# 2020 COVID-19 CHANGES

Medcom BENEFIT SOLUTIONS

| Change | Mandatory or Optional | Plan Amendment Required | Applicable Plans | Plan Years Affected | Description | Example |
|---|---|---|---|---|---|---|
| **Claims Filing Deadline Extensions (Run-Out Periods)** | Mandatory | No | FSA, DCA, Limited FSA, HRA. Also includes Medical, Dental, Vision, etc. | All plans with run-out periods either in effect or commencing on March 1 or later. | All run-out periods are now extended 60 days passed the end of the national disaster is declared over. If any run-outs were in effect on March 1, the number of days left in the run-out period as of March 1 are added to the 60 days. | Example 1: Plan ended 12/31/2019 with a 90-day run-out that ended 3/31/2020. Run-out is now extended to 60 days following the date the national disaster is declared to be over (TBD) plus the 31 days in March that were left in the run-out period.<br><br>Example 2: Plan ended on 4/30/2020 with a 60-day run-out to end on 6/30/2020. Run-out is now extended to 60 days following the date the national disaster is declared to be over (TBD) plus the 60-day run-out. |
| **Election Changes** | Optional | Yes | FSA, DCA, Limited FSA | Plan years commencing in 2020 | Employers may choose to allow employees to change their elections without the standard qualifying event because of being impacted by COVID19. These changes could allow employees to increase or decrease their election amounts. No proof is required that individual was affected.<br><br>Employers can also allow furloughed employees to revoke coverage while on furlough and reinstate coverage upon their return. | Example 1: Employee elected $2,400 in the medical FSA, has contributed $1,000, and spent $1,500. Employer can limit the reduction in amount to no less than the $1,500 the employee has spent to minimize risk.<br><br>Example 2: Employee elected $2,400 in the medical FSA, has contributed $1,000, and spent $0. Employer can allow the employee to reduce their deduction amount to $0 going forward, if the employee so chooses, and therefore, in effect, have a new election of $1,000.<br><br>Example 3: Employee elected $2,400 in Medical FSA and contributed $1,000 and spent $1,500.00. Employer allows the employee to terminate coverage. Even though this is a COBRA qualifying event because the amount is overspent, no COBRA is offered.<br><br>Example 4: Employee elected $2,400 in Medical FSA and contributed $1,000 and spent $0.00. Due to reduction in hours employee wants to terminate coverage and employer has changed the plan to allow. This would result in a COBRA qualifying event and since the FSA is underspent, COBRA will be offered. |

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| **Rollover Amounts** | Optional | Yes, depending on current wording | FSA, Limited FSA | Plan years commencing in 2020 | The rollover will now increase to $550 for plan years starting in 2020 and will adjust annually due to inflation. Moving forward the indexed amount will equal 20% of the maximum amount allowed. (For example, the maximum amount allowed in 2020 was $2750 and 20% is $550.) | Example 1: Employee elected $2,400 in the medical FSA and spent $1,800 by the end of the plan year, leaving a balance of $600. Up to $550 can rollover to the 2021 plan year if plan allows.<br><br>Example 2: Employee elected $2,400 in the medical FSA and spent $2,200 by the end of the plan year, leaving a balance of $200. Up to $200 will rollover to the 2021 plan year. |
| **Claims Incurred Extension** | Optional | Yes | FSA, DCA, Limited FSA, HRA | Non-calendar plan years where the plan end date is in 2020 | Employers may allow an extension of time for employees to incur expenses on the plan year ending in 2020 through 12/31/2020. The employer could elect a run-out period that would commence 1/1/2021 for the normal duration. Following, if the plan has a rollover, the funds will roll after the run-out period ended in 2021.<br><br>Note: This may also cause an overlap in run-out periods for the 2019 and 2020 plan years for plans that renew earlier in the year. | Example 1: Plan dates are 2/1/2019 - 1/31/2020 with a 90-day run-out period. Employees would have until 12/31/2020 to incur expenses for the 2019 plan year. The run-out period would begin on 1/1/2021 and end on 3/31/2021. If the plan has a rollover, funds would rollover following the end of the run-out period in April 2021. At the same time, the 2/1/2020 - 1/31/2021 plan year's run-out period would also be in effect from 2/1/2021 - 4/30/2021. Any remaining funds not spent from the 2020 plan year would rollover to the 2022 plan year following the end of the run-out period in April 2021.<br><br>Example 2: Plan dates are 6/1/2019 - 5/31/2020 with a 90-day run-out period and the 2 1/2-month grace period. Employees would have until 12/31/2020 to incur expenses for the 2019 plan year. The run-out period would begin on 1/1/2021 and end on 3/31/2021.<br><br>Example 3: Plan dates are 8/1/2019 - 7/31/2020 with a 60-day run-out period. Employees would have until 12/31/2020 to incur expenses for the 2019 plan year. The run-out period would begin on 1/1/2021 and end on 2/28/2021. If the plan has a rollover, funds would rollover following the end of the run-out period in March 2021. |

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| **Grace Periods that end in 2020** | Optional | Yes | FSA, DCA, Limited FSA | All plans that have a grace period that ended after January 1, 2020 and December 30, 2020. | May allow claims to be incurred up to December 31, 2020<br><br>Note: this change may impact HSA eligibility for employees with a balance and this extension. Those with unused funds in the 2019 plan year would make them ineligible to contribute to an HSA until 2021. | Example 1: Plan ended 12/31/2019 with a 2 ½-month grace period that ended on March 13, 2020. Employee could allow the employer to continue incur claims up to 12/31/2020.<br><br>Example 2: Non-calendar year plan ended 9/30/2020 and grace period of 2 ½-months expired 12/15/2020. Employer can allow claims to be incurred until 12/31/2020.<br><br>Example 3: Non-calendar year plan ended 10/31/2020 with a 2 ½-month grace period that expires on 01/15/2021. No extension of grace period allowed. |
| **Over-the-Counter Changes** | Optional | Yes, depending on current wording | FSA, HRA, HSA | Change is in effect January 1, 2020; any plan year can adopt this change, even mid-year. | FSA, HRA, and HSA plans may now allow over-the-counter drugs and medicines without a prescription, as well as, menstrual care products | This change, if adopted, is retroactive to 1/1/2020. Employers may adopt the change mid-plan year. Employees may now purchase cough medicines, cold medicines, pain relievers, etc. without a prescription (previously required one).<br><br>Employees may also now purchase menstrual products, such as tampons, pads, etc. which were not previously eligible. |