses incurred prior to the end of the previous benefit plan year, up to the carry over amount.  After the run-out period, any unspent carry over funds will be applied to your LPFSA account.

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Here are some other IRS rules you should know about health FSAs:

* No double-dipping – Expenses reimbursed under your LPFSA cannot be reimbursed under any other plan or program including an HSA. Only your eligible out of pocket expenses, may be reimbursed.  Plus, expenses reimbursed under the health FSA may not be deducted when you file your tax return.
* Timing is everything – FSAs have a start date and an end date, and the time in between is called the benefit plan year. Expenses must be incurred during the FSA benefit plan year. As noted in IRS guidelines, expenses are incurred when you (or your spouse or dependents) are provided with the vision or dental care that gives rise to the eligible expenses, and not when you are formally billed, charged for, or pay for the services. This means the date of service must be within the current benefit plan year.

 **5. Can my LPFSA dollars only be used on my own expenses?**

You may request reimbursement for your own eligible expenses as well as your spouse's, if you file a joint tax return.  In addition, qualified medical expenses incurred by the following individuals are eligible:

* All dependents you claim on your tax return.
* Any person you could have claimed as a dependent on your return except that:
	+ The person filed a joint return,
	+ You, or your spouse if filing jointly, could be claimed as a dependent on someone else's return