

## Bulletin for All TSA Employees – 07/06/2020

### Sixty Day Period to Change Existing FSAFEDS Elections

The Office of Personnel Management (OPM) is permitting Federal Flexible Spending Account Programs (FSAFEDS) participants a 60-day limited period in which certain mid-year changes can be made to their existing elections. The permission of this election change period follows the Internal Revenue Service (IRS) Notice 2020-29, providing increased flexibility regarding mid-year elections under Section 125 cafeteria plans related to employer-sponsored health coverage, health Flexible Spending Arrangements (health FSAs), and dependent care assistance programs. IRS Notice 2020-29 also provides increased flexibility regarding grace periods to apply unused amounts in certain health FSAs and dependent care assistance programs.

**Note:** Although the COVID-19 pandemic is the reason for these additional flexibilities, participants do not need to be directly affected by COVID-19 and do not need to experience a Qualifying Life Event (QLE) or provide any documentation to make changes as described in this bulletin.

#### FSAFEDS Permitted Changes

##### **1. Increase or Decrease Election in HCFSA, LEX HCFSA, and DCFSA**

During the 60-day limited period, all participants who have enrolled in a 2020 Health Care Flexible Spending Account (HCFSA), Limited Expense Health Care Flexible Spending Account (LEX HCFSA), or Dependent Care Flexible Spending Account (DCFSA) will be allowed to make a one-time change (increase or decrease) in the amount of their annual election in each FSA account in which they are enrolled. In accordance with IRS guidance, the election change is effective prospectively, on the first pay period after approval by FSAFEDS.

Accordingly, participants cannot receive a refund of allotments from pay they have already made to their FSA account(s) year-to-date. In addition, participants cannot decrease their election below the amount already allotted to the FSA account OR the amount already reimbursed for eligible expenses, whichever is greater.

*Example 1:* Luciana Hernández elected \$1,500 for her 2020 HCFSA, to be taken in equal allotments for the 26 pay dates in 2020. She would like to reduce her annual election. At the time her newly reduced election becomes effective, \$750 has been allotted and \$500 has been reimbursed to her for eligible expenses. Luciana can reduce her election as low as \$750, the amount already allotted, as the amount reimbursed is not a greater amount.

*Example 2:* Trevon Johnson elected the maximum of \$2,750 for his 2020 LEX HCFSA. In early January, he had laser eye surgery, and used his entire election amount to help cover the cost, which exceeded his election amount. Trevon cannot reduce his election, since he has already been reimbursed the entire amount for 2020.

*Example 3:* Sally Williams elected \$4,000 to her DCFSA. She would like to reduce her election. At the time her newly reduced election becomes effective, \$2,200 has been allotted and \$2,200 has been reimbursed to her (participants in a DCFSA may only be reimbursed up to funds available). She can reduce her election as low as \$2,200, the amount already allotted.

For participants

For participants who make a change in their election, FSA allotments will be adjusted prospectively and prorated over the remaining pay periods. Therefore, the new allotment amount each pay period will depend on the number of remaining pay periods at the time the change becomes effective.

*Example 4:* Vihaan Reddy elected \$1,300 to his 2020 HCFSA, to be taken in equal allotments for the 26 pay dates in 2020. Vihaan decides to increase his annual election to \$2,000 due to increased medical care costs for him and his family. There are 10 pay periods remaining in the year. The amount of his remaining allotments will be calculated as follows:

Current election amount: \$1,300

Current allotment amount:  $\$1,300/26$  pay periods = \$50/pay period

New election amount: \$2,000

Amount already allotted year-to-date: \$800

Difference: \$1,200

New allotment amount:  $\$1,200/10$  pay periods = \$120/pay period

## **2. Extended period to both incurs eligible expenses and claim reimbursement of unused 2019 DCFSA amounts until December 31, 2020**

Participants who made an election to a DCFSA for the plan year ending December 31, 2019 had until March 15, 2020 (the “grace period”) to incur eligible DCFSA expenses. Claims for reimbursement of these expenses were due by April 30, 2020, the deadline for submitting claims from the previous plan year. Any funds not used during the grace period are normally forfeited. An extension of this period is being allowed this year on a one-time basis. Specifically, participants who made an election to a DCFSA in the plan year ending December 31, 2019, will now be allowed to both incur eligible expenses and claim any 2019 funds remaining in their DCFSA account until December 31, 2020. The extended claim period is automatic for qualified participants.

## **3. HCFSA and LEX HCFSA carryover amount from 2020 into 2021 increased to \$550**

IRS Notice 2020-334 allows an increase in the carryover amounts for HCFSA and LEX HCFSA from \$500 to \$550. Participants may now carryover up to \$550 of unused amounts in their HCFSA and LEX HCFSA remaining at the end of 2020 into 2021, if they re-enroll for the 2021 plan year. This increased carryover amount of \$550 will continue in place for plan years beyond 2021.

## **How to Submit Election Changes**

Employees should contact FSAFEDS by visiting [www.FSAFEDS.com](http://www.FSAFEDS.com) or by calling 1- 877-FSAFEDS (372-3337) to take advantage of these FSAFEDS Program flexibilities, or for questions and additional information.

### *Existing FEHB and FEDVIP QLEs:*

OPM is not authorizing a new opportunity to enroll or make changes in enrollments under the Federal Employees Health Benefits (FEHB) Program or Federal Employees Dental and Vision Insurance Program (FEDVIP). We are not permitted to authorize enrollment actions other than those allowed under current FEHB and FEDVIP regulations. However, as a reminder, enrollments and changes to enrollment are still permitted due to certain qualifying life events (QLEs). Of particular note, if an employee or family member loses existing coverage (for FEHB, event code 1M), then the employee has the opportunity to enroll or change enrollment, beginning 31 days before the loss of coverage and ending 60 days after the loss of coverage.

## **Questions?**

Due to the current COVID-19 pandemic, the HCAccess Help Desk is temporarily unable to receive inquiries via phone. Agents will be available from 8:00 a.m. to 8:00 p.m. Eastern Time (ET), Monday through Friday, excluding Federal holidays, and closed Saturday through Sunday until further notice. Employees can contact the HCAccess Help Desk by e-mail at [HelpDesk@mailserver-hraccess.tsa.dhs.gov](mailto:HelpDesk@mailserver-hraccess.tsa.dhs.gov) or at this [link](#), by fax at 1-877-872-7993, or by phone at 1-877-872-7990 and leave a voicemail. Employees can visit the HCAccess website for valuable Human Resources (HR) information on a wide variety of topics at this [link](#) and visit Human Capital online at this [link](#).