



SHORT DESCRIPTIONS OF THE HEALTH PROVISIONS IN PENSION BILL

Carry Forward and Rollovers of FSA Funds: The House bill includes a provision to allow participants in flexible spending arrangements (FSAs) to carry forward up to \$500 in end-of-year unspent funds in their FSAs for use for unreimbursed qualified medical expenses in a subsequent year. Participants could also rollover these amounts to a health savings account (HSA), subject to current law contribution limits for HSAs. This provision would help encourage more employees to participate in FSAs and have greater control of their own funds to meet their unreimbursed health care needs using pre-tax funds.

Recovery of Funds by Plans for Injuries Caused by Others: The House bill includes a provision to clarify ERISA regarding the longstanding practice of employer and union plans to be reimbursed by responsible third parties for the medical expenses paid by the plan if a plan participant recovers damages for injuries caused by another person. These "subrogation" provisions in plan documents help to insure that plan may recover funds which it paid for health services which were only required because of injuries to a plan participant which were caused by others and are typically recognized in court damage awards. The provision also helps to make sure that responsible parties are held liable for injuries they caused by restoring funds to the plan which were paid on a participant's behalf.

Transfers of Excess Pension Assets for Retiree Health: A Senate provision would permit a qualified transfer of excess amounts to a separate account in a pension plan to provide medical benefits for future retired employees. For this purpose, excess assets generally would mean the excess, if any, of the value of plan assets over 115% of the plan's liability. If the plan's funded status subsequently fell below 115%, the assets in the qualified future transfer account would be transferred back to the general assets of the plan.