

# Job Aid: Scenarios Allowing Mid-Year Enrollment from Health Flexible Spending Account (FSA) to Health Savings Account (HSA), or Vice Versa

This document outlines various scenarios regarding mid-year enrollment changes from Health Flexible Spending Account (Health FSA) and Health Savings Account (HSA), or vice versa. It is designed to guide in understanding when such changes are allowed and under what circumstances.

For rules on making changes to Health FSA mid-year not involving a Health Savings Account, see...

- [Health FSA Summary Plan Description PDF](#)
- [Health Care FSA Summary Plan Description for Postdoctoral Scholars PDF](#)

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## Obtain a new appointment eligible for a different benefit program

Scenario	Action Desired by EE	Action Allowed?
Postdoc employee enrolled in a Postdoc Health FSA gains eligibility for Faculty/Staff benefits mid-year (regardless of employment gap)	Enrollment in Faculty/Staff Health Savings Plan (HSP) with HSA <sup>1</sup>	Allowed due to gaining eligibility for a different benefits program
Resident/Fellow employee enrolled in a Resident/Fellow Health FSA gains eligibility for Faculty/Staff benefits mid-year (regardless of employment gap)	Enrollment in Faculty/Staff Health Savings Plan (HSP) with HSA <sup>2</sup>	Allowed due to gaining eligibility for a different benefits program
Faculty/Staff employee enrolled in an HSA gains eligibility for Postdoc or Resident/Fellow benefits mid-year (regardless of employment gap)	Enrollment in Postdoc or Resident/Fellow Health FSA <sup>3</sup> , as applicable	Allowed due to gaining eligibility for a different benefits program

The phrase “regardless of employment gap” indicates that this employee maintained an active employment status with no break in service between the Postdoc and Faculty/Staff appointments.

<sup>1</sup> This is allowed assuming that the Postdoc employee drops Postdoc Health FSA and does not enroll in the Faculty/Staff FSA while enrolled in the Faculty/Staff HSP.

<sup>2</sup> This is allowed assuming that the Resident/Fellow employee drops Resident/Fellow Health FSA and does not enroll in the Faculty/Staff FSA while enrolled in the Faculty/Staff HSP.

<sup>3</sup> UC will stop contributing to the employee's HSA upon enrollment in the Postdoc or Resident Health FSA. This applies to both employee and employer contributions. **Note:** IRS rules require prorating HSA contribution limits based on the number of eligible contribution months.

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### No change in benefits program

Scenario	Action Desired by EE	Action Allowed?
Faculty/Staff employee who is eligible for Full/Mid benefits and enrolled in a Health FSA experiences a Qualifying Life Event mid-year	Enrollment in Faculty/Staff Health Savings Plan (HSP) with HSA	<p><b>Not Allowed</b>, unless the change in status event would otherwise permit the employee to cancel their HFSA election midyear and the consistency rule is met.</p> <p><b>Allowed</b> if the Qualifying Life Event is:</p> <ul style="list-style-type: none"> <li>1) the death of a dependent</li> <li>or</li> <li>2) a child dependent aging out (e.g. turns 26 years old)</li> <li>or</li> <li>3) child dependent (under age 26) gains eligibility for and enrolls in their own employer's HFSA<sup>4</sup></li> </ul> <p><b>and</b> the employee cancels their Health FSA enrollment.</p> <p>Otherwise, <b>not allowed</b> because consistency rule does not allow the Faculty/Staff employee to drop their existing FSA, and IRS regulations prevent participation in both an FSA and an HSA concurrently. There are no other changes to Faculty/Staff benefits because of this status change.</p>
Faculty/Staff employee enrolled in a Health Savings Plan (HSP) with HSA experiences a Qualifying Life Event mid-year	Enrollment in Faculty/Staff Health FSA	<b>Allowed</b> if the change in status event results in a family member gaining eligibility for Health FSA coverage (i.e., marriage, birth, or adoption). <sup>5</sup> Otherwise, <b>not allowed</b> .
Faculty/Staff employee enrolled in a Health Savings Plan (HSP) with HSA transitions from Full to Core benefits	Enrollment in Faculty/Staff Health FSA	<b>Not allowed</b> because this change in status does not affect eligibility for Health FSA coverage.
Faculty/Staff employee enrolled in a Health FSA transitions from Core to Full benefits	Enrollment in Faculty/Staff Health Savings Plan (HSP) with HSA	<b>Not allowed</b> because the employee has already elected Health FSA coverage, making them HSA-ineligible, and cannot revoke their Health FSA election midyear to become HSA-eligible. <sup>6</sup>

<sup>4</sup> Allowed because the child dependent's enrollment in their Health FSA plan does not constitute disqualifying other coverage for UC employee. In contrast, Not Allowed, if employee's spouse gains employment and enrolls in their own employer's Health FSA, as such spouse's enrollment in their own employer's Health FSA constitutes disqualifying other coverage for UC employee.

<sup>5</sup> UC will stop contributing to the employee's HSA upon enrollment in the Faculty/Staff Health FSA. This applies to both employee and employer contributions. Note: IRS rules require prorating HSA contribution limits based on the number of eligible contribution months.

<sup>6</sup> Refer to the IRS Notice 2004-50, Q&A-59.

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Faculty/Staff employee enrolled in a Health FSA transitions from Mid-Level to Full benefits

Enrollment in Faculty/Staff Health Savings Plan (HSP) with HSA

**Not allowed** because the employee has already elected Health FSA coverage, making them HSA-ineligible, and cannot revoke their Health FSA election midyear to become HSA-eligible. <sup>6</sup>

### Additional Resources

- [Health Flexible Spending Account Summary Plan Description](#)
- [Health Care Flexible Spending Account Summary Plan Description for Postdoctoral Scholars](#)