DIVISION MEMORANDUM 2020-XX

TO THE HEADS OF ALL STATE AGENCIES

September 11, 2020

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

SUBJECT: Open Enrollment for Dependent Care Assistance Program and Medical Flexible Spending Account Program for Plan Year 2021

I. INTRODUCTION

The purpose of this memorandum is to (1) announce the annual open enrollment period for the Dependent Care Assistance Program (DCAP) and the Medical Flexible Spending Account Plan (MEDFLEX), and (2) publicize the Qualified Transportation Account (QTA) program. These programs allow participants to pay for eligible expenses on a tax-free basis.

II. ANNUAL OPEN ENROLLMENT

The open enrollment period for the DCAP and MEDFLEX 2021 Plan Year will begin Thursday, October 1, 2020, and end on Saturday, October 31, 2020. Please display the attached DCAP and MEDFLEX fliers on agency bulletin boards and send a mass email informing your agency's employees about the open enrollment period no later than September 25, 2020. It is also recommended that a reminder email be sent to all agency employees by October 22, 2020.

III. PROCESSING PROCEDURES

A. Online Open Enrollment Process

An online open enrollment process is available. To use the online method, employees should go to the PBS website, www.ctpbs.com and click on the link to “enroll online”. Follow the prompts to enroll in the plan(s) of your choice. The online enrollment process will open on October 1st and be shut down at 11:59 p.m. on October 31st.
Most employees should be able to enroll online. PBS has a database of basic demographic information and employee numbers for those eligible to participate in these programs. If your name/employee number is not in the database, you will need to fill out a paper enrollment form.

Employees who are planning to retire during Plan Year 2021 will be permitted to enroll online but will also need to submit a paper enrollment form for the 2021 Plan Year.

B. Open Enrollment Forms

Employees that want to submit paper enrollment forms must return them to PBS before the Saturday, October 31st deadline. Current participants in the DCAP and MEDFLEX will receive a notice of open enrollment and forms directly from PBS but must re-enroll if they want to participate for the 2021 Plan Year.

Paper forms can be returned by mail, fax or email. Forms sent by mail must be postmarked no later than October 31, 2020. Employees who miss the enrollment deadline will not be permitted to participate in the DCAP or MEDFLEX for the 2021 Plan Year. No late applications will be accepted; no exceptions will be made.

Employees who are out on a leave of absence should not enroll in the DCAP or MEDFLEX until they return to work. They will have up to 31 days after returning to work to enroll in the plans. New employees have 31 days after the date of hire to enroll in these plans.

Form CO-1306 should be used to enroll in MEDFLEX. For DCAP enrollment, Form CO-1310 should be used. The forms are available from the PBS web site: www.ctpbs.com or by contacting PBS toll free at 1-866-906-8023, or from the Comptroller’s website, http://www.osc.ct.gov/agencies/forms/index.html.

C. Confirmation of Enrollment

PBS will provide email confirmation as each employee’s enrollment is processed. If employees have not received confirmation within a week of submitting forms or enrolling online, they should contact PBS.

Also, employees should be advised to exercise care in completing the open enrollment process. Each year, a surprising number of employees enroll in the wrong plan (DCAP instead of MEDFLEX or vice versa). Such mistakes can be corrected if detected before the Plan Year begins or just after the first paycheck of the new year. Because these plans are governed by IRS rules, once the new Plan Year begins our office has limited ability to correct participant mistakes. Where possible, we can transfer funds to the plan that was intended. However, employees who belatedly report enrollment errors or fail to check their own payroll deductions should not expect to obtain a refund.
D. Payroll Procedures

PBS will perform payroll processing for all DCAP, MEDFLEX, and QTA enrollments. Agencies are not responsible for processing enrollment applications.

E. Mid-Year Election Changes

Once MEDFLEX and DCAP elections are made for Plan Year 2021 they cannot be changed unless, a participant experiences 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.

Any mid-year election change must be submitted to PBS within 31 days of the qualifying event and must be consistent with the status change. Forms for 2021 mid-year elections for the MEDFLEX, CO-1306a, and DCAP, Form CO-1310a, will be posted online after open enrollment has ended.

IV. "USE IT OR LOSE IT" RULE

The DCAP and MEDFLEX are subject to the Internal Revenue Service’s "use it or lose it rule", which means that amounts set aside in these tax-free accounts will be forfeited unless they are used for eligible expenses during the Plan Year. For this reason, employees are urged not to set aside more in the DCAP or MEDFLEX than is needed for anticipated Plan Year expenses.

DCAP participants must submit claims for eligible dependent care expenses incurred during calendar year 2021 no later than March 31, 2022. Unused balances will be forfeited after the run-out period ends on March 31, 2022.

MEDFLEX participants must submit claims for eligible medical expenses by March 31, 2022. MEDFLEX participants can carry over up to $550 in unused funds to cover eligible expenses during the following plan year if still employed. Unused funds in excess of $550 will be forfeited after the run-out period ends on March 31, 2022.

Those who participate in the MEDFLEX in 2020 can carry over $550 in unspent MEDFLEX funds for eligible expenses incurred in 2021 if still employed, even if they do not enroll for the upcoming plan year. However, to prevent the plan from incurring unnecessary administrative costs, 2020 participants who do not enroll for Plan Year 2021, will forfeit any account balance of $25 or less remaining after the March 31, 2021 claims submission deadline.
V. CONTRIBUTION LIMITS

A. MEDFLEX

The minimum contribution is $520. The maximum deferral for MEDFLEX is established by the Internal Revenue Service (IRS) and is currently $2,750. The maximum election is not affected by any funds carried over from the previous plan year. The IRS typically announces increases in the medical FSA maximum during the third week of October—after open enrollment has commenced. Employees can elect to defer the “IRS maximum” for 2021 either online or by checking the applicable box on the enrollment form; this means that if the IRS announces a change after employees have submitted their open enrollment election form their annual amount for MEDFLEX will be the new IRS maximum contribution limit.

B. DCAP

For DCAP, the maximum deferral for Plan Year 2021 is $5,000. If you are married, filing separately, your maximum pre-tax deferral will be $2,500. The minimum Plan Year contribution for DCAP is $520.

C. QTA

For the QTA, the minimum monthly contribution is $20. The maximum monthly amount a participant can defer is $270 for Transit and $270 for Parking. Employees can elect to join this plan or make changes to election amounts at any time. The applicable form to enroll in the QTA is the CO-1312. If there is a change in IRS maximums for this benefit, employees can modify their QTA deductions at any time.

VI. CONCLUSION

These programs help employees save money on necessary expenses by reducing their taxable income. Please make sure that your agency's employees get this information promptly so that they have sufficient time to make elections for the 2021 Plan Year.

Questions concerning the DCAP and MEDFLEX open enrollment period or the QTA 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 860-702-3644.

Very truly yours,

Thomas C. Woodruff, Ph.D., Director

Attachments