

Healthcare and Dependent Care FSA

Updates for 2021

The Division of State Group Insurance is taking advantage of the flexibility afforded to employer sponsored plans to help employees maximize use of their benefits. These changes apply **ONLY** through the **2021** plan year.

For Healthcare FSAs and Limited Purpose Healthcare FSAs only:

Carryover from 2020 Plan Year

Members may carry over any unused benefits from plan year 2020 to plan year 2021. Plan year 2020 carryover benefits must be used by December 31, 2021. No other action is required. Balances will carry over automatically.

Changes in Election Amount

For plan year 2021, members may prospectively change contribution amounts without a qualifying status change.

Post-Termination Reimbursements from Health FSAs

A member who stops participating in the plan mid-year of 2021 may continue to receive reimbursements of their unused contributions through the end of the plan year. For example, a member who leaves employment April 1, 2021, may continue to receive reimbursements of their unused contributions through the end of 2021.

For Dependent Care Flexible Spending Accounts (DCFSA) only:

Extension of Grace Periods

The grace period to incur eligible expenses applicable to plan year 2020 contributions is extended to December 31, 2021.

Eligible Dependent

If a dependent "aged-out" during the pandemic, the maximum age the child is considered a qualifying dependent is changed from age 12 to age 13, if all of the following apply:

- o Member was enrolled in the DCFSA for plan year 2020.
- o Member had one or more dependents who attained age 13 during the plan year.
- o Member had an unused balance for plan year 2020 that can be used through the extended grace period of December 31, 2021.

Changes in Election Amount

For 2021, members may prospectively change contribution amounts without a qualifying status change.

The following continues to remain in effect:

QSC deadline extensions: For health plans (including COBRA and disability), healthcare, limited purpose and dependent care FSAs, deadlines have been extended for QSC events occurring during the public health emergency. The extension applies to QSC events ending on or after March 1, 2020, through the end of the federal public health emergency. The deadline for QSC events has been extended through the 120th day after the end of the federal public health emergency. Note that a QSC is not required to make a change to your HSA.

COBRA payment extension: Payments for COBRA may be extended during the period from March 30, 2020 through 60 days after the end of the federal public health emergency. During the extension, members can access FSAs and HRAs under COBRA (if COBRA election made for the plan(s)).

Appeal rights extension: The deadline for members to request an appeal has been extended until 60 days after the end of the federal public health emergency.

Flexible Spending Account Changes:

Carry-over limit increase: The carry-over limit for the healthcare and limited-purpose FSA accounts has been increased from \$500 to 20 percent of the maximum contribution limit for healthcare and limited purpose FSAs. This change applies to 2020 Plan Year and increases the amount of unused funds members can carry over into Plan Year 2021.

Run-out period: The run-out period for filing claims for the 2019 Plan Year for healthcare, limited- purpose and dependent care FSA plans has been extended. The date is extended through the 60th day after the end of the federal public health emergency. Note that this date **ONLY** impacts the filing deadline and not the deadline to incur claims. *The deadline for the 2020 Plan Year has not received an extension and will be April 15th, 2021.*

Over-the-counter drugs: As part of the Federal CARES Act, over-the-counter drugs were permanently reinstated as eligible for reimbursement under a healthcare FSA, HRA or HSA.

For questions related to the FSA/HRA/HSA changes, you may review your account in the Chard Snyder system or contact Chard Snyder at 1(855)824-9284. To access the Chard Snyder system, you should either log in to the People First system and select the Chard Snyder quick link or use the Chard Snyder mobile application. **For questions related to QSCs, please contact the People First Service Center at 1(866) 663-4735. For all other questions, employees should contact the Division of State Group Insurance at (850)921-4600.**