

A cafeteria plan is a plan that offers employees a choice between at least one permitted taxable benefit (for example, cash) and at least one “qualified benefit.”

The following table discusses which benefits can and cannot be offered under a Cafeteria Plan.

Accident or health plan: HMOs PPOs, self-funded medical reimbursement plans, health flexible spending accounts	Yes
AD&D	Yes
Adoption Assistance Benefits	Yes
Archer MSAs	No
Business Expense Reimbursements	No
COBRA Coverage	Yes, if the participant has compensation that can be reduced on a pre-tax basis.
Dependent Care Assistance Account	Yes
Disability Coverage	Yes, but if premium is pre-taxed, benefit will be taxed.
Educational Assistance	No
Qualified Transportation Plans	No
Group Term Life Insurance	Yes, Cost of coverage in excess of \$50,000 is includible in gross income
Group Term Life Insurance – Dependent Coverage	No
Health Reimbursement Arrangements	No
Health Savings Accounts	Yes
Hospital Indemnity, Cancer Policies	Yes, but not policies that offer a return of premium feature
Individual Policies that qualify as accident or health coverage or as group term life insurance	Yes
Long Term Care Insurance	No
Medicare Supplement Coverage. Medicare Premiums	Only for retirees (or other former employees) due to Medicare Secondary payer rules
Prepaid Vision, dental or prescription drug plans	Yes, if the plan contains an element of risk
401(k) plan contributions	Yes, Employees must have the option of receiving the 401(k) contribution amount in cash
403(b) contributions	No