

# CMAP – FSA Plan Comparison (DCAP vs Medical) & ND Testing

## Definitions

- DCAP = Dependent Care Assistance Program; also known as a “Dependent Care FSA” for dependent care expenses
- FSA = Flexible Spending Account; a Medical FSA covers medical, dental, and vision expenses
- NDT = Nondiscrimination Testing

	Dependent Care FSA (DCAP)	Medical FSA
<b>Covered Expenses</b>	Covers daycare expenses for your eligible child (as long as he or she is under 13 years of age). It can also cover costs incurred to care for an adult dependent who is incapable of self-care. For example: day care, before/after school care, adult day care.	Covers health and medical expenses for both you and your dependents (usually children). For example: co-pays, prescription drugs, and deductibles.
<b>Contribution types</b>	Pre-tax	Pre-tax
<b>IRS Annual Contribution Limits</b>	2025 = \$5,000 2026 = \$7,500	2025 = \$3,300 2026 = \$3,400
<b>Reimbursement</b>	Use it or lose it	
<b>Nondiscrimination Testing (NDT)</b>	<b>CMAPs are responsible for their own NDT</b>	
	All employers within the controlled group, which includes CM and all CMAPs, must be included in NDT. This requires collecting complete annual census data from all CMAPs and CM to perform the tests. CMAPs are responsible for ensuring all nondiscrimination testing and compliance requirements are met.	
	Section 129 Nondiscrimination rules	Section 105(h) Nondiscrimination rules
	Failure of NDT results in plan disqualification (i.e. all HCE contributions become taxable)  55% Average Benefits Test - difficult to pass	Failure to meet NDT results in loss of tax-favored treatment for all highly compensated individuals.  IRS regulations provide greater flexibility and less restrictive NDT mathematical requirements.
<b>Recommendation</b>	Due to the complexities of the DCAP IRS nondiscrimination test requirements and the risk of plan disqualification, CMAPs <b>cannot</b> adopt or maintain DCAP plans. <b>Any active plans must be terminated by 12/31/25.</b>	Because the IRS nondiscrimination tests for Health Care FSAs are fundamentally different from the DCAP rules and generally more flexible, a CMAP may choose to maintain a Medical FSA. However, if so chosen, the CMAP remains solely responsible for all NDT and compliance requirements.

## Non-Discrimination Testing

**Non-Discrimination Testing (NDT) is required for all CMAPs that participate in a Medical FSA plan.**

As noted in the grid above, NDT must be completed by each Practice's Third-Party Administrator (TPA) for participating Medical FSA plans. Children's Mercy will collect the required data from each CMAP and provide it to the TPA, along with Children's Mercy's own testing data.

### Timeline

- All CMAPs are required to submit data, as we are part of a large group employer\*\*.
- Data must be submitted using the NDT Template twice annually by:
  - March 1<sup>st</sup>
  - September 1<sup>st</sup>

### Resources

- CMAP Portal
  - Staff List – you must use the staff ID's assigned to your staff in the Portal
  - Submission of data – submit completed (excel) template to the CMAP Portal under [Document Library > \[Practice\] > Human Resources > 401k Testing Spreadsheets](#)

*\*\*From an HR perspective, a large group employer is an organization with 50 or more employees that must comply with enhanced benefit regulations, reporting requirements, and non-discrimination rules due to its size. Large group employers are subject to additional regulations, including:*

- **Affordable Care Act (ACA) employer mandate**
- **Non-Discrimination Testing (NDT) for certain benefit plans (e.g., Medical FSAs)**
- *Expanded reporting and documentation requirements*