



Employee FAQ: COVID-19

Health FSA & Dependent Care FSA Accounts

Can health FSA elections be changed if a member has set aside funds for a procedure that has now been postponed or cancelled due to COVID-19?

Right now, the dates of service should be within the plan year for an FSA. Under current guidance there is little flexibility allowing for a change in health FSA elections due to a change in the circumstances regarding a participant's anticipated medical expenses. The failure to incur anticipated medical expenses is not a change in status or other event that permits an election change. The IRS has not announced any exceptions to this yet.

Many participants are no longer paying daycare fees due to closures related to COVID-19. Is there any discussion related to adding greater flexibility to participants in making changes to annual dependent care FSA (DCA) elections mid-year?

Dependent care FSA elections generally may be changed any time there is a change in the participant's dependent care expenses. For example, if a participant's daycare provider closes and the participant is no longer incurring any daycare expenses, the participant has incurred a curtailment of coverage that would permit reducing the participant's dependent care FSA election. Based on the broad application of the cost-change events in the regulations to dependent care FSAs, dependent care election changes are allowed in most circumstances that involve changes in the cost of care (e.g., fee changes, provider changes and changes in the hours of care).

If employees stop contributing to a dependent care FSA (DCA), how long are they allowed to submit claims?

Employees can submit claims for dependent care FSA reimbursement up until any funds in the account are exhausted, even if they have stopped contributions. Claims must be submitted during the applicable run-out period. Under most dependent care FSAs, only claims incurred while the employee was actively covered are eligible for reimbursement.

If the daycare center were to subsequently reopen, can employees re-elect to contribute to their dependent care FSA?

Generally, yes. If a participant again begins incurring qualifying dependent care expenses, the participant would be eligible to change (increase) his or her election to contribute to the dependent care FSA, due to the increased cost incurred.

Questions?

Call us at 877-943-2287