



# NORTH CAROLINA Office of *State Human Resources*



## **NCFlex FSA Changes**

### **February 2021**

# Agenda

- Why the changes for FSA?
- Who is affected by the changes?
- HCFSA changes
- DDCFSA changes
- Screen shot of P&A account – examples
- Day care QLE reminder
- Exception requests

# Why the changes for FSA?

In December, former President Trump signed the Consolidated Appropriations Act of 2021 which included provisions that employers could adopt providing flexibility for Flexible Spending Accounts.

NCFlex has reviewed the available options and has adopted the changes outlined in the 2.15.21 HBR alert. Not all provisions were adopted.

P&A accounts should reflect these changes as of last week (we will demonstrate an example shortly).

# Who is affected by the changes?

- Currently active employees who had active HCFSA and/or DDCFSA through 12/31/2020.
- Currently active employees who stopped their HCFSA and/or DDCFSA contributions in 2020 plan year but have remaining funds.
- Retiree coverage – same rules apply as before – coverage only continues if COBRA is chosen – COBRA is only available through the end of the plan year in which someone separates from employment.

# Health Care FSA Changes

- Temporarily allows the rollover of 100% of unused 2020 account balance into 2021.
- Temporarily allows the rollover funds to become available immediately.
  - Before, funds were held until after the runout period (filing deadline for prior year, i.e. 4/30/21 for the 2020 plan year).
- Temporarily allows the rollover of 100% of 2021 account balance into 2022.
- Run out extended to 4/30/22 for 2020 money.
- New year funds still used prior to rollover funds.

# Dependent Daycare FSA Changes

- Temporarily allows to extend the grace period for 2020 through 12/31/2021. This allows employees access to their unused 2020 contributions to be used for qualified expenses through 12/31/2021.
- Temporarily extends the maximum age from age 12 to age 13, for dependent care children who aged out in the 2020 plan year. This allows the unused 2020 contributions to be used for children who turned 13 in 2020.
  - Only until they turn 14
- Temporarily allows to extend the grace period for 2021 through 12/31/2022 allowing unused 2021 contributions to be utilized in 2022.



information.



Benefit Cards



1/1/2020-12/31/2021 HEALTH FSA

Status: Active

Available Balance: \$313.08



1/1/2020-12/31/2021 DEPENDENT DAYCARE A...

Status: Active

Available Balance: \$100.00



1/1/2020-12/31/2021 HEALTH FSA CARRYFOR...

Status: Active

Available Balance: \$550.00



1/1/2021-12/31/2021 HEALTH FSA

Status: Active

Available Balance: \$2,663.31



1/1/2021-12/31/2021 DEPENDENT DAYCARE A...

Status: Active

Available Balance: \$416.67



1/1/2019-12/31/2019 HEALTH FSA

Status: **Inactive**

Available Balance: \$0.00



# Reminder – Day Care Change QLE

- Day care change still remains a life event and is available for employees to adjust their DDCFSA as needed due to changes in daycare status.
  - Changes cannot go below what has been contributed.
  - If an employee stops their account and starts back in the same year, the new amount chosen in the enrollment system is for the entire year.
    - ◻ Example: Employee stops DDCFSA effective 3/31/21 and has contributed \$500, they then restart their account 8/1/21 and choose \$5000. The payroll system will look at what has already been contributed (\$500) and will take the remaining \$4500 over the remaining pay periods for the year. However, the enrollment system cannot see the amount already contributed and to the employee it will look like their new payment is higher than their actual payroll deduction.



# Exception requests

P&A has made changes in their system for employees already, as mentioned. However, because some employee accounts were cancelled (HCFSA and/or DDCFSA) instead of just contributions being stopped, some employees may be missed and seen as simply separated.

If you have an employee contact you who you believe should have had an extension of their grace period or roll over of their funds and their account does not reflect this, please submit an exception to our office. Exception form is located in the HBR section of [www.ncflex.org](http://www.ncflex.org).

# Questions?