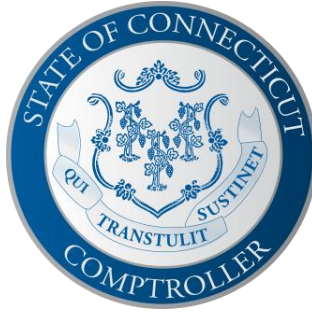


**OFFICE OF THE STATE
COMPTROLLER**

**HEALTHCARE COST
CONTAINMENT COMMITTEE**



**HEALTHCARE POLICY & BENEFIT
SERVICES DIVISION
55 ELM STREET
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PHONE: (860) 702-3480 • FAX: (860) 702-3556

**DIVISION MEMORANDUM 2020-02
TO THE HEADS OF ALL STATE AGENCIES**

June 3, 2020

**ATTENTION: Personnel and Payroll Officers, Chief Administrative and Fiscal
Officers, and Benefits Managers**

**SUBJECT:
Flexible Spending Account Programs Changes for Plan Year 2020**

I. INTRODUCTION

The purpose of this memorandum is to announce modification of policies affecting mid-year changes for the Dependent Care Account Plan (DCAP) and the Medical Flexible Spending Account Plan (MEDFLEX) for the 2020 Plan Year. Under current Internal Revenue rules, participants' elections for the DCAP and health FSAs must be made prior to the first day of the plan year and are irrevocable unless a participant has a qualifying status change, such as marriage, divorce, death of a spouse or dependent, birth or adoption of a child, or a spousal employment status change.

In response to disruptions in work schedules and medical care caused by the Covid-19 pandemic, the IRS is allowing employers to adopt temporary measures that will affect elections for the current plan year and, in the case of the MEDFLEX and DCAP, to extend the deadline for submitting claims incurred during 2019. These measures are discussed below.

II. NEW PROVISIONS AFFECTING DCAP AND MEDFLEX

A. Extension of time to submit claims for Plan Year 2019

Ordinarily, the deadline for participants to submit claims for reimbursement of eligible expenses incurred during the 2019 Plan Year would have been March 31st. As permitted by the recent IRS guidance, the State has extended that deadline until June 30, 2020 for both the DCAP and the MEDFLEX. Claims for reimbursement of 2019 expenses received after June 30th will be denied and unused funds (other than \$500 eligible for carryover in the MEDFLEX) will be forfeited. .

B. MEDFLEX Changes Effective for Plan Year 2020

1. **Mid-Year Enrollment Permitted.** Employees that did not sign up to participate in MEDFLEX in 2020 will now have the opportunity to enroll in the plan for the remainder of the current Plan Year without demonstrating a qualifying status change.
2. **Mid-Year Increases or Decreases.** Employees who elected to participate in the MEDFLEX for Plan Year 2020 can on--a prospective basis only--revoke an election, make a new election, decrease or increase an existing election. For example, an employee that elected a \$2000 MEDFLEX amount for 2020 in anticipation of a medical or dental procedure that has been canceled or delayed can reduce that election for the remainder of the year. Please note: The option to revoke or decrease an existing election is not available where a MEDFLEX Participant has already received Benefits in excess of his or her year-to-date Salary Redirections to the Plan.
3. **Increase in Carry-Over Amount.** In addition, the IRS has raised the amount of unused funds that can be carried over from one plan year to the next to \$550. The State has adopted this change for the 2020 Plan Year, and it will take effect in 2021.

C DCAP Election Changes for Remainder of Plan Year 2020

On a prospective basis, employees may revoke an election to participate in the DCAP, make a new election, or decrease or increase an existing election without regard to the qualified status change rules.

D. Processing Mid-Year Election Changes

All mid-year election/enrollment changes must be submitted to Progressive Benefits Solutions (PBS). Forms for 2020 mid-year elections for the MEDFLEX, CO-1306a, and DCAP, Form CO-1310a, are posted online at <http://www.ctpbs.com>. The forms may be returned as follows: Email: enrollment@pbscard.com; Fax: 203-974-4898; or U.S. Mail: Progressive Benefit Solutions, 14 Business Park Drive #8, Branford, CT 06405

VI. CONCLUSION

Please make sure that your agency's employees get this information so that they can take advantage of the flexibility provided by recent IRS guidance. Questions concerning the DCAP and MEDFLEX may be directed to PBS at 1-866-906-8023. Questions pertaining to this memorandum may be directed to the Healthcare Policy & Benefit Services Division, Employee Benefits Unit at Osc.ebu@ct.gov.

Very truly yours,



Thomas C. Woodruff, Ph.D., Director