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HR/Benefits 2020-11

Reference: HR/Benefits 2020-01

To: Associate Vice Presidents, Human Resources
Benefits Officers

From: Tammy Kenber 
Associate Vice Chancellor, Human Resources

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Sr. Director, Benefits and Payroll Data Operations

Subject: Health Care and Dependent Care Reimbursement Account Plans – COVID-19 Related Changes for Plan Year 2020

Summary

As a result of the National Emergency regarding COVID-19, the Internal Revenue Service (IRS) recently issued [Notice 2020-29](#), providing relief and guidance to employers sponsoring health flexible spending accounts (“health FSAs”) and dependent care assistance programs (“DCAPs”). In addition, the Departments of Labor and Treasury, and Health and Human Services (the Departments) issued new rules ([Disaster Relief Notice 2020-01](#)) regarding extended deadlines for group health plans, which include health FSAs.

The purpose of this technical letter is to communicate the optional provisions adopted by the CSU under IRS Notice 2020-29 and provisions (mandatory for ERISA plans and encouraged for non-ERISA plans) under Disaster Relief Notice 2020-01 for both the Health Care and Dependent Care Reimbursement Account Plans (HCRA and DCRA). The new provisions allow employees to make mid-year enrollment changes without a qualifying event and provide employees with additional time to meet certain HCRA and DCRA plan deadlines. See the Details section below for detailed information and limitations.

Action Item(s)

This technical letter should be read in its entirety by staff personnel responsible for administering and/or explaining HCRA and DCRA Plan provisions.

Affected Employee Group(s)/Unit(s)

This technical letter is applicable to all employees eligible to enroll in the HCRA and DCRA Plans.

Details

IRS Notice 2020-29 – Mid-Year HCRA/DCRA Enrollment Changes

For purposes of the HCRA and DCRA Plans, the CSU will allow a one-time, mid-year enrollment change for plan year 2020. This change is prospective, with an effective date no sooner than July 1, 2020 (June pay period), subject to payroll processing procedures.

Employees may enroll, cancel, or change their current HCRA and/or DCRA monthly account contribution without a qualifying change in status event. It is important to note that if an employee cancels their contribution in either account, participation terminates and expenses incurred after termination are not eligible for reimbursement. COBRA eligibility does apply under HCRA if there is a COBRA qualifying event. Employees enrolled in the HCRA Plan, cannot cancel or decrease their HCRA account contributions, if they have been reimbursed more than their existing account balance for 2020. The process to verify employee account balances will be communicated to campuses under separate cover.

Distribution:

Vice Chancellor, Human Resources
Vice Presidents, Administration

Associate Vice Presidents/
Faculty Affairs

Payroll Managers
State Controller’s Office

Enrollment Change Processing Instructions

Campuses must process mid-year enrollment changes as outlined in the current DCRA/HCRA Administrative Guide for qualifying events. The [DCRA/HCRA Reimbursement Account Plan Enrollment Authorization Form](#) (restricted access) must be completed and signed by the employee and the Benefit Officer and transmitted to the State Controller's Office (SCO) for processing. **The last effective date to enroll, change or cancel coverage is December 1, 2020, for any change to be effective during the 2020 plan year.** Campuses are to use Permitting Event Code 11.

Employee Notification

Campuses are requested to notify all HCRA and/or DCRA participants of the option to make a one-time mid-year enrollment change for the 2020 plan year. As part of this technical letter, we have provided an email template (Attachment A) for campus use in communicating this change.

Disaster Relief Notice

The final rule requires all group health plans, including health FSA plans (CSU has included DCRA under these provisions) to disregard the period from March 1, 2020 until 60 days after the announced end of the National Emergency (the "Outbreak Period") when determining the following periods and dates:

- **COBRA**
 - The date for the CSU to provide a COBRA election notice.
 - The 60-day election period for a qualified beneficiary to elect COBRA continuation of coverage.
 - The date for making monthly COBRA premium payments. (Note that access to coverage is provided only through the date premium is paid. Coverage will be suspended if premium is not paid timely.)
 - The date for individuals to notify the campus/plan of a qualifying event. (Does not include termination of employment or reduction in hours.)
- **Claims for Reimbursement of Qualified Expenses – Plan Year 2019**
 - The date participants may file a claim.
 - This extension applies to claims incurred in plan year 2019 or the 2½ month grace period (January 1 through March 15, 2020).
- **Appeals of Denied Claims**
 - The date participants may file an appeal for an adverse determination.

Importantly, campuses should note:

These requirements are retroactive and apply to any applicable events on or after March 1, 2020, until the Outbreak Period ends.

Employee Notification

Campuses are requested to notify all HCRA and/ or DCRA participants of the claims filing extension for plan year 2019. Attachments A may be utilized by campuses in communicating to employees.

Common Management Systems (CMS) Processing Instructions

This technical letter has no impact on CMS Baseline.

General Information

Questions regarding this Technical Letter may be directed to the CO Human Resources Management Team at hradmin@calstate.edu | (562) 951-4411. For your convenience, this memorandum is also available on the CSYou website at: <https://csyou.calstate.edu/Policies/HRPolicies/Forms/Default.aspx>.

Attachment

TK/BR

Health Care and Dependent Care Reimbursement Account Plans – COVID-19 Related Changes for Plan Year 2020

Employee Communication Template

Dear HCRA/DCRA Participant,

We hope this email finds you well. Due to COVID-19, CSU has adopted temporary plan changes to the CSU Health Care Reimbursement and Dependent Care Reimbursement Plans, which allow employees to make a **one-time**, mid-year enrollment change **prospectively** without a qualifying event during the remainder of the 2020 plan year. This **one-time**, mid-year plan change will allow employees to stop, enroll or change their current monthly contribution for HCRA, DCRA or both plans.

In addition, the plan(s) claims submission deadline for plan year 2019 has been extended (previously June 30th). You will now have 60 days from the date the COVID-19 related National State of Emergency declaration ends to submit claims for expenditures occurring in the 2019 plan year (which includes the two and one-half month grace period from January 1 through March 15, 2020). These changes are part of the federal government's response to COVID-19 and National State of Emergency declaration.

What if I want to make a change to my HCRA or DCRA contribution amount?

In order to make a change to your contribution amount, you must complete a Dependent Care/Health Care Reimbursement Account Plans Enrollment Authorization form and submit to [REDACTED] by [REDACTED]. Upon receipt and successful processing of a completed and signed form, your account(s) will be updated to reflect your requested contribution change. After this one-time exception has been exercised, additional changes will not be permitted during the 2020 plan year unless an approved qualifying event occurs.

*Important – HCRA Account Participants Only: You cannot cancel or decrease your HCRA account contributions if you have been reimbursed more than your existing account balance for 2020.

Reminder, effective January 1, 2020, over-the-counter drugs and medicines no longer require a prescription; and menstrual care products are an eligible expense. Click [here](#) for details.

[Place for campuses to include additional information]

If you have questions, please contact [REDACTED].